panostaja

Q3

INTERIM REPORT

November 2017–July 2018

6 September 2018

PANOSTAJA OYJ INTERIM REPORT

Parent company achieves a debt-free balance, ensuring investment capacity

May 1, 2018–July 31, 2018 (3 months)

- As a result of corporate acquisitions during the previous financial period, Grano's net sales for the review period increased by 39% from the corresponding period last year. EBIT increased to MEUR 1.8 from MEUR 1.4 in the reference period.
- Panostaja acquired a majority shareholding in Oscar Software, a company providing SMEs with ERP systems and financial management services.
- Panostaja paid off all of the parent company's interest-bearing liabilities in the amount of MEUR 22.3 and made an agreement on a new MEUR 15.0 corporate acquisition limit.
- Net sales increased in five of the nine segments. Overall, the Group's net sales for the review period increased by 52% to MEUR 52.3 (MEUR 34.5).
- EBIT improved in four of nine segments, and the entire Group's EBIT weakened slightly from the reference period, standing at MEUR 1.4 (MEUR 1.6).
- Earnings per share (undiluted) were 0.0 cents (1.6 cents)

November 1, 2017–July 31, 2018 (9 months)

- Net sales increased in four of the nine business segments. Overall, the Group's net sales for the review period increased by 37% to MEUR 143.1 (MEUR 104.3).
- EBIT improved in four of the nine segments, and the EBIT of the entire Group increased from MEUR 2.1 to MEUR 5.1.
- Panostaja divested itself of KotiSun and recorded a profit of MEUR 32.9 before taxes for the sale.
- Panostaja secured a majority shareholding in Carrot Palvelut Oy.
- Earnings per share (undiluted) were 51.3 cents (-3.3 cents).

CEO Juha Sarsama: Parent company achieves a debt-free balance, ensuring investment capacity

"During the review period, Panostaja paid off all of the parent company's interest-bearing liabilities in the amount of MEUR 22.3 and made an agreement on a new MEUR 15.0 corporate acquisition limit to replace the previous limit. We optimized our capital structure, which will enable Panostaja to operate with a debt-free parent company balance, under normal circumstances. The corporate acquisition limit increases the flexibility of our financial structure and secures our readiness to make investments even between divestments. In our opinion, the debt-free parent company balance ensures that we can optimally seize identified investment opportunities and create value creation over the long term in accordance with our strategy. This payoff of the parent company's debts will also significantly reduce Panostaja's risk. The risk reduction is mirrored by Panostaja's equity return requirement. As part of the capital structure reform, we have also updated Panostaja's long-term financial goals.

Immediately at the start of the financial period, Panostaja obtained a majority shareholding in Oscar Software, a company specializing in ERP system development and the provision of various business services. Our shared journey with Oscar Software is off to a good start, and we see the company's

growth prospects as very interesting in the growing markets for ERP systems and financial management services.

The combined net sales of the Panostaja segments increased by more than 50% during the review period. The strong growth stems from new segments and the effect of the corporate acquisitions made by Grano during the previous financial period. Despite the increase in total net sales, the development of net sales was weaker than expected in many segments over the course of the financial period. Grano's net sales during the period were weighed down by the continuously uneven demand for print products. Carrot's low net sales resulted from the margin of the company's industrial business in the Uusimaa region, which was lower than estimated, and the discontinuation of operations. For Selog, too, the third quarter was weak in terms of net sales due to customers requiring less installation work than was anticipated and the changes in the company's key personnel hindering the ability to reach the set goals. We will also be continuing our measures to reverse the development of the net sales of CoreHW and Helakeskus.

The failure of the net sales development to meet our expectations was also mirrored by our EBIT, which dropped to MEUR 1.4 in the review period from MEUR 1.6 in the reference period. Grano's net sales were encumbered by the installation operations of large prints and illuminated advertisements as the significantly increased volumes and large concurrent projects led to losses. Carrot's net sales were hampered by the discontinuation of the poorly developing industrial operations in Uusimaa and the costs of the corporate acquisition that took place in the spring.

The corporate acquisitions market remained active in the period under review. As a result of the interest we have garnered thanks to our recent new investments and our own active examinations, our project flow has become even more diverse and a wide range of new investment targets are available for investigation. The competition for good investments has remained stiff, and the sellers often expect high payouts. However, the markets continue to provide opportunities for both new select acquisitions and divestments, and we will continue to actively explore new corporate acquisition opportunities."

Investments 3 months

Grano

Grano is Finland's leading content and marketing services company

Grano's net sales for the review period stood at MEUR 32.1, with growth from the corresponding period being 39%. The key reasons for the increase in net sales were Lönnberg Painot Oy and Kuopion Neon2 Oy as well as the business operations of Brand Factory Finland Oy, which were purchased during the previous financial period. Grano's EBIT for the third quarter stood at MEUR 1.8, which is an increase of MEUR 0.4 from the reference period.

During the review period, there was still significant variation in demand between services. The summer season for the large print business was extremely busy, since many large projects were scheduled for the review period. In the construction sector, the net sales of electronic services continued their strong upward trend. In fact, Grano has been very successful in replacing traditional construction drawing volumes with digital business. The offset printing sector continued to decline. On average, the decrease of paper consumption in Finland has been higher than in Western Europe, where the decline in demand has already evened out.

The cost savings of the employer-employee negotiations that finished in October 2017 improved the result for the third quarter. In addition to this, the MEUR 0.4 in sales profit from machinery sold as part of the production restructuring efforts and the MEUR 0.2 adjustment of the additional sale price for Neon2 improved the result for the review period.

In the previous review period, the acquisition of the business operations of Brand Factory Finland increased the number of large print and illuminated advertisement projects. The resulting challenges caused considerable extra subcontracting and personnel costs for the period. Sales in this business area have increased substantially, and the period saw the implementation of many large installation projects in the context of which the project calculation and resource planning failed to meet the company's goals. Overall, the profit/loss of the installation operations in the review period sunk to a loss of MEUR 0.6. Large and challenging installation projects are no longer expected to result in losses, and the company has developed its processes with regard to installation operations to meet the needs of extensive customer projects. The EBIT for the review period is also encumbered by the depreciations of increased corporate acquisitions and equipment purchases. The total depreciations for the review period stood at MEUR 2.1 (MEUR 1.6).

An equipment investment for large print production was made during the review period to increase capacity, and some investments in finishing equipment were made to improve the efficiency of offset operations. During the review period, the company also acquired the entire share capital of KL-Kopio Oy in Rovaniemi.

