

panostaja

Q2 HALF-YEAR REPORT 6 JUNE 2019

NOVEMBER 2018–APRIL 2019



PANOSTAJA OYJ INTERIM REPORT

Corporate trade arrangements continued with the divestment of KL-Varaosat

February 1, 2019–April 30, 2019 (3 months)

- Net sales increased in four of the nine business segments. Overall, the Group's net sales for the review period increased by 14% to MEUR 52.4 (MEUR 45.9).
- EBIT improved in three of the nine segments, and the entire Group's EBIT improved by 8% from the reference period, standing at MEUR 2.1 (MEUR 1.9).
- Earnings per share (undiluted) were 0.2 cents (0.4 cents)
- Grano's net sales for the review period were nearly at the previous year's level. EBIT totaled MEUR 2.5, which was MEUR 0.3 lower than the reference period. The profit/loss for the reference period includes MEUR 0.4 in profits from the sale of fixed assets.
- After the review period, an agreement was made on the sale of KL-Varaosat to Oy Kaha Ab.

November 1, 2018–April 30, 2019 (6 months)

- Net sales increased in four of the nine business segments. Overall, the Group's net sales for the review period increased by 13% to MEUR 102.8 (MEUR 90.8).
- EBIT for the entire Group improved in five of the nine segments, but EBIT for the entire Group weakened from MEUR 3.7 to MEUR 2.4.
- Earnings per share (undiluted) were 0.1 cents (51.3 cents)

CEO Tapio Tommila: Corporate trade arrangements continued with the divestment of KL-Varaosat

After the end of the review period, we made an agreement on selling the majority of KL-Parts Oy's share capital to Oy Kaha Ab. Panostaja's shareholding in KL-Parts Oy was 75%, and the deal involved Panostaja divesting its entire holding. KL-Varaosat has been owned by Panostaja since 2007. During Panostaja's ownership, the company's operations have been expanded to new geographical areas, new premium car brands have been added to the selection and concerted efforts have been made to develop the service concept. During Panostaja's ownership, the company has tripled its net sales and EBIT and exhibited excellent development in shareholder value. Now was the right time to divest and help the company reach the next phase of its growth with a new owner. Panostaja Group will record about MEUR 2.7 in sales profit before taxes for the deal in the third quarter of the financial period.

Over the course of the review period, the total net sales of all segments increased by 14% and EBIT improved slightly over the reference period to MEUR 2.1, mainly as a result of segments acquired in the previous financial period. Although net sales and profitability in the second quarter developed better than during the early part of the financial period, the development was still partially weaker than expected. As regards Carrot, the personnel changes continued to have a significant impact on the development of net sales. The company's management is currently driving changes to ensure an upward turn, with the support of the updated organization. Changes in roster and the competitive situation also weighed down

Selog's net sales in the review period. Due to the situation, the company is currently making active investments in developing its own sales. We will monitor the actualization of the upward turn in net sales carefully in these companies. The business operations of CoreHW, in turn, developed extremely well during the review period. The company completed two important customer projects, which increased net sales significantly compared to the review period. At the same time, the company's net sales climbed to a clearly positive level.

At Grano, the measures to take advantage of the opportunities and scale benefits provided by the various product areas have progressed despite the upcoming CEO replacement. Grano is currently updating its operating model and organizational structure to bolster business development and manageability. The core efforts involve establishing two business units with the primary task of managing and developing Grano's business operations in a more market-oriented manner and shouldering the responsibility for Grano's offering. The entire production will also be centralized under the responsibility of a single unit to achieve better scale benefits. This restructuring of the operating model is a very important step in terms of supporting the company's profitability development and growth.

The corporate acquisitions market remained active in the period under review, and the availability of new opportunities has been high. The markets still provide opportunities for both new acquisitions and divestments.

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 34.5, which is nearly at the level of the reference period. Grano's EBIT for the second quarter stood at MEUR 2.5, which is a decrease of MEUR 0.3 from the reference period. The profit/loss for the reference period includes MEUR 0.4 in profits from the sale of fixed assets.

In terms of specific product areas, development in the second quarter continued largely the same as early in the year: the development of the offset and digital printing business was mostly as expected, but the anticipated growth was not achieved for large print products and the illuminated advertisement business. In construction services, the demand for paper prints continued its decline, but sales for the SokoPro media bank kept growing. The demand for marketing logistics services was also at a good level. In addition to this, direct marketing services grew but the targeted growth was not achieved for other digital services during the review period.

The expenditures for the review period were at the level of the reference period. The company conducted a reorganization in the spring in order to develop operations and leverage scale benefits. On April 15, 2019, Panostaja announced that Grano's current CEO Mikko Moilanen has resigned from his position to become the CEO of Revenio Group Oyj. Moilanen will continue as CEO up to October 11, 2019 or until his successor assumes the position. The search for the new CEO is under way, and the restructuring efforts will continue under the new leader.

