panostaja

FINANCIAL STATEMENTS

and investor information

2022

2022 FINANCIAL STATEMENTS AND INVESTOR INFORMATION

FOR THE FINANCIAL PERIOD
NOVEMBER 1, 2021–OCTOBER 31, 2022

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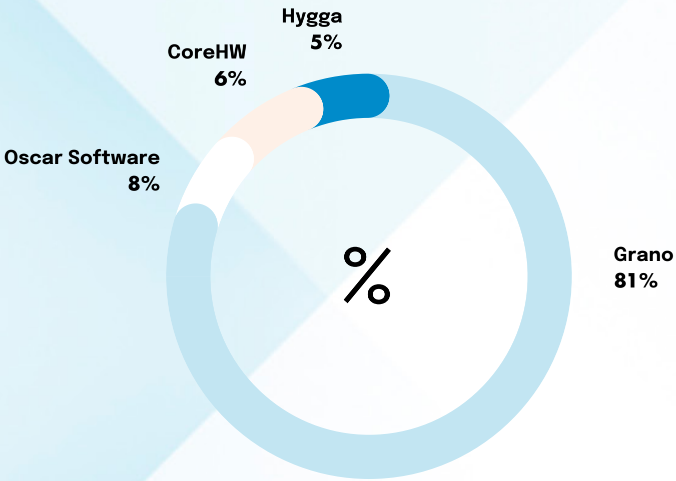
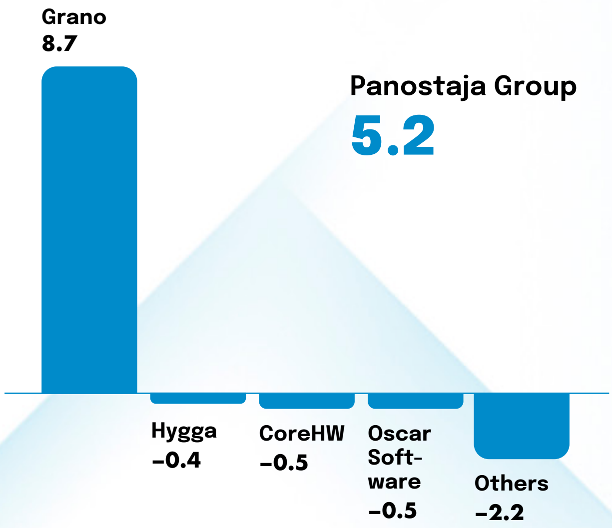
DISTRIBUTION OF NET SALES



DISTRIBUTION OF EBIT

MEUR



PANOSTAJA GROUP

NET SALES

138 MEUR

PROFIT FOR THE FINANCIAL PERIOD

3.9 MEUR

PERSONNEL

1,246

	October 31. 2022	October 31. 2021
Net sales. MEUR	137.9	133.0
EBIT. MEUR	5.2	2.0
Profit before taxes. MEUR	3.2	0.0
Profit/loss from continuing operations. MEUR	3.6	0.0
Profit/loss from sold or discontinued operations. MEUR	0.4	-0.9
Profit/loss for the financial period. MEUR	3.9	-1.0
Earnings per share. undiluted (EUR)	0.03	-0.03
Equity per share (EUR)	0.71	0.75

Annual Report of Panostaja Oyj's Board Of Directors

THE GROUP'S ECONOMIC DEVELOPMENT

Panostaja Group's net sales for the finished review period were MEUR 137.9 (MEUR 133.0).

Of the four investment targets, three exceeded the reference period's cumulative net sales level. The good development of net sales were particularly due to the post-pandemic recovery of the demand for Grano's significant digital printing and large-scale printing product groups, the substantial growth in the packaging and labelling business as well as the strong development of the customer projects of CoreHW's design services. The increase in overall net sales was slightly hindered by the decline in Hygga's net sales as there were 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 dropped substantially from the reference period. Oscar Software's net sales increased by 2% from the reference period.

The Group's reported EBIT stood at MEUR 5.2 (MEUR 2.0). The reported EBIT includes MEUR 9.4 in sales profit from the divestment of the SokoPro business. Taking this into account, the Group's EBIT decreased significantly from the reference period. Two segments out of four exceeded the EBIT for the reference period. The EBIT was weakened by the materials costs of Grano's printing services, which were much higher than in the reference period and which could not be fully transferred to customer prices during the financial period. The profit/loss 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. CoreHW, in turn, improved its EBIT substantially thanks to a considerable increase in net sales. Hygga's EBIT declined slightly from the reference period, due to a decrease in the net sales of the outsourcing business. Oscar Software's EBIT also decreased from the reference period as higher personnel costs and increased marketing investments dragged down the numbers for the review period.

Exports amounted to MEUR 6.4, or 4.6% (MEUR 6.2, or 4.7%), of net sales.

Profit from discontinued operations was MEUR 0.4. The consolidated income statement does not include the income statement for operations sold and held for sale in 2021. Instead, the result is entered separately in the consolidated income statement under 'Profit/loss from sold or discontinued operations.'

The Group's net financial expenses for the review period were MEUR -2.0 (MEUR -2.2). The Group's liquidity remained as before, and operating cash flow was MEUR 2.9 (MEUR 3.2).

During the financial year, the Group employed an average of 1,324 (1,480) people. At the end of the financial period, the Group employed 1,246 (1,229) persons.

The net sales of the parent company, Panostaja Oyj, amounted to MEUR 0.0 (MEUR 0.0). The EBIT was MEUR -2.2 (MEUR -1.6). The parent company's result profit/loss for the financial period was MEUR 9.7 (MEUR -3.5).

The dividend paid for the 2021 financial period stood at EUR 0.03 per share. The Board of Directors exercised the authorization provided by the Annual General meeting to distribute funds and paid an additional dividend of EUR 0.05.

GROUP STRUCTURE

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%.

PANOSTAJA GROUP'S BUSINESS SEGMENTS

Panostaja Group's segmentation is based on investment targets in majority ownership. The segments are also monitored as separate business operations. The investments in which Panostaja has majority holdings compose the company's business segments. In addition to that there is the segment Others, in which associated companies and non-allocated items are reported, including the parent company. Panostaja Group's business segments are Grano, Hygga, CoreHW, Oscar Software and Others.

The Group's segment reporting is based on its business segments.

GRANO

Grano is the most versatile content service specialist in Finland, providing marketing and communications solutions that promote the customers' sales, brand and profit – everything from digital to print services. The company's services cover all content projects that support business from start to finish, from creative design to production, publication, result measurement and asset management – across all digital and print channels essential to the customer's target audience. Grano provides its services in more than 20 localities in Finland. The company's head office is located in Helsinki. It also operates in Tallinn. The group's CEO is Kimmo Kolari. At the end of the review period, Panostaja's shareholding in the group stood at 55.2%.

Grano's reported net sales were MEUR 111.5 (MEUR 107.9), which was an increase of 3% from the reference period. Grano's reported EBIT stood at MEUR 8.7 (MEUR 5.6). The reported EBIT includes MEUR 9.4 in sales profit from the SokoPro deal.

In the deal that was finalized in February 2022, Grano sold its SokoPro business operations to the international company iBinder. The sale price was roughly MEUR 45.5, which was paid in conjunction with the closing of the deal as a one-time cash payment. The company recorded a sales profit of MEUR 9.4 from the transaction. The figures of the SokoPro business operations are included in the group's figures for the first three months (the figures of the reference period have not been adjusted correspondingly).

The following lists 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): net sales MEUR 111.5 (MEUR 103.5) and EBIT MEUR -0.7 (MEUR 2.8). According to adjusted figures, Grano's net sales increased by 8%.

During the financial year 2022, demand for Grano's services varied significantly between quarters and product areas. After the slow winter period, demand improve to a satisfactory level in spring and continued its positive development toward the end of the financial period. As the coronavirus pandemic began to loosen its grip, demand improved particularly with regard to event marketing. During the review period, the large-scale printing, digital printing, packaging and labelling, electronic document management solutions and illuminated advertisements business areas saw the most growth. On the other hand, demand development for offset print products and construction printing services was weaker than in the previous year.

With adjustments accounting for the impacts of the SokoPro divestment, the company's EBIT was significantly lower than in the reference period, despite the increase in net sales. The EBIT was weakened by the materials costs of Grano's printing services, which were much higher than in the reference period and which could not be fully transferred to customer prices during the financial period. In addition, 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 ERP development investments will be focused on the prioritized development of the existing platform at a lower investment level.

As part of its efforts to streamline and optimize production, Grano opened a modern production facility in the Koivuhaka district of Vantaa in the spring of 2022 which, upon completion, became the most diverse concentration of printing expertise in the Nordic countries. The new factory and modern machinery will improve delivery reliability, production efficiency and delivery times. Another important goal was to make the factory as environmentally friendly as possible and thereby substantially pushing forward Grano's strategic goal of being the most environmentally responsible operator in its field.

During the reference period, the company continued active operational development with a focus on implementing its strategy and developing its organization. Sales efforts focused on the Grano 360 aiming to more effectively leverage the company's wide product and service portfolio as well as accelerating the growing packaging business and taking active and pre-emptive pricing measures amidst the exceptional inflation. As regards the production activities, the centralization of the print production was completed in the Helsinki Metropolitan Area and the continuous efforts to optimize production remained as a focus.

At the end of the financial period, the segment had 922 (901) employees.

HYGGA

Hygga offers an entirely new kind of ERP system as a licensed service to public and private dental care and health care providers. It also runs a dental clinic in Kamppi, Helsinki, with an entirely new service concept based on the proprietary ERP system that optimizes customer flow. The clinic's operations are based on a customer-centered approach in which the customer is offered all dental care services in one visit, with top quality and without having to wait in line. The company's CEO is Jussi Heiniö. At the end of the review period, Panostaja's shareholding in the group stood at 79.8%.

Hygga's net sales were MEUR 7.3 (MEUR 8.1), which was a 10% decrease from the reference period. Due to the decreased net sales, EBIT weakened from the reference period to MEUR -0.4 (MEUR -0.2).

The clinic's private business developed favorably as the pent-up demand created by the coronavirus restrictions began to have a positive impact on demand over the course of the financial period. 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 negative impact on the profitability of the financial period.

The development of the software business during the financial period was in many ways positive, even though net sales only improved moderately. 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. Hygga won the bidding competition for supplying an oral health care and basic health care solution to the City of Porvoo. As per the agreement, the project will be expanded to cover the entire wellbeing services county of East Uusimaa, once the health and social services reform is under way. As such, Sipoo will be adopting the Hygga Flow system in its oral health care unit at the end of the 2022 calendar year. In Sweden, the company completed a successful pilot project with Örebro County. A detailed final report was prepared on the pilot, according to which the results were excellent in terms of both the clinic's customers and staff. In the wake of a successful pilot project, the company made a contract with Örebro County, which will expand the cooperation to four new clinics within the county during this year and the next. The efforts to expand the software business will be continued in Finland and Sweden based on the existing good customer base, and the development of the Benelux markets will be continued with a distributor partner.

At the end of the financial period, the segment had 92 (96) employees.

COREHW

CoreHW provides high-added value design services in the RF IC sector, developing RF microchips and antenna technology and offering related consulting services. The company's business is divided into design services, consulting and the development of proprietary and licensed technologies (IP). CoreHW has offices in four cities: Tampere, Helsinki, Oulu and Turku. The CEO of the company is Tomi-Pekka Takalo. At the end of the review period, Panostaja's holding in the segment was 61.1%.

In terms of development, the 2022 financial period was good for CoreHW: net sales increased by 31% to MEUR 8.0 (MEUR 6.1). The improved net sales also pushed EBIT upward substantially to MEUR -0.5 (MEUR -1.4).In the first half of the financial period, the coronavirus restrictions continued to hamper the sales of CoreHW. The issues with the availability of semiconductors, in turn, disrupted the production activities of customers. However, the demand for the company's design services has remained high with no change in sight. During the review period, CoreHW signed a significant design contract for the development of radar technology for the automotive industry, which was secured largely thanks to the technology the company had developed through its own efforts.

CoreHW continued the active development and commercialization of its own products, within the framework of its internal financing resources. The company's Rabbit 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. The company also succeeded in recruiting new talent during the financial period, even though the roster did not increase as much as in the previous period.

At the end of the financial period, the segment had 76 (73) employees.

OSCAR SOFTWARE

Oscar Software is a software service company specialized in the development of enterprise resource planning (ERP) systems and various business services. In addition to the diverse ERP systems, Oscar provides financial management and HR services as well as software for webstores and services for online business. Oscar's solutions and services form a unified business platform in which the features and functionalities communicate with each other in real time to ensure up-to-date information. Oscar has a wide customer base, which includes SMEs from various sectors. The company has around 800 customers, its HQ is located in Tampere and it has offices in Espoo and Raisio. The company's CEO is Mika Yletyinen. At the end of the review period, Panostaja's holding in the segment was 56.2%.

Oscar Software's net sales for the review period were slightly higher than in the previous year at MEUR 11.2 (MEUR 11.0). The demand for the ERP software business, online business services and financial outsourcing services has primarily been good during the financial period. Despite the coronavirus pandemic, many customers have continued normal development efforts with the company and the growth of continuously invoiced ERP solutions continued. EBIT decreased substantially from the reference period, arriving at MEUR -0.5 (MEUR 0.3).The EBIT weakened due to the increased personnel costs resulting from the number of experts which was, on average, higher than in the reference period, the increased marketing investments and the net sales which did not grow as expected.

The activity of new customer acquisition has remained high, but the slow pace of customer decision-making slowed down the realization of profits from new deals. Resource turnover in the sales and supply organization has also presented challenges to the growth of net sales.

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.

At the end of the financial period, the segment had 147 (149) employees.

OTHERS

The net sales of the Others segment remained close to the level of the reference period. One associated company, Gugguu Group Oy, provided a report for the review period. The impact on profit/loss of the reported associate company during the review period was MEUR 0.0 (MEUR 0.2), which is presented on a separate row in the consolidated income statement.

FINANCE

Operating cash flow deteriorated slightly to MEUR 2.9 (MEUR 3.2). Liquidity remained good. The Group's liquid assets were MEUR 14.3 (MEUR 14.2) and interest-bearing net liabilities MEUR 42.3 (MEUR 56.3). Interest-bearing liabilities decreased as Grano's loans were paid back. The gearing ratio fell and was 72.8% (83.1%). 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.

Panostaja 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 15.0 of Panostaja's corporate acquisition limit remains to be withdrawn.

The Group's equity ratio at the end of the review period was 39.1% (37.2%). Return on equity was 6.3% (-1.4%). Return on investment improved to 4.2% (0.8%).

INVESTMENTS AND DEVELOPMENT EXPENSES

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. During the financial period, MEUR 1.6 (MEUR 2.9) of development expenses were activated.

RELATED PARTY LOANS AND LIABILITIES

At the time of closing the books, there were no payables to related-party companies outside the Group.

The totals and the main loan conditions of the loans issued to management are presented in Note 35 to the financial statements.

RISKS

The Group takes controlled risks to utilize opportunities for business operations in an optimal manner. The Group's conventional business risks concern the market and competitive situations of the investment targets, customer and supplier risks, corporate acquisitions and the risks involved in related financing.

The four investment targets in which Panostaja has a majority shareholding operate in different fields. The aim is to ensure that the Group's financial performance is not substantially dependent on the development and results of a single investment target but, depending on the market conditions and as a business area grows, its significance for the Group is emphasized, which may mean that the risk is substantial. The Group's financial performance and development are not normally dependent on a single customer, but losing one or more important customers may have financial consequences for the results and development of a single investment target.

The general trend development and especially the development of the Finnish economy may have a significant effect on the Group's financial performance and development. The Group's profit/loss and development are also affected by the seasonal nature of the business. The seasonal variations of the business operations have the effect that ordinarily the first half of the year is weaker than the second. The continuous changes in competition, such as price competition and new rivals for an individual investment target, may affect the Group's financial performance and development, although the Group and its investment targets work continuously to develop their activities to meet the competitive situation. The risks involved in the price and availability of the raw materials that the different investment targets use in their operations may also significantly influence the financial performance and development of a single investment target and, in the current extraordinary market environment, possibly the entire Group's development and profit/loss.

Exchange rate, interest, financial and credit loss risks have normally no significant effect on the Group's financial performance and development, but they may have a substantial influence on the financial performance and development of a single investment target. The Group and its various investment targets strive significantly to hedge against these risks in different ways, but it is not always possible.

The risks connected to the Group's staff may influence the Group's and its investment targets' development and financial performance if the Group is unsuccessful in the recruitment of key persons and other employees or in committing them to the Group. Preparations for risks are being made by strengthening the organizations of investment targets, developing the management team work and target discussion practices of the investment targets, and developing a management and monitoring system.

The safe and uninterrupted operation of the ICT network, data security and the management of data security risks are important for the operation of the businesses. Unauthorized data access or disclosure or the loss or misuse of data may lead to violations of data protection legislation and other applicable laws, blemishes on the corporate image, profit losses, claims or measures taken by authorities. Data security risks are managed by the investment targets and the Group, and protections against risks are put into place appropriately and pre-emptively.

If unsuccessfully managed, the risk of weakening reputation or trust due to negative publicity or the realization of some other risk may impact the development and financial result of the Group or its segments. Risks related to reputation are managed by maintaining an ethical corporate culture, ensuring timely and sufficient communications, implementing compliance activities and instructions, understanding the expectations of interest groups and preparing crisis management plans.

If unsuccessfully managed, risks concerning the environment may affect the development and financial performance of the Group and its investment targets. The Group complies with the legislation concerning environmental issues and takes the responsibilities they bring into account especially carefully and in all its operations strives to observe the principles of sustainable development. The Group has no knowledge of any significant risks concerning environmental issues.

The Group has extensive insurance coverage that covers material damage in accordance with the insurance terms and conditions. The insurance level of property risks is monitored regularly. If unsuccessful in managing them, risks concerning guarantees, suspension, product liability and repair may affect the development and financial performance of the Group and its investment targets. All Group companies endeavor to minimize these risks by investing in the management of the supply chain, the quality of their own activities, product development and the regular assessment of risks. If possible, such risks are covered by insurance protection.

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 47.5. 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.

Official regulations may affect the development and financial performance of the Group and its investment targets. Amendments to regulations are followed carefully within the Group and the different investment targets, and efforts are made to react to them in advance if possible.

ADMINISTRATION AND GENERAL MEETING

Panostaja Oyj's decision-making and administration adheres to the Finnish Limited Liability Companies Act, provisions concerning publicly listed companies, Panostaja Oyj's Articles of Association and Nasdaq Helsinki Oy's rules and guidelines.

In its operations and the organization of its administration, Panostaja Oyj complies with the Finnish Corporate Governance Code. The Code is available at the website maintained by the Securities Market Association at www.cgfinland.fi

An account of Panostaja's management and control system is published annually on the company website at: https://panostaja.fi/en/investors/administration/

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 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 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.

As proposed by the Board, the Annual General Meeting decided to authorize the Board to decide on the acquisition of the company's own shares in one or more installments on the following conditions: The total number of shares issued on the basis of the authorization may not exceed 5,200,000. 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 resolved to authorize the Board of Directors to decide on a share issue of no more than 5,200,000 shares as well as on the granting of rights of option and other special rights providing entitlement to shares. 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.

Immediately upon the conclusion of the General Meeting, the company's Board held an organizing meeting in which Jukka Ala-Mello was elected Chairman and Eero Eriksson Vice Chairman.

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 transferred a total of 14,286 shares to the Board members as meeting compensation. In accordance with the Board decision of February 7, 2022, Panostaja provided a total of 32,258 shares as meeting compensation on June 3, 2022.

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).

BOARD'S PROPOSAL TO THE GENERAL MEETING

The company's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.03 per share be paid for the past financial period.

The Board also proposes that the General Meeting authorize the Board of Directors 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. It is proposed that the authorization include the right of the Board to decide on all other terms and conditions relating to said asset distribution. It is also proposed that the authorization remain valid until the start of the next Annual General Meeting.

Panostaja Oyj's Annual General Meeting will be held on February 7, 2023 in Tampere.

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.

PROSPECTS FOR THE NEXT FINANCIAL YEAR

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 for Hygga and Grano 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.

REPORT ON NON-FINANCIAL INFORMATION

In this report, we provide information on how Panostaja as a Group handles environmental and social matters as well as employees, human rights and anti-corruption efforts.

Panostaja's Board of Directors approves the report on an annual basis. The report is issued by the parent company for the entire Group, covering the period from November 1, 2021 to October 31, 2022.

The report also provides information referred to in Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

Based on Directive 2014/95/EU, the Accounting Act requires listed companies to report on the aforementioned matters. As regards each of them, the company must report the following, for example:

- operating principles (policies) and the due diligence (DD) methods applied
- risks and risk management
- results
- the most important key figures in terms of business, other than KPIs

ENVIRONMENT	SOCIAL MATTERS AND EMPLOYEES	HUMAN RIGHTS	ANTI-CORRUPTION EFFORTS
Energy consumption	Occupational safety and health	Human rights	Anti-corruption and -bribery efforts
Carbon footprint	Absences due to illness	Ethical guidelines	Ethical guidelines
	Employee training	Training attendance	Training attendance
	Employee satisfaction		

Panostaja companies strive to adhere to the principle of continuous improvement. This means taking a systematic approach with regard to problems or challenges and their possible causes. The correct resources are used to plan and implement preventive and corrective measures. In addition to the above, results are monitored and analyzed to ensure the success and sustainability of the operations.