MEUR	**3 months**	**3 months**	**9 months**	**9 months**	**12 months**
	5/18-7/18	5/17–7/17	11/17-7/18	11/16–7/17	11/16-10/17
Net sales, MEUR	32.1	23.1	100.9	71.8	105.3
EBIT, MEUR	1.8	1.4	5.8	4.4	6.3
Interest-bearing net liabilities	59.6	41.9	59.6	41.9	55.8
Panostaja's holding	52.8%				

KL-Varaosat

KL-Varaosat is a wholesaler and retailer of car spare parts for MB, BMW and

KL-Varaosat's net sales for the review period were MEUR 3.7, growth from the corresponding period being 8%. EBIT was also improved from the reference period to MEUR 0.4.

All in all, demand has continued to improve over the past months.The May–June period was excellent, but the demand was lower in July.

The market prospects have remained good. Cars have been sold at a good rate, and the amount of imported used cars is also high. The import of used plug-in hybrids and diesel cars is at a peak level. The clear majority of imported used cars consists of brands served by KL-Varaosat.

The company continues its efforts to expand its network of service partners and facilities, and bolster electronic services and digital marketing.

MEUR	**3 months**	**3 months**	**9 months**	**9 months**	**12 months**
	5/18-7/18	5/17–7/17	11/17-7/18	11/16–7/17	11/16-10/17
Net sales, MEUR	3.7	3.5	10.6	9.9	13.5
EBIT, MEUR	0.4	0.3	0.9	0.7	1.0
Interest-bearing net liabilities	0.0	0.9	0.0	0.9	0.6
Panostaja's holding	75.0%				

Selog

Selog is the biggest wholesaler of ceiling materials in Finland

Selog's net sales for the review period were MEUR 2.5, which was a decrease of MEUR 0.4 from the reference period. EBIT stood at MEUR 0.2, which was a decrease of MEUR 0.1 from the reference period due to low net sales.

During the third quarter, the atmosphere in the field remained somewhat expectant. The monthly variations were significant, with July being exceptionally slow. The commencement of many significant installations has been delayed, which led to many customers having less work than expected in the review period. Some changes in key personnel also made it more difficult for the company to reach its sales goals. The entry of new small operators into the market increases competition.

The company's CEO Simo Tuokko left his post at the end of May, and the number of sales staff was reduced by one. The company's new CEO Reijo Siekkinen will begin at the end of September, and recruitment is under way to strengthen the sales department.

MEUR	**3 months**	**3 months**	**9 months**	**9 months**	**12 months**
	5/18-7/18	5/17–7/17	11/17-7/18	11/16–7/17	11/16-10/17
Net sales, MEUR	2.5	2.9	6.8	8.0	10.8
EBIT, MEUR	0.2	0.3	0.4	0.5	0.8
Interest-bearing net liabilities	0.9	0.3	0.9	0.3	0.0
Panostaja's holding	100.0%				

Helakeskus

Helakeskus is a major wholesaler of furniture fittings in Finland

Helakeskus' net sales for the review period were MEUR 2.1, which was a 13% decrease from the reference period. In addition to this, EBIT decreased from the reference period to MEUR 0.1.

The net sales for the review period were particularly affected by the weak sales in July, as a result of which the net sales fell well short of the reference year's level. The short-term market situation remains reasonably good. However, the competition in project trade is fierce, which manifests itself in substantial variation in demand. The decline of the furniture industry is continuing, and the consumer trade would seem to be still waiting for an uptick in the sale and manufacture of kitchen fixtures. In addition to this, import seems to continue to gain ground.

The development of sales and the product selection will be maintained, and the sales organizations have been reorganized.

MEUR	**3 months**	**3 months**	**9 months**	**9 months**	**12 months**
	5/18-7/18	5/17–7/17	11/17-7/18	11/16–7/17	11/16-10/17
Net sales, MEUR	1.9	2.2	6.0	6.7	8.9
EBIT, MEUR	0.1	0.2	0.2	0.4	0.5
Interest-bearing net liabilities	5.4	5.8	5.4	5.8	5.5
Panostaja's holding	100.0%				

Megaklinikka

Megaklinikka offers dental care with a new concept

Megaklinikka's net sales of MEUR 1.3 for the review period were MEUR 0.3 below the level of the reference period. EBIT improved from MEUR 0.0 in the reference period to MEUR 0.1. The Stockholm clinic increases the net sales for the reference period and weakens the profit/loss.

As regards the clinic business, the market development has remained challenging. The decline of customer numbers in the Helsinki Metropolitan Area seems to have finally stopped, but the numbers remain low and the competition for customers is fierce. In the context of the clinic operations, investments have been made in improving operational efficiency and increasing visibility.

The market outlook for the licensing business remains good in Finland, and there is a clear demand for the company's operating model. On the other hand, the entry of competing solutions into the market and the relatively small size of the market will stiffen competition in the future. New growth areas are being actively explored with regard to the licensing business, and active sales efforts directed at Swedish public sector customers will also be continued.

MEUR	**3 months**	**3 months**	**9 months**	**9 months**	**12 months**
	5/18-7/18	5/17–7/17	11/17-7/18	11/16–7/17	11/16-10/17
Net sales, MEUR	1.3	1.6	4.0	4.6	6.0
EBIT, MEUR	0.1	0.0	-0.1	-1.5	-1.6
Interest-bearing net liabilities	5.9	5.4	5.9	5.4	5.9
Panostaja's holding	79.8%				

Heatmasters

Heatmasters offers metal heat treatment services and technology

Heatmasters' MEUR 1.3 in net sales in the review period was slightly above the reference period level. The net sales were clearly positive and were also at a higher level than in the reference period.

The demand for heat treatment services was good in the review period, especially at worksites, and the field personnel had their schedules full. With regard to the furnace treatment, the summer holiday periods of customers slowed operations down somewhat.

In Poland, the summer season was a disappointment as challenging projects dragged down the result. The cost structure in Poland will be corrected by moving the operations to new and more efficient facilities and changing the power supply agreement for a more affordable one. This will significantly reduce fixed costs.

The demand for the equipment supply business has remained unchanged, and the latest furnace deliveries were made to Poland and Hungary.

The adoption of the company's new service concept is under way. It involves leveraging partners to provide customers with service packages optimized around heat treatment.

MEUR	**3 months**	**3 months**	**9 months**	**9 months**	**12 months**
	5/18-7/18	5/17–7/17	11/17-7/18	11/16–7/17	11/16-10/17
Net sales, MEUR	1.3	1.3	3.5	3.5	5.3
EBIT, MEUR	0.2	0.0	0.1	-0.3	-0.2
Interest-bearing net liabilities	0.7	0.9	0.7	0.9	0.9
Panostaja's holding	80.0%				

CoreHW

CoreHW provides high-added value RF IC design services

The company was incorporated into the Panostaja Group as of September 1, 2017, which is why no reference information is yet available. The company's net sales for the review period stood at MEUR 0.7 while its EBIT was MEUR -0.1.