MEUR	3 months	3 months	6 months	6 months	12 months
	2/19-4/19	2/18-4/18	11/18-4/19	11/17-4/18	11/17-10/18
Net sales, MEUR	34.5	34.8	66.7	68.8	136.6
EBIT, MEUR	2.5	2.9	2.2	4.0	8.4
Interest-bearing net liabilities	54.9	60.9	54.9	60.9	59.1
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 3.6, growth from the corresponding period being 4%. The growth was accelerated by the new Lahti facility opened in December. EBIT for the review period remained below the reference period, standing at MEUR 0.2. The costs of the new facility and investments in digital business were a partial encumbrance to profit/loss.

After the review period, an agreement was made on the sale of KL-Varaosat to Oy Kaha Ab.

MEUR	3 months	3 months	6 months	6 months	12 months
	2/19-4/19	2/18-4/18	11/18-4/19	11/17-4/18	11/17-10/18
Net sales, MEUR	3.6	3.5	7.2	6.9	14.4
EBIT, MEUR	0.2	0.3	0.3	0.5	1.2
Interest-bearing net liabilities	0.0	0.2	0.0	0.2	-0.3
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 1.6, which was a decrease of MEUR 0.8 from the reference period. Due to the low net sales, EBIT was MEUR 0.0, which is MEUR 0.2 less than in the reference period.

The company's net sales for the second quarter were lower than expected. The demand was lower than anticipated in late winter, but signs of recovery could be seen in April. The tightened competitive situation has been a significant reason for the poorer development in net sales. However, the short-term market prospects remain good and the stalling of construction activities has not yet begun to have a significant impact on the ceiling market.

MEUR	3 months	3 months	6 months	6 months	12 months
	2/19-4/19	2/18-4/18	11/18-4/19	11/17-4/18	11/17-10/18
Net sales, MEUR	1.6	2.4	3.4	4.3	9.4
EBIT, MEUR	0.0	0.2	0.0	0.2	0.8
Interest-bearing net liabilities	0.7	1.1	0.7	1.1	0.9
Panostaja's holding	100.0%				

Helakeskus

Helakeskus is a major wholesaler of furniture fittings in Finland

Helakeskus' net sales for the review period were 7% less than in the reference period, standing at MEUR 2.1. EBIT stood at MEUR 0.1, which was at the level of the reference period.

February and March were slower than expected, but sales picked up in April, in comparison to the early parts of the year. Market demand remained at a good level. However, there is significant variation in the work situation among customers and competition remains fierce between fitting suppliers.

Plenty of new buildings are still being constructed, particularly in growth centers, but there are already signs of a decline. In the short term, no significant changes in the market outlook are expected.

MEUR	3 months	3 months	6 months	6 months	12 months
	2/19-4/19	2/18-4/18	11/18-4/19	11/17-4/18	11/17-10/18
Net sales, MEUR	2.1	2.2	4.0	4.1	8.2
EBIT, MEUR	0.1	0.1	0.2	0.1	-2.7

Interest-bearing net liabilities	4.6	5.5	4.6	5.5	4.9
Panostaja's holding	100.0%				

Hygga



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

Hygga's net sales of MEUR 1.2 for the review period were MEUR 0.1 below the level of the reference period. EBIT stood at MEUR 0.0, which was at the level of the reference period.

In terms of clinic business, there have been no significant changes in the market situation. However, improvements have been made since the dire situation at the beginning of the year and some signs of recovery are in sight. Adaptation measures have been carried out with regard to the clinic business to ensure the profitability of the operations.

As regards the licensing business, the competition on the domestic market remains fierce, which creates pressure in terms of pricing. However, one new significant win in a competitive bidding process was achieved during the review period, which supports the company's growth in the domestic markets. Similarly, the cooperation successfully initiated in Sweden with the municipal oral health care unit of Luleå has increased interest in the solution among other Swedish municipal bodies.

MEUR	3 months	3 months	6 months	6 months	12 months
	2/19-4/19	2/18-4/18	11/18-4/19	11/17-4/18	11/17-10/18
Net sales, MEUR	1.2	1.3	2.4	2.7	5.4
EBIT, MEUR	0.0	0.0	-0.1	-0.2	-0.2
Interest-bearing net liabilities	6.1	6.0	6.1	6.0	6.1
Panostaja's holding	79.8%				

Heatmasters

Heatmasters offers metal heat treatment services and technology



Heatmasters' MEUR 0.8 in net sales in the review period was below the reference period level. Due to the low net sales, the profit/loss for the review period stood at MEUR 0.0, which was still higher than in the reference period thanks to improved operational efficiency and adaptive measures.

The second quarter in its entirety was slow, but the summer season brought an uptick in May. An important furnace deal for Saudi-Arabia was also completed during the review period. The project will be carried out over the course of 2019.

The short-term market prospects are good, and the long-term outlook has also been confirmed to be promising, thanks to new power plant construction projects being initiated.

During the review period, the company's occupational safety management system was updated with a new ISO45001 system.

MEUR	3 months	3 months	6 months	6 months	12 months
	2/19-4/19	2/18-4/18	11/18-4/19	11/17-4/18	11/17-10/18
Net sales, MEUR	0.8	1.1	1.6	2.2	4.8
EBIT, MEUR	0.0	-0.1	-0.1	-0.2	0.2
Interest-bearing net liabilities	0.5	0.7	0.5	0.7	0.4
Panostaja's holding	80.0%				

CoreHW

CoreHW provides high added value RF IC design services



The company's net sales in the financial period were MEUR 1.5, which was MEUR 1.0 more than in the reference period. The increase in net sales pushed EBIT well into the green to MEUR 0.2 (MEUR -0.5).