Panostaja has published an ethical Code of Conduct on its website. The Code of Conduct includes guidelines regarding our principles and practices, as well as our responsibilities toward our business environment, employees, business partners and society.

**In this context, KPI (Key Performance Indicator) is a key figure specified by Panostaja for non-financial information.*

BUSINESS MODEL

Panostaja is an investment company developing Finnish SMEs in the role of an active shareholder. At Panostaja, ownership is active partnership, development of management work, identification of growth potential and facilitation of reaching full potential. To Panostaja, growth and ownership are responsible and long-term work for success.

Panostaja is committed to operating as an active owner in accordance with the principles of responsible investment. In making new investment decisions and developing our segments, we consider the relevant ESG (environmental, social, governance) factors alongside financial perspectives. We believe that considering these perspectives in our decision-making processes and ownership-related measures is essential for the long-term success of our segments and Panostaja as a whole. The aim of our responsibility efforts is to develop companies that are more valuable, competitive and responsible than ever before. In addition to risk management related to the environment, society and administration, our segments can utilize practices to broaden their revenue sources, innovate new products and methods, and reduce costs.

Panostaja actively seeks financially healthy companies it believes can rise to the top tier of its field with the Group's support. Panostaja provides business-related and strategic expertise to the company, along with tools that support management. Panostaja also assists the companies in securing financing and implementing corporate acquisitions. The increased owner value is realized upon divestment after the development phase.

Financial responsibility within the group refers to continuous efforts to ensure operational profitability. Profitable operations enable continuous development in order to maintain the competitiveness of the business operations. This is also a requirement for the Group being able to take care of its personnel, fulfil its responsibilities toward society and partners, and take the necessary responsibility for the development of environmental matters. Panostaja adheres to the effective acts, decrees and regulations.

The financial goal must be reached by responsible and ethical means, with due consideration to environmental and social responsibilities. In the long term, responsible operations according to the principles of sustainable development is the cornerstone of profitable business. Panostaja's principles of responsible investment describe our approach to responsible business activities. The document presents the decision-making and ownership practices applied in Panostaja's operations.

ENVIRONMENTAL MATTERS

Panostaja Group is aware of its responsibility in environmental matters and strives to consistently reduce its environmental load and foster the principles of sustainable development. Panostaja's most significant environmental impacts are related to energy consumption, use of printing materials, and the distribution and transportation of products. The company seeks to prevent and minimize detrimental environmental effects through efficient operations and materials use as well as responsible procurement arrangements. The Group aims to protect and conserve the environment by complying with environmental law, improving the energy efficiency of its operations and reducing the amount of generated waste. This area is covered by Panostaja's Code of Conduct. Panostaja's subsidiary Grano uses a certified environmental management system ISO14001:2015. The principles of continuous development are observed in accordance with the standard. In terms of its other subsidiaries, Panostaja is developing methods that ensure due diligence.

Panostaja has identified energy consumption and carbon footprint as the most important environmental KPIs. The Group companies operate in different fields, which is why there is variation between them in terms of energy consumption. Panostaja does not operate in an energy-intensive field of industry and estimates its environmental risk to be low.

The companies report their energy consumption for all properties involved in their operations. Consumption data is collected from energy company reports, and the companies' figures are aggregated. The Group's key figure for energy consumption (MWh) is 6,970 (6,965).

Greenhouse gas emissions are reported in accordance with the international GHG Protocol reporting principles. The Group monitors carbon dioxide emissions in adherence to the Scope 2 key figures (tn CO_2).

The relevant key figure encompasses the emissions caused by energy procured within subgroups. The energy consumption data have been obtained from the companies' electricity providers. This information has been collected from all facilities of all companies and then consolidated. Scope 2 emissions are calculated and reported in two ways:

1. Market-based (method based on contractual greenhouse gas emissions/residual mix). The market-based emission amount caused by energy consumption is 1,637 tnCO_2 (1,616)

The market-based value is calculated using the following formula:

$$\frac{\text{Energy consumption (kWh) * emission factor (gCO}_2\text{/kWh)}}{1{,}000{,}000}$$

2. Location-based (method based on average greenhouse gas emissions from Finnish energy production). The emission amount caused by location-based energy consumption is 620 tnCO_2. (1,042)

The location-based emission value is calculated by multiplying the energy consumption with the average emission factor of Finnish energy production 89 g CO_2/kWh. In 2021, the emission factor was 131 g CO_2/kWh.

The Group's electricity consumption and the emissions caused by market-based electricity consumption remained at the level of the reference year.

SOCIAL MATTERS AND EMPLOYEES

The protraction of the coronavirus pandemic continued to impact Panostaja's operations, especially in the first half of the financial period. Immediately after the escalation of the pandemic, the Group companies implemented precautions to protect the health and well-being of their staff and customers and ensure the functionality of services. Where possible, the companies continued remote work arrangements and sought to minimize workplace contact, in accordance with the development of the pandemic. The companies were able to adapt to the extraordinary circumstances without any service interruptions.

The Group has identified risks related to employee health, occupational safety and the work environment. The Group's Code of Conduct details relevant principles, practices and responsibilities.

Social responsibility is a key factor in terms of employee well-being. Panostaja wishes to create safe and healthy work conditions that are based on respect and fairness.

Panostaja does not tolerate any forms of harassment, threats, bullying or discrimination. The company respects its employees and treats them equally. Panostaja provides its employees with equal opportunities to advance their careers, regardless of their gender, age, values or other personal characteristics.

The Group strives to promote work well-being and improve the quality of working life within the work community. The equal treatment of personnel and the promotion of equality are the principles guiding supervisory work. Management work also considers the varying life situations, values and expectations among employees of different ages.

Panostaja takes care of work well-being by investing in high-quality management and supervisory work, smooth interaction and internal communications, and a healthy and trusting atmosphere at work.

Training and discussion events are organized for the management personnel of the companies each year. For example, a two-day Management Forum was organized in the 2022 financial period. Coaching to supervisors and mentors is also provided. Panostaja Academy organized training for supervisors in the reference period. Corresponding training for supervisory staff will be started again in the coming financial period.

Employee satisfaction and related factors have been studied since 2013. The Pulssi survey was carried out every other month during the financial period. The purpose of the survey is to measure work satisfaction and well-being among the staff of Panostaja companies. The more concise survey that is conducted more than only once a year enables proactive measures and more focused responses to a variety of issues. Work satisfaction has remained good for the entire ten-year period during which surveys have been carried out. Work atmosphere and its development within the companies is also monitored through occupational health.

A cooperation survey for the company CEOs and management teams was conducted again in the past financial period. The results will be used to develop and strengthen the cooperation with the Group's companies.

The Group finds it important that the employees are competent enough to perform their tasks in a responsible manner. Therefore, orientation training is provided to new employees and staff training is organized actively. Training is considered an element of day-to-day work activities. The Group companies have their own training systems, and employees have personal development plans.

The companies pay attention to preventive health care and encourage their employees to engage in sports and exercise. They also have in place an early support model aimed at ensuring the recognition of factors related to work capability and well-being and their sufficiently early recognition. It is important to Panostaja to ensure that employees are enthusiastic about their own work and the work atmosphere remains good.

Each subgroup must handle matters related to occupational safety and health at individual workplaces.

Panostaja monitors employee absences and work-related accidents on a monthly basis. HR management records employee absences, any accidents that occur and average training days among personnel. The occupational health service issues regular reports on the statistics it collects. This information is used to derive the following non-financial key figures for the Group:

The change in the key figures from the reference year is primarily due to the divestment of three subgroups during the financial period and remote work arrangements throughout the Group as the pandemic intensified. For the same reason, there have been far fewer training events than before.

	2022	2021	2020	2019	2018	2017
Number of work accidents	62	16	53	91	85	47
Work accidents in proportion to working hours (Lost time incident frequency)	25.9	6.8	17.7	25.1	21.7	17.6
Sickness absence rate %	4.6	2.4	3.4	3.2	2.7	2.8
Number of training days	1,132	1,129	1,138	1,853	1,518	459

Lost time incident frequency
*Number of work accidents that led to at least one day of sick leave / working hours completed * 1,000,000*
Absences during illness or injury and in relation to the illness of a child are counted toward the time of absences for the financial period.
Sickness absence rate %
*Number of sick days in the financial period November 1–October 31 / (theoretical regular working hours during the financial period in days) * 100*

HUMAN RIGHTS

Panostaja has estimated its risk in relation to respecting human rights to be low. That said, there is always the risk that the Group may violate human rights in its own operations or through its supply chain. These infringements may have a negative effect on individual persons and harm Panostaja's reputation.

Panostaja respects all internationally recognized human rights and strives to construct its methods and practices in a manner that ensures the consideration of human rights across all of the company's operations. The Group observes the labor legislation, collective agreements and rights defined in the Universal Declaration of Human Rights, adopted by the United Nations, that include equality between people, prohibition of discrimination and freedom of religion and opinion. In its Code of Conduct, Panostaja provides guidelines to employees on how to use the Whistleblowing channel to report possible infringements. This channel is open to everyone. No human rights violations were reported through the channel in 2022.

In its Code of Conduct, Panostaja prohibits all activities that may violate human rights. At the end of the financial period, 80% of the Group's entire staff (58% in the reference year) have completed training on the content of the Code of Conduct. The low figure of the reference year is the result of a change in Grano's completion practice. Grano had reinstated the practice that requires each employee to complete the Code of Conduct course again every year. As all staff members did not have the time to react to the change, the number of people who completed the course was slightly lower than in previous years.

ANTI-CORRUPTION AND -BRIBERY EFFORTS

Panostaja adheres to the effective acts, decrees and regulations. Panostaja's companies always compete in a fair and honest manner in compliance with competition law. The Group's companies do not participate in cartels or discuss contract terms, prices or other matters related to competition with our competitors. Panostaja prohibits corruption and bribery in all our operations, and we do not accept services, goods, trips or anything else from any of our cooperation partners or suppliers that exceeds the limits of normal hospitality This area is covered by Panostaja's Code of Conduct.

The identification and assessment of corruption-related risks are part of the general risk assessment measures conducted by Panostaja and business units. However, corruption and bribery can occur in Panostaja's own operations or its supply chain. Cases of corruption and bribery may lead to legal sanctions. Although, based on these assessments, Panostaja's own operations and services do not entail a high risk of corruption, it strives to incorporate responsible business practices into all areas of its operations.

Panostaja has provided guidelines to employees on how to report possible infringements. No infringements related to bribery were reported during the financial period or the reference period.

INFORMATION TO BE PROVIDED PURSUANT TO THE EUROPEAN UNION'S REGULATION ON THE TAXONOMY OF SUSTAINABLE FINANCING

As a company subject to the European Union's (EU) regulation on the taxonomy of sustainable financing (2020/852), it is our obligation to report the percentages of our net sales ('turnover' in the regulation), capital expenditures and operating expenditures that constitute operations that are recognized by the taxonomy as economic activity that is potentially sustainable in terms of the environment or that meet the relevant technical screening criteria. The EU Taxonomy is a classification system, the purpose of which is to steer funding toward activities that substantially contribute to the achievement of the following six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

REPORTING OBLIGATIONS REGARDING THE 2022 FINANCIAL PERIOD

The reporting obligations will enter into force in phases as per the deadlines specified in the Taxonomy Regulation. For the 2022 financial period, we only need to provide the information necessitated by the Taxonomy Regulation for the first two environmental objectives: 1. climate change mitigation and 2. climate change adaptation. During this second year of the Taxonomy Regulation, the companies must indicate the portion of their activities that is eligible for the taxonomy and, for the activities that are eligible, how aligned they are with the taxonomy. Activities that are eligible are those that are recognized by the taxonomy, and activities that are eligible for the taxonomy are those that meet the technical screening criteria. The reporting obligations regarding goals 3–6 will be applied for the first time in the 2023 financial period.

PANOSTAJA'S BUSINESS OPERATIONS AND THE EU TAXONOMY

The EU taxonomy and its technical screening criteria are dynamic, and their development will continue on the EU forum for sustainable financing. Specific economic activities have been initially prioritized in the development of the taxonomy, which means that the system and its criteria do not yet account for all economic activities. In order to define the proportion of our activities that is eligible for the taxonomy, we have conducted an analysis and used it to identify activities that correspond to those recognized in the taxonomy. Based on our analysis, we interpret that, among Panostaja's business operations, those that are eligible are the software business activities of Oscar Software and Hygga (Criterion 8.2 Software, consulting and related activities under environmental objective 2. Climate change adaptation).

Upon determining the alignment of our eligible activities in the next phase, we will ensure that they substantially contribute to at least one environmental objective, meet the minimum safeguards determined in the Regulation and do no significant harm to any environmental objective. Our eligible activities include providing digitalization solutions that enable increased efficiency in other fields (Oscar Software's ERP solutions), and information system solutions that reduce customer travel and the frequency of aseptically cleaning treatment rooms, for example (Hygga Flow customer flow optimization solutions for health care). In terms of those of our operations that are ineligible for the classification system, we will optimize Grano's activities to be as energy- and material-efficient as possible and transition to production methods that utilize renewable energy solutions. CoreHW's microchip technologies can reduce the power consumption of equipment, for example. In other words, the solutions and products of Panostaja companies enable benefits, such as reductions in energy consumption, but the solutions and products have not been primarily designed to reduce emissions or provide protection against the impacts of climate change. This is why we find that our operations do not sufficiently meet the technical screening criteria for alignment with the taxonomy. However, we will review this interpretation as the taxonomy guidelines develop and the reporting process matures.

ACCOUNTING PRINCIPLES FOR KEY FINANCIAL FIGURES RELATED TO THE TAXONOMY

The reporting obligations related to the taxonomy include a description of the accounting principles for financial key figures, including how to calculate the numerator and denominator. This section explains how the net sales, capital expenditures and operating expenditures are defined and indicated in the numerator, as well as the methods of calculating the net sales, capital expenditures and operating expenditures included in the denominator.

Net sales

When defining the net sales eligible for the taxonomy, Panostaja includes in the numerator the estimated total net sales of the products and services that are related to eligible economic activities. The denominator contains the net sales presented in Panostaja Group's income statement.

Capital expenditures

When defining the capital expenditures eligible for the taxonomy, Panostaja includes in the numerator any capital expenditures from funds related to eligible economic activities. The denominator contains the financial period's additions to intangible and tangible assets, as presented in the Group's financial statements.

Operating expenditures

When defining the operating expenditures eligible for the taxonomy, Panostaja includes in the numerator the direct operating expenses of products and services that are related to eligible economic activities. The denominator contains direct expenses related to research and development, building renovations, leases, maintenance and repairs as well as other direct costs related to intangible and tangible assets.

KEY FIGURES

Net sales

1. NET SALES ACCORDING TO THE 2022 FINANCIAL STATEMENTS

				Substantial contribution criteria						No significant harm criteria						
Economic activities	**Codes**	**Net sales**	**Percentage of net sales**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Environmental pollution**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Environmental pollution**	**Biodiversity and ecosystems**	**Percentage of net sales in alignment with the taxonomy**
		EUR 000	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY																
A.1 Activities aligned with the taxonomy	-	0	0%	0%	0%	0%	0%	0%	0%	No criteria	No criteria	No criteria	No criteria	No criteria	No criteria	**0%**
A.2 Activities eligible for but not aligned with the taxonomy	NACE J62	10,079	7%													
Total (A.1+A.2)		**10,079**	**7%**													
B. ACTIVITIES INELIGIBLE FOR THE TAXONOMY																
Net sales from activities ineligible for the taxonomy (B)		127,850	93%													
Total (A+B)		**137,929**	**100%**													

Capital expenditures

2. INVESTMENTS INTO TANGIBLE AND INTANGIBLE ASSETS

				Substantial contribution criteria						No significant harm criteria						
Economic activities	Codes	Net sales	Percentage of net sales	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Environmental pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Environmental pollution	Biodiversity and ecosystems	Percentage of net sales in alignment with the taxonomy
		EUR 000	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY																
A.1 Activities aligned with the taxonomy	-	0	0%	0%	0%	0%	0%	0%	0%	No criteria	No criteria	No criteria	No criteria	No criteria	No criteria	**0%**
A.2 Activities eligible for but not aligned with the taxonomy	NACE J62	530	11%													
Total (A.1+A.2)		**530**	**11%**													
B. ACTIVITIES INELIGIBLE FOR THE TAXONOMY																
Capital expenditures of ineligible activities (B)		4,211	89%													
Total (A+B)		**4,741**	**100%**													

Operating expenditures

3. RENTAL COSTS AND OTHER EXPENSE ITEMS DESCRIBING THE EXPENDITURES THAT ARE NECESSARY FOR ENSURING THE CONTINUOUS AND EFFECTIVE FUNCTIONALITY OF PROPERTY, PLANT AND EQUIPMENT ITEMS, AS REPORTED UNDER OTHER EXPENSES IN THE 2022 FINANCIAL STATEMENTS

				Substantial contribution criteria						No significant harm criteria						
Economic activities	Codes	Net sales	Percentage of net sales	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Environmental pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Environmental pollution	Biodiversity and ecosystems	Percentage of net sales in alignment with the taxonomy
		EUR 000	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY																
A.1 Activities aligned with the taxonomy	-	0	0%	0%	0%	0%	0%	0%	0%	No criteria	No criteria	No criteria	No criteria	No criteria	No criteria	**0%**
A.2 Activities eligible for but not aligned with the taxonomy	NACE J62	1,413	5%													
Total (A.1+A.2)		**1,413**	**5%**													
B. ACTIVITIES INELIGIBLE FOR THE TAXONOMY																
Operating expenditures of ineligible activities (B)		26,163	95%													
Total (A+B)		**27,576**	**100%**													

Key figures

KEY FIGURES OF PANOSTAJA GROUP

(MEUR)		2022	2021	2020
Net sales, MEUR		137.9	133.0	132.9
EBIT, MEUR		5.2	2.0	4.1
% of net sales		3.7	1.5	3.1
Profit for the financial period, MEUR		3.9	-1.0	-3.4
Return on equity (ROE), %		6.3	-1.4	-4.6
Return on investment (ROI), %		4.2	0.8	0.3
Equity ratio, %		39.1	37.2	33.6
Gearing, %		72.8	83.1	90.1
Current ratio		1.1	1.0	1.0
Gross capital expenditure, MEUR		4.7	5.0	4.7
% of net sales		3.4%	3.7%	3.5%
Avg. no. of Group employees		1,324	1,480	1,727
Earnings per share (EPS), EUR, undiluted	*	0.03	-0.03	-0.08
Earnings per share (EPS), EUR, diluted	*	0.03	-0.03	-0.08
Equity per share, EUR		0.71	0.75	0.82
Dividend per share, EUR	1)	0.03	0.03	0.03
Extra dividend per share, EUR		0.05		
Dividend/Earnings % undiluted		118.8	-92.7	-36.1
Dividend/Earnings % diluted		118.8	-92.7	-36.1
Extra dividend/Earnings % diluted		200.0		
Extra dividend/Earnings % diluted		200.0		
Effective dividend income %		5.0	4.3	4.2
Average number of outstanding shares in the financial period (1,000)		52,620	52,525	52,392
Number of shares at the end of the financial period (1,000)		53,333	53,333	52,533
Closing rate for the financial period, EUR		0.60	0.69	0.71
Lowest share price, EUR		0.58	0.67	0.51
Highest share price, EUR		0.79	0.99	1.0
Average share price in the financial period, EUR		0.69	0.73	0.75
Market value of stock, MEUR		31.6	36.3	37.2
Shares exchanged, 1,000		4,192	8,255	5,808
Shares exchanged, %		8.0	15.7	11.1

1) Board of Directors' proposal
* Audited key figure

Key figures provide a brief overview of the business development and financial position of a company as well as profit distribution. The key figures for the 2020 financial period have not been changed due to divestment or discontinuation of businesses during the past financial period.