The demand for the company's services during the review period has remained good. The level of investments and demand in the 5G and IoT markets remain high on a global scale. However, the net sales and profit/loss were dragged down by the further delay of the commencement of new projects. The agreement negotiations and customer decisions for larger projects have taken longer than expected. In addition to this, the technological challenges of the technology supplier have pushed back the investment decisions of one key customer.

Still, the company has been able to utilize available resources to develop its own products, which has been a stronger focus during the review period.

MEUR	**3 months**	**3 months**	**9 months**	**9 months**	**12 months**
	5/18-7/18	5/17–7/17	11/17-7/18	11/16–7/17	11/16-10/17
Net sales, MEUR	0.7		2.5		1.0
EBIT, MEUR	-0.1		-0.6		0.0
Interest-bearing net liabilities	3.1		3.1		2.3
Panostaja's holding	63.0%				

Carrot

Carrot Palvelut Oy provides staffing, recruitment and outsourcing services

Carrot's net sales for the review period stood at MEUR 6.7 while its EBIT was MEUR -0.2. The company was incorporated into the Panostaja Group as of May 1, 2018, which is why no reference information is yet available.

The net sales in the review period were slightly weighed down by weaker than expected development in the Uusimaa region, especially in terms of the industrial operations in the area. The industrial business operations in Uusimaa have been strongly rooted in the resourcing of refinery outage work. However, as the volume of this work remained low, the profitability declined to a clear loss, leading the operations to be discontinued over the course of the review period. It will be possible to ramp up the business operations if new significant customer projects present themselves but, for the moment, net sales will no longer be gained from this area. A number of midweek holidays during the review period also reduced the business volumes.

Still, the market demand is good and the company has successfully grown its operations particularly in Northern Finland. As such, the growth is often limited by the availability of human resources, and the company is directing its investments heavily into marketing and the development of its employer image.

The company is currently in the process of developing operating models and the organization's capabilities. The profit/loss of the review period is encumbered by the costs of several ongoing development projects, the costs of discontinuing the industrial business operations in Uusimaa, and the MEUR 0.2 in costs for the corporate acquisition during the period.

MEUR	**3 months**	**3 months**	**9 months**	**9 months**	**12 months**
	5/18-7/18	5/17–7/17	11/17-7/18	11/16–7/17	11/16-10/17
Net sales, MEUR	6.7	0.0	6.7	0.0	0.0
EBIT, MEUR	-0.2	0.0	-0.2	0.0	0.0
Interest-bearing net liabilities	5.3	0.0	5.3	0.0	0.0
Panostaja's holding	63.0%				

Oscar Software

Oscar Software provides ERP systems and financial management services

Oscar Software's net sales for the review period stood at MEUR 2.1 while its EBIT was MEUR 0.0. The company's profit/loss was incorporated into the Panostaja Group's figures as of May 1, 2018, which is why no reference information is yet available.

The net sales in the review period were as expected. The demand for the company's services remained at a good level during the review period. However, the labor market for software business and financial outsourcing services is currently very active and the competition for experts is stiff, which results in rapid employee turnover. The company has continued its active recruitment, which partially weighs down the results for the review period. The result for the period is further encumbered by the costs of the corporate acquisition, MEUR 0.3.

Oscar Software, established in 2005, is a software service company specialized in the development of ERP systems and various business services. In addition to the diverse ERP systems, Oscar Software provides financial management services as well as software for webstores and services for online business. The company mainly offers financial management services to its software clients, which enables it to provide a comprehensive solution that supports itself. As a result, the company can serve as a one-stop-shop offering a wide range of services to meet the needs of all kinds of SMEs. Oscar Software has a wide customer base, which includes SMEs from various sectors (such as industry, wholesales, maintenance service business and services). The company has around 800 customers and its HQ is located in Tampere.

Oscar Software's market for ERP systems for respective SME sectors is valued around an estimated MEUR 600, some 60% of which is attributable to software earnings and 40% to implementation work. In recent years, the market has grown at an annual rate of about 8%, and the growth is anticipated to remain at a good level. In future, the market growth will primarily be based on SaaS (software as a service) solutions, with traditional installed customer solutions seeing only slight growth. The financial management outsourcing market, on the other hand, has grown at an annual rate of about 3%, and the growth is expected to continue for the coming years. The entire financial management outsourcing market in Finland stands at an estimated value of roughly MEUR 1,000.

Some 35% of Oscar Software's net sales come from software-based maintenance and lease invoicing, while some 5% of the earnings come from one-off software licence sales. About 40% of the company's net sales are attributable to software-related project and consultation work. In the coming years, the SaaS earnings model involving continuous invoicing will be more prevalent in software sales. The financial management outsourcing services constitute some 20% of the net sales.

The concrete digitalization of the SME sector is the most important driver of the demand for the company's software and services. SMEs have the need to develop their operations by means of online business, data collection and utilization, device connectivity and automation. The availability of the SaaS distribution model also increases demand due to its ease and more diverse possibilities of application.

Alongside traditional office applications, the company's modern ERP system provides customers with mobility, new user groups and role-based user interfaces, supporting the development of modern business. Currently, the company's software family consists of the PRO and Tisma software and various field-specific vertical solutions. Oscar Software will continue its substantial investments in the development of proprietary software. The goal of the company's product strategy is to provide its customers with modern cloud-based ERP system solutions that are not restricted to a specific life span.

MEUR	**3 months**	**3 months**	**9 months**	**9 months**	**12 months**
	5/18-7/18	5/17–7/17	11/17-7/18	11/16–7/17	11/16-10/17
Net sales, MEUR	2.1	0.0	2.1	0.0	0.0

EBIT, MEUR	0.0	0.0	0.0	0.0	0.0
Interest-bearing net liabilities	5.3	0.0	5.3	0.0	0.0
Panostaja's holding	55.0%				

FINANCIAL DEVELOPMENT November 1, 2017–July 31, 2018

MEUR	Q3 5/18-7/18	Q3 5/17–7/17	9 months 11/17-7/18	9 months 11/16-7/17	12 months 11/16-10/17
Net sales, MEUR	52.3	34.5	143.1	104.3	150.7
EBIT, MEUR	1.4	1.6	5.1	2.1	2.9
Profit before taxes, MEUR	0.8	1.3	3.5	1.0	1.2
Profit/loss for the financial period, MEUR	0.5	1.8	28.7	1.5	6.9
Earnings per share, undiluted (EUR)	0.00	0.02	0.51	-0.03	0.03
Equity per share (EUR)	1.06	0.53	1.06	0.53	0.59
Operating cash flow (MEUR)	3.7	1.9	3.9	7.9	15.6

MAY 2018 – JULY 2018

Net sales for the review period increased by 52% and were MEUR 52.3 (MEUR 34.5). The impact of the corporate acquisitions on the MEUR 17.8 growth in net sales stood at MEUR 18.8. Exports amounted to MEUR 1.3, or 2.5% (MEUR 1.1, or 3.2%), of net sales. Net sales increased in five of the nine segments.