During the review period, the company completed two customer projects, which increased the net sales and profit to a good level. Several other customer projects are currently under way and new projects are being negotiated. The profit/loss for the review period is partially encumbered by the sales and marketing investments in the company's first proprietary product, the CoreHW RABBIT antenna switch for indoor positioning.

The market demand for CoreHW's design services is very good. In addition to this, the short-term market prospects remain good and no dramatic changes are in sight.

MEUR	3 months	3 months	6 months	6 months	12 months
	2/19-4/19	2/18-4/18	11/18-4/19	11/17-4/18	11/17-10/18

Net sales, MEUR	1.5	0.5	2.5	1.8	3.7
EBIT, MEUR	0.2	-0.5	-0.1	-0.5	-0.6
Interest-bearing net liabilities	3.3	2.6	3.3	2.6	3.5
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 4.6 while its EBIT was MEUR -0.2. Carrot's profit/loss was consolidated into Panostaja Group's figures as of May 1, 2018, which is why no reference information is yet available.

During the review period, the poorer-than-expected growth was partially the result of changes in the company's organization, operating models and operating processes early in the year. The implementation of the changes was slower than expected, and the management is currently taking measures to reverse the development, with support from the updated organization. The specified development projects are also supported and monitored actively.

The market demand and short-term market prospects remained good during the review period.

MEUR	3 months	3 months	6 months	6 months	12 months
	2/19-4/19	2/18-4/18	11/18-4/19	11/17-4/18	11/17-10/18
Net sales, MEUR	4.6		9.9		13.0
EBIT, MEUR	-0.2		-0.6		-0.1
Interest-bearing net liabilities	5.2		5.2		4.1
Panostaja's holding	74.1%				

Oscar Software

Oscar Software provides ERP systems and financial management services



Oscar Software's net sales for the review period stood at MEUR 2.6 while its EBIT was MEUR 0.1. 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.

Generally speaking, the market demand has been good. Sales have been busier than in the previous quarter with regard to both new and current customers. The short-term prospects remain good since the demand for ERP solutions and financial outsourcing services continue to be favorable. The company has increased its number of tenders submitted and found many interesting prospective customers.

MEUR	3 months	3 months	6 months	6 months	12 months
	2/19-4/19	2/18-4/18	11/18-4/19	11/17-4/18	11/17-10/18
Net sales, MEUR	2.6		5.1		4.4
EBIT, MEUR	0.1		0.2		0.1
Interest-bearing net liabilities	4.5		4.5		5.1
Panostaja's holding	55.0%				

FINANCIAL DEVELOPMENT November 1, 2018–April 30, 2019

MEUR

	Q2	Q2	6 months	6 months	12 months
	2/19– 4/19	2/18- 4/18	11/18– 4/19	11/17– 4/18	11/17– 10/18
Net sales, MEUR	52.4	45.9	102.8	90.8	199.7
EBIT, MEUR	2.1	1.9	2.4	3.7	5.3
Profit before taxes, MEUR	1.6	1.6	1.5	2.7	2.7
Profit/loss for the financial period, MEUR	1.1	1.1	0.4	28.2	27.1
Earnings per share, undiluted (EUR)	0.00	0.00	0.00	0.51	0.46
Equity per share (EUR)	0.96	1.06	0.96	1.06	1.02
Operating cash flow (MEUR)	2.9	1.2	4.2	0.3	8.2

FEBRUARY 2019–APRIL 2019

Net sales for the review period increased by 14% and were MEUR 52.4 (MEUR 45.9). The impact of the corporate acquisitions on the MEUR 6.6 growth in net sales stood at MEUR 7.2. Exports amounted to MEUR 2.0, or 3.8% (MEUR 1.1, or 3.2%), of net sales. Net sales increased in four of the nine business segments.

EBIT improved to MEUR 2.1 (MEUR 1.9). EBIT improved in three of the nine investment targets. 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 1.1 (MEUR 1.1).

NOVEMBER 2018–APRIL 2019

Net sales for the review period increased by 13% and were MEUR 102.8 (MEUR 90.8). The impact of the corporate acquisitions on the MEUR 12 growth in net sales stood at MEUR 15. Exports amounted to MEUR 3.4, or 3.3% (MEUR 2.9, or 2.4%), of net sales. Net sales increased in four of the nine business segments.

EBIT decreased to MEUR 2.4 from MEUR 3.7. EBIT improved in five of the nine segments. The development of net sales and EBIT for each of our investments has been commented on separately.

Panostaja sold its shareholding in the Ecosir Group during the review period. Panostaja recorded a profit of MEUR 1.6 before taxes for the sale.

The profit for the review period was MEUR 0.4 (MEUR 28.2). The sale of KotiSun at MEUR 26.5 was recorded in the profit/loss for business operations sold in the reference period.

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, standing at MEUR 26.5.