FORMULAE FOR CALCULATING KEY FIGURES

Return on investment (ROI) %	=	Profit/loss after financial items + financial costs + profit/loss on discontinued operations x 100 / Balance sheet total - non-interest bearing liabilities (average in the financial period)
Return on equity (ROE) %	=	Profit for the financial period x 100 / Equity (average in the financial period)
Equity ratio, %	=	Equity x 100 / Balance sheet total - advances received
Interest-bearing net liabilities	=	Interest-bearing liabilities - interest-bearing receivables - financial assets
Gearing, %	=	Interest-bearing net liabilities / Equity
Equity per share	=	Equity attributable to parent company shareholders / Adjusted number of shares on the balance sheet date
Earnings per share (EPS)	=	Result for the financial period attributable to parent company shareholders / Adjusted number of shares on average during the financial period
Current ratio	=	Current assets / Current liabilities
Dividend per share	=	Dividend distributed in the financial period / Adjusted number of shares on the balance sheet date
Dividend / Earnings %	=	Dividend / share x 100 / Earnings per share (EPS)
Effective dividend income, %	=	Dividend / share x 100 / Share price on the balance sheet date

RECONCILIATION OF KEY FIGURES – INTEREST-BEARING LIABILITIES AND INTEREST-BEARING NET LIABILITIES

MEUR	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**

Financial Statements

For the financial period November 1, 2021 – October 31, 2022

CONSOLIDATED INCOME STATEMENT, IFRS

(EUR 1,000)	Note	November 1, 2021–October 31, 2022	November 1, 2020–October 31, 2021
Net sales		**137,929**	**132,984**
Other operating income	9	12,357	2,073
Materials and services		45,247	38,060
Employee benefit expenses	11	67,172	64,802
Depreciations, amortizations and impairment	12	14,642	14,568
Other operating expenses	13	18,057	15,606
EBIT		**5,169**	**2,020**
Financial income	14	236	258
Financial expenses	15	-2,259	-2,463
Share of associated company profits	10	35	206
Profit before taxes		**3,180**	**21**
Income taxes		390	-62
Profit/loss from continuing operations		**3,570**	**-42**
Profit/loss from sold and discontinued operations	7	366	-918
Profit/loss for the financial period		**3,936**	**-959**
Attributable to			
Shareholders of the parent company		**1,331**	**-1,700**
Minority shareholders		**2,605**	**741**
Earnings per share calculated from the profit belonging to the shareholders of the parent company:			
Earnings per share from continuing operations, EUR	17		
Undiluted		0.018	-0.019
Diluted		0.018	-0.019
Earnings per share from discontinued operations, EUR	17		
Undiluted		0.007	-0.013
Diluted		0.007	-0.013
Earnings per share on continuing and discontinued operations EUR	17		
Undiluted		0.025	-0.032
Diluted		0.025	-0.032
Extensive consolidated income statement			
Result for the period		**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
Extensive income for the period		**3,889**	**-1,124**
Attributable to			
Shareholders of the parent company		1,284	-1,865
Minority shareholders		2,605	741

The notes constitute an integral part of the financial statements

CONSOLIDATED BALANCE SHEET, IFRS

(EUR 1,000)	Note	October 31, 2022	October 31, 2021
ASSETS			
Non-current assets			
Goodwill	18	47,493	80,140
Other intangible assets	18	6,949	10,284
Property, plant and equipment	19	37,272	26,402
Interests in associated companies	20	2,677	2,642
Other non-current assets	21	4,583	4,097
Deferred tax assets	23	8,550	8,062
Non-current assets total		**107,525**	**131,628**
Current assets			
Stocks	24	5,925	5,157
Trade and other receivables	25	22,666	25,048
Tax assets based on taxable income for the period	25	24	115
Cash and cash equivalents	26	14,344	14,224
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	27	5,569	5,569
Share premium account	27	4,646	4,646
Other funds	27	0	0
Invested unrestricted equity fund	27	13,773	13,719
Translation difference		-249	-82
Retained earnings		13,406	15,623
Total		**37,145**	**39,473**
Minority shareholders' interest		**20,980**	**28,270**
Equity total		**58,126**	**67,744**
Non-current liabilities			
Deferred tax liabilities	23	6,171	6,318
Financial liabilities	28	46,328	55,153
Non-current liabilities total		52,500	61,472
Current liabilities			
Current financial liabilities	28	14,772	20,274
Tax liabilities based on taxable income for the period		121	332
Trade payables and other liabilities	29	24,967	25,449
Provisions		2	0
Current liabilities total		**39,862**	**46,056**
Liabilities total		**92,362**	**107,528**
Held-for-sale non-current liabilities		0	7,571
Equity and liabilities in total		**150,487**	**182,842**

The notes constitute an integral part of the financial statements

CONSOLIDATED CASH FLOW STATEMENT, IFRS

(EUR 1,000)	Note	2022	2021
Business operations			
Profit/loss for the financial period		1,331	-1,700
Adjustments:			
Depreciations	12	14,642	14,568
Financial income and costs	14, 15	2,024	2,205
Share of associated company profits	10	-35	-206
Minority share		2,605	741
Taxes	16	-390	62
Sales profits and losses from property, plant and equipment	9, 13	-10,425	-763
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		**-4,257**	**-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
Acquisition of subsidiaries with time-of-acquisition liquid assets deducted	6	0	0
Sale of subsidiaries with time-of-sale liquid assets deducted	7	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**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)	Note	Share capital	Share premium account	Invested unrestricted equity fund	Translation differences	Retained earnings	Total	Minority shareholders' interest	Equity total
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	27					-1,576	-1,576	-415	-1,991
Disposal of own shares	27, 35			107			107		107
Reward scheme	35					63	63		63
Transactions with shareholders, total		**0**	**0**	**107**	**0**	**-,1513**	**-1,406**	**-415**	**-1,821**
Selling of shares of subsidiaries owned that have not resulted in loss of controlling interest						17	17	18	35
Acquisitions of minority shareholdings	8					-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**

(EUR 1,000)	Note	Share capital	Share premium account	Invested unrestricted equity fund	Translation differences	Retained earnings	Total	Minority sharehol-ders' interest	Equity total
VAT adjustments for the 2018-2019 financial periods						417	417	8	425
Adjusted equity as of 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	27					-4,211	-4,211	-245	-4,456
Asset distribution from unrestricted equity fund								-9,407	-9,407
Disposal of own shares	27, 35			29			29		29
Reward scheme	35			25			25		25
Transactions with shareholders, total		**0**	**0**	**54**	**0**	**-4,211**	**-4,157**	**-9,652**	**-13,809**
Changes to subsidiary holdings									
Sales of shares in subsidiaries without change in 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.

Notes to the Consolidated Financial Statements

1. BASIC INFORMATION ABOUT THE COMPANY

The parent company, Panostaja Oyj, invests in Finnish SMEs primarily by purchasing majority shareholdings in them. Panostaja Oyj, together with its subsidiaries (hereinafter referred to as "Panostaja" or "the Group"), forms a group whose primary market area is Finland. Panostaja has a majority holding in four investment targets at the time of closing the books.

Panostaja Oyj is a Finnish public corporation operating under the legislation of the Finnish state. The company's shares have been quoted publicly since 1989. The shares are quoted on the Nasdaq Helsinki stock exchange. The company's registered office is in Tampere and the address of its head office is Kalevantie 2, 33100 Tampere. A copy of its consolidated financial statements is available at this address. At its meeting of December 14, 2022, Panostaja Oyj's Board of Directors approved these consolidated financial statements for publishing. Under the Finnish Limited Liability Companies Act, the shareholders may approve or reject the financial statements at the Annual General Meeting held after its publication on February 7, 2023. The AGM also has the opportunity to decide on implementing changes to the financial statements.

2. ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), and the IAS and IFRS standards, as well as the SIC and IFRIC interpretations, valid as of October 31, 2022, have been complied with. The International Financial Reporting Standards refer to the standards approved for application in the EU and the interpretations given on them in the Finnish Accounting Act and the provisions based on it in accordance with the procedure enacted in EU Regulation No 1606/2002. The notes to the consolidated financial statements also comply with the requirements of the Finnish legislation on accounting and corporations which complement the IFRSs.

The consolidated financial statements have been prepared based on the original acquisition costs, with the exception of the financial assets and liabilities recorded at fair value through profit and loss. Compiling financial statements in accordance with the IFRSs requires the Group's management to prepare certain estimates and to use discretion in applying the accounting principles.

The data about such discretion the management have used in applying the Group's accounting principles for the preparation of the financial statements, and which most affect the consolidated financial statements, are presented in Accounting Principles under the section "Accounting principles requiring the management's judgement and the principal uncertainties of estimates."

Panostaja releases the primary calculations for the financial statements in harmonized electronic format (ESEF). This report has not been authenticated.

CONSOLIDATION PRINCIPLES

Subsidiaries

The consolidated financial statements include the parent company Panostaja Oyj and all its subsidiaries.

Subsidiaries are companies in which the Group has a controlling interest. This controlling interest arises when the Group owns more than half of the voting power, or it otherwise has a controlling interest. The existence of potential voting power has also been taken into consideration in estimating the conditions for the emergence of a controlling interest, when the instruments warranting potential voting power are realizable at the time of observation. Controlling interest refers to the right to dictate the principles of the company's finances and business activities to gain benefits from its operations.

The Group's inter-group shareholding has been eliminated by the acquisition method. The consideration given and the acquired company's separately identifiable assets and equity and liabilities have been valued at fair value at the time of purchase. The expenses connected to the acquisition, apart from the costs incurred by the issuance of liability or equity securities, are recognized as expenditure. The consideration given does not include business operations which are processed as separate from the acquisition. The effect thereof has been observed in connection with the acquisition through profit and loss. Any conditional additional purchase price is valued at fair value at the time of purchase and is classified either as a liability or equity. An additional purchase price that is categorized as a liability is valued at fair value on the closing date of each reporting period, and the profit or loss arising from this is recognized through profit and loss or in other items of extensive income. An additional purchase price that has been classified as equity will not be revalued.

Subsidiaries acquired are integrated in the consolidated financial statements from the moment when the Group has gained a controlling interest, and disposed subsidiaries until such time when the controlling interest ends. All of the Group's intracompany transactions, receivables, liabilities and unrealized gains as well as its internal profit distribution are eliminated when preparing the consolidated financial statements. Unrealized losses are not eliminated if the loss results from amortization. The distribution of the financial-year profit or loss to the owners of the parent company and minority shareholders is presented in a separate income statement, and the distribution of extensive income to the owners of the parent company and minority shareholders is presented in connection with the extensive income statement. Any minority shareholders' interest in the procured item is valued either at fair value or to the amount that corresponds to the proportion of minority shareholders' interest in the separately identifiable net assets of the procured item. The valuation principle is determined separately for each corporate acquisition. Extensive income is allocated to the owners of the parent company and minority shareholders, even if this results in the minority shareholders' interest being negative. The proportion of equity belonging to minority shareholders is presented in the balance sheet as a separate item as part of equity. The changes to the parent company's holding in a subsidiary which do not result in the loss of the controlling interest are treated as business operations concerning equity.

When an acquisition takes place in stages, any previous holding is valued at fair value, and the profit or loss arising from this is recognized through profit and loss. When the Group loses its controlling interest in a subsidiary, the remaining investment is valued at the fair value on the date of the loss of the controlling interest, and the difference arising from this is recognized through profit and loss.

ASSOCIATED COMPANIES

Associated companies are enterprises in which the Group has substantial authority. Substantial authority is created when the Group owns more than 20% of the company's voting power, or when the Group has considerable influence in some other manner without having a controlling interest. Associated companies are integrated in the consolidated financial statements using the equity method. If the Group's share of the associated company's loss exceeds the book value of the investment, the investment is recognized in the balance sheet at zero value and losses exceeding the book value are not combined, unless the Group has committed itself to fulfilling the associated company's obligations.

Unrealized profits between the Group and an associate have been eliminated following the holding the Group has. An investment in an associated company includes the goodwill arising from the acquisition. In the Group's income statement, the result corresponding to the Group's holding is presented in the row Share of associated company profits.

SEGMENT REPORTING

The Group's segment reporting is based on its business segments. Reports on these business segments are prepared in a manner in line with the internal reporting submitted to the highest operational decision-maker. Panostaja's Senior Management Team has been defined as the highest operational decision-making body that is responsible for allocating resources to segments and assessing their results.

AMOUNTS IN FOREIGN CURRENCY

The consolidated financial statements are prepared in euros, which is the functional and presentation currency of the Group's parent company. Foreign currency transactions are recorded in the functional currency using the rate of exchange prevailing on the date of transaction. At each balance sheet date, monetary receivables and liabilities are translated using the rate on the closing date. The exchange differences arising from such translations are recorded in the income statement. The foreign exchange gains and losses of operations are included in the comparable items above operating profit. Non-monetary items are translated using the rate of the transaction date.

Income statements of foreign Group companies have been translated into euros at the average exchange rate for the period, while balance sheets have been translated using the closing rates of the balance sheet date. The translation of the profit for the financial year using different currencies in the income statement, the extensive income statement and equity causes a translation difference that is recognized in the other items of the extensive income statement, and it is included in equity in the item 'Translation differences.' The translation differences arising from the elimination of the acquisition costs of foreign subsidiaries and from the translation of equity items accrued after the acquisition are recorded in the items of the extensive income statement. When a foreign unit is sold in part or in full, the translation differences accumulated in equity are recognized through profit and loss as an adjustment of classification as part of sales profit or loss.

NET SALES AND RECOGNITION PRINCIPLES

Net sales consist of income from the sale of products and services at fair value, adjusted according to indirect taxes and discounts. Within the Group, earnings from product sales are primarily recorded once the essential risks and benefits related to ownership of the goods as well as their right of possession and actual control have been transferred to the buyer and payment is likely. Correspondingly, earnings from services are generally recorded once the services have been rendered. The recognition principles of segment-specific net sales are presented in conjunction with segment information in Note 5.

EBIT

The IAS 1 standard on the presentation of financial statements does not define the concept of operating profit or loss. The Group has defined it as follows: EBIT is the net sum arrived at when other operating income is added to net sales and the following expenses deducted from it: acquisition costs adjusted by the changes in the stocks of finished or incomplete goods, expenses incurred in manufacture for the company's own use, employee benefit expenses, depreciation and any amortization or impairment losses or other operating expenses. All other income statement items besides those mentioned above are presented under operating profit. Exchange differences are included in operating profit if they arise from operating items; in other cases, they are recognized in financial items.

INCOME TAXES

Tax expense consists of the taxes based on taxable income and deferred tax liabilities for the financial period. Taxes are recognized through profit and loss, except when they relate directly to the items recorded in equity or other items of the extensive income. In such cases, tax is also recorded in these items.

Deferred taxes are calculated on temporary differences between the book values of assets and liabilities and the tax value of assets and liabilities. Deferred taxes are recorded by the balance sheet date using statutory tax rates. However, deferred tax liabilities are not recorded when an asset item or a liability to be initially recognized in bookkeeping is in question, and when the integration of business operations is not in question, and when the recording of such an asset item or liability item does not affect the accounting result nor taxable income at the time the business transaction takes place.

The most important temporary differences arise from the valuation of the net assets of acquired companies at fair value, and from appropriations and unexploited tax losses. Deferred tax assets are recognized to the extent that it is probable that future taxable income will become available against which the temporary differences may be utilized. In this respect, the requirements for recognizing deferred tax assets are always estimated on the last trading day of the reporting period.

NON-CURRENT ASSET ITEMS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current asset items (or disposal groups) are classified as held for sale when their recoverable amount, equivalent to their book value, will be recovered mainly from their sale and when their sale is extremely probable. If their recoverable amount which corresponds to their book value will mainly be accrued from their sale instead of their continuous use, they are presented at their book value or fair value less costs to sell, depending on which is smaller. Depreciations from non-current asset items are cancelled on the date of classification.

A discontinued operation is a part of the Group that has been disposed of or that has been classified as held for sale and that represents an important separate business area or geographical area of operation, or is a part of one coordinated plan that concerns the renunciation of an important separate business area or geographical area of operation, or is a subsidiary that has been acquired with the sole purpose of reselling it. The profit from discontinued operations is presented in a row of its own in the consolidated income statement.

GOODWILL AND OTHER INTANGIBLE ASSETS

The goodwill arising from the integration of operations is recorded in the amount that makes the combined amount of the consideration given, minority shareholders' interest in the procured item and the proportion owned previously exceed the acquired net assets.

Instead of recording goodwill depreciations, goodwill is tested at least once a year for amortization, and it is valued at its original acquisition cost less amortizations. For the purpose of impairment testing, goodwill is allocated to cash-generating units.

Research expenditure is recognized as an expense in the income statement for the period in which it incurs. Development costs are activated when they can reliably be expected to benefit the Group financially in the future and when their acquisition costs can be determined reliably, and when other IAS 38 criteria, such as the product's technical and financial execution criteria, are met. Other development expenditure is recognized as expenses. Development costs that have been previously recorded as expenses are not activated in later financial periods.

Other intangible assets that have limited financial useful lives are recorded in the balance sheet and recognized as expenses in the income statement, marked as depreciations on a straight-line basis, during their financial useful lives. All the company's intangible assets have a limited financial useful life.

Intangible rights include software licenses, joining fees and customer relationships. Other intangible assets include computer software.

The standard times for planned depreciations of intangible assets:
Development costs 5–10 years
Intangible rights 3–5 years
Other intangible assets 5–10 years

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are valued at original acquisition cost less depreciations, amortizations and impairment. Depreciations on a straight-line basis are made on property, plant and equipment within their estimated financial useful lives. No depreciations are made on land.

The estimated financial useful lives are as follows:
Buildings 20–25 years
Plant and equipment 3–5 years
Other tangible assets 3–10 years

The depreciation values and financial useful lives of property, plant and equipment are estimated and adjusted at least at the end of each financial period, and if they differ significantly from previous estimates they will be altered accordingly.

The sales profits and losses of property, plant and equipment are determined by comparing their sales price to their book value, and they are presented in the income statement as other operating income or expenses.

RENTAL AGREEMENTS

Rental agreements where the lessor carries a significant share of the risks and rewards integral to ownership are classified as other rental agreements. Rental liabilities related to other rental agreements are not recorded in the balance sheet, and the related rents are recognized in the income statement as equal-sized items over the lease term.

IFRS 16 LEASES

According to IFRS 16, all leases are to be presented in the lessee's balance sheet. The standard requires companies to record the relevant asset items and lease liabilities in the balance sheet. These are valuated at the current value of upcoming rent payments. Any write-downs from asset items are recorded in the income statement. The interest costs arising from lease liabilities are also recorded in the income statement.

As a result of the standard, almost all lease agreements have been recorded in the balance sheet as fixed asset items, excluding agreements that are shorter than 12 months in length and low in value. However, the lease agreement concepts in the agreements to be addressed as liabilities and those detailed in IFRS 16 differ, which is why the number of agreements recorded in the balance sheet may differ from the number of liabilities. The agreements recorded in the balance sheet consist of lease agreements for premises, equipment and cars.

In accordance with the applicable financial statement principles, the Group will record the lease agreements in the balance sheet as lease liabilities and asset items. The rent payments are presented as loan repayments and related interest costs. The rent payments are presented in the financial cash flow and the rent-related interests in the business cash flow. Rent payments related to short-term and low-value lease agreements, as well as variable rents, are presented in the business cash flow.

The nominal value of the lease liabilities is valued at the current value of rent payments. Rent payments do not include variable rents. Variable rents that are not included in the original lease liability value are recorded directly in the income statement. The lease period is the non-cancellable period of the lease agreement, with an extension or cancellation option if the lessee can be reasonably expected to use the extension option. The lease periods for lease agreements effective until further notice are determined based on the realistic estimates of the management. The relevant rent payments have been discounted based on the Group's estimated extra credit interest.

AMORTIZATION OF TANGIBLE AND INTANGIBLE ASSETS

At each balance sheet closing date, the Group assesses whether there are indications that the carrying amount of an asset item may not be recoverable. If such indications exist, the recoverable amount of the asset item in question will be measured. The recoverable amount is also assessed yearly with reference to the following asset items, regardless of whether there are indications of impairment: goodwill, intangible assets with indefinite useful lives and incomplete intangible assets. The impairment need is examined at the level of cash-generating units.

An impairment loss is recognized if the book value of the asset item or cash-generating unit exceeds the recoverable amount. Impairment losses are recorded in the income statement. An impairment loss of a cash-generating unit is first allocated to decrease the goodwill directed at the cash-generating unit, and thereafter to symmetrically decrease the other asset items of the unit. On the recognition of an impairment loss, the financial useful life of the asset item depreciated is reassessed.

The recoverable amount of tangible and intangible assets is determined either so that it is their fair value less costs to sell, or a higher service value. In determining service value, the estimated deferred cash flows are discounted to their current value based on discount rates which reflect the average capital cost before tax of the cash-generating unit in question. The discount rates used have been determined before taxes, and the special risk of the cash-generating unit in question is also taken into consideration in calculating them.

Impairment loss connected to property, plant and equipment and other intangible assets except goodwill is cancelled if a change has occurred in the estimates used in determining the amount recoverable from an asset item. Impairment loss is cancelled no higher than to the amount that would have been determined as the book value of an asset item (less depreciation) if impairment losses had not been recognized for it in previous years. Impairment loss recorded for goodwill will not be cancelled.

GOVERNMENT ALLOWANCES

Allowances for the acquisition of tangible or intangible assets are reduced from the book value of the asset item in question where there is reasonable reliability that the grant will be received and that the Group will meet all the conditions set for receiving the grant. Allowances are recognized in the form of smaller depreciations during the service life of the asset item.

STOCKS

Stocks are valued at the acquisition cost or a lower net realizable value. Net realizable value is the estimated sales price obtainable in conventional business, from which the estimated costs resulting from manufacturing the item for sale and the estimated costs necessary for carrying out the sale have been deducted.

The value of stocks has been determined using the FIFO method and it includes all the direct costs resulting from the acquisition, as well as other indirect focused costs. In addition to the purchase cost of materials, direct labor costs and other direct expenses, the acquisition cost of manufactured stocks includes a proportion of the general expenses of production, but not the outlay for sales or financing. The value of stocks has been reduced as far as obsolescent property is concerned.

FINANCIAL DERIVATIVES

The Group has no essential derivative agreements other than interest rate swaps.

Derivative agreements are initially recognized in accounting at fair value on the day that the Group becomes a party to a contract, and they are further valued at fair value at a later date. The Group does not apply hedge accounting to interest rate swaps, because they do not meet the conditions for hedge accounting defined in IFRS 9. In such a case, a change in the fair value of hedging instruments is immediately recognized in financing income and costs through profit and loss.

FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS

Financial assets have been classified into the following groups in accordance with the IFRS 9 Financial Instruments standard: allocated acquisition cost, fair value through profit and loss and financial assets recognized at fair value through other extensive profit/loss items. The classification has been made based on the purpose of the acquisition and the cash flow properties in conjunction with the original acquisition. Financial assets maturing within 12 months are included in current assets.

Purchases and sales of financial assets are recognized based on the trading day, i.e., the day when the Group undertakes to purchase or sell an asset item. Financial assets are not recognized in the balance sheet after the rights to the cash flows of the investment have ceased or been transferred to another party and the Group has transferred a substantial part of the risks and rewards involved in ownership to another party.

Fund investments and derivatives to which hedge accounting is not applied are classified as financial assets at fair value through profit and loss. The Group has no essential derivative agreements other than interest rate swaps. Derivative agreements are initially recognized in accounting at fair value on the day that the Group becomes a party to a contract, and they are further valued at fair value at a later date. The change in fair value is recorded under financial income and expenses in the income statement. The fund investments include interest rate fund shares.

The financial assets recognized through allocated acquisition cost include loan receivables, sale receivables, accrued income and other receivables. Impairments of sales receivables are recorded under expected credit losses based on a simplified model described in Note 25 Trade and other receivables. Sales receivables and agreement-based asset items are derecognized as final credit losses, as payment for them cannot be reasonably expected. Indications of this include the debtor's significant financial troubles, the likelihood of bankruptcy, negligence of payments or delay of payments in excess of 360 days. Impairment losses arising from trade receivables and agreement-based asset items are presented in the income statement under other business costs.

The Group recognizes investments in unquoted shares as financial assets at fair value through profit and loss, which means that profit or loss resulting from a change in fair value can be recorded under other extensive income statement items instead of classifying them as items to be recognized through profit and loss in conjunction with the sale. Dividends from shares are recorded under financial income when the right to receive dividends has been created. They are current assets, unless the management intends to keep the investment in question for a period longer than 12 months from the balance sheet date.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand, short-term bank deposits and other current, extremely liquid investments whose initial maturity is no more than three months. Used bank account limits are presented in other non-current liabilities. The Group has estimated the credit loss arising from the liquid assets to be negligible.

FINANCIAL LIABILITIES

Initially, loans are recognized in accounting at fair value, less transaction costs. After this, they are valued in allocated acquisition costs using the effective interest method; the difference between payment received (less transaction costs) and the amount repayable is recognized as interest costs during the loan period.

Loans are classified as current, unless the Group has an absolute right to postpone their payment to at least 12 months from the balance sheet date.

Liability costs are recognized as expenses once they materialize. The liability expenses resulting directly from the acquisition, construction or manufacture of an asset item that fulfills the conditions set are activated as part of the asset's acquisition costs when they are likely to produce deferred financial benefits and when the costs can be reliably determined.

Due to the COVID-19 pandemic, some of the Group companies have made arrangements with the tax authorities for tax-related payments. These liabilities are included in other current interest-bearing liabilities.

EQUITY

The Group classifies the instruments it issues based on their nature either as equity or as a financial liability. An equity instrument is any agreement which demonstrates the right to a share of an organization's assets after the deduction of all its liabilities. Costs that concern the issue or acquisition of the Group's own equity instruments are presented as an equity deductible item. If the Group buys back its own equity instruments, the acquisition cost for these instruments is deducted from equity.

PENSION LIABILITIES

The Group's pension schemes have been classified as payment-based schemes. A payment-based pension scheme refers to an arrangement in which the company makes fixed payments to a separate corporation. The company is under no legal or actual obligation to pay additional charges if the separate corporation in question does not have enough funds to pay everyone the benefits relating to their work that they have made payments on during the present or earlier financial periods. The payments made to the payment-based scheme are recognized as the expenses of the financial period during which the payment is made.

SHARE-BASED PAYMENTS

The Group has incentive schemes in which payments are made as equity instruments. Expenses incurred by business operations that are paid as equity are determined based on the fair value of the grant date. The company determines fair value using an appropriate pricing method. An expense resulting from business operations paid as equity and a corresponding increase in equity is recognized during the period when the work is performed and/or when the conditions based on the performance of the work are met. This period ends on the date when the persons involved are fully entitled to remuneration ("Time of the origin of entitlement"). The expenses accrued that are recorded by each balance sheet date from business operations that are paid as equity reflect the extent to which the time of the origin of entitlement has elapsed, and the Group's best estimate on the number of the equity instruments to which this right will eventually be created. The impact on profit/loss is presented in the Group's income statement under expenses arising from employee benefits.

PROVISIONS

Provisions are recognized when a company, as a result of past events, has a legal or actual obligation, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision corresponds to the best estimate of the costs that are required for the fulfillment of the existing obligation on the balance sheet date.

APPLICATION OF NEW OR CHANGED IFRS STANDARDS AND IFRIC INTERPRETATIONS

The consolidated financial statements have been prepared in compliance with the same accounting principles as in 2021, with the exception of the following new standards, interpretations and amendments to existing standards, which the Group has applied as of November 1, 2021:

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16; reference rate update phase 2 and Covid-19

The amendments to the standards listed above have not had a substantial impact on these financial statements.

(Table on the next page)

PUBLISHED AND UPDATED IFRS STANDARDS THAT ARE NOT YET IN EFFECT

IFRS 17 Insurance Contracts	
IFRS 10 and IAS 28 amendments	Sale or transfer of asset items between an investor company and its associated companies or joint ventures.
IAS 1 amendment	Classification of liabilities as short-term and long-term liabilities
IFRS 3 amendment	Reference to a conceptual framework
IAS 16 amendment	Earnings before the start of the intended use
IAS 37 amendment	Loss-making contracts – expenses required to fulfil a contractual obligation *
Annual improvements to IFRS standards 2018–2020	Changes to IFRS 1, IFRS 9, IFRS 16 and IAS 41 standards
IAS 1 amendment and IFRS Practice Statement 2	Presentation of creation principles
IAS 8 amendment	Definition of accounting estimates
IAS 12 amendment	Calculated tax related to assets and liabilities arising from the same business operations
IFRS 17 amendment	IFRS 17 and IFRS 9 original application – reference information *

The management does not expect the adoption of the listed standards to have a significant impact on the Group's financial statements in the coming financial periods.

*) The new or updated IFRS standard has not been approved for application within the EU on the approved release date of these financial statements.

3. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The Group's financial risks comprise credit and counterparty risk, interest rate risk and liquidity risk. Credit and counterparty risk comprises payments of trade receivables coming from customers, the centralization of the customer base and co-operative banks approved as counterparties. Group companies operate primarily in the eurozone and so are only exposed to transaction risk stemming from exchange rate fluctuations, principally resulting from export activity, to a slight degree. The Group has no significant investments in foreign companies, so it is not exposed to significant translation risk. The effects of changes in interest rates on the value of interest-bearing liabilities and receivables and on the amount of future interest payments cause interest risk.

Panostaja's management of financial risks is handled in a centralized manner within the framework of the parent company's financial operations, under the leadership of Panostaja's Chief Financial Officer. The CFO actively monitors the subsidiaries' financial risks and actively participates in the process of securing funding and the implementation of hedges with the management of subsidiaries. The CFO also supports the management of Panostaja's subsidiaries in other matters related to financial management. The Group subsidiaries do not utilize a mutual fund allocation scheme, and their financial arrangements are independent of each other. The parent company may, by separate decision, allocate its funds to subsidiaries in the form of additional funding based on their financial and liquidity needs. The general principles underlying the Group's risk management system are approved by the Board of Directors and the parent company is responsible for their practical implementation in collaboration with the subsidiaries.

EXCHANGE RATE RISK

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.

INTEREST RATE RISK

The Group's income and operating cash flow is largely independent of fluctuations in market interest rates. The Group's interest risk primarily constitutes borrowing. At the end of the financial year, loans from financial institutions and other loans from financial institutions amounted to MEUR 23.830 (MEUR 46.363). The other loans from financial institutions include the account limits and factoring liabilities in use. MEUR 21.153 of the liabilities are variable-interest loans. MEUR 2.677 of the liabilities are fixed-interest loans.

INTEREST RATE RISK SENSITIVITY ANALYSIS

The following table illustrates how any moderate change in interest rates, other variables remaining constant, would affect the Group's result as a consequence of changes to the cost of interest on debts with floating interest rates. Interest rate risk sensitivity is presented after taxes.

EUR 1,000	1% higher Income statement	2% higher Income statement	1% lower Income statement
Effect of change to interest rate			
2022	**-191**	**-381**	**191**
2021	-371	-665	371

CREDIT RISK

Credit risk is managed at Group level, with the exception of risk associated with trade receivables. The companies in the Group check the creditworthiness of customers at least when the customer relationship is being established. To minimize credit risk, the aim is to obtain effective collateral if a customer's creditworthiness so requires. The Group has long-established business relationships with its major customers. The Group has no significant risk concentration. Credit risk is primarily focused on outstanding receivables. The maturity distribution of sales receivables is presented in Note 25 to the financial statements.

The risk associated with the Group's liquid assets and derivative agreements is low, since these financial agreements are only concluded with banks with a good credit rating in accordance with the Group's risk management principles.

LIQUIDITY RISK

The Group's most important loan covenants are reported to financiers every three, six and twelve months. If the Group breaches the terms and conditions of a loan covenant, the creditor may demand the accelerated repayment of the loans. Management regularly checks the fulfilment of loan covenant terms and conditions. The Group's parent company has provided securities to financiers on behalf of its subsidiaries as security for creditors (Note 34 to the financial statements).

The loan covenant terms are related to the key figure of the Group's separate company or subgroup, the ratio between interest-bearing loans and operation margin (interest-bearing loans/operating margin) and equity ratios. The terms of one of the subgroups also list loan repayment margin as a key figure.

NEGLIGENCE RELATED TO LIABILITIES, AND BREACHES OF CONTRACT:

During the financial period, the loan covenant was violated in two subgroups. However, with regard to the loans of two subgroups, totaling MEUR 3.5, consent has been received from the financiers that they will not demand the accelerated repayment of the loans before the end of the financial period. Arrangements concerning liabilities and breaches of contract are presented in Note 28 to the financial statements.

The Group constantly assesses and monitors the amount of finance required for its operations, so that it will have sufficient liquidity to finance its business and repay its loans when they fall due. Efforts are made to guarantee the availability and flexibility of finance through adequate credit limits and by using different sources and forms of finance in the procurement of finance. At the time of the closing of the books, the Group's subsidiaries had MEUR 2.5 of unused credit limits at their disposal.

Panostaja also has a MEUR 15 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 15.0 of Panostaja's corporate acquisition limit remains to be withdrawn.

CAPITAL MANAGEMENT

The aim of the Group's capital management is to ensure that the business has the prerequisites for operating normally and to increase the share value over the long term. The capital structure is influenced through dividend distribution, the purchase of own shares, capital repayments, share issues and loan withdrawals and repayments. In Panostaja's operating model, decisions on acquiring and divesting investments are also an important part of capital management. Panostaja's goal is to persistently increase the value of its investments and, over the long term, implement divestments that lead to significant increases in value and strengthen the capital structure.

The trend in the Group's capital structure is monitored with equity ratio and gearing. The Group's equity ratio was 39.1% (37.2%) and its gearing ratio 72.8% (83.1%).

The decrease in the gearing ratio was also impacted by the repayments of Grano's loans.

(EUR 1,000)	2022	2021
Interest-bearing financial liabilities	61,048	75,301
Interest-bearing receivables	4,359	4,792
Cash and cash equivalents	14,344	14,224
Interest-bearing net liabilities	42,345	56,285
Equity total	58,126	67,744
Gearing ratio	**72.8%**	**83.1%**

Page 16 of the Annual Report presents the reconciliation of the interest-bearing liabilities and interest-bearing net liablities.

4. THE ACCOUNTING PRINCIPLES REQUIRING MANAGEMENT DISCRETION AND THE KEY UNCERTAINTIES RELATING TO ESTIMATES

In preparing the consolidated financial statements and related notes, the management of the company must prepare estimates and make assumptions. Any estimates prepared and discretion exercised are founded on previous experience and other factors, such as presumptions about future events. The estimates prepared and discretion applied are examined on a regular basis. Below is a description of the most important areas in which estimates and discretion have been applied.

VALUATION OF ACQUIRED ASSETS AT FAIR VALUE

IFRS 3 requires the supplier to enter any intangible asset as separate from goodwill, if the entry criteria are met. Recognizing an intangible right at fair value requires the management's estimate of future cash flows. As far as possible, the management has applied the available market values as the basis for the allocation of an acquisition cost in determining fair value. Whenever this is not possible, which is typical with intangible assets especially, valuation is based on the asset item's historical revenue and its intended use in future business. Valuations are founded on discounted cash flows and estimated transfer and replacement prices, and require the management's estimates and assumptions on the future use of the asset items and their effects on the company's financial status.

CONDITIONAL PURCHASE PRICES CONCERNING CORPORATE ACQUISITIONS

Management uses significant discretion when assessing the fair value of possible conditional additional purchase prices on the closing day of each reporting period. At the end of the financial period, there were no conditional additional purchase prices for the Group companies.

IMPAIRMENT TESTS

Intangible and tangible assets are tested for impairment whenever there are signs that their value may have decreased. Goodwill and other intangible assets with infinite useful life are tested for impairment at least once a year.The company's management engages in continuous assessment of any signs of impairment in any asset item. For the purposes of the testing, goodwill and intangible assets with infinite useful life are allocated to cash-generating units. The amount recoverable by cash-generating units is based on calculations of service value. Formulating these calculations requires the use of estimates on predicted future cash flows, discount rates, the development of the target markets of cash-flow-generating units and the deployability of business strategies. Although the presumptions applied in accordance with the management's vision are appropriate, the estimated recoverable amounts may differ significantly from those materializing in the future (Note 18 to the financial statements).

VALUATION OF STOCKS

It is the management's principle to enter any impairment loss from slowly moving and outdated stocks on the basis of the management's best estimation of the potentially unusable stocks possessed at the balance sheet date. The management bases its estimation on a systematic and continuous monitoring and evaluation. The company also applies a valuation code founded on the stocks' turnover ratio. Depreciations have not been recorded for stocks during the financial period.

RECOVERABILITY OF DEFERRED TAX ASSETS

Deferred tax assets are only recognized if it is more likely that they will be realized than not, which is determined by whether sufficient taxable income accumulates in the future. The assumptions for accrual of taxable income are based on the evaluations and assumptions of the management.

These evaluations and suppositions involve risk and uncertainty, and it is therefore possible that changes in circumstances bring about changes to assumptions, and this may in turn affect the deferred tax receivables recorded in the balance sheet as well as any other as yet unrecognized tax losses and temporary differences.

If the taxable income of Group companies turns out to be less than what management predicted when deferred tax receivables were being determined, the value of the receivables will fall or they will become completely worthless. In that case, the amounts entered on the balance sheet may have to be canceled through profit and loss.

There are MEUR 8.5 worth of deferred tax assets on the balance sheet of Panostaja Group. The deferred tax assets are itemized in Note 23.

MANAGEMENT ESTIMATES RELATED TO RENTAL AGREEMENTS

In accordance with the applicable IFRS 16 standard, the Group will record the lease agreements in the balance sheet as lease liabilities and asset items. The nominal value of the lease liabilities is valued at the current value of rent payments. The lease period is the non-cancellable period of the lease agreement, with an extension or cancellation option if the lessee can be reasonably expected to use the extension option. The lease periods for lease agreements effective until further notice are determined based on the realistic estimates of the management. During the transition period, rent payments were discounted at the estimated interest of additional credit.

5. SEGMENT INFORMATION

The four segments 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. Panostaja Group's business segments are Grano, Hygga, CoreHW, Oscar Software and Others.

These reported segments have been formed because they produce products and services that differ from each other. The transactions between segments have taken place on normal commercial terms and conditions.

Reports on these business segments are prepared in a manner in line with the internal reporting submitted to the highest operational decision-maker. Senior operational decision-making is represented by the Senior Management Team of the Panostaja Group.

The Group has determined Grano Group as a subgroup involving a significant minority shareholding, as specified in IFRS 12. The Grano Group subgroup's financial information is presented in this segment note under the Grano business segment. To specify, the financial information of the subgroup in question corresponds with the segment-specific information in question.

The shares of minority shareholders in the Grano Group subgroup's profit and equity, respectively, stand at MEUR 3.3 and MEUR 20.3.

BUSINESS SEGMENTS

Net sales and recognition principles

Net sales consist of income from the sale of products and services at fair value, adjusted according to indirect taxes and discounts. The Group's terms of payment are conventional and payments are made relatively quickly. The customer agreements do not involve significant financial components. The amount and timing of sales earnings are not subject to the management's discretion to any significant degree. Exports account for approximately MEUR 6 of the Group's net sales.

	2022		2021	
(EUR 1,000)	Contractual asset items	Contractual liabilities	Contractual asset items	Contractual liabilities
Sales profit included in the contractual liabilities at the start of the financial period	275	734	18	679
Additions due to payments received less the amount recognized during the financial period	-275	-734	-18	-679
Share transferred from contractual asset items at the start of the financial period to receivables		1,098		734
Addition of contractual asset items related to fulfilled but not invoiced performance obligations	843		275	
October 31	**843**	**1,098**	**275**	**734**

The asset items related to customer contracts (sales receivables and non-invoiced sales included in accrued income) are presented in Note 25. The liabilities related to customer contracts (advances received) are presented in Note 29.

- Grano's earnings primarily come from the sale of printing services as well as digital marketing and content services. Earnings from product sales are recorded once the essential risks and benefits related to ownership of the goods as well as their right of possession and actual control have been transferred to the buyer and payment is likely. Earnings from services are recorded once the services have been rendered.
- Revenue in the Hygga segment comes from the production of oral health care services and selling licenses to its own ERP system. Earnings from services are recorded once the services have been rendered. The IFRS 15 standard affects the timing of the recognition of commissioning or establishing projects carried out in connection to the sale of software

services. However, the identified revenue streams from commissioning and establishment projects are not significant in terms of their quantity.

- Revenue in the CoreHW segment comes from the design service of microchips and antennas used in radiotechnology. Earnings from services are recorded once the services have been rendered. The company will record the sales profits from long-term design projects over time. The company uses percentage of completion method for the recognition of long-term projects. Long-term projects are considered to be projects with an estimated duration exceeding six months that do not have invoicing based on person hours and that have contractual net sales exceeding EUR 250,000 or that are otherwise corresponding in nature in terms of business operations. The percentage of completion of long-term projects is determined based on the proportion of the person hours caused by the projects compared to each project's estimated person hours at the time of recording. At the end of the financial year, CoreHW Semiconductor Oy had eight incomplete projects that apply the percentage of completion method. The recognition of the projects during the financial period was MEUR 3.4 in total, and their unrecorded and pending share at the end of the financial period was MEUR 4.8 in total.
- Revenue in the Oscar Software segment mainly comes from the sale of licenses and services related to the proprietary ERP system as well as financial management, HR and other online trade services. Earnings from services are recorded once the services have been rendered. The IFRS 15 standard is likely to have a small impact on the timing of the recognition of single-charge licenses and the commissioning and establishment projects implemented in connection to their sale, which will occur over a longer period of time. In the reporting period, the recognition's impact on the company's profit/loss was EUR 24,000.
- The Others segment presents the figures of Panostaja's parent company. In addition to this, the row includes the figures of possible non-operative Group companies and other non-allocated items. The impact on profit/loss of associated companies not allocated to business segments are also presented on this row. In the reference year figures, the Others row also includes the assets, liabilities and employee numbers of sold business operations.
- The Eliminations row presents eliminations of internal items between segments as well as other group-level adjustments.

BUSINESS SEGMENTS 2022

2022 (EUR 1,000)	Net sales total	Internal net sales	External net sales	Depreciations, amortizations and impairment	EBIT	Financial income and expenses	Share of associated company profits	Income tax	Profit/ loss from continuing operations	Assets	Liabilities	Investments into tangible and intangible assets	Value of shares in associated companies	Employees at the end of the period
Grano	111,498	10	111,489	-12,178	8,682	-1,462	0	-153	7,067	98,673	72,811	3,959	811	922
Hygga	7,336	0	7,336	-570	-372	-483		1	-855	5,494	11,386	172		92
CoreHW	7,990	0	7,990	-482	-476	-264		63	-678	9,010	9,376	112		76
Oscar Software	11,197	82	11,115	-1,265	-493	-15		72	-436	10,643	6,242	456		147
Others	0	0	0	-147	-2,172	201	35	407	-1,529	35,436	1,314	41	1,867	9
Eliminations		-92	0	0	0	0		0	0	-8,769	-8,769			
Group in total	**138,021**	**0**	**137,929**	**-14,642**	**5,169**	**-2,024**	**35**	**390**	**3,570**	**150,487**	**92,361**	**4,741**	**2,677**	**1,246**

BUSINESS SEGMENTS 2021

2021 (EUR 1,000)	Net sales total	Internal net sales	External net sales	Depreciations, amortizations and impairment	EBIT	Financial income and expenses	Share of associated company profits	Income tax	Profit/ loss from continuing operations	Assets	Liabilities	Investments into tangible and intangible assets	Value of shares in associated companies	Employees at the end of the period
Grano	107,853	12	107,841	-12,484	5,579	-1,712		-93	3,775	126,855	86,808	3,697	811	901
Hygga	8,122	0	8,122	-576	-210	-443		0	-654	6,417	11,454	239		96
CoreHW	6,111	0	6,111	-429	-1,432	-220		-2	-1,654	8,323	8,045	528		73
Oscar Software	11,009	92	10,917	-1,086	287	-73		-47	167	12,096	7,482	468		149
Others	0	0	0	6	-2,204	243	206	79	-1,676	38,038	10,195	49	1,831	10
Eliminations		-104	-7	0	0	0		0	0	-8,887	-8,887			
Group in total	**133,095**	**-0**	**132,984**	**-14,568**	**2020**	**-2,205**	**206**	**-62**	**-42**	**182,842**	**115,098**	**4,981**	**2,642**	**1,229**

* In the reference year, the Other row includes the assets and liabilities of discontinued operations and their staff.