EBIT weakened to MEUR 1.4 (MEUR 1.6). EBIT improved in four of the nine segments. The development of net sales and EBIT for each of our investments has been commented on separately. In the review period, the parent company's profit is encumbered by third-party expert costs.

The profit for the review period was MEUR 0.5 (MEUR 1.8).

NOVEMBER 2017–JULY 2018

Net sales for the review period increased by 37% and were MEUR 143.1 (MEUR 104.3). The impact of the corporate acquisitions on the MEUR 39 growth in net sales stood at MEUR 40.6. Exports amounted to MEUR 4.3, or 3.0% (MEUR 3.6, or 3.4%), of net sales. Net sales increased in three of the nine investment targets.

EBIT improved from MEUR 2.1 to MEUR 5.1. EBIT improved in four of the nine segments. The development of net sales and EBIT for each of our investments has been commented on separately.

The profit for the review period was MEUR 28.7 (MEUR 1.5). KotiSun's profit/loss for November–December, MEUR 32.9 in sales profit before taxes from KotiSun's divestment, and the tax expenses related to the sale, MEUR 7.2, were recorded in the income from sold operations.

A VAT receivable of MEUR 1.3 related to the refunding of value-added taxes was recorded in other operating income. Based on the Tax Administration's decision, Panostaja Oyj refrained from deducting value-added tax included in acquisitions during the financial periods between November 1, 2014 and October 31, 2017. The Administrative Court overturned the Tax Administration's decision, deeming that Panostaja Oyj is entitled to full deductions for general and other costs that are considered to be directly linked to the company's business operations that give rise to a right of deduction.

The income statement for operations sold during the reference period has been separated from the income statement for continuing operations and the profit/loss for them is presented on the row Earnings from discontinued operations in accordance with the IFRS standards. The profit/loss for sold and discontinued operations presents the profit/loss for the KotiSun segment and Takoma segment, standing at a total of MEUR 0.6. Prior to separating discontinued and sold operations from continuing operations in the income statement, the consolidated net sales for the reference period were MEUR 134.3 and the EBIT was MEUR 6.3.

Division of the net sales by segment
MEUR

	Q3	Q3	9 months	9 months	12 months
Net sales	5/18-7/18	5/17–7/17	11/17-7/18	11/16-7/17	11/16-10/17
Grano	32.1	23.1	100.9	71.8	105.3
KL-Varaosat	3.7	3.5	10.6	9.9	13.5
Selog	2.5	2.9	6.8	8.0	10.8
Helakeskus	1.9	2.2	6.0	6.7	8.9
Megaklinikka	1.3	1.6	4.0	4.6	6.0
Heatmasters	1.3	1.3	3.5	3.5	5.3
CoreHW	0.7		2.5		1.0
Carrot	6.7		6.7		

Oscar Software	2.1		2.1		
Others	0.0	0.0	0.0	0.0	-0.1
Eliminations	-0.1	0.0	-0.1	-0.1	
Group in total	52.3	34.5	143.1	104.3	150.7

Division of EBIT by segment

MEUR	**Q3**	**Q3**	**9 months**	**9 months**	**12 months**
EBIT	5/18-7/18	5/17–7/17	11/17-7/18	11/16-7/17	11/16-10/17
Grano	1.8	1.4	5.8	4.4	6.3
KL-Varaosat	0.4	0.3	0.9	0.7	1.0
Selog	0.2	0.3	0.4	0.5	0.8
Helakeskus	0.1	0.2	0.2	0.4	0.5
Megaklinikka	0.1	0.0	-0.1	-1.5	-1.6
Heatmasters	0.2	0.0	0.1	-0.3	-0.2
CoreHW	-0.1		-0.6		0.0
Carrot	-0.2		-0.2		
Oscar Software	0.0		0.0		
Others	-1.0	-0.7	-1.3	-2.3	-4.0
Group in total	1.4	1.6	5.1	2.1	2.9

Panostaja Group's business operations for the current review period are reported in ten segments: Grano, Selog, Helakeskus, KL-Varaosat, Heatmasters, Megaklinikka, CoreHW, Carrot, Oscar Software and Others (parent company and associated companies).

In the review period, two associated companies, Ecosir Group Oy and Spectra Yhtiöt Oy, issued reports to the parent company. The result of the reported associated companies has developed well and its impact on profit/loss in the review period was MEUR 0.3 (MEUR 0.2), which is presented on a separate row under the EBIT in the consolidated income statement. During the period under review, Panostaja sold its shareholding in Juuri Partners Oy, which is a capital investment company making minority investments.

PERSONNEL

	July 31, 2018	July 31, 2017	Change
Average number of employees	1,976	1,468	35%
Employees at the end of the review period	2,142	1,502	43%

Employees in each segment at the end of the review period	July 31, 2018	July 31, 2017	Change
Grano	1,148	894	28%
KotiSun	0	379	-100%
KL-Varaosat	53	46	15%
Selog	13	14	-7%
Helakeskus	23	24	-4%
Megaklinikka	83	91	-9%
Heatmasters	39	45	-13%
CoreHW	45	0	
Carrot	617	0	
Oscar Software	112	0	
Others	9	9	0%
Group in total	2,142	1,502	43%

Carrot's number of employees converted into full-time employees.

At the end of the review period, Panostaja Group employed a total of 2,142 persons, while the average number of personnel during the period was 1,976. During the review period, Panostaja continued to develop its personnel in line with its strategy.

INVESTMENTS AND FINANCE

During the review period, Panostaja has paid off all of the parent company's interest-bearing liabilities in the amount of MEUR 22.3 and made an agreement on a new MEUR 15.0 corporate acquisition limit. This limit can be used to take out three-year credit loans for the parent company to fund corporate acquisitions. The new corporate acquisition limit will replace the previous corporate acquisition limit.

The parent company's assets, financial securities and liquid fund units were MEUR 14.7. The parent company has the MEUR 15.0 limit for corporate acquisitions in its use. The parent company's interest-bearing loans were MEUR 0.0.

The Group's operating cash flow deteriorated and was MEUR 3.9 (MEUR 7.9). Liquidity remained good. The Group's liquid assets were MEUR 23.1 (October 31, 2017: MEUR 19.5) and interest-bearing net liabilities were MEUR 59.4 (October 31, 2017: MEUR 88.6). The net gearing ratio fell and was 69.3% (October 31, 2017: 137.5%). The decrease in net gearing ratio was primarily due to the divestment carried out in the first quarter. The Group's net financial expenses for the review period were MEUR -1.8 (MEUR -1.2), or 1.3% (1.2%) of net sales.