Division of the net sales by segment MEUR

	Q2	Q2	6 months	6 months	12 months
	2/19–	2/18–	11/18–	11/17–	11/17–
	4/19	4/18	4/19	4/18	10/18
Net sales					
Grano	34.5	34.8	66.7	68.8	136.6
KL-Varaosat	3.6	3.5	7.2	6.9	14.4
Selog	1.6	2.4	3.4	4.3	9.4
Helakeskus	2.1	2.2	4.0	4.1	8.2
Hygga	1.2	1.3	2.4	2.7	5.4
Heatmasters	0.8	1.1	1.6	2.2	4.8
CoreHW	1.5	0.5	2.5	1.8	3.7

Carrot	4.6	0.0	9.9	0.0	13.0
Oscar Software	2.6	0.0	5.1	0.0	4.4
Others	0.0	0.0	0.0	0.0	0.0
Eliminations	-0.1	0.0	-0.1	0.0	-0.2
Group in total	52.4	45.9	102.8	90.8	199.7

Division of EBIT by segment

MEUR	Q2	Q2	6 months	6 months	12 months
EBIT	2/19–	2/18–	11/18–	11/17–	11/17–
	4/19	4/18	4/19	4/18	10/18
Grano	2.5	2.9	2.2	4.0	8.4
KL-Varaosat	0.2	0.3	0.3	0.5	1.2
Selog	0.0	0.2	0.0	0.2	0.8
Helakeskus	0.1	0.1	0.2	0.1	-2.7
Hygga	0.0	0.0	-0.1	-0.2	-0.2
Heatmasters	0.0	-0.1	-0.1	-0.2	0.2
CoreHW	0.2	-0.5	-0.1	-0.5	-0.6
Carrot	-0.2	0.0	-0.6	0.0	-0.1
Oscar Software	0.1	0.0	0.2	0.0	0.1
Others	-0.7	-0.8	0.3	-0.3	-1.8
Group in total	2.1	1.9	2.4	3.7	5.3

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

Early in the financial year, Panostaja acquired a significant minority shareholding in Gugguu Oy, a company manufacturing ecological high-quality children's clothing, and sold its holding in Ecosir Group.

In the review period, two associated companies, Gugguu 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 0.1 (MEUR 0.2 in the reference period, including the profit/loss impact of Ecosir Group), which is presented on a separate row under the EBIT in the consolidated income statement.

PERSONNEL

	April 30, 2019	April 30, 2018	Change
Average number of employees	2,005	1,582	27%
Employees at the end of the review period	1,967	1,353	45%

Employees in each segment at the end of the review period

	April 30, 2019	April 30, 2018	Change
Grano	1,108	1,096	1%
KL-Varaosat	59	51	16%
Selog	14	14	0%
Helakeskus	18	23	-22%
Hygga	62	75	-17%
Heatmasters	38	41	-7%
CoreHW	50	44	14%
Carrot	478	0	
Oscar Software	129	0	
Others	11	9	22%
Group in total	1,967	1,353	45%

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

At the end of the review period, Panostaja Group employed a total of 1,967 persons, while the average number of personnel during the period was 2,005. During the review period, Panostaja continued to develop its personnel in line with its strategy.

INVESTMENTS AND FINANCE

The parent company's assets, financial securities and liquid fund units were MEUR 9.1. 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 improved and was MEUR 4.2 (MEUR 0.3). Liquidity remained good. The Group's liquid assets were MEUR 15.7 (October 31, 2018: MEUR 19.3) and interest-bearing net liabilities were MEUR 58.8 (October 31, 2018: MEUR 58.1). Gearing ratio increased and was 73.3% (October 31,

2018: 69.0%). The Group's net financial expenses for the review period were MEUR -0.9 (MEUR -1.2), or 0.9% (1.3%) of net sales.

The Group's gross capital expenditure for the review period was MEUR 3.7 (MEUR 10.2), or 3.6% (11.2%) of net sales. Investments were mainly targeted at the acquisition of an associated company and equipment investments.

Financial position MEUR

	April 30, 2019	April 30, 2018	October 31, 2018
Interest-bearing liabilities	79.5	104.5	82.5
Interest-bearing receivables	5.0	4.2	5.1
Cash and cash equivalents	15.7	47.5	19.3
Interest-bearing net liabilities	58.8	52.8	58.1
Equity (belonging to the parent company's shareholders as well as minority shareholders)	80.3	83.5	84.2
Gearing ratio, %	73.3	63.2	69.0
Equity ratio, %	41.1	36.6	40.4

GROUP STRUCTURE CHANGES

There were no changes to the Group structure during the review period.

SHARE PRICE DEVELOPMENT AND SHARE OWNERSHIP

Panostaja Oyj's share closing rate fluctuated between EUR 0.90 (lowest quotation) and EUR 1.10 (highest quotation) during the review period. During the review period, a total of 1,102,862 shares were exchanged, which amounts to 2.1% of the share capital. The share closing rate of April 2019 was EUR 0.92. The market value of the company's share capital at the end of April 2019 was MEUR 48.1 (MEUR 50.4). At the end of April 2019, the company had 4,448 shareholders (4,364).