** The investments do not include investments in IFRS16 lease asset items.

6. ACQUIRED BUSINESSES

No subsidiary acquisitions were made in the financial period or reference period.

7. DIVESTMENTS OF SUBSIDIARIES AND BUSINESS OPERATIONS, AND DISCONTINUED OPERATIONS

SOKOPRO

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, MEUR	January 31, 2022
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, MEUR	January 31, 2022
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, MEUR	January 31, 2022
Consideration received (net)	45.3
Net assets	-35.9
Sales profit	**9.4**

DIVESTMENTS OF BUSINESS OPERATIONS IN THE 2021 FINANCIAL PERIOD

HELAKESKUS

On February 18, 2021, Panostaja signed an agreement on selling the entire share capital of Suomen Helakeskus Oy to HTF Group Oy. This also entailed Panostaja divesting all of its business operations specializing in the import of fittings and the provision of related services. Panostaja Group recorded a sales loss of MEUR 1.0 from the transaction.

In the consolidated financial statements, the result of the Helakeskus segment is presented in the section 'Result from Sold and Discontinued Operations' in the financial periods that ended on October 31, 2021 and October 31, 2020.

The result of sold businesses, profit resulting from its divestment and the share of cash flows were as follows:

MEUR

Profit/loss of the Helakeskus segment	November 1, 2020–February 18, 2021	November 1, 2019–October 31, 2020
Earnings	1.8	7.6
Costs	-1.8	-7.6
Profit before taxes	0.0	0.0
Taxes	0.0	0.0
Profit after taxes	0.0	0.0
Disposal loss	-2.3	
Tax expenditure related to disposal	1.3	
Profit/loss from discontinued operations	**-1.0**	**0.0**
Helakeskus segment's cash flows until the moment of sale		
Operating cash flow	0.0	0.8
Investment cash flow	0.0	-0.1
Funding cash flow	-0.1	0.0
Total cash flows	**-0.1**	**0.7**

The effect of the sale of the Helakeskus segment on the financial position of the Group:	February 18, 2021
Property, plant and equipment	0.0
Intangible assets	3.1
Stocks	1.9
Deferred tax assets	0.0
Other assets	0.9
Cash and cash equivalents	0.7
Sold liabilities	-1.8
Net assets	**4.8**
Consideration received as cash	2.5
Cash and cash equivalents from divested unit	-0.7
Net cash flow from corporate divestments	**1.8**

HEATMASTERS

Panostaja signed an agreement on selling the entire share capital of Heatmasters Oy and Heatmasters Poland sp. z o.o. to Jali Priht and the group of investors he put together. At the same time, Panostaja divested its heat treatment segment. Heatmasters Oy and Heatmasters Poland Sp. z o.o. were subsidiaries fully owned by Heatmasters Group, which is in Panostaja's ownership.

The result of sold businesses, profit resulting from its divestment and the share of cash flows were as follows:

MEUR

Profit/loss of the Heatmasters segment	November 1, 2020–June 8, 2021	November 1, 2019–October 31, 2020
Earnings	2.9	4.0
Costs	-2.5	-3.9
Profit before taxes	0.3	0.0
Taxes	0	0.0
Profit after taxes	0.4	0.1
Disposal loss	-0.1	
Tax expenditure related to disposal	0.7	
Profit/loss from discontinued operations	**1.0**	**0.1**

Heatmasters segment's cash flows until the moment of sale		
Operating cash flow	-1.4	0.7
Investment cash flow	-0.7	-0.2
Funding cash flow	2.1	-0.1
Total cash flows	**0.1**	**0.4**

The effect of the sale of the Heatmasters segment on the financial position of the Group:	June 8, 2021
Property, plant and equipment	0.4
Intangible assets	0.3
Stocks	0.3
Deferred tax assets	0.0
Other assets	1.9
Cash and cash equivalents	0.4
Sold liabilities	-1.8
Net assets	**1.5**

Consideration received as cash	1.4
Cash and cash equivalents from divested unit	-0.4
Net cash flow from corporate divestments	**1.0**

CARROT

On November 9, 2021, Panostaja fulfilled 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%.

Upon the finalization of Carrot's divestment during the past financial period, the Group received MEUR 0.4 in capital gain, which has been presented in the income statement of October 31, 2022 on the row 'Profit/loss from sold or discontinued operations'.

The result of sold businesses, profit resulting from its divestment and the share of cash flows were as follows:

MEUR

Profit/loss of the Carrot segment	November 1, 2020–October 31, 2021	November 1, 2019–October 31, 2020
Earnings	7.8	14.5
Costs	-8.8	-18.7
Profit before taxes	-0.9	-4.2
Taxes	0.0	0.0
Profit after taxes	-0.8	-4.2
Profit/loss from discontinued operations	**-0.8**	**-4.2**

Carrot segment's cash flows until the moment of classification		
Operating cash flow	-1.3	0.1
Investment cash flow	0.0	0.0
Funding cash flow	1.6	-0.1
Total cash flows	**0.3**	**0.0**

Impact of the discontinuation of the Carrot segment on the Group's financial standing:	October 31, 2021
Property, plant and equipment	0.3
Intangible assets	5.0
Stocks	0.0
Deferred tax assets	0.0
Other assets	1.0
Cash and cash equivalents	0.4
Held-for-sale liabilities	-8.8
Net assets	**-2.1**

DISTRIBUTION OF THE PROFITS/LOSSES OF ALL DISCONTINUED OPERATIONS AMONG MINORITY SHAREHOLDERS AND PARENT COMPANY OWNERS

(EUR 1,000)	2022	2021
Profit/loss from sold and discontinued operations to minority shareholders	0	-222
Profit/loss from sold and discontinued operations to parent company owners	366	-696
Profit/loss from sold and discontinued operations in total	**366**	**-918**

8. DISPOSALS AND ACQUISITIONS OF SUBSIDIARY HOLDINGS WITHOUT CHANGE IN CONTROLLING INTEREST

FINANCIAL PERIOD 2022

Oscar Software Holdings Oy divested some of its shares to minority shareholders. After this, Panostaja's shareholding in the Oscar group stands at 56.2%.

	2022 (EUR 1,000)
Divested or acquired minority shareholders' interest	-117
Consideration received or paid	244
Effect of the change in ownership on retained earnings	**127**

FINANCIAL PERIOD 2021

Oscar Software Holdings Oy claimed the shares of a minority shareholder and recorded them as its own shares. In addition to this, the company organized a small share issue for an employee. After this, Panostaja's shareholding in the Oscar group stands at 58.3%.

Panostaja Oyj claimed the shares of a minority shareholder in Heatmasters Group Oy, increasing its holding in the company to 100.0%.

	2021 (EUR 1,000)
Divested or acquired minority shareholders' interest	244
Consideration received or paid	-325
Effect of the change in ownership on retained earnings	**-81**

9. OTHER OPERATING INCOME

(EUR 1,000)	2022	2021
Associated company sales profits	0	411
Sales profits from fixed asset shares	9,364	0
Sales profits on tangible assets	1,067	361
Received allowances	152	607
Other income	1 774	694
Total	**12,357**	**2,073**

10. SHARE OF ASSOCIATED COMPANY PROFITS

Details of the company's associated companies are given in Note 20. Investments in associated companies.

11. EMPLOYEE BENEFIT EXPENSES

The Group has payment-based pension schemes, the payments of which are recorded in the income statement in the relevant period.

Details of the employee benefits, including share-based payments, of management considered related parties are given in Note 35. Related party disclosures

During the financial year, the Group employed an average of 1,324 (1,480) people. At the end of the financial period, it employed 1,246 (1,229) persons.

(EUR 1,000)	2022	2021
Salaries and bonuses	55,417	53,869
Pension costs - payment-based arrangements	9,692	9,019
Other social security expenses	2,063	1,915
Total	**67,172**	**64,802**

12. DEPRECIATIONS, AMORTIZATIONS AND IMPAIRMENT

(EUR 1,000)	2022	2021
Depreciation by asset group:		
Property, plant and equipment		
Buildings and structures	6,130	5,380
Machinery and equipment	3,833	3,715
Other tangible assets	13	0
Intangible assets		
Development expenses	1,253	1,740
Intangible rights	831	1,367
Other capitalized long-term expenditure	1,307	1,642
Total	**13,366**	**13,844**

Impairments by asset group:		
Property, plant and equipment		
Buildings and structures	191	-626
Machinery and equipment	0	0
Other tangible assets		
Intangible assets		
Goodwill	0	0
Development expenses	-1,467	-98
Intangible rights	0	
Other capitalized long-term expenditure		
Total	**-1,276**	**-724**

Total depreciations, amortizations and impairment by asset group:		
Property, plant and equipment		
Buildings and structures	5,939	6,006
Machinery and equipment	3,833	3,715
Other tangible assets	13	0
Intangible assets		
Development expenses	2,720	1,838
Intangible rights	831	1,367
Other capitalized long-term expenditure	1,307	1,642
Total	**14,642**	**14,568**

13. OTHER OPERATING EXPENSES

(EUR 1,000)	2022	2021
Sales losses and scrappings connected with tangible assets	0	0
Rental costs	281	1,328
External services	8,949	6,597
Other expense items	8,827	7,681
Total	**18,057**	**15,606**

Auditing fees	150	160
Other fees	6	10
Fees paid to auditors total, continuing operations	156	170

14. FINANCIAL INCOME

(EUR 1,000)	2022	2021
Financial income from associated companies	2	0
Interest earned	234	258
Changes in fair value from financial assets recorded at fair value through profit and loss		
- interest derivatives, not in hedge accounting	0	0
- from financial assets that are managed based on fair value	0	0
Total	**236**	258

15. FINANCIAL EXPENSES

(EUR 1,000)	2022	2021
Foreign exchange losses	1	2
Impairment losses from loan receivables	120	158
Interest expenses for finance lease liabilities	814	634
Interest expenses for other financial liabilities	1,325	1,669
Total	**2,259**	**2,463**

16. INCOME TAXES

(EUR 1,000)	2022	2021
Direct tax	-152	-243
Taxes in previous periods	2	5
Deferred taxes		
Incurred and resolved temporary taxes	540	175
Income taxes total	**390**	**-62**

Balancing statement between the tax expense in the income statement and the taxes calculated using the Finnish tax rate of 20.0%:

Profit before taxes	3,180	21
Income tax on Group income at the tax rate in Finland before taxes	-636	-4
Non-taxable income	2,540	830
Non-deductible expenses	-871	-1,002
Unrecognized deferred tax assets from tax losses	-1,188	262
Share of associated company profits	7	41
Incurred and resolved temporary differences in deferred tax assets and liabilities	540	-184
Taxes for previous periods	-2	-5
Taxes in the income statement	**390**	**-62**

17. EARNINGS PER SHARE

Undiluted earnings per share (EPS) are calculated by dividing the profit for the period attributable to the parent company shareholders by the weighted average of the number of shares outstanding during the period. The fair value of a share is based on the average price of a share for the financial year.

	2022	2021
Continuing operations	965	-1,004
Discontinued operations	366	-696
Profit for the financial period attributable to parent company shareholders (EUR 1,000)	1,331	-1,700
Profit used when calculating profit per share	1,331	-1,700
Profit used when calculating profit per share adjusted with the diluting effect	**1,331**	**-1,700**
Number of shares outstanding at the end of the financial period	53,333	53,333
of which held by company	688	771
Weighted average number of shares outstanding, 1,000 pcs	52,620	52,525
Share-based payments, 1,000 pcs	34	37
Weighted average number of shares outstanding, 1,000 pcs	52,654	52,562
Earnings per share calculated from the profit belonging to the shareholders of the parent company:		
Earnings per share from continuing operations, EUR		
Undiluted	0.018	-0.019
Diluted	0.018	-0.019
Earnings per share from sold and discontinued operations, EUR		
Undiluted	0.007	-0.013
Diluted	0.007	-0.013
Earnings per share on continuing and discontinued EUR		
Undiluted	0.025	-0.032
Diluted	0.025	-0.032

18. INTANGIBLE ASSETS

(EUR 1,000)	Goodwill	Intangible rights	Development expenses	Other intangible assets	Total
Acquisition cost as of November 1, 2021	**92,607**	**24,001**	**12,865**	**12,551**	**142,023**
Additions		165	1,569	516	2,250
Deduction		-6	-3	-100	-109
Effect of company acquisition					0
Effect of the company sale or discontinuation	-32,639		-2,911		-35,550
Transfer between balance sheet groups			-69	892	823
Exchange rate differences					0
Acquisition cost October 31, 2022	**59,968**	**24,160**	**11,451**	**13,859**	**109,437**
Accumulated depreciations, amortizations and impairment November 1, 2021	**-12,474**	**-22,792**	**-5,873**	**-10,465**	**-51,604**
Depreciations, amortizations and impairment for the period					0
Depreciations in the financial period		-831	-1,253	-1,307	-3,391
Deductions					
Effect of company acquisition					
Accumulated depreciations, amortizations and impairment October 31, 2022	**-12,474**	**-23,623**	**-7,126**	**-11,772**	**-54,995**
Book value as of October 31, 2022	**47,493**	**537**	**4,325**	**2,088**	**54,442**
Acquisition cost as of November 1, 2020	**100,484**	**24,327**	**10,130**	**12,484**	**147,424**
Additions		53	2,828	208	3,089
Deduction					0
Effect of company acquisition			-99	-23	-122
Effect of the company sale or discontinuation	-3,286		-63	-85	-3,434
Effect of held-for-sale business operations	-4,591	-379			-4,970
Transfer between balance sheet groups			69	-33	36
Exchange rate differences					0
Acquisition cost October 31, 2021	**92,607**	**24,001**	**12,865**	**12,551**	**142,023**
Accumulated depreciations, amortizations and impairment November 1, 2020	-12,474	-21,425	-4,050	-8,830	-46,779
Depreciations, amortizations and impairment for the period					0
Depreciations in the financial period		-1,367	-1,740	-1,642	-4,749
Deductions				19	19
Effect of the company sale or discontinuation			15	-12	3
Impairment			-98		-98
Accumulated depreciations, amortizations and impairment October 31, 2021	**-12,474**	**-22,792**	**-5,873**	**-10,465**	**-51,604**
Book value as of October 31, 2021	**80,133**	**1,209**	**6,992**	**2,086**	**90,419**

GOODWILL IMPAIRMENT TEST

Goodwill has been allocated to the following cash-flow producing units (or groups within units)

MEUR	2022	2021
Grano	34.4	67.0
Oscar Software	7.1	7.1
CoreHW	3.4	3.4
Hygga	2.6	2.6
Total	**47.5**	**80.1**

During the financial period, the goodwill impairment test was conducted based on the situation on September 30, 2022. The monetary amounts recoverable from the business operations of Panostaja's cash-flow-generating units have been defined in the impairment testing based on the service value calculated using the discounted cash flow method. The cash flow forecasts used in calculating the recoverable amounts are based on financial plans approved by the management, which cover a three-year forecast period. After the forecast period, a value value has been calculated using a 2% growth estimate, which represents average long-term growth in the operating environments of the units. The key variables used in calculating service value are forecasted net sales and forecasted operating profit.

In calculating service value, Grano's net sales are expected to remain stable overall and only see slight growth. Grano's EBIT is expected to improve from the 2022 financial period, particularly as a result of pricing measures and operational streamlining. The discount rate used in the calculations is 11.0% (8.2%) before taxes.

Hygga's net sales for the clinic and software business operations are expected to increase substantially in the forecast period, and EBIT is predicted to improve significantly as a result. The discount rate used in the calculations is 10.3% (9.4%) before taxes.

The calculation of CoreHW's service value has taken into account the growth forecast for the net sales of the design business, and profitability is expected to improve substantially from the 2022 financial period. The discount rate used in the calculations is 14.6% (8.5%) before taxes.

Oscar Software's net sales are expected to improve and its profitability is predicted to improve steadily during the forecast period. The discount rate used in the calculations is 13.5% (10.4%) before taxes.

The service value determined with the test of Panostaja's cash-flow-generating units that have been analyzed through continuous testing has been greater than their book value in all units. A risk analysis was prepared for the cash flow forecasts used in the calculation along with more moderate scenarios to ensure that moderate slight changes to the key assumptions of the financial plans could not lead to the book value of the asset items to exceed the monetary amounts that can be recovered from them. Even though the steep increase of interest rates in recent times has already significantly elevated the discount rates used in the calculations compared to the previous situation with low interest rates, it is clear that possible further interest hikes will also increase the sensitivity of impairment testing.

In addition to the moderated scenarios based on the cash flow forecasts, the management has conducted a sensitivity analysis in relation to growth assumptions following the forecast period and the discount rate used, while other assumptions related to the moderated scenarios remain unchanged:

- Grano: If the expected growth after the forecast period were dropped to 1% and the discount rate increased 2.8%, the recoverable amount would match the book value of the assets being tested.
- Hygga: If the expected growth after the forecast period were dropped to 1% and the discount rate increased 32.6%, the recoverable amount would match the book value of the assets being tested.
- CoreHW: If the expected growth after the forecast period were dropped to 1% and the discount rate increased 9.9%, the recoverable amount would match the book value of the assets being tested.
- Oscar Software: If the expected growth after the forecast period were dropped to 1% and the discount rate increased 8.2%, the recoverable amount would match the book value of the assets being tested.

19. PROPERTY, PLANT AND EQUIPMENT

(EUR 1,000)	Land areas	Buildings and premises	Machinery and equipment	Other tangible assets	Advance payments fixed assets	Total
Acquisition cost as of November 1, 2021	**0**	**28,449**	**45,089**	**282**	**1,913**	**75,733**
Additions			855		1,640	2,495
Additions to asset items		15,441	5,695			21,136
Deductions			-474		-1,470	-1,944
Transfers between balance sheet groups			252		-1,094	-842
Exchange rate differences						0
Acquisition cost October 31, 2022	**0**	**43,890**	**51,417**	**282**	**989**	**96,578**
Accumulated depreciations, amortizations and impairment November 1, 2021	**0**	**-12,106**	**-36,069**	**-208**	**-947**	**-49,330**
Depreciations in the financial period		-6,130	-3,833	-13		-9,975
Accumulated depreciations, amortizations and impairment October 31, 2022	**0**	**-18,235**	**-39,902**	**-221**	**-947**	**-59,305**
Book value as of October 31, 2022	**0**	**25,655**	**11,515**	**61**	**42**	**37,272**
Acquisition cost as of November 1, 2020	**194**	**26,111**	**46,857**	**282**	**1,014**	**74,458**
Additions			808		1,084	1,892
Additions to asset items		3,872				3,872
Effect of the company sale or discontinuation	-14	-1,148	-2,573		-42	-3,777
Effect of held-for-sale business operations		-290				-290
Deductions		-96	-137			-233
Transfers between balance sheet groups			108		-143	-35
Exchange rate differences			26			26
Acquisition cost October 31, 2021	**180**	**28,449**	**45,089**	**282**	**1,913**	**75,913**
Accumulated depreciations, amortizations and impairment November 1, 2020	**-180**	**-6,263**	**-34,682**	**-208**	**-947**	**-42,280**
Depreciations in the financial period		-5,380	-3,715			-9,095
Effect of the company sale or discontinuation		163	2,394			2,557
Effect of the company sale or discontinuation			-21			-21
Deductions			-43			-43
Exchange rate differences			-2			-2
Amortizations		-626				-626
Accumulated depreciations, amortizations and impairment October 31, 2021	**-180**	**-12,106**	**-36,069**	**-208**	**-947**	**-49,510**
Book value as of October 31, 2021	**0**	**16,343**	**9,020**	**74**	**966**	**26,403**

In accordance with the applicable financial statement principles, the Group will record the lease agreements in the balance sheet as lease liabilities and asset items. The rent payments are presented as loan repayments and related interest costs. The lease period is the non-cancellable period of the lease agreement, with an extension or cancellation option if the lessee can be reasonably expected to use the extension option. The lease periods for lease agreements effective until further notice are determined based on the realistic estimates of the management. The relevant rent payments have been discounted based on the Group's estimated extra credit interest.