The Group's gross capital expenditure for the review period was MEUR 21.9 (MEUR 18.4), or 15.3% (17.7%) of net sales. Investments were mainly targeted at corporate acquisitions and equipment investments.

Financial position
MEUR

	July 31, 2018	July 31, 2017	October 31, 2017
Interest-bearing liabilities	87.9	86.8	111.6
Interest-bearing receivables	5.4	3.7	3.5
Cash and cash equivalents	23.1	12.2	19.5
Interest-bearing net liabilities	59.4	70.8	88.6
Equity (belonging to the parent company's shareholders as well as minority shareholders)	85.7	58.5	64.5
Gearing ratio, %	69.3	121.1	137.5
Equity ratio, %	41.1	33.1	28.8

GROUP STRUCTURE CHANGES

Oscar Software

Panostaja invested in Oscar Software Group Oy, a company providing SMEs with ERP systems and financial management services. After the trade, Panostaja will own 55% of the entity formed through the restructuring, while the company's management and key persons continue as the company's significant minority shareholders. Oscar Software Group Oy forms a new segment for Panostaja. Oscar Software's figures have been incorporated into the Panostaja Group as of May 1, 2018.

Carrot

Panostaja invested in the growth of the HR services sector by signing an agreement for the acquisition of the staffing, recruitment and outsourcing services provider Carrot Palvelut Oy on April 20, 2018. After the trade, Panostaja owns 63% of the entity formed through the restructuring. Carrot's balance sheet has been consolidated into Panostaja Group as of April 30, 2018 and the profit/loss have been consolidated as of May 1, 2018.

KotiSun

Panostaja sold the entire share capital of KotiSun Group Oy to the CapMan Buyout X fund managed by Capman, together with the other owners of KotiSun Group. The deal made Capman a majority shareholder in KotiSun Group, alongside Suomen Teollisuussijoitus Oy and Varma Mutual Pension Insurance Company.

SHARE PRICE DEVELOPMENT AND SHARE OWNERSHIP

Panostaja Oyj's share closing rate fluctuated between EUR 0.96 (lowest quotation) and EUR 1.21 (highest quotation) during the review period. During the review period, a total of 2,963,327 shares were exchanged, which amounts to 5.7% of the share capital. The July 2018 share closing rate was EUR 1.18. The market value of the company's share capital at the end of July 2018 was MEUR 61.5 (MEUR 44.2). At the end of July 2018, the company had 4,535 shareholders (3,991).

Development of share exchange	3Q/2018	3Q/2017	1-3Q/2018	1–3Q/2017	2017
Shares exchanged, 1,000 pcs	2,963	1,239	8,300	5,793	5,959
% of share capital	5.7	2.4	15.9	11.1	11.5

Share	July 31, 2018	July 31, 2017	October 31,
Shares in total, 1,000 pcs	52,533	52,533	52,533
Own shares, 1,000 pcs	400	484	471
Closing rate	1.18	0.85	0.91
Market value (MEUR)	61.5	44.2	47.5
Shareholders	4,535	3,991	4,095

ADMINISTRATION AND GENERAL MEETING

Panostaja Oyj's Annual General Meeting was held on February 1, 2018 in Tampere. The number of Board members was confirmed at five (5), and Jukka Ala-Mello, Eero Eriksson, Mikko Koskenkorva and Tarja Pääkkönen were re-elected to the Board for the term ending at the end of the next Annual General Meeting, and Kalle Reponen was accepted as a new member.

Auditing service network PricewaterhouseCoopers Oy and Authorized Public Accountant Markku Launis were elected as auditors for the period ending at the end of the next Annual General Meeting 2019. Auditing service network PricewaterhouseCoopers Oy has stated that Authorized Public Accountant Lauri Kallaskari will serve as the chief responsible public accountant.

The General Meeting confirmed the financial statements and consolidated financial statements presented for the financial year November 1, 2016–October 31, 2017 and resolved that the shareholders be paid EUR 0.04 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 granted exemption from liability to the members of the Board and to the CEO.

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

In addition, the Board was authorized to decide on the acquisition of the company's own shares in one or more installments so that the number of the company's own shares to be acquired may not exceed 5,200,000 in total, which corresponds to about 9.9% of the company's total share capital. By virtue of the authorization, the company's own shares may be obtained using unrestricted equity only. The company's own shares may be acquired at the date-of-acquisition price in public trading arranged by NASDAQ Helsinki Oy or otherwise at the prevailing market price. The Board of Directors will decide how the company's own shares are to be acquired. The company's own shares may be acquired while not following the proportion of ownership of the shareholders (directed acquisition). The authorization issued at the Annual General Meeting of January 31, 2017 to decide on the acquisition of the company's own shares is cancelled by this authorization. The authorization will remain valid until August 1, 2019.

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 52,533,110 in total.

The total number of own shares held by the company at the end of the review period was 400,280 (at the beginning of the financial period 470,512). The number of the company's own shares corresponded to 0.8% of the number of shares and votes at the end of the entire review period.

In accordance with the decisions by the General Meeting on January 31, 2017 and by the Board, Panostaja Oyj relinquished a total of 36,261 individual shares as share bonuses to the company management on December 15, 2017. On December 15, 2017, the company relinquished to the Board members a total of 13,333 shares as meeting compensation. In accordance with the Board decision of February 1, 2018, Panostaja relinquished a total of 10,638 shares on March 2, 2018, and a total of 10,000 shares on June 1, 2018, as meeting compensation.

EVENTS AFTER THE REVIEW PERIOD

MARKET PROSPECTS

Finland's economic development has remained strong and the foundation for economic growth is broad. During the review period, the positive development of the market situation has been most visible in those of our segments that serve construction, but the favorable developments have been evident on a larger scale as well. The short-term development of demand in the various segments has been evaluated in more detail in conjunction with the prospects for the 2018 financial period. The corporate acquisitions market remained generally active in the period under review, and the availability of new opportunities has been good. However, the long-term development of the economy and operating environment is somewhat uncertain as political tensions and economic cycles ripen as a result of stricter monetary policies.

MOST SIGNIFICANT NEAR-TERM BUSINESS RISKS AND RISK MANAGEMENT

Risk management is part of Panostaja Group's management and monitoring systems. Panostaja aims to identify and monitor changes in the business environment and general market situation of its investments, to react to them and to utilize the business opportunities that they present. Risks are classified as factors that may endanger or impede Panostaja or its investments from achieving strategic objectives, improvement in profit and the financial position or business continuity, or that may otherwise cause significant consequences for Panostaja, its owners, investments, personnel or other stakeholder groups. A more detailed report on Panostaja's risk management policy and the most significant risks was published in the 2017 annual report. Financial risks are discussed in greater detail in the Notes to the 2017 Financial Statements.