Development of share exchange	2Q/2019	2Q/2018	1-2Q/2019	1-2Q/2018	2018
Shares exchanged, 1,000 pcs	1,103	1,583	3,090	5,337	9,375

% of share capital	2.1	3.0	5.9	10.2	18.0
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Share	April 30, 2019	April 30, 2018	October 31, 2017
Shares in total, 1,000 pcs	52,533	52,533	52,533
Own shares, 1,000 pcs	218	410	391
Closing rate	0.92	0.96	1.00
Market value (MEUR)	48.1	50.4	52.1
Shareholders	4,448	4,364	4,487

ADMINISTRATION AND GENERAL MEETING

Panostaja Oyj's Annual General Meeting was held on January 31, 2019 in Tampere. The number of Board members was confirmed at five (5), and Jukka Ala-Mello, Eero Eriksson, Mikko Koskenkorva, Tarja Pääkkönen and Kalle Reponen were re-elected to the Board for the term ending at the end of the next Annual General Meeting.

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 2020. 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, 2017–October 31, 2018 and resolved that the shareholders be paid EUR 0.05 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 February 1, 2018 to decide on the acquisition of the company's own shares is cancelled by this authorization. The authorization remains valid until July 31, 2020.

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 217,859 (at the beginning of the financial period 390,756). The number of the company's own shares corresponded to 0.4% 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 1, 2018, Panostaja Oy relinquished a total of 152,371 individual shares as share bonuses to the company management on December 15, 2018. On December 15, 2018, the company relinquished to the Board members a total of 10,000 shares as meeting compensation. In accordance with the General Meeting's decision of January 31, 2019 and the Board's decision, Panostaja relinquished a total of 10,526 shares on March 8, 2018 as meeting compensation.

EVENTS AFTER THE REVIEW PERIOD

After the review period, Panostaja has, together with the other owners of KL-Parts Oy, signed an agreement on selling the majority of KL-Parts Oy's share capital to Oy Kaha Ab. Panostaja's shareholding in KL-Parts Oy was 75%, and the deal involves Panostaja divesting its entire holding. The total debt-free sale price of the shares sold is estimated to be MEUR 6.4, of which Panostaja's share after the deduction of interest-bearing net liabilities and costs related to the sale will be about MEUR 4.7. Once the deal has been completed, Panostaja Group will record about MEUR 2.7 in sales profit before taxes.

MARKET PROSPECTS

Finland's economic development has been relatively strong. The economic growth is expected to continue but at a slower pace. The growth is expected to stem from domestic demand as the development in export and investments slows down. In terms of construction, we are entering a downturn following the current high level of activity. The long-term development of the economy and operating environment is increasingly uncertain as political tensions and economic cycles ripen.

The short-term development of demand in the various segments has been evaluated in more detail in conjunction with the prospects for the 2019 financial period. The corporate acquisitions market remained generally active in the period under review, and the availability of new opportunities has been good.

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 2018 annual report. Financial risks are discussed in greater detail in the Notes to the 2018 Financial Statements.

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

Market risks, industries of the investments: Economic trend expectations in the fields of existing business areas are strongly tied to the prospects of customer enterprises. Panostaja's prospects across the segments vary from good to poor. 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 2019 FINANCIAL PERIOD

The corporate acquisitions market remained 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 be assessed as part of the ownership strategies of the investment targets.

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

- The demand for Selog, Helakeskus, CoreHW, KL-Varaosat, Carrot and Oscar Software will remain good, and the demand for Heatmasters' products and services will improve due to upcoming significant maintenance outages (previously satisfactory).
- The demand for Grano and Hygga will remain satisfactory.

Panostaja Oyj

Board of Directors

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

Panostaja Oyj

Tapio Tommila

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 financial information presented in this six-month report have not been audited.

INCOME STATEMENT

EUR 1,000	3 months	3 months	6 months	6 months	12 months
	2/19– 4/19	2/18– 4/18	11/18– 4/19	11/17– 4/18	11/18– 10/18
Net sales	52,445	45,879	102,766	90,828	199,652
Other operating income	257	483	2,195	2,145	2,862
Costs in total	50,627	44,434	102,590	89,312	197,216
Depreciations, amortizations and impairment	2,655	2,313	5,282	4,528	12,650
EBIT	2,074	1,928	2,371	3,661	5,298
Financial income and expenses	-544	-565	-948	-1,168	-2,957
Share of associated company profits	31	190	54	226	350
Profit before taxes	1,561	1,552	1,477	2,720	2,691
Income taxes	-427	-486	-1,080	-1,012	-2,086
Profit/loss from continuing operations	1,134	1,067	397	1,708	605
Profit/loss from sold operations	0	0	0	26,511	26,511
Profit/loss for the financial period	1,134	1,067	397	28,219	27,116
Attributable to					
Shareholders of the parent company	107	215	40	26,722	24,069
Minority shareholders	1,027	852	357	1,497	3,046
					-0.047