Property, plant and equipment	Premises	Machinery and equipment	2022 Total
Acquisition cost Nov 1	**28,449**	**21,048**	**49,497**
Additions during the financial period	15,441	5,695	21,136
Deductions during the financial period		-335	-335
Acquisition cost Oct 31	**43,890**	**26,408**	**70,298**
Accrued depreciations Nov 1	-12,106	-14,546	-26,652
Depreciations, amortizations and impairment	-6,130	-2,668	-8,798
Accrued depreciations October 31	**-18,236**	**-17,214**	**-35,450**
Book value as of October 31	**25,655**	**9,194**	**34,849**

Property, plant and equipment	Premises	Machinery and equipment	2021 Total
Acquisition cost Nov 1	**26,111**	**20,568**	**46,679**
Additions during the financial period	3,872	730	4,602
Deductions during the financial period	-1,534	-250	-1,784
Acquisition cost Oct 31	**28,449**	**21,048**	**49,497**
Accrued depreciations Nov 1	-6,263	-12,015	-18,278
Depreciations, amortizations and impairment	-6,006	-2,594	-8,600
Deductions during the financial period	163	63	226
Accrued depreciations October 31	**-12,106**	**-14,546**	**-26,652**
Book value as of October 31	**16,343**	**6,502**	**22,845**

(EUR 1,000)	2022	2021
Income statement amounts included in rental agreements		
Depreciations	-8,797	-7,974
Amortizations	191	-626
Interest expenses for lease liabilities	-814	-634
Other operating cost items, rent	-316	-1,060
Payments of lease liabilities	-8,684	-8,720
Items recorded in the income statement, excluding depreciations	-1,130	-1,068

20. INVESTMENTS IN ASSOCIATED COMPANIES

(EUR 1,000)	2022	2021
Book value as of November 1	2,642	3,575
Share of the profit of the financial period	35	206
Additions	0	0
Deductions	0	-1,139
Book value as of October 31	**2,677**	**2,642**

Associated company

October 31, 2022	Registered office	Share-holding	Assets	Equity	Liabilities	Net sales	Profit/loss
Gugguu Group Oy	Oulu	43.0%	7,190	4,294	2,896	4,954	82
Maker3D	Helsinki	32.6%	494	-26	520	1,780	-84

Gugguu designs and manufactures first-rate children's clothing from ecological high-quality materials. The company's products include indoor and outdoor clothing for children as well as children's accesories. Panostaja's shareholding in the company stands at 43%.

Maker3D is Grano's associated company with a 32.6% shareholding. Maker3D designs and manufactures high-quality 3D-printable products.

21. OTHER NON-CURRENT ASSETS

(EUR 1,000)	2022	2021
Loan receivable	3,769	3,238
Held-for-sale investments	93	216
Other receivables	721	642
Total	**4,583**	**4,097**

Under other receivables, Panostaja Oyj has a receivable of MEUR 0.4 from the Group's Senior Management Team in relation to the reward scheme.

There are more details concerning the reward scheme in Note 35. Related party disclosures.

Held-for-sale investments

(EUR 1,000)	2022	2021
Investments in unquoted shares:		
At the start of the financial period, November 1	216	224
Additions caused by the merging of businesses	0	0
Additions	0	0
Deductions	-123	-8
At the end of the financial period, October 31	**93**	**216**

22. FINANCIAL ASSETS RECORDED AT FAIR VALUE THROUGH PROFIT AND LOSS

1000 euroa	2022	2021
At the start of the financial period, November 1	5,968	6,366
Changes in fair value		
- realized	-19	9
- unrealized	-61	
Additions	10,646	2,643
Deductions	-6,408	-3,050
At the end of the financial period, October 31	**10,126**	**5,968**

The financial assets recorded at fair value through profit and loss include an investment in the S-Pankki Lyhyt Korko investment fund. The fund mainly consists of short-term interest bond funds and investments in company loan funds. The fund is low-risk and the investment can be withdrawn at any time. At the end of the financial year, the fund held MEUR 10.1 in investments.

23. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets:	Losses confirmed or to be confirmed in taxation	Other items	Total
November 1, 2020	**579**	**5,669**	**6,248**
Recorded in the income statement	38	-197	-159
Discontinued operations	1,995	-22	1,973
October 31, 2021	**2,612**	**5,450**	**8,062**
Recorded in the income statement	408	35	443
Items of the extensive income statement			
Discontinued operations		45	45
October 31, 2022	**3,020**	**5,530**	**8,550**

Deferred tax liabilities:	Fair value allocations	Varying tax depreciations	Discontinued operations	Other items	Total
November 1, 2020	**1,331**	**5,609**	**-213**	**0**	**6,727**
Recorded in the income statement	-286	-48			-334
Discontinued operations			-75		-75
October 31, 2021	**1,045**	**5,561**	**-288**	**0**	**6,318**
Recorded in the income statement	-169	250		16	97
Discontinued operations	-70				-70
Other change	-174				-174
October 31, 2022	**632**	**5,811**	**-288**	**16**	**6,171**

A tax receivable in the amount of MEUR 3.0 has been recognized for Group company losses that have been or will be confirmed. Deferred tax receivables have not been recognized for the MEUR 1.8 in total confirmed losses of subsidiaries. As regards losses to be confirmed for the financial period, the recoverability of the deferred tax assets is based on Panostaja Oyj's coming sales profits, on which the management has prepared a written estimate that indicates the recoverability to be likely. The unused tax losses will expire between 2027 and 2032.

24. STOCKS

(EUR 1,000)	2022	2021
Materials and supplies	3,407	3,212
Unfinished products	1,872	1,463
Finished products and goods	644	479
Other stocks	3	3
Total	**5,925**	**5,157**

The Group did not record stock impairments for the 2022 financial year or the reference period.

25. TRADE AND OTHER RECEIVABLES

The book value of trade receivables and other receivables corresponds to the maximum amount for the credit risk associated with them on the balance sheet date.

(EUR 1,000)	2022	2021
Trade receivables	18,078	19,197
Loans receivable	397	1,456
Accrued income	3,552	3,655
Receivables from associated companies	2	0
Tax assets based on taxable income for the period	24	115
Other receivables	574	677
Total	**22,626**	**25,099**

Aging of trade receivables

(EUR 1,000)	2022	2021
Not past due	16,502	17,734
Past due 1–30 days	1,042	1,267
Past due 31–180 days	473	144
Past due 181–360 days	87	72
Past due over a year	14	57
Credit loss provision and ECL in total	-39	-77
Balance sheet value of trade receivables	**18,078**	**19.197**

The companies have recorded impairment losses of EUR 38,000 from trade receivables in the financial period (EUR 49,000 in 2021). The amortizations have affected invoices over a year past due as well as receivables from companies with a bankruptcy or corporate restructuring decision.

In defining the credit loss provision, the Group applies the simplified method permitted by IFRS 9, in which the pending credit loss is recorded to match the total credit losses anticipated for the entire validity period. The model for assumed credit losses is based on the amount of historical losses and the payment behavior of customers. The credit risk in the sales receivables is estimated (mainly due to the receivables that are more than 360 days overdue) to be, on average, 10 times the actual credit losses arising from net sales.

The Group has recorded a credit loss provision of EUR 39,000 in accordance with IFRS 9 (EUR 77,000 in 2021).

October 31, 2022 (EUR 1,000)	Not matured	1-30	31-180	181-360	Over 360	Total
Gross book value	16 502	1 042	473	87	14	18 116
Expected credit losses (ECL)	0,05%	0,10%	5,00%	10,00%	100,00%	
Deductible item regarding the loss	14	1	1	9	14	39

The balance sheet value of receivables is essentially the equivalent of their fair value.

26. CASH AND CASH EQUIVALENTS

(EUR 1,000)	2022	2021
Financial assets S-Pankki Korko investment fund	10,126	5,968
Cash in hand and bank accounts	4,219	8,255
Total	**14,344**	**14,224**

27. NOTES ON EQUITY

At the end of the financial period, Panostaja Oyj's share capital was EUR 5,568,681.60 and the total number of shares was 52,333,110.

SHARE PREMIUM ACCOUNT

The maximum amount paid by the shareholders in connection with share issues that exceeds the nominal value of the shares has been recorded in the share premium account. The amounts recorded in the share premium account relate to the share issues under the former Finnish Limited Liability Companies Act (734/1978), which was in force until August 31, 2006.

In cases where option rights were decided when the old Companies Act was in force, the cash payments received from share subscriptions based on the options are recognized in accordance with the terms and conditions of the arrangement for share capital and the share premium account.

INVESTED UNRESTRICTED EQUITY FUND

The invested unrestricted equity fund consists of investments of the nature of equity and the amount paid by shareholders in connection with share issues decided upon following the entry-into-force on September 1, 2006 of the new Limited Liability Companies Act (624/2006), where it is not recognized in the share capital in accordance with an express decision. The invested unrestricted equity fund also contains a convertible bond loan equity component.

SHARE ISSUE

No paid share issues were carried out in either the 2022 financial period or the 2021 reference period.

SHARE SUBSCRIPTION

Share subscriptions were not carried out in the 2022 financial period or the 2021 reference period.

OWN SHARES

The purchase price of bought shares and their transaction costs are given as a deduction under invested unrestricted capital.

In accordance with the decisions by the General Meeting and the Board on February 5, 2021, Panostaja Oyj 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 transferred a total of 14,286 shares to the Board members as meeting compensation. In accordance with the Board decision of February 7, 2022, Panostaja provided a total of 32,258 shares as meeting compensation on June 3, 2022.

DIVIDENDS

In the 2021 financial period, the company paid a dividend of MEUR 1.6 in total (EUR 0.03 per share) as well as an additional dividend of MEUR 2.6 (EUR 0.05 per share). MEUR 9.7 in dividends was paid to minority shareholders in subsidiaries.

The dividend paid for the 2020 financial period stood at MEUR 1.6 in total (EUR 0.03 per share). MEUR 0.4 in dividends was paid to minority shareholders in subsidiaries.

Dividends paid to minority shareholders	2022	2021
Heatmasters Group Oy	0	170
Grano Group Oy	9,407	0
Grano Diesel Oy	245	245
Total	**9,652**	**415**

EQUITY ADJUSTMENTS FOR PREVIOUS FINANCIAL PERIODS

In the reference period, the Group's equity was adjusted by a total amount of MEUR 0.4 according to value-added taxes refunded to the company in the previous financial period based on a tax audit. The equity was also adjusted with EUR 40,000 from Hygga's company in Sweden.

28. FINANCIAL LIABILITIES

(EUR 1,000)	2022	2021
Non-current financial liabilities valued at acquisition cost		
Loans from financial institutions	15,754	36,197
Other loans from financial institutions	1,842	1,996
Other interest-bearing liabilities	829	
Lease liabilities	27,458	16,388
Other loans	446	572
Total	**46,328**	**55,153**
Current financial liabilities valued at acquisition cost		
Installments on non-current financial loans	4,154	7,514
Other loans from financial institutions	2,080	2,652
Other interest-bearing liabilities	269	2,713
Lease liabilities	8,268	7,395
Total	**14,772**	**20,274**

The fair value of liabilities is presented in Note 32. The fair values of financial assets and liabilities.

The weighted average of interest rates on October 31, 2022 was 3.48% (October 31, 2021: 2.4%). At the time of closing the books, loans from financial institutions and other loans from financial institutions stood at MEUR 23.830. The other loans from financial institutions include the account limits and factoring liabilities in use. MEUR 21.153 of the liabilities are variable-interest loans. MEUR 2.677 of the liabilities are fixed-interest loans. Interest-bearing non-current and current liabilities are in euros.

ARRANGEMENTS CONCERNING LIABILITIES AND BREACHES OF CONTRACT

CoreHW Group Oy's MEUR 0.8 loans involve a covenant term on equity ratio and key figure on interest-bearing net liabilities / operating margin. At the time of closing the books, the company did not meet the required covenant term. However, the financier has, before the end of the financial period, consented to not maturing the liabilities in question due to a breach of covenant.

Oscar Software Holdings Group Oy's liabilities in the amount of MEUR 2.7 involve a covenant term, key figures, interest-bearing net liabilities/operating margin. At the time of closing the books, the company did not meet the required covenant term. However, the financier has, before the end of the financial period, consented to not maturing the liabilities in question due to a breach of covenant.

Maturity analysis of non-current liabilities

	Loans from financial institutions		Lease liabilities		Other loans	
Repayments including interest (EUR 1,000)	2022	2021	2022	2021	2022	2021
< 1 year	4,419	8,672	8,462	7,395	54	2,713
1–2 years	4,260	11,115	5,585	3,825	446	2,442
2–3 years	12,885	7,221	5,585	3,825	0	0
3–4 years	336	21,022	5,585	3,828	0	0
4–5 years	12	356	5,585	3,788	0	0
> 5 years	1,139	1,969	8,057	1,125		
	23,051	**50,355**	**38,858**	**23,786**	**500**	**5,155**

29. TRADE PAYABLES AND OTHER LIABILITIES

(EUR 1,000)	2022	2021
Advances received	1,832	734
Trade payables	8,124	9,103
Accruals and deferred income	10,700	11,150
Other current liabilities	4,432	4,795
Total	**25,088**	**25,782**

Material items contained in accruals and deferred income

(EUR 1,000)	2022	2021
Annual holiday pay and social costs	8,117	7,994
Accrued wages and salaries	586	919
Accrued interest	56	1
Accrued employee pension	1,359	1,264
Tax liabilities	121	332
Other items	461	640
Total	**10,700**	**11,150**

30. PROVISIONS

(EUR 1,000)	Guarantee provisions	Loss-making contracts	Total
November 1, 2021	0	0	0
Increases in existing provisions	0	2	2
Effect of the company sale or discontinuation	0	0	0
Used provisions	0	0	0
October 31, 2022	**0**	**2**	**2**

The Group did not have loss-making contracts or guarantee provisions in the reference period.

31. MATURITIES OF LEASE LIABILITIES

(EUR 1,000)	2022	2021
Gross amount of lease liabilities – minimum rents by maturity date:		
In one year	9,268	7,854
Between one and five years	23,968	15,887
In over five years	8,726	1,125
Total	**41,962**	**24,866**
Current value of lease liabilities including financial costs	38,858	23,783
Future financial costs of lease liabilities	-3,132	-1,084
Current value of lease liabilities	**35,726**	**22,699**
The current value of the lease liabilities will mature as follows (incl. financial costs)		
In one year	8,462	7,395
Between one and five years	22,339	15,262
In over five years	8,057	1,125
Total	**38,858**	**23,782**

The property, plant and equipment listing includes asset items acquired using lease liabilities.

In accordance with the applicable financial statement principles, the Group will record the lease agreements in the balance sheet as lease liabilities and asset items. The rent payments are presented as loan repayments and related interest costs.

The nominal value of the lease liabilities is valued at the current value of rent payments. Rent payments do not include variable rents. Variable rents that are not included in the original lease liability value are recorded directly in the income statement. The lease period is the non-cancellable period of the lease agreement, with an extension or cancellation option if the lessee can be reasonably expected to use the extension option. The lease periods for lease agreements effective until further notice are determined based on the realistic estimates of the management. Rent payments are discounted at the estimated interest of additional credit.

32. FAIR VALUES FOR FINANCIAL ASSETS AND LIABILITIES

2022 Balance sheet item

(EUR 1,000)	Note	At fair value through profit and loss	At fair value through other extensive profit/loss items	At allocated acquisition cost	Book values of balance sheet items	Fair value
Non-current financial assets						
Other non-current assets	21			4,490	4,490	4,469
Held-for-sale investments	21	93			93	93
Current financial assets						
Derivative agreements		74			74	74
Trade and other receivables	25				0	0
Short-term investments	22	10,126			10,126	10,126
Financial assets total		**10,293**	**0**	**4,490**	**14,783**	**14,762**
Non-current financial liabilities						
Loans from financial institutions	28			15,754	15,754	15,743
Other interest-bearing liabilities				2,671	2,671	2,671
Lease liabilities	28			27,458	27,458	27,458
Other non-current liabilities	28			446	446	446
Current liabilities						
Installments on non-current financial loans	28			4,154	4,154	4,154
Other interest-bearing liabilities				2,349	2,349	2,349
Lease liabilities				8,268	8,268	8,268
Other current liabilities					0	0
Derivative agreements	29	0			0	0
Financial liabilities total		**0**	**0**	**61,100**	**61,100**	**61,089**

* The non-current financial liabilities include MEUR 27.5 in leasing liabilities.
* The current financial liabilities include MEUR 8.3 in leasing liabilities.

2021 Balance sheet item

(EUR 1,000)	Note	At fair value through profit and loss	At fair value through other extensive profit/loss items	At allocated acquisition cost	Book values of balance sheet items	Fair value
Non-current financial assets						
Other non-current assets	21			3,881	3,881	4,013
Held-for-sale investments			216		216	216
Current financial assets					**0**	
Trade and other receivables	25				0	0
Short-term investments	22	5,968			5,968	5,968
Financial assets total		**5,968**	**216**	**3,881**	**10,065**	**10,197**
Non-current financial liabilities						
Loans from financial institutions	28			36,197	36,197	36,339
Other interest-bearing liabilities	28			1,996	1,996	1,996
Lease liabilities	28			16,388	16,388	16,388
Other non-current liabilities				572	572	572
Current liabilities						
Installments on non-current financial loans	28			7,514	7,514	7,514
Other interest-bearing liabilities				2,652	2,652	2,652
Lease liabilities				7,395	7,395	7,395
Other current liabilities				2,713	2,713	2,713
Derivative agreements	29	45			45	45
Financial liabilities total		**45**	**0**	**75,427**	**75,472**	**75,614**

The fair values of trade receivables, other current receivables, trade payables and other current liabilities correspond to their book value, because the effect of discounting is not essential, taking into account the maturity of the receivables. Their fair value is therefore not specified in the Notes.

The fair values of other receivables and liabilities valued at allocated acquisition cost are set by discounting their future cash flows on the balance sheet day using market interest rates, at which the company would get a similar loan on the date of the closing of the books or, with regard to receivables, market interest rates at which the company could grant a loan to a counterparty on the date of the closing of the books.

The process of determining the fair value of items valued at fair value on the balance sheet is explained in Note 33.

33. THE FAIR VALUE HIERARCHY FOR FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE

	Fair values at the end of the period under review October 31, 2022		
(EUR 1,000)	Level 1	Level 2	Level 3
Financial assets recorded at fair value through profit and loss			
Interest rate swaps		74	
Interest rate fund shares			
Held-for-sale investments			
Short-term investments	10,126	0	
Investments in unquoted shares			93
Total	**10,126**	**74**	**93**
Financial liabilities recorded at fair value through profit and loss			
Interest rate swaps			
Total	**0**	**0**	**0**

	Fair values at the end of the period under review October 31, 2022		
(EUR 1,000)	Level 1	Level 2	Level 3
Financial assets recorded at fair value through profit and loss			
Interest rate swaps			
Interest rate fund shares			
Held-for-sale investments			
Short-term investments	5,968		
Investments in unquoted shares			216
Total	**5,968**	**0**	**216**
Financial liabilities recorded at fair value through profit and loss			
Interest rate swaps		45	
Total	**0**	**45**	**0**

The fair values under Level 1 in the hierarchy are based completely on the quoted prices for the same asset items or liabilities on existing markets.

Level 2 fair values are based on input data other than the quoted prices contained in Level 1, yet on information that is verifiable either directly or indirectly for the asset item or liability concerned. Fund investments are valued based on the valuation reports of fund management companies. Derivatives are valued using the discounted cash flow method.

Level 3 fair values are based on a price other than that available on the market, and they might contain assessments made by management.

HELD-FOR-SALE NON-CURRENT FINANCIAL ASSETS

Held-for-sale non-current financial assets are all investments in unquoted shares. The fair value does not substantially differ from the acquisition cost.

34. GUARANTEES AND CONTINGENCIES

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

The pledges given include subsidiary shares pledged by subsidiaries worth MEUR 58.1. The nominal or book value of a collateral has been used as the value of liabilities.

(EUR 1,000)	2022	2021
Other rental agreements		
In one year	2,186	1,810
In over one year but within five years maximum	239	101
In over five years	1,891	997
Total	**4,316**	**2,908**
Total for loans from institutions incl. credit limit and factoring liability	23,830	46,363

The Group currently has a factoring arrangement in place, and the resulting liabilities are MEUR 2.080 at the time of closing the books. The loan is guaranteed with the sales receivables covered by the factoring arrangement.

35. RELATED PARTY DISCLOSURES

The Group's related parties include the parent company as well as the subsidiaries, associated companies and joint ventures. Alongside companies with control and significant influence, corresponding power is exercised by natural persons. In addition to any persons exercising control and significant influence, the company's related parties include key persons in the management of the company and its parent company.

Individuals with rights and responsibilities relating to the planning, management and control of the activities of the corporation in question are regarded as key persons. Examples of key persons are members of the Board and Senior Management Team as well as the chief executive officer and senior vice president.

Close family members of key persons (and persons exercising control/influence) are also considered to be related parties. Marital or common law spouses and the children or other dependents of the person or their spouse, for example, are regarded as family members. In addition to family members (and persons exercising control/influence) the company's circle of related parties includes companies in which a key person or their spouse, individually or together, exercises control or significant influence.

REMUNERATION

The Board of Directors of Panostaja Oyj decides on the principles underlying the reward scheme for the CEO and members of the Senior Management Team. The management's reward and commitment schemes consist of salary, employee benefits and share rewards. The retirement pension is determined in accordance with the Employees Pensions Act (TyEL).

Panostaja Oyj's Annual General Meeting decides on rewards to members of the Board on an annual basis. Rewards to Board members are based on an annual proposal submitted by the largest shareholders (at least 10%) to the General Meeting, which then decides the annual reward level.

According to the share remuneration scheme, a total of 33,773 Panostaja shares will be issued to members of the Senior Management Team in December 2022. A potential bonus may also be paid in cash to cover the taxes and tax-like payments arising from the bonus.