Market risks, general: General market risks are mainly tied to the continuing uncertainty resulting from Finland's economic situation and the global economic situation, political risks, changes in the price of raw

materials, and the financial market risks, as well as their potential impact on achieving the goals set for investments. The change in the financial markets and the tightening on credit issue may hamper the realization of corporate acquisitions and the availability of finance for working capital.

Market risks, industries of the investments: Economic trend expectations in the fields of existing business areas are strongly tied to the prospects of customer enterprises. The prospects of Panostaja's various investments vary from good to weak. Panostaja regularly assesses the risks for each investment and, based on the updated risk assessment, takes the necessary remedial action.

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

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

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

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

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

OUTLOOK FOR THE 2018 FINANCIAL PERIOD

The corporate acquisitions market remained generally active in the period under review, and the availability of new opportunities has been good. The need to exploit ownership arrangements and growth opportunities in SMEs will continue, and as our own activity complements the supply of possible acquisitions from outside, there are plenty of possibilities for corporate acquisitions on the market. Panostaja aims to implement its growth strategy by means of controlled acquisitions in current investments, and new potential investments are also being actively studied. Divestment possibilities will also continue to be assessed actively as part of the ownership strategies of the investment targets.

The demand situation for different investments is thought to develop in the short term as follows:

- The demand for Selog, Helakeskus, CoreHW, KL-Varaosat and Carrot will remain good. The demand for the new segment, Oscar Software, will remain good.
- The demand for Grano and Heatmasters will remain satisfactory
- Demand for Megaklinikka will remain weak

Panostaja Oyj

Board of Directors

For further information, contact CEO Juha Sarsama: tel. +358 (0)40 774 2099.

Panostaja Oyj

Juha Sarsama

CEO

All forecasts and assessments presented in this interim report bulletin are based on the current outlook of Panostaja and the views of the management of the various investments with regard to the state of the economy and its development. The results attained may be substantially different.

ACCOUNTING PRINCIPLES

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

The information in the interim report has not been audited.

INCOME STATEMENT

EUR 1,000	3 months 5/18-7/18	3 months 5/17–7/17	9 months 11/17-7/18	9 months 11/16-7/17	12 months 11/16-10/17
Net sales	52,265	34,473	143,093	104,337	150,718
Other operating income	577	198	2,723	457	985
Costs in total	51,411	33,087	140,723	102,723	148,794
Depreciations, amortizations and impairment	2,490	1,894	7,018	4,789	7,255
EBIT	1,432	1,583	5,093	2,071	2,909
Financial income and expenses	-674	-438	-1,842	-1,232	-1,984
Share of associated company profits	60	107	287	165	278
Profit before taxes	818	1,253	3,538	1,004	1,203
Income taxes	-312	-182	-1,324	-74	2,240
Profit/loss from continuing operations	506	1,071	2,214	930	3,443
Profit/loss from sold operations	0	774	26,511	3,041	5,057
Profit/loss from discontinued operations	0	0	0	-2,429	-1,646
Profit/loss for the financial period	506	1,845	28,725	1,542	6,853
Attributable to					
Shareholders of the parent company	0	811	26,722	-1,410	2,137
Minority shareholders	507	1,034	2,003	2,952	4,717
Earnings per share from continuing operations EUR, undiluted	0.000	0.001	0.004	-0.045	-0.031
Earnings per share from continuing operations EUR, diluted	0.000	0.001	0.004	-0.045	-0.031
Earnings per share from discontinued operations EUR, undiluted	0.000	0.015	0.509	0.012	0.065
Earnings per share from sold operations EUR, undiluted	0.000	0.015	0.509	0.012	0.065

Earnings per share from continuing and discontinued operations EUR, undiluted	0.000	0.016	0.513	-0.033	0.035
Earnings per share from continuing and discontinued operations EUR, diluted	0.000	0.016	0.513	-0.033	0.035
EXTENSIVE INCOME STATEMENT					
Items of the extensive income statement	506	1,845	28,725	1,542	6,853
Translation differences	-164	-36	-164	-36	-20
Extensive income statement for the period	342	1,809	28,561	1,506	6,833
Attributable to					
Shareholders of the parent company	-164	775	26,558	-1,446	2,117
Minority shareholders	507	1,034	2,003	2,952	4,717

BALANCE SHEET **EUR 1,000**	**July 31, 2018**	**July 31, 2017**	**October 31, 2017**
ASSETS			
Non-current assets			
Goodwill	97,804	81,266	94,714
Other intangible assets	15,129	10,140	13,485
Property, plant and equipment	18,659	17,697	23,234
Interests in associated companies	1,076	3,974	4,037
Deferred tax assets	6,750	7,568	11,328
Other non-current assets	9,032	7,441	6,772
Non-current assets total	**148,450**	**128,086**	**153,571**

Current assets			
Stocks	9,659	11,023	12,698
Trade and other receivables	28,012	25,836	38,418
Financial assets recorded at fair value through profit and loss	11,000	0	0
Cash and cash equivalents	12,116	12,240	19,466
Current assets total	60,787	49,099	**70,582**
ASSETS IN TOTAL	**209,239**	**177,184**	**224,154**
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders			
Share capital	5,569	5,569	5,569
Share premium account	4,646	4,646	4,646
Invested unrestricted equity fund	13,384	13,314	13,325
Translation difference	-268	-148	-157
Retained earnings	31,849	4,231	7,546
Total	55,181	27,613	30,929
Minority interest	30,523	30,877	33,522
Equity total	**85,703**	**58,490**	**64,451**
Liabilities			
Imputed tax liabilities	8,026	2,995	4,621
Non-current liabilities	74,555	78,681	94,034
Current liabilities	40,955	37,018	61,047
Liabilities total	**123,536**	**118,695**	**159,702**
EQUITY AND LIABILITIES IN TOTAL	**209,239**	**177,184**	**224,154**

CASH FLOW STATEMENT

EUR 1,000	July 31, 2018	July 31, 2017	October 31, 2017
Operating net cash flow	3,949	7,883	15,626
Investment net cash flow	17,399	-17,151	-35,516
Loans drawn	12,348	11,645	39,987
Loans repaid	-29,678	-12,183	-23,759
Share issue	3,186	1,200	3,090
Disposal of own shares	59	54	61
Dividends paid and capital repayments	-3,602	-5,785	-6,595
Finance net cash flow	-17,691	-5,069	12,785
Change in cash flows	3,657	-14,337	-7,105