Earnings per share from continuing operations EUR, undiluted	0.002	0.004	0.001	0.004	
Earnings per share from continuing operations EUR, diluted	0.002	0.004	0.001	0.004	-0.047
Earnings per share from discontinued operations EUR, undiluted	0.000	0.000	0.000	0.509	0.509
Earnings per share from sold operations EUR, undiluted	0.000	0.000	0.000	0.509	0.507
Earnings per share from continuing and discontinued operations EUR, undiluted	0.002	0.004	0.001	0.513	0.462
Earnings per share from continuing and discontinued operations EUR, diluted	0.002	0.004	0.001	0.513	0.460
EXTENSIVE INCOME STATEMENT					
Items of the extensive income statement	1,134	1,067	397	28,219	27,116
Translation differences	-39	-74	-39	-74	-190
Extensive income statement for the period	1,095	993	358	28,145	26,926
Attributable to					
Shareholders of the parent company	68	141	1	26,648	23,879
Minority shareholders	1,027	852	357	1,497	3,046

BALANCE SHEET

EUR 1,000	April 30, 2019	April 30, 2018	October 31, 2018
ASSETS			
Non-current assets			
Goodwill	92,935	90,618	94,838
Other intangible assets	15,829	12,929	16,569
Property, plant and equipment	15,442	17,492	17,525

Interests in associated companies	2,435	1,016	1,140
Deferred tax assets	6,142	6,572	6,453
Other non-current assets	8,149	8,393	8,525
Non-current assets total	140,932	137,020	145,049
Current assets			
Stocks	7,588	9,663	9,474
Trade and other receivables	26,877	34,285	34,783
Financial assets recorded at fair value through profit and loss	5,500	35,000	11,000
Cash and cash equivalents	10,223	12,504	8,348
Current assets total	50,188	91,451	63,605
Held-for-sale non-current asset items	5,219		
ASSETS IN TOTAL	196,342	228,474	208,656
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	13,534	13,378	13,393
Translation difference	-333	-310	-292
Retained earnings	26,887	31,940	29,500
Total	50,302	55,224	52,816
Minority interest	29,965	28,245	31,342
Equity total	80,267	83,468	84,158
Liabilities			
Imputed tax liabilities	5,875	7,449	5,655
Non-current liabilities	63,689	91,647	63,831

Current liabilities	44,769	45,908	55,011
Liabilities total	114,334	145,005	124,498
Held-for-sale non-current liabilities	1,740		
EQUITY AND LIABILITIES IN TOTAL	196,342	228,474	208,656

The balance sheet's held-for-sale items include KL-Varaosat.

CASH FLOW STATEMENT

EUR 1,000	April 30, 2019	April 30, 2018	October 31, 2018
Operating net cash flow	4,188	276	8,214
Investment net cash flow	-1,418	28,606	15,808
Loans drawn	44,634	5,818	10,492
Loans repaid	-47,757	-4,506	-34,023
Share issue	0	1,406	3,186
Disposal of own shares	-30	55	69
Dividends paid and capital repayments	-3,242	-3,608	-3,854
Finance net cash flow	-6,394	-840	-24,130
Change in cash flows	-3,624	28,043	-108

EQUITY

EUR 1,000	Share capital	Premium fund	Invested unrestricted equity fund	Translation differences	Retained earnings	Minority shareholders' interest	Total
Equity	5,569	4,646	13,325	-157	7,546	30,274	64,451

November 1, 2017

Profit for the financial period			26,722	1,497	28,219		
Profit and costs recorded during the financial period, total			26,722	1,497	28,219		
Dividends paid			-2,084		-2,084		
Dividends paid for minority shareholders				-1,476	-1,476		
Repayment of capital							
Disposal of own shares	53					53	
Reward scheme			8		8		
Translation differences		-153	79		-74		
Other changes			11		11		
Share of minority shareholders resulted from the acquisition of subsidiaries				1,399	1,399		
Selling of shares of subsidiaries owned that have not resulted in loss of controlling interest				-	-	5,8	-5,829
						29	
Acquisitions of minority shareholdings			-341	-869	-1,210		
Other changes in equity, total	53	-153	-2,327	-6,775	-9,202		

April 30, 2018	5,569	4,646	13,378	-310	31,941	28,244	83,468
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Equity

November 1, 2018	5,569	4,646	13,393	-292	29,500	31,342	84,157
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Credit loss provision IFRS 9					-144		-144
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Adjusted equity							
November 1, 2018	5,569	4,646	13,393	-292	29,356	31,342	84,013

Profit for the financial period			40	357	397		
Profit and costs recorded during the financial period, total			40	357	397		
Share issue							
Dividends paid			-2,615		-2,615		
Dividends paid for minority shareholders				-1,419	-1,419		
Capital repayment							
Disposal of own shares	141				141		
Reward scheme			-68		-68		
Translation differences		-41	2		-39		
Other changes							
Share of minority shareholders resulted from the acquisition of subsidiaries							
Selling of shares of subsidiaries owned resulting in loss of controlling interest							
Acquisitions of minority shareholdings			171	-314	-143		
Other changes in equity, total	141	-41	-2,510	-1,733	-4,143		
Equity							
April 30, 2019	5,569	4,646	13,534	-333	26,886	29,966	80,267