At the time of closing the books on October 31, 2022, the members of the Senior Management Team held in their personal ownership, or in the ownership of a company where they have a controlling interest, 500,000 Panostaja shares related to the remuneration system that they have undertaken to retain in their ownership for the duration of the system's period of validity. The Management's share ownership within the incentive and commitment scheme is distributed as follows:

Comito Oy (Tapio Tommila)	300,000 pcs
Minna Telanne	200,000 pcs
Total	**500,000 pcs**

The members of the Senior Management Team have financed their investments themselves, in part, and through company loans, in part, and they bear the genuine corporate risk with respect to the investment they have made in the scheme.

LOANS TO RELATED PARTIES

(EUR 1,000)	2022	2021
At the start of the financial period	450	608
Loans granted during the financial period	0	0
Loans repaid and amortizations	-25	-16
Transfer of loans to external receivables	0	-142
Debited interest	1	3
Interest payments received during the financial period	-1	-3
At the end of the financial year	**425**	**450**

The loan conditions for key management personnel are as follows:

Name	Amount of loan	Conditions of repayment	Interest
Comito Oy (Tapio Tommila)	290	Repayment in full at the end of the loan period	2.94
Minna Telanne	135	Repayment in full at the end of the loan period	2.94
Total	**425**		

On October 31, 2022, company shares with a fair value of MEUR 0.3 represented the collateral on loans granted.

Shareholdings of key management at the time of closing the books:

Tapio Tommila / Comito Oy	420,169
Minna Telanne	285,591
Niko Skyttä	19,217
Total, qty	**724,977**

MANAGEMENT TEAM'S SALARIES AND BONUSES

(EUR 1,000)	2022	2021
Salaries and other current employee benefits	660	1,074
Share-based benefits	26	66
Total	**686**	**1,140**
Salaries and bonuses		
CEO Tapio Tommila	244	249
CEO's performance-based employer's statutory pension expenditure	46	44
Members of the Board of Directors		
Ala-Mello Jukka	30	40
Eriksson Eero	15	20
Juusela Tommi	15	15
Pääkkönen Tarja	15	20
Reponen Hannu-Kalle	0	2
Koskenkorva Mikko	17	20

It was resolved at Panostaja Oyj's General Meeting on February 7, 2022, regarding payment of meeting compensation, 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

1% of the company's shares on the date of the General Meeting. If the holding of a Board member on the date of the General Meeting is over one percent of all company shares, the compensation will be paid in full in monetary form. In addition, the Board of Directors of Panostaja Oyj decided at an organizing meeting held immediately after the General Meeting to implement the decision taken at the General Meeting regarding the compensation of the Board members as regards shares, so that the compensation is always sent twice a year on the day following publication of a six-month review/financial statements for the year.

On March 18, 2020, the shareholders of Panostaja subsidiary CoreHW Group authorized the Board of Directors to decide on the granting of an option right to subscribe to no more than 100,000 new company shares, as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act. Each option right will entitle the recipient to subscribe one new company share at a unit price of EUR 19.79. The granting date is August 12, 2020. The option rights have been granted for a weighty financial reason, as referred to in Chapter 10.1, Section 1 of the Limited Liability Companies Act. The aim of the measures is to engage the company's key personnel in the long-term development of the company's operations and the efforts combine the goals of the management and shareholders. The option rights do not provide any rights regarding later share issues, options or rights, when company assets are distributed as specified in Chapter 13, Section 1.1 of the Limited Liability Companies Act, in the event of a merger or division of the company, or in the context of minority shareholder redemption, as described in Chapter 18 of the Limited Liability Companies Act.

36. SUBSIDIARIES AS OF OCTOBER 31, 2022

Relations between the Group parent company and subsidiaries

	Registered office	Share of voting power	Group's share-holding %
Parent company			
Panostaja Oyj	Tampere		
Subsidiaries			
CoreHW Group Oy	Tampere	61.1	61.1
CoreHW Oy	Tampere	61.1	61.1
CoreHW Semiconductor Oy	Tampere	61.1	61.1
Grano Group Oy	Helsinki	55.2	55.2
Grano Oy	Helsinki	55.2	55.2
Grano Diesel Oy	Helsinki	55.2	55.2
Grano Digital Oü	Tallinn, Estonia	55.2	55.2
Copynet Finland Oy	Helsinki	55.2	55.2
Suomen Arkistovoima Oy	Turku	55.2	55.2
Hygga Group Oy	Helsinki	79.8	79.8
Hygga Oy	Helsinki	79.8	79.8
Extech	Helsinki	79.8	79.8
Hygga Sverige AB	Stockholm, Sweden	79.8	79.8
Miikan Jekku Oy (Heatmasters Group Oy)	Tampere	100	100
Oscar Software Holdings Oy	Tampere	56.2	56.2
Oscar Software Oy	Tampere	56.2	56.2
Suomen Helasto Oy	Seinäjoki	100	100
Allim Group Oy	Tampere	100	100
Aaltosen Tehtaat Oy	Tampere	100	100
Lakalaivan Autotalo Oy	Tampere	100	100
Panostuskapitaali Ky	Tampere	100	100

The subgroup subsidiary holdings are presented in the table in accordance with the holding of the Panostaja subgroup's parent company. More specific information on relationships of ownership of subgroup subsidiaries can be found in the financial statements of each respective subgroup.

37. JUDICIAL EVENTS

A value-added tax inspection was conducted within the Panostaja parent company concerning the financial periods 2018–2019, based on which the Tax Administration decided in 2020 on the partial limitation of the right to deduct value-added taxes and demanded the payment of an approximate amount of MEUR 0.6 in value-added taxes deducted during the years under review with interest. The decision was appealed, and the Tax Administration refunded MEUR 0.4 in paid taxes. The legal proceedings are ongoing, and the aim is to recover the entire sum paid.

38. EVENTS AFTER THE FINANCIAL 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.

PARENT COMPANY INCOME STATEMENT

INCOME STATEMENT

(EUR)	Note	Nov 1, 2021–Oct 31, 2022	Nov 1, 2020–Oct 31, 2021
Other operating income	1.1.	**754,551.10**	**1,223,503.70**
Staff expenses		-1,269,387.51	-1,645,163.15
Depreciations, amortizations and impairment	1.3.	-17,888.95	-28,376.87
Other operating expenses	1.4.	-1,632,163.86	-1,129,109.75
OPERATING PROFIT/LOSS		**-2,164,889.22**	**-1,579,146.07**
Financial income and costs	1.5.	11,837,756.11	-1,884,387.89
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES		**9,672,866.89**	**-3,463,533.96**
PROFIT/LOSS FOR THE FINANCIAL PERIOD		**9,672,866.89**	**-3,463,533.96**

BALANCE SHEET

ASSETS

(EUR)	Note	October 31, 2022	October 31, 2021
PERMANENT ASSETS			
Intangible assets		40,988.94	19,537.55
Tangible assets		44,141.37	67,892.74
Investments			
PERMANENT ASSETS TOTAL		**35,662,306.97**	**35,772,316.95**
CURRENT ASSETS			
Non-current receivables	2.4.	11,819,741.32	10,245,948.90
Current receivables	2.5.	1,681,596.65	2,944,936.01
Short-term investments		10,125,536.69	5,968,416.26
Cash and cash at bank		599,740.26	175,488.38
CURRENT ASSETS TOTAL		**24,226,614.92**	**19,334,789.55**
TOTAL ASSETS		**59,888,921.89**	**55,107,106.50**

LIABILITIES

(EUR)	Note	October 31, 2022	October 31, 2021
EQUITY	2.7		
Share capital		5,568,681.60	5,568,681.60
Share premium account		4,691,406.88	4,691,406.88
Invested unrestricted equity fund		17,024,464.14	16,969,587.34
Profit/loss for the previous financial periods		22,486,468.40	29,775,504.15
Profit/loss for the financial period		9,672,866.89	-3,463,533.96
EQUITY TOTAL		**59,443,887.91**	**53,541,646.01**
MANDATORY PROVISIONS	2.8	0.00	908,000.00
LIABILITIES	2.9		
Non-current		42,142.98	42,142.98
Current		402,891.00	615,317.51
LIABILITIES TOTAL		**445,033.98**	**657,460.49**
TOTAL LIABILITIES		**59,888,921.89**	**55,107,106.50**

FINANCIAL STATEMENT OF PARENT COMPANY

OPERATING CASH FLOW

(EUR)	Nov 1, 2021–Oct 31, 2022	Nov 1, 2020–Oct 31, 2021
OPERATING CASH FLOW		
Profit/loss for the financial period before appropriations and taxes	**9,672,866.89**	**-3,463,533.96**
Adjustments:	**-11,523,532.51**	**1,182,112.26**
Planned depreciations	17,888.95	28,376.87
Sales profits	-1.00	-835,132.07
Sales losses	5,692.40	0.00
Financial income and expenses (+/-)	-11,601,989.66	1,884,387.89
Other earnings and expenses with no payment attached	54,876.80	104,479.57
Cash flow before change in working capital	**-1,850,665.62**	**-2,281,421.70**
Change in working capital:		
Change in current non-interest-bearing operating receivables	322,355.29	61,585.12
Increase (+) / decrease (-) in current non-interest-bearing liabilities	-212,426.51	-319,805.41
Operating cash flow before financial items and taxes:	**-1,740,736.84**	**-2,539,641.99**
Interests and payments for other financial costs of business operations	-93,960.29	-142,075.21
Interests and other earnings from business operations	129,765.11	105,517.19
Cash flow before appropriations	-1,704,932.02	-2,576,200.01
OPERATING CASH FLOW	**-1,704,932.02**	**-2,576,200.01**
INVESTMENT CASH FLOW		
Investments in tangible and intangible assets	-41,322.37	0.00
Capital gains from the disposal of tangible and intangible assets	21,750.00	42,200.00
Capital gains from the disposal of associated companies	1.00	1,520,751.16
Capital gains from the disposal of other shares	-1,709.00	0.00
Loans granted	-1,423,600.00	-1,950,000.00
Loans receivable repaid	349,444.00	494,264.25
Paid dividends	11,592,397.92	1,227,940.09
INVESTMENT CASH FLOW	**10,496,961.55**	**1,335,155.50**

(EUR)	Nov 1, 2021–Oct 31, 2022	Nov 1, 2020–Oct 31, 2021
FINANCIAL CASH FLOW		
Group contributions received	0.00	200,000.00
Dividends paid	-4,210,657.22	-1,575,636.57
FINANCIAL CASH FLOW	**-4,210,657.22**	**-1,375,636.57**
CHANGE IN CASH AND CASH EQUIVALENTS	**4,581,372.31**	**-2,616,681.08**
Cash and cash equivalents at the beginning of the financial period	**6,143,904.64**	**8,760,585.72**
CHANGE IN CASH AND CASH EQUIVALENTS	**4,581,372.31**	**-2,616,681.08**
Cash and cash equivalents at the end of the financial period	**10,725,276.95**	**6,143,904.64**

NOTES TO THE FINANCIAL STATEMENTS, OCTOBER 31, 2022

Panostaja Group's parent company is Panostaja Oyj, registered office in Tampere, Finland.

The Group's consolidated financial statements can be obtained at Kalevantie 2, 33100 Tampere, Finland.

VALUATION PRINCIPLES

Current fixed assets are entered in acquisition costs in the balance sheet with planned depreciations deducted.

Fixed asset shares are valued at their acquisition price with possible impairments deducted.

PENSIONS

Statutory pension insurance for staff is managed by an external pension insurance company. Pension costs are entered as a cost in the year of accrual.

DEPRECIATIONS

Planned depreciations from permanent assets are calculated based on probable operating life from the original purchase price.

Planned depreciation periods are:

Intangible rights	3 y
Goodwill	5–10 y
Other capitalized long-term expenditure	5–10 y
Buildings	20–40 y
Machinery and equipment	3–10 y
Other tangible assets	3–10 y

NOTES TO THE INCOME STATEMENT 1.1.–1.5.

1.1. Other operating income

(EUR)	2022	2021
Profits from sale of fixed assets	1.00	835,132.07
Others	754,550.10	388,371.63
	754,551.10	**1,223,503.70**

1.2. Staff expenses

(EUR)	2022	2021
Salaries and bonuses	1,048,607.81	1,389,951.25
Pension costs		195,380.93
Other social security expenses	47,936.54	59,830.97
	1,269,387.51	**1,645,163.15**
During the financial period, the company employed on average		
Clerical staff	9	10

The compensations of the CEO and Board as well as loans to related parties are itemized in Note 35 to the consolidated financial statements.

1.3. Depreciations, amortizations and impairment

(EUR)	2022	2021
Planned depreciations		
Other capitalized long-term expenditure	13,103.61	8,449.94
Machinery and equipment	4,785.34	19,926.93
	17,888.95	**28,376.87**

1.4. Other operating expenses

(EUR)	2022	2021
Other operating expenses internal	84,587.20	78,011.16
Other operating expenses	316,824.39	337,510.88
Marketing costs	117,741.23	54,311.15
Data management costs	112,568.02	65,014.19
Costs for expert services	872,410.36	466,522.45
Loss on disposal of fixed assets	3,983.40	0.00
Loss on disposal of fixed asset shares	1,709.00	0.00
Rental costs	122,340.26	127,739.92
Other operating expenditure total	**1,632,163.86**	**1,129,109.75**
Auditor's fees		
auditing fees	52,903.50	64,254.12
other services	24,050.00	0.00
	76,953.50	**64,254.12**

1.5. Financial income and costs

(EUR)	2022	2021
Dividend yields and repayment of capital		
From companies in the same Group	11,592,397.92	680,000.00
From associated companies	0.00	46,283.44
From others	0.00	67.20
Dividend yields and repayment of capital, total	**11,592,397.92**	**726,350.64**
Other interest yields		
From companies in the same Group	481,198.63	430,793.91
From others	182,532.73	187,158.56
Other interest yields total	**663,731.36**	**617,952.47**
Other financial income		
From companies in the same Group	7,875.00	17,748.76
Other financial income total	**7,875.00**	**17,748.76**
Other interest and financial yields total	**671,606.36**	**635,701.23**
Interest expenses		
For others	2,064.98	81,148.07
Interest expenses total	**2,064.98**	**81,148.07**
Other financial expenses		
For others	317,744.76	240,034.57
Other financial expenses	**317,744.76**	**240,034.57**
Interest costs and other financial costs total	**319,809.74**	**321,182.64**
Impairments of Group shares and receivables	438.43	2,925,257.12
Impairment of stocks and shares	106,000.00	0.00
Financial income and costs total	**11,837,756.11**	**-1,884,387.89**

NOTES TO THE BALANCE SHEET 2.1.–2.9.

2.1. Intangible assets

(EUR)	2022	2021
Intangible rights		
Acquisition cost Nov 1	59,385,00	59,385,00
Additions Nov 1–Oct 31	0,00	0,00
Deductions Nov 1–Oct 31	0,00	0,00
Acquisition cost Oct 31	59,385,00	59,385,00
Accrued planned depreciations Nov 1	-54,385,00	-54,385,00
Planned depreciations Nov 1–Oct 31	0,00	0,00
Book value as of Oct 31	**5,000,00**	**5,000,00**
Other capitalized long-term expenditure		
Acquisition cost Nov 1	408,408,34	408,408,34
Additions Nov 1–Oct 31	34,555,00	0,00
Deductions Nov 1–Oct 31	0,00	0,00
Acquisition cost Oct 31	442,963,34	408,408,34
Accrued planned depreciations Nov 1	-393,870,79	-385,420,85
Planned depreciations Nov 1–Oct 31	-13,103,61	-8,449,94
Book value as of Oct 31	**35,988,94**	**14,537,55**
Intangible assets total		
Acquisition cost Nov 1	467,793,34	467,793,34
Additions Nov 1–Oct 31	34,555,00	0,00
Deductions Nov 1–Oct 31	0,00	0,00
Acquisition cost Oct 31	502,348,34	467,793,34
Accrued planned depreciations Nov 1	-448,255,79	-439,805,85
Planned depreciations Nov 1–Oct 31	-13,103,61	-8,449,94
Book value as of Oct 31	**40,988,94**	**19,537,55**

2.2. Tangible assets

(EUR)	2022	2021
Machinery and equipment		
Acquisition cost Nov 1	820,344.87	848,163.96
Additions Nov 1–Oct 31	6,767.37	0.00
Deductions Nov 1–Oct 31	-25,733.40	-27,819.09
Acquisition cost Oct 31	801,378.84	820,344.87
Accrued planned depreciations Nov 1	-786,434.50	-766,507.57
Planned depreciations Nov 1–Oct 31	-4,785.34	-19,926.93
Book value as of Oct 31	**10,159.00**	**33,910.37**
Other tangible assets		
Acquisition cost Nov 1	33,982.37	33,982.37
Additions Nov 1–Oct 31	0.00	0.00
Deductions Nov 1–Oct 31	0.00	0.00
Acquisition cost Oct 31	33,982.37	33,982.37
Accrued planned depreciations Nov 1	0.00	0.00
Planned depreciations Nov 1–Oct 31	0.00	0.00
Book value as of Oct 31	**33,982.37**	**33,982.37**
Tangible assets total		
Acquisition cost Nov 1	854,327.24	882,146.33
Additions Nov 1–Oct 31	6,767.37	0.00
Deductions Nov 1–Oct 31	-25,733.40	-27,819.09
Acquisition cost Oct 31	835,361.21	854,327.24
Accrued planned depreciations Nov 1	-786,434.50	-766,507.57
Planned depreciations Nov 1–Oct 31	-4,785.34	-19,926.93
Book value as of Oct 31	**44,141.37**	**67,892.74**

2.3. Investments

(EUR)	2022	2021
Interests in companies in the same Group		
Acquisition cost Nov 1	34,058,757.28	34,652,757.28
Impairments November 1–October 31	0.00	-594,000.00
Acquisition cost Oct 31	**34,058,757.28**	**34,058,757.28**
Interests in associated companies		
Acquisition cost Nov 1	1,505,000.00	2,205,000.00
Deductions Nov 1–Oct 31	0.00	-700,000.00
Acquisition cost Oct 31	**1,505,000.00**	**1,505,000.00**
Other shares and interests		
Acquisition cost Nov 1	121,129.38	121,129.38
Deductions Nov 1–Oct 31	-107,710.00	0.00
Acquisition cost Oct 31	**13,419.38**	**121,129.38**
Investments total		
Acquisition cost Nov 1	35,684,886.66	36,978,886.66
Additions Nov 1–Oct 31	0.00	0.00
Impairments November 1–October 31	0.00	-594,000.00
Deductions Nov 1–Oct 31	-107,710.00	-700,000.00
Acquisition cost Oct 31	**35,577,176.66**	**35,684,886.66**

Panostaja Oyj's holdings in other companies on October 31, 2022 are itemized in Note 36 to the consolidated financial statements.

2.4. Non-current receivables

(EUR)	2022	2021
Subordinated loans receivable from companies in the same Group	5,553,291.16	4,812,376.40
Loans receivable from companies in the same Group	2,443,196.21	2,256,444.49
Loans receivable from associated companies	115,600.00	0.00
Loans receivable	3,707,653.95	3,177,128.01
	11,819,741.32	**10,245,948.90**

2.5. Current receivables

(EUR)	2022	2021
Trade receivables from companies in the same Group	182,687.25	185,078.11
Trade receivables	45,970.36	69,028.06
Loans receivable from companies in the same Group	500,000.00	250,000.00
Other receivables	52,389.80	27,945.55
Other loans receivable	396,830.39	1,255,790.49
Interest receivables from companies in the same Group	89,139.79	180,088.30
Interest receivables from associated companies	1,541.33	0.00
Accrued income	413,037.73	977,005.50
	1,681,596.65	**2,944,936.01**
Accrued income essential items		
Interest receivables from insider loans	34.70	7,157.25
Interest receivables from other loans receivable	110,947.13	96,441.37
Passed-on costs	219,869.06	798,287.41
Other accrued income	1,482.80	0.00
Cost scheduling	80,704.04	75,119.47
	413,037.73	**977,005.50**

2.6. Short-term investments

(EUR)	2022	2021
Other shares and interests		
Investment fund shares	10,125,536.69	5,968,416.26

2.7. Equity

(EUR)	2022	2021
Share capital Nov 1	5,568,681.60	5,568,681.60
Share capital Oct 31	**5,568,681.60**	**5,568,681.60**
Share premium account Nov 1 = Oct 31	4,691,406.88	4,691,406.88
Invested unrestricted equity fund Nov 1	16,969,587.34	16,865,107.77
Rewards to Senior Management Team as own shares	25,356.80	65,119.55
Board bonuses as own shares	29,520.00	39,360.02
Invested unrestricted equity fund Oct 31	**17,024,464.14**	**16,969,587.34**
Retained earnings/loss Nov 1	26,311,970.19	31,351,140.72
Tax audit on value-added taxes 2018-2019	385,155.43	0.00
Dividend distribution	-4,210,657.22	-1,575,636.57
Retained earnings/loss Oct 31	**22,486,468.40**	**29,775,504.15**
Profit/loss for the financial period	9,672,866.89	-3,463,533.96
Equity total	**59,443,887.91**	**53,541,646.01**
Distributable unrestricted equity Oct 31	**49,183,799.43**	**43,281,557.53**

The company has one type of share. The company's shares are included in the joint book-entry system. The total number of shares is 53,333,110.