EQUITY

EUR 1,000	Share capital	Premium fund	Invested unrestricted equity fund	Translation differences	Retained earnings	Other funds	Minority shareholders' interest	Total
Equity November 1, 2016	5,569	4,646	13,260	-124	9,277	7,390	31,128	71,145
Profit for the financial period					-1,410		2,952	1,542
Profit and costs recorded during the financial period, total					-1,410		2,952	1,542
Dividends paid					-2,081			-2,081
Dividends paid for minority shareholders							-3,378	-3,378
Repayment of capital							-558	-558
Interest on equity convertible loan					-731			-731
Disposal of own shares				54				54
Reward scheme					11			11
Translation differences				-24	-12			-36
Other changes					69	-7,390		-7,321
Share of minority shareholders resulted from the acquisition of subsidiaries					-61		-54	-115
Selling of shares of subsidiaries owned that have not resulted in loss of controlling interest					223		969	1,192
Acquisitions of minority shareholdings					-1,054		-783	-1,837

Other changes in equity, total			54	-24	-3,636	-7,390	-3,202	-14,198
July 31, 2017	5,569	4,646	13,314	-148	4,231	0	30,878	58,490
Equity November 1, 2017	5,569	4,646	13,325	-157	7,546	0	33,523	64,451
Profit for the financial period					26,722		2,003	28,725
Profit and costs recorded during the financial period, total					26,722		2,003	28,725
Share issue								
Dividends paid					-2,084			-2,084
Dividends paid for minority shareholders							-1,484	-1,484
Capital repayment								
Interest on equity convertible loan								
Disposal of own shares			59					59
Reward scheme					11			11
Translation differences				-111	-53			-164
Other changes					48			48
Share of minority shareholders resulted from the acquisition of subsidiaries							3,179	3,179
Selling of shares of subsidiaries owned resulting in loss of controlling interest							-5,829	-5,829
Acquisitions of minority shareholdings					-341		-869	-1,210
Other changes in equity, total			59	-111	-2,419		-5,003	-7,474
Equity July 31, 2018	5,569	4,646	13,384	-268	31,848	0	30,523	85,703

KEY FIGURES

	July 31, 2018	July 31, 2017	October 31, 2017
EBIT, MEUR	5,093	2,071	2,909
Equity per share (EUR)	1.06	0.53	0.59
Earnings per share, undiluted (EUR)	0.51	-0.03	0.03
Earnings per share, diluted (EUR)	0.51	-0.03	0.03
Average number of outstanding shares during financial period, 1,000 pcs.	52,117	52,195	52,082
Number of shares at end of financial period, 1,000 pcs.	52,533	52,533	52,533
Number of shares, 1,000 pcs, on average, diluted	52,117	52,195	52,118
Return on equity, %	51.0%	3.2%	10.1%
Return on investment, %	24.2%	4.8%	4.9%
Gross capital expenditure In permanent assets, MEUR	21.9	18.4	39.0
% of net sales	15.3%	17.7%	25.8%
Interest-bearing liabilities, MEUR	87.9	86.8	111.6
Interest-bearing net liabilities, MEUR	59.4	70.8	88.6
Equity ratio, %	41.1	33.1	28.8
Average number of employees	1,976	1,468	1,622

Key figures provide a brief overview of the business development and financial position of a company. Formulae for calculating key figures have been presented in the financial statement of the financial period 2017. The terms ‘operating profit’ and ‘EBIT’ are used to refer to the same thing. Reconciliation of interest-bearing liabilities and interest-bearing net liabilities is presented at the end of this bulletin.

ACQUIRED BUSINESSES

Acquisition cost calculation Oscar Software

On May 8, 2018, Panostaja Oyj announced that it had signed an agreement for the purchase of Oscar Software Group Oy, a company providing ERP systems and financial management services. After the trade, Panostaja will own 55% of the entity formed through the restructuring.

The value of the company's entire share capital (100%) is approx. MEUR 9.1. Based on an acquisition cost calculation, the fair value of the net assets acquired is MEUR 2.0, resulting in a goodwill of MEUR 7.1. The fair values of MEUR 2.1 recorded for the consolidation were related to customer relationships and technology. Oscar Software's figures have been consolidated with those of the Panostaja Group as of May 1, 2018.

Consideration given MEUR

Consideration paid	9.1
Conditional consideration	0.0
Consideration in total	**9.1**
Acquired assets and liabilities	
Permanent assets	0.6
Customer relationships and technology	2.1
Machinery and equipment	0.1
Stocks	0.0
Current receivables	1.5
Cash and cash at bank	0.9
Total assets	**5.2**
Non-current liabilities	0.3
Current liabilities	2.5
Deferred tax liabilities	0.4
Total liabilities	**3.2**
Net assets	2.0
Goodwill	**7.1**

Acquisition cost calculation Carrot

On April 20, 2018, Panostaja Oyj announced that it had signed an agreement on the acquisition of the share capital of Carrot Palvelut Oy, a company providing staffing, recruitment and outsourcing services. After the trade, Panostaja owns 63% of the entity formed through the restructuring.

The value of the company's entire share capital (100%) is approx. MEUR 6.55. Based on an acquisition cost calculation, the fair value of the net assets acquired is MEUR -1.3, resulting in a goodwill of MEUR 7.9.

The fair values of MEUR 1.3 recorded for the consolidation were related to customer relationships. Carrot's balance sheet has been consolidated into Panostaja Group as of April 30, 2018 and the profit/loss will be consolidated as of May 1, 2018.

Consideration given MEUR

Consideration paid	6.6
Conditional consideration	0.0
Consideration in total	**6.6**
Acquired assets and liabilities	
Permanent assets	0.0
Customer relationships	1.3
Machinery and equipment	0.1
Stocks	0.0
Current receivables	3.4
Cash and cash at bank	0.6
Total assets	**5.4**
Non-current liabilities	0.9
Current liabilities	5.5
Deferred tax liabilities	0.3
Total liabilities	**6.7**
Net assets	-1.3
Goodwill	**7.9**

GROUP DEVELOPMENT BY QUARTER
MEUR

MEUR	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17	Q4/16
Net sales	52.3	45.9	44.9	46.4	34.5	36.2	37.6	43.8
Other operating income	0.6	0.5	1.7	0.5	0.2	0.1	0.5	0.2
Costs in total	51.4	44.4	44.9	46.1	33.1	34.8	36.5	41.1
Depreciations, amortizations and impairment	2.5	2.3	2.2	2.5	1.9	1.5	1.6	1.8
EBIT	1.4	1.9	1.7	0.8	1.6	1.5	1.5	2.9
Finance items	-0.7	-0.6	-0.6	-0.8	-0.4	-0.4	-0.6	-0.4
Share of associated company profits	0.1	0.2	0.0	0.1	0.1	0.0	0.0	0.0
Profit before taxes	0.8	1.6	1.2	0.2	1.3	1.1	0.9	2.5
Taxes	-0.3	-0.5	-0.5	2.3	-0.2	0.1	-0.6	0.9
Profit from continuing operations	0.5	1.1	0.6	2.5	1.1	1.2	0.3	3.4
Profit/loss from sold operations	0.0	0.0	26.5	2.0	0.8	1.0	1.6	0.0
Profit/loss from discontinued operations	0.0	0.0	0.0	0.8	0.0	-2.1	-0.2	-0.4
Profit for the financial period	0.5	1.1	27.2	5.3	1.8	0.2	1.6	3.1
Minority interest	0.5	0.9	0.6	1.8	1.0	1.6	1.3	1.4
Parent company shareholder interest	0.0	0.2	26.5	3.5	0.8	-1.4	0.4	1.7