KEY FIGURES

	April 30, 2019	April 30, 2018	October 31, 2018
EBIT, MEUR	2,371	3,661	5,298
Equity per share (EUR)	0.96	1.06	1.01
Earnings per share, undiluted (EUR)	0.00	0.51	0.46
Earnings per share, diluted (EUR)	0.00	0.51	0.46

Average number of outstanding shares during financial period, 1,000 pcs.	52,270	52,105	52,125
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	52,270	52,105	52,141
Return on equity, %	1.0%	76.3%	36.5%
Return on investment, %	3.2%	33.3%	18.6%
Gross capital expenditure In permanent assets, MEUR	3.7	10.2	23.5
% of net sales	3.6%	11.2%	11.8%
Interest-bearing liabilities, MEUR	79.5	104.5	82.5
Interest-bearing net liabilities, MEUR	58.8	52.8	58.1
Equity ratio, %	41.1	36.6	40.4
Average number of employees	2,005	1,582	1,927

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 2018. The terms 'operating profit' and 'EBIT' are used to refer to the same thing. Reconciliation of interest-bearing liabilities and interest-bearing net liabilities is presented at the end of this bulletin.

GROUP DEVELOPMENT BY QUARTER MEUR

MEUR	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17
Net sales	52.4	50.3	56.6	52.3	45.9	44.9	46.4	34.5
Other operating income	0.3	1.9	0.1	0.6	0.5	1.7	0.5	0.2
Costs in total	50.6	52.0	56.5	51.4	44.4	44.9	46.1	33.1
Depreciations, amortizations and impairment	2.7	2.6	5.6	2.5	2.3	2.2	2.5	1.9
EBIT	2.1	0.3	0.2	1.4	1.9	1.7	0.8	1.6
Finance items	-0.5	-0.4	-1.1	-0.7	-0.6	-0.6	-0.8	-0.4
Share of associated company profits	0.0	0.0	0.1	0.1	0.2	0.0	0.1	0.1
Profit before taxes	1.6	-0.1	-0.8	0.8	1.6	1.2	0.2	1.3
Taxes	-0.4	-0.7	-0.8	-0.3	-0.5	-0.5	2.3	-0.2
Profit from continuing operations	1.1	-0.7	-1.6	0.5	1.1	0.6	2.5	1.1

Profit/loss from sold operations	0.0	0.0	0.0	0.0	0.0	26.5	2.0	0.8
Profit/loss from discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0
Profit for the financial period	1.1	-0.7	-1.6	0.5	1.1	27.2	5.3	1.8
Minority interest	1.0	-0.7	1.0	0.5	0.9	0.6	1.8	1.0
Parent company shareholder interest	0.1	-0.1	-2.7	0.0	0.2	26.5	3.5	0.8

GUARANTEES GIVEN

EUR 1,000

	April 30, 2019	April 30, 2018	October 31, 2018
Guarantees given on behalf of Group companies			
Enterprise mortgages	93,258	75,002	93,455
Pledges given	130,127	137,443	130,373
Other liabilities	6,140	6,613	7,307
Other rental agreements			
In one year	11,566	10,522	11,685
In over one year but within five years maximum	19,443	22,594	23,141
In over five years	1,309	2,212	1,748
Total	32,317	35,328	36,575

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	11/18-4/19	11/17-4/18	11/17-10/18
EUR 1,000			
Grano	66,745	68,799	136,582
KL-Varaosat	7,214	6,884	14,424
Selog	3,397	4,342	9,435
Helakeskus	3,956	4,136	8,153

Hygga	2,428	2,720	5,395
Heatmasters	1,590	2,157	4,832
CoreHW	2,522	1,828	3,653
Carrot	9,927	0	12,956
Oscar Software	5,132	0	4,423
Others	0	0	0
Eliminations	-144	-37	-202
Group in total	102,766	90,828	199,652

EBIT

EUR 1,000	11/18-4/19	11/17-4/18	11/17-10/18
Grano	2,246	3,968	8,412
KL-Varaosat	312	499	1,201
Selog	-19	206	811
Helakeskus	178	102	-2,742
Hygga	-91	-215	-177
Heatmasters	-141	-152	232
CoreHW	-51	-473	-640
Carrot	-557	-22	-115
Oscar Software	237	0	69
Others	256	-251	-1,753
Group in total	2,371	3,661	5,298

DEPRECIATIONS

EUR 1,000	11/18-4/19	11/17-4/18	11/17-10/18
Grano	-4,372	-3,937	-8,156
KL-Varaosat	-30	-32	-68
Selog	-17	-20	-41
Helakeskus	-8	-10	-3,018
Hygga	-159	-248	-421

Heatmasters	-74	-94	-172
CoreHW	-130	-130	-269
Carrot	-144	-22	-197
Oscar Software	-311	0	-239
Others	-37	-34	-69
Group in total	-5,282	-4,528	-12,650

INTEREST-BEARING NET LIABILITIES

EUR 1,000

	April 30, 2019	April 30, 2018	October 31, 2018
Grano	54,869	60,922	59,110
KL-Varaosat	0	164	-260
Selog	688	1,148	947
Helakeskus	4,601	5,483	4,851
Hygga	6,104	5,970	6,102
Heatmasters	491	722	431
CoreHW	3,273	2,624	3,537
Carrot	5,152	4,638	4,125
Oscar Software	4,492	-3	5,145
Parent company	-20,854	-28,888	-25,936
Others	0	0	0
Group in total	58,815	52,781	58,053