2.8. Mandatory provisions

(EUR)	2022	2021
Other mandatory provisions	0,00	908,000.00

2.9 Liabilities

(EUR)	2022	2021
2.9.1. Non-current liabilities		
Other non-current liabilities	3,471.21	3,471.21
	3,471.21	**3,471.21**
Liabilities owed to companies in the same Group		
Other liabilities	38,671.77	38,671.77
	38,671.77	**38,671.77**
Non-current liabilities total	**42,142.98**	**42,142.98**
2.9.2. Current liabilities		
Trade payables	130,905.25	96,122.61
Other liabilities	26,732.50	31,243.90
Accruals and deferred income	244,745.93	485,281.47
	402,383.68	**612,647.98**
Liabilities owed to companies in the same Group		
Trade payables	507.32	2,669.53
	507.32	**2,669.53**
Material items contained in accruals and deferred income		
Annual holiday salaries and social costs	136,494.31	146,714.21
Scheduling of non-wage labor costs	25,538.12	50,232.26
Bonus allocation	41,700.00	70,000.00
Scheduled trade payables	28,513.50	0.00
Severance pay	0.00	205,835.00
Accrued interest	12,500.00	12,500.00
	244,745.93	**485,281.47**
Current liabilities total	**402,891.00**	**615,317.51**

OTHER NOTES

(EUR)	2022	2021
Guarantees and contingencies		
On behalf of Group companies		
Guarantees given	525,000.00	525,000.00
Rental liabilities		
In one year	29.379.06	166.161.96
More than one and within 5 years	0.00	69.428.60
Other pledges given		
As security for own liabilities	1,316.00	1,316.00

Proposal by the Board of the parent company on the processing of the result and distribution of profits of the financial period

Panostaja Oyj's distributable assets, including the profit for the current and past financial periods of EUR 32,159,335.29 and EUR 17,024,464.14 in the invested unrestricted equity fund, amount to EUR 49,183,799.43.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.03 per share be paid to the shareholders for the past financial period.

The Board also proposes that the General Meeting authorize the Board of Directors 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.

It is proposed that the authorization include the right of the Board to decide on all other terms and conditions relating to said asset distribution. It is also proposed that the authorization remain valid until the start of the next Annual General Meeting.

Tampere, December 14, 2022

Jukka Ala-Mello
Chairman of the Board

Mikko Koskenkorva

Eero Eriksson

Tarja Pääkkönen

Tommi Juusela

Tapio Tommila
CEO

FINANCIAL STATEMENT ENTRY

A report has today been issued about the audit performed.

Tampere, December 14, 2022

Deloitte Oy
Audit firm

Hannu Mattila
AUTHORIZED PUBLIC ACCOUNTANT

Audit Report

For Panostaja Oyj's Annual General Meeting

REPORT

We have audited Panostaja Oyj's (business ID 0585148-8) financial statements for the financial period November 1, 2021–October 31, 2022. The financial statements contain the Group's income statement, extensive income statement, balance sheet, cash flow statement, calculation of changes in equity and notes, including a summary of the most important principles for preparing financial statements, as well as the parent company's income statement, balance sheet, financial statement and notes.

As our report, we submit that

- the consolidated financial statements provide accurate and sufficient information on the Group's financial position as well as the results of its operations and its cash flows in conformity with the International Financial Reporting Standards (IFRS) approved for use in the European Union; and
- the financial statements provide accurate and sufficient information on the parent company's financial position and the results of its operations in conformity with the regulations currently in effect in Finland regarding the preparation of financial statements, and they meet the statutory requirements.

Our report is consistent with the additional report submitted to the Board.

GROUNDS FOR THE REPORT

We performed the audit in conformity with the good auditing practice enforced in Finland. Our obligations under this good auditing practice are described in more detail in the section 'Duties of the auditor in auditing financial statements.'

We are independent of the parent company and the companies in the Group in accordance with the ethical requirements observed in Finland which pertain to the audit we have performed, and we have fulfilled our other ethical obligations under these requirements.

To the best of our knowledge and understanding, all non-audit services which we have provided to the parent company and the Group's companies are in compliance with the regulations enforced in Finland regarding such services, and we have not provided any prohibited non-audit services within the meaning of paragraph 1 of Article 5 of Regulation (EU) No 537/2014. The non-audit services we have provided are presented in Note 13 to the financial statements.

It is our view that we have obtained the required amount of appropriate auditing evidence for establishing a foundation for our report.

KEY FACTORS FOR THE AUDIT

Key factors for the audit are factors which, according to our professional discretion, were the most significant in the audit of the financial period in question. These factors were taken into account in our audit of the financial statements as a whole and in the preparation of our report on this audit. We will not provide a separate report on these factors.

We have taken the risk of the management ignoring controls into account in our auditing. This has included an assessment of whether there are any indications of the management having a tendentious attitude which poses a risk of material inaccuracy as a result of misconduct.

Key factor for the audit	How the factor has been considered in the audit
Goodwill impairment test	
See Note 18 'Goodwill impairment test' to Panostaja Oyj's consolidated financial statement. The amount of goodwill in the consolidated balance sheet in MEUR 47.5 (MEUR 80.1). The goodwill is distributed among the Group's cash-generating units as follows: MEUR 34.4 (MEUR 67.0) is formed by the goodwill allocated to Grano Group, and the goodwill of other cash-generating units totals MEUR 13,1 (MEUR 13,1). The management assesses the need for impairment on an annual basis. The impairment test prepared by the management did not indicate impairment. Significant management estimates are related to impairment testing, with regard to business development, cash flows and discount rate. This factor is regarded as a risk of material misstatement, as referred to in the EU regulation 537/2014, Article 10, Section 2c.	In our audit, we have assessed the impairment models prepared by the management and approved by the Board and assessed the controls related to impairment testing for each cash-generating unit. In impairment testing, the cash sum recoverable from the business operations of a cash-generating unit is based on service value calculations. The cash flows anticipated in these calculations are based on the financial plans approved by the management, which cover a period of three years. The key assumptions of the plans are the cash-generating unit's growth forecasts, cost impact of business streamlining efforts, and EBIT development forecast. We have checked the accuracy of the service value calculation model used by the company by comparing it against the requirements of the standard IAS 36 Impairment of Assets. In this context, we assessed the key assumptions for each cash-generating unit: • We compared the estimates used in the calculation against confirmed budgets and strategic plans. • We compared the discount rates used against information from external sources. • We tested the appropriateness of the calculation methods used in the impairment test calculation. • We compared the growth and profitability assumptions against historical development. We also assessed the notes provided on impairment testing.

Valuation of subsidiary shares in Panostaja Oyj's financial statements	
See the parent company's financial statements Note 2.3 'Investments and accounting principles for the financial statements, Valuation principles.' In the parent company's balance sheet, interests in companies in the same Group stand at MEUR 34,1 (MEUR 34.1). Based on the accounting principles for the financial statements, the company's fixed asset shares are valued at their acquisition price with possible impairments deducted.	In our audit, we assessed the impairment models prepared by the management and approved by the Board and assessed the controls related to impairment testing. We also assessed the significant assumptions in the service value calculations prepared by the management: • We compared the growth and profitability assumptions against historical development. • We compared the net sales and EBIT estimates used in the calculation against confirmed budgets and strategic plans.

Key factor for the audit	How the factor has been considered in the audit
Significant estimates by the management are related to the impairment testing. The management estimates the impairment need of subsidiary shares on an annual basis. The impairment test prepared by the management did not indicate impairment. This factor is regarded as a risk of material misstatement, as referred to in the EU regulation 537/2014, Article 10, Section 2c.	• We compared the discount rates used against information from external sources. • We tested the appropriateness of the calculation methods used in the impairment test calculation.

OBLIGATIONS OF THE BOARD OF DIRECTORS AND CEO REGARDING THE FINANCIAL STATEMENTS

The board of directors and CEO are in charge of preparing the financial statements so that the consolidated financial statements provide an accurate and sufficient picture in accordance with the International Financial Reporting Standards (IFRS) approved for use in the European Union and so that the financial statements provide an accurate and sufficient picture in accordance with the regulations currently in effect in Finland regarding the preparation of financial statements and meet the statutory requirements. The board of directors and CEO are also in charge of the type of internal control which they consider to be necessary in order to prepare the financial statements without any material inaccuracies resulting from misconduct or errors.

When preparing the financial statements, the board of directors and CEO are obligated to assess the ability of the parent company and Group to continue their operation and, as applicable, present the factors that are related to the continuity of the operations and the fact that the financial statements are prepared based on this continuity. The financial statements are prepared based on the continuity of operations except if the parent company or Group is planned to be dissolved or the operations discontinued or there are no other realistic alternatives available.

DUTIES OF THE AUDITOR IN AUDITING FINANCIAL STATEMENTS

Our goal is to obtain reasonable assurance of whether the financial statements as a whole contain any material inaccuracies resulting from misconduct or errors and submit an audit report containing our statement. Reasonable assurance is a high level of assurance, but it is no guarantee that a material inaccuracy will always be recognized in audits in accordance with good auditing practice. Inaccuracies may be caused by misconduct or error, and they are considered to be material when they, alone or in combination, can be reasonably expected to impact financial decisions that are made by users based on the financial statements.

Audits that follow good auditing practice involve the use of professional discretion and retention of professional skepticism throughout the audit process. Additionally:

- We recognize and assess the risks of material inaccuracy arising from misconduct or errors, plan and carry out audit measures that respond to these risks and obtain the necessary amount of appropriate auditing evidence to base our report on. The risk of a material inaccuracy arising from misconduct being left unnoticed is greater than the risk of a material inaccuracy arising from an error being left unnoticed, as misconduct may involve joint action, falsification, deliberate omission of information or provision of incorrect information or ignorance of internal controls.
- We form an understanding of the internal controls that are relevant to the audit process in order to be able to plan audit measures that are appropriate for the situation but not with the intention of being able to provide a statement on the efficiency of the internal controls of the parent company or Group.
- We assess the adequacy of the accounting principles applied in the preparation of the financial statements and the reasonableness of the accounting estimates made by the management and the information presented on these estimates.
- We draw a conclusion of whether it was appropriate for the board of directors and CEO to prepare the financial statements based on an assumption of the continuity of operations, and, based on the auditing evidence we obtain, a conclusion of whether there is any material uncertainty related to events or conditions present which may provide significant reason to doubt the ability of the parent company or Group to continue its operations. If we conclude that material uncertainty does occur, we must draw the reader's attention to the information pertaining to the uncertainty that is presented in the financial statements in our report or, if the information pertaining to the uncertainty is insufficient, adapt our report. Our conclusions are based on auditing evidence obtained before the audit report's submission date. However, future events or conditions may lead to the parent company or Group being unable to continue its operations.
- We assess the financial statements, including all information presented therein, as well as the general presentation, structure and content of the financial statements and whether they reflect the business operations and events they are based on so as to provide an accurate and sufficient picture.
- We obtain a sufficient amount of appropriate auditing evidence from financial information pertaining to the companies or business operations belonging to the Group in order to be able to provide a report on the consolidated financial statements. We are responsible for controlling, monitoring and performing an audit of the Group. We alone are responsible for the audit report.

We communicate with administrative bodies regarding many matters, including the planned scope and timing of the audit and significant observations made during the audit, including possible considerable deficiencies in internal controls which we recognize during the audit.

We also confirm to the administrative bodies that we have complied with the relevant ethical requirements pertaining to independence and communicate with them regarding all relationships and other factors that may reasonably be considered to impact our independence and, as applicable, regarding relevant precautions.

We decide which of the factors communicated to the administrative bodies were the most significant in the audit of the financial period in question and therefore essential to the audit. We describe the factors in question in our audit report, unless a regulation or provision prevents the factor in question from being publicized or when, in extremely rare cases, we find that the factor in question will not be communicated in the audit report because its adverse impacts could be reasonably expected to be greater than the general benefits arising from such communication.

Other reporting obligations

INFORMATION CONCERNING THE AUDIT ASSIGNMENT

We have acted as the auditor chosen by the Annual General Meeting for two years without interruption, since February 2, 2021.

OTHER INFORMATION

The board of directors and CEO are responsible for other information. Other information covers the operations review and the information contained in the annual report, but it does not contain the financial statements or our audit report thereof. We were provided with the operations review before this audit report's submission date and expect to be provided with the annual report after the date in question. Our report concerning the audit does not cover other information.

We are obligated to read the other information specified above in connection with the audit of the financial statements and simultaneously assess whether the other information is materially inconsistent with the financial statements or the knowledge we obtain while conducting the audit or whether it otherwise appears to be materially inaccurate. With regard to the operations review, we are also obligated to assess whether the review was prepared in accordance with the regulations applicable to its preparation.

As our report, we submit that the information in the operations review and financial statements is consistent and that the operations review was prepared in accordance with the regulations applicable to its preparation.

If, based on work focused on other information that we obtain before the audit report's submission date, we conclude that the other information in question contains a material inaccuracy, we must report this fact. Regarding this matter, we have nothing to report.

Tampere, December 14, 2022

Deloitte Oy
Audit firm

Hannu Mattila
Authorized Public Accountant

INFORMATION ON SHARES

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 transferred a total of 14,286 shares to the Board members as meeting compensation. In accordance with the Board decision of February 7, 2022, Panostaja relinquished a total of 32,258 shares as meeting compensation on June 3, 2022.

The company's shares have been publicly listed since 1989. Currently, its shares are quoted on the Nasdaq Helsinki stock exchange.

ADMINISTRATION AND GENERAL MEETING

Panostaja Oyj's decision-making and administration adheres to the Finnish Limited Liability Companies Act, provisions concerning publicly listed companies, Panostaja Oyj's Articles of Association and Nasdaq Helsinki Oy's rules and guidelines.

In its operations and the organization of its administration, Panostaja Oyj complies with the Finnish Corporate Governance Code. The Code is available at the website maintained by the Securities Market Association at www.cgfinland.fi.

An account of Panostaja's management and control system is published annually on the company website at: https://panostaja.fi/en/investors/administration/

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 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 Board of Directors exercised the authorization provided by the Annual General meeting to distribute funds and pay an additional dividend of EUR 0.05.

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.

As proposed by the Board, the Annual General Meeting decided to authorize the Board to decide on the acquisition of the company's own shares in one or more installments on the following conditions:The total number of shares issued on the basis of the authorization may not exceed 5,200,000. 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 resolved to authorize the Board of Directors to decide on a share issue of no more than 5,200,000 shares as well as on the granting of rights of option and other special rights providing entitlement to shares. 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

SHARE TRADE AND RATES

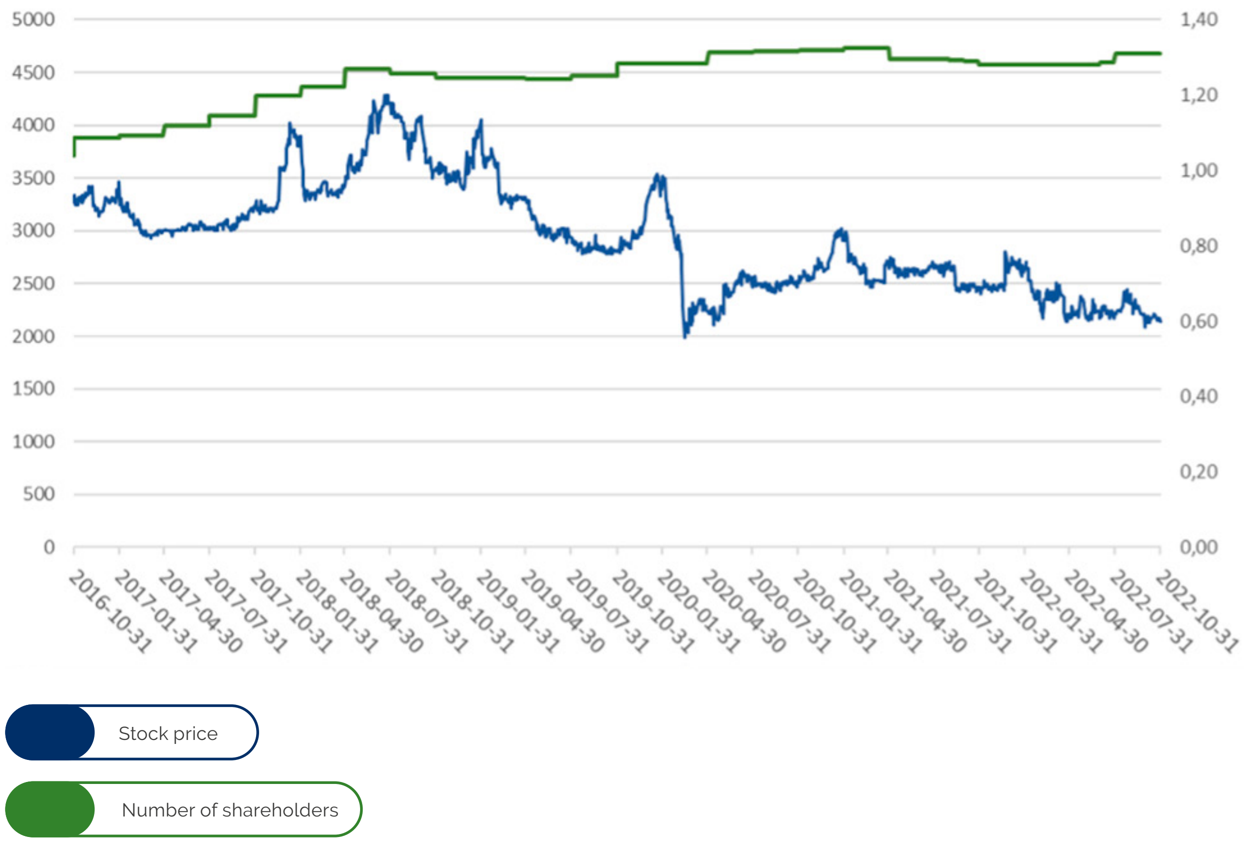
	Lowest, EUR	Highest, EUR	Share issue adjusted trading (no. of shares)	% of shares
2022	0.58	0.79	4,191,653	8.0
2021	0.67	0.99	8,254,582	15.7
2020	0.51	1.00	5,807,553	11.1
2019	0.77	1.16	9,489,880	18.1
2018	0.88	1.21	9,374,954	18.0
2017	0.82	0.98	7,863,788	15.1
2016	0.81	1.04	5,959,389	11.5
2015	0.77	0.94	6,508,111	12.7
2014	0.69	0.91	7,908,686	15.4
2013	0.66	0.86	3,814,701	7.4
2012	0.73	1.05	5,725,530	11.1
2011	0.97	1.51	3,841,477	7.7
2010	1.32	1.75	5,301,507	11.2
2009	0.89	1.4	8,108,040	17.5

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.

Immediately upon the conclusion of the General Meeting, the company's Board held an organizing meeting in which Jukka Ala-Mello was elected Chairman and Eero Eriksson Vice Chairman.

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).



Largest shareholders

20 largest shareholders October 31, 2022

		pcs	%
1	Treindex Oy	7,326,200	13.74%
2	Oy Koskenkorva Ab	5,469,798	10.26%
3	Ilmarinen Mutual Pension Insurance Company	3,701,332	6.94%
4	Mutual Insurance Company Fennia	3,468,576	6.50%
5	Koskenkorva Mikko Matias	1,506,055	2.82%
6	Koskenkorva Maija Kristiina	1,347,542	2.53%
7	Nordea Henkivakuutus Suomi Oy	1,218,000	2.28%
8	Malo Hanna Maria	1,202,207	2.25%
9	Kumpu Minna Kristiina	1,202,170	2.25%
10	Koskenkorva Matti Olavi	1,158,903	2.17%
11	Koskenkorva Mauno Juhani	1,040,769	1.95%
12	Johtopanostus Oy	1,030,000	1.93%
13	Porkka Harri	822,000	1.54%
14	Pravia Oy	751,665	1.41%
15	Koskenkorva Pekka Juhani	733,502	1.38%
16	Panostaja Oyj	687,798	1.29%
17	LocalTapiola Mutual Insurance Company	674,000	1.26%
18	Hietanen Reijo Tapio	378,330	0.71%
19	Maxstar Oy	369,001	0.69%
20	Määttä Mikko Olavi	350,000	0.66%
		34,437,848	**64.57%**
Other shareholder		18,895,262	
Total		**53,333,110**	

Distribution of share ownership by size October 31, 2022

Number of shares	Shareholders pcs	%	Shares/votes pcs	%
1-1,000	2,843	60.72%	1,003,168	1.88%
1,001-10,000	1,492	31.87%	4,990,223	9.36%
10,001-100,000	302	6.45%	7,878,656	14.77%
100,001-500,000	28	0.60%	6,120,546	11.48%
500,001-	17	0.36%	33,340,517	62.51%
Total	**4,682**	**100.00%**	**53,333,110**	**100.00%**
of which nominee-registered	8		146,725	0.28%
Number of shares issued			**53,333,110**	**100.00 %**

Distribution of share ownership by sector October 31, 2022

Sector class	Shareholders pcs	%	Shares/votes pcs	%
Companies	132	2.82%	16,736,972	31.38%
Financial and insurance institutions	10	0.21%	6,101,902	11.44%
Public bodies	1	0.02%	3,701,332	6.94%
Households	4,511	96.35%	26,468,073	49.63%
Non-profit organizations	8	0.17%	148,162	0.28%
Foreign	20	0.43%	29,944	0.06%
Total	**4,682**	**100.00%**	**53,186,385**	**99.72%**
of which nominee-registered	8		146,725	0.28%
Number of shares issued			**53,333,110**	**100.00%**

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ANNUAL REPORT 2022

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