GUARANTEES GIVEN

	July 31, 2018	July 31, 2017	October 31, 2017
Guarantees given on behalf of Group companies			
Enterprise mortgages	75,703	78,885	82,642
Pledges given	130,531	130,592	137,420
Other liabilities	6,366	16,048	18,234
Other rental agreements			

In one year	10,935	7,223	10,246
In over one year but within five years maximum	23,462	12,750	22,215
In over five years	1,984	1,354	2,651
Total	36,380	21,328	35,112

SEGMENT INFORMATION

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

NET SALES EUR 1,000	11/17-7/18	11/16–7/17	11/16-10/17
Grano	100,881	71,762	105,345
KL-Varaosat	10,631	9,894	13,540
Selog	6,823	7,954	10,764
Helakeskus	6,030	6,659	8,912
Megaklinikka	4,049	4,616	5,964
Heatmasters	3,496	3,506	5,300
CoreHW	2,519	0	994
Carrot	6,665	0	0
Oscar Software	2,145	0	0
Others	0	0	0
Eliminations	-146	-54	-100
Group in total	143,093	104,337	150,718

EBIT EUR 1,000	11/17-7/18	11/16–7/17	11/16-10/17
Grano	5,786	4,405	6,299

KL-Varaosat	899	720	1,045
Selog	441	549	805
Helakeskus	153	387	546
Megaklinikka	-130	-1,460	-1,644
Heatmasters	56	-252	-202
CoreHW	-622	0	25
Carrot	-210	0	0
Oscar Software	-7	0	
Others	-1,272	-2,278	-3,964
Group in total	5,093	2,071	2,909

DEPRECIATIONS

EUR 1,000	11/17-7/18	11/16–7/17	11/16-10/17
Grano	-6,033	-3,794	-5,916
KL-Varaosat	-44	-73	-100
Selog	-30	-153	-200
Helakeskus	-14	-55	-73
Megaklinikka	-333	-503	-640
Heatmasters	-143	-157	-220
CoreHW	-199	0	-34
Carrot	-94	0	0
Oscar Software	-78	0	
Others	-50	-54	-72
Group in total	-7,018	-4,789	-7,255

INTEREST-BEARING NET LIABILITIES

EUR 1,000	July 31, 2018	July 31, 2017	October 31, 2017
Grano	59,571	41,894	55,830
KL-Varaosat	1	874	572
Selog	938	265	-43
Helakeskus	5,374	5,785	5,534
Megaklinikka	5,922	5,443	5,854
Heatmasters	728	882	868
CoreHW	3,136	-3	2,296
Carrot	5,258	0	0
Oscar Software	5,324	0	
Parent company	-26,904	6,367	7,769
Others	83	9,337	9,944
Group in total	59,433	70,845	88,623

The interest-bearing net liabilities for operations sold and discontinued in the reference period are presented in the row Others.

SEGMENT INFORMATION BY QUARTER NET SALES, MEUR	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17	Q4/16
Grano	32.1	34.8	34.0	33.6	23.1	25.4	23.3	22.8
KL-Varaosat	3.7	3.5	3.4	3.6	3.5	3.2	3.2	3.4
Selog	2.5	2.4	1.9	2.8	2.9	2.4	2.6	2.7
Helakeskus	1.9	2.2	1.9	2.3	2.2	2.4	2.1	2.4
Megaklinikka	1.3	1.3	1.4	1.3	1.6	1.6	1.4	1.3
Heatmasters	1.3	1.1	1.0	1.8	1.3	1.3	0.9	1.3
CoreHW	0.7	0.5	1.3	1.0	0.0	0.0	0.0	0.0
Carrot	6.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oscar Software	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Eliminations	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	9.8
Group in total	52.3	45.9	44.9	46.4	34.5	36.2	33.7	43.8

SEGMENT INFORMATION BY QUARTER EBIT, MEUR	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17	Q4/16
Grano	1.8	2.9	1.1	1.9	1.4	2.4	0.6	1.9
KL-Varaosat	0.4	0.3	0.2	0.3	0.3	0.2	0.2	0.4
Selog	0.2	0.2	0.0	0.3	0.3	0.1	0.1	0.2
Helakeskus	0.1	0.1	0.0	0.2	0.2	0.2	0.0	0.2
Megaklinikka	0.1	0.0	-0.2	-0.2	0.0	-0.6	-0.8	-0.6
Heatmasters	0.2	-0.1	-0.1	0.0	0.0	0.0	-0.3	-0.3
CoreHW	-0.1	-0.5	0.1	0.0	0.0	0.0	0.0	0.0
Carrot	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oscar Software	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	-1.0	-0.8	0.6	-1.7	-0.7	-0.8	-0.8	1.2
Group in total	1.4	1.9	1.7	0.8	1.6	1.5	-1.0	2.9

Reconciliation of key figures – interest-bearing liabilities and interest-bearing net liabilities	**July 31, 2018**	**July 31, 2017**	**October 31, 2017**
Liabilities total	123.5	118.7	159.7
Non-interest-bearing liabilities	35.6	31.9	48.1
Interest-bearing liabilities	87.9	86.8	111.6
Trade and other receivables	28.0	25.8	38.4
Non-interest-bearing receivables	22.7	23.4	34.9
Interest-bearing receivables	5.4	3.7	3.5
Interest-bearing liabilities	87.9	86.8	111.6
Interest-bearing receivables	5.4	3.7	3.5
Cash and cash equivalents	23.1	12.2	19.5
Interest-bearing net liabilities	59.4	70.8	88.6

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

Panostaja has a majority holding in nine investment targets. Grano Oy is the most versatile expert of content services in Finland. Heatmasters Group offers heat treatment services for metals in Finland and internationally, as well as produces, develops and markets heat treatment technology. KL-Varaosat is an importer, wholesale dealer and retailer of original spare parts and supplies for Mercedes Benz, BMW and Volvo cars. Megaklinikka Oy is a company providing health care services and the ERP system for healthcare providers. Suomen Helakeskus Oy is a major wholesaler of furniture fittings in Finland. Selog Oy is a specialty supplier and wholesaler of ceiling materials. CoreHW provides high-added value RF IC design services Carrot provides staffing, recruitment and outsourcing services. Oscar Software provides ERP systems and financial management services.