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**

	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17
Grano	34.5	32.3	35.7	32.1	34.8	34.0	33.6	23.1
KL-Varaosat	3.6	3.6	3.8	3.7	3.5	3.4	3.6	3.5
Selog	1.6	1.8	2.6	2.5	2.4	1.9	2.8	2.9
Helakeskus	2.1	1.9	2.1	1.9	2.2	1.9	2.3	2.2
Hygga	1.2	1.2	1.3	1.3	1.3	1.4	1.3	1.6
Heatmasters	0.8	0.8	1.3	1.3	1.1	1.0	1.8	1.3
CoreHW	1.5	1.0	1.1	0.7	0.5	1.3	1.0	0.0
Carrot	4.6	5.3	6.3	6.7	0.0	0.0	0.0	0.0
Oscar Software	2.6	2.6	2.3	2.1	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	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0
Group in total	52.4	50.3	56.6	52.3	45.9	44.9	46.4	34.5

**SEGMENT INFORMATION BY
QUARTER
EBIT, MEUR**

	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17
Grano	2.5	-0.3	2.6	1.8	2.9	1.1	1.9	1.4
KL-Varaosat	0.2	0.1	0.3	0.4	0.3	0.2	0.3	0.3
Selog	0.0	0.0	0.4	0.2	0.2	0.0	0.3	0.3
Helakeskus	0.1	0.1	-2.9	0.1	0.1	0.0	0.2	0.2
Hygga	0.0	-0.1	0.0	0.1	0.0	-0.2	-0.2	0.0
Heatmasters	0.0	-0.1	0.2	0.2	-0.1	-0.1	0.0	0.0
CoreHW	0.2	-0.3	0.0	-0.1	-0.5	0.1	0.0	0.0
Carrot	-0.2	-0.4	0.1	-0.2	0.0	0.0	0.0	0.0
Oscar Software	0.1	0.2	0.1	0.0	0.0	0.0	0.0	0.0
Others	-0.7	1.0	-0.5	-1.0	-0.8	0.6	-1.7	-0.7
Group in total	2.1	0.3	0.2	1.4	1.9	1.7	0.8	1.6

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

	April 30, 2019	April 30, 2018	October 31, 2018
Liabilities total	114.3	145.0	124.5
Non-interest-bearing liabilities	34.8	40.5	42.0
Interest-bearing liabilities	79.5	104.5	82.5
Trade and other receivables	26.9	34.3	34.8
Non-interest-bearing receivables	21.9	30.1	29.7
Interest-bearing receivables	5.0	4.2	5.1
Interest-bearing liabilities	79.5	104.5	82.5
Interest-bearing receivables	5.0	4.2	5.1
Cash and cash equivalents	15.7	47.5	19.3
Interest-bearing net liabilities	58.8	52.8	58.1

New and amended standards and interpretations:**IFRS 9 Financial Instruments**

Panostaja will apply the standard as of November 1, 2018. The new standard replaces the IAS 39 standard. IFRS 9 changes the classification and valuation of financial assets and includes a new model based on anticipated credit losses for assessing the impairment of financial assets. During the 2018 financial period, the Group evaluated the effects of IFRS 9 on the figures to be reported. The implementation of the IFRS 9 standard will only affect the application of the expected credit loss model when assessing the impairment related to doubtful receivables, and the amendment is not estimated to substantially impact the consolidated financial statement. The credit loss impairment provision has been adjusted at the beginning of the 2019 financial period to accrued profits in an amount of approx. MEUR 0.1. Other figures for the reference period have not been adjusted.

IFRS 15 Revenue from Contracts with Customers

Panostaja will apply the standard as of November 1, 2018. The new standard includes five-phase instructions on the recording of revenue from contracts with customers and replaces the IAS 18 and IAS 11 standards. Revenue can be recorded over time or at a specific time, and the key criterion is the transfer of control. The Group has prepared an IFRS 15 impact analysis and calculation. The standard is significant in terms of calculation principles, but the changes to the reported figures are not essential since the main net sales types are not affected by the changes in any substantial way.

IFRS 16 Leases

Panostaja will apply the standard as of November 1, 2019. As a result of the standard, almost all lease agreements will be recorded in the balance sheet as fixed asset items, excluding agreements that are shorter than 12 months in length and low in value. Panostaja is applying a simplified implementation method, and the reference figures for the year preceding the implementation will not be adjusted. 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. Primarily, the agreements to be recorded in the new balance sheet will consist of lease agreements for premises and cars. During the review period, the Group has examined the lease agreements to be covered by the standard and strived to assess the impact of the implementation on the Group balance sheet. With the Group's current lease agreements, the impact on the fixed assets in the opening balance and the interest-bearing loans stands at approx. MEUR 26. The change prescribed by the standard will also affect the income statement and cash flow classification as well as the balance-based key figures, such as gearing.

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

Panostaja has a majority holding in 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. Hygga Oy is a company providing health care services and the ERP system for health care 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.