panostaja

Q4

FINANCIAL REPORT

11 DECEMBER, 2020

November **2019** – October **2020**

PANOSTAJA OYJ’S FINANCIAL STATEMENT BULLETIN

The coronavirus weakens net sales but streamlining measures support the result

August 1, 2020– October 31, 2020 (3 months)

- Net sales increased in two of the seven segments. Net sales for the Group as a whole weakened by 15% to MEUR 40.7 (MEUR 47.8).
- Net sales improved in two of the seven segments. The entire Group’s EBIT declined from the reference period, standing at MEUR -0.7 (MEUR 1.7). The profit/loss for the review period is encumbered by the MEUR 3.3 goodwill impairment loss of the Carrot segment. The reference period’s profit/loss includes a cost provision of MEUR 1.3.
- Grano’s net sales for the review period declined by 13% from the reference period in the previous year. EBIT strengthened to MEUR 3.2 (MEUR 1.8).
- Earnings per share (undiluted) were -4.7 cents (-0.5 cents).

November 1, 2019–October 31, 2020 (12 months)

- Net sales increased in two of the seven segments. Net sales for the Group as a whole weakened by 13% to MEUR 159.0 (MEUR 182.9).
- The Group’s operational EBIT remained at the level of the reference period, despite the drop in net sales.
- EBIT improved in five of the seven segments. The entire Group’s EBIT declined from the reference period, standing at MEUR 0.8 (MEUR 3.8). The profit/loss for the review period is encumbered by the MEUR 3.3 goodwill impairment loss of the Carrot segment. The reference period’s EBIT includes sales profit for Ecosir Group in the amount of MEUR 1.6, Grano’s MEUR 1.0 cost provision related to employer-employee negotiations and the MEUR 0.9 impairment related to restructuring measures related to ERP systems.
- Grano’s net sales for the review period declined by 15% from the reference period in the previous year. EBIT totaled MEUR 4.8 (MEUR 4.1). The net sales were particularly affected by the drop in demand due to the coronavirus pandemic. However, the decline in net sales was successfully compensated for with significant cost adaptations that took the form of lay-offs and cutbacks.
- In the review period, Panostaja made an agreement on selling the majority of Tilatukku Group Oy’s share capital to the acting management. Panostaja Group recorded a sales loss of about MEUR 0.5 for the trade.
- Earnings per share (undiluted) were -8.3 cents (3.1 cents).

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

CEO Tapio Tommila:

“During the twelve-month review period, the total net sales dropped by 13% from the reference period. However, the operational EBIT for the segments remained at the level of the reference period. Despite the coronavirus pandemic that began in the spring, profitability was maintained thanks to the quick reactions of the segments and the streamlining measures performed.

In the fourth quarter of the financial period, the total net sales of Panostaja’s segments dropped by 15%. The most significant drop in net sales took place at Grano and Carrot, which have continued to suffer from the impacts of the coronavirus pandemic on demand. Due to the persistent drop in Carrot’s net sales, we recorded a MEUR 3.3 impairment on the goodwill assigned to Carrot, which dragged Panostaja’s reported EBIT for the fourth quarter down to MEUR -0.7. Despite the clear drop in its net sales, Grano was the segment to achieve the highest increase in net sales during the fourth quarter. Oscar Software also improved its EBIT significantly over the reference period as net sales continued to grow.

Grano’s result was supported by significant streamlining and adaptation measures, which were continued until the end of the financial period. The decline in the traditional printing business was partially evened out with new business opportunities, which generated net sales since spring. In the fourth quarter, Grano initiated employer-employee negotiations that aimed at improved structural efficiency in operations and an increase in customer orientation. The negotiations were finished at the beginning of November, and the operational restructuring and streamlining measures target about MEUR 3.4 in annual cost savings, about MEUR 1.0 of which are estimated to be realized in the 2021 financial year.

In the fourth quarter, Carrot’s net sales dropped by 40% from the reference period, and the loss in operational EBIT stood at MEUR -0.2 (MEUR 0.1). The goodwill impairment dragged the reported EBIT loss down to MEUR -3.5. The coronavirus pandemic and the related restrictions are still evident in business, but the company also continued the development project it began in spring with the aim of revitalizing the company’s operations and restore it to a path of growth.

The corporate acquisitions market, which recovered after the summer season, remained active in the period under review, and the availability of new opportunities has been high. The markets continue to provide opportunities for both new select acquisitions and divestments, and we will continue to actively explore new corporate acquisition opportunities.

The coronavirus pandemic and related impacts leveled out in Finland over the course of the fourth quarter. However, should it escalate, the second phase of the pandemic, which has strengthened in the country after the review period, may have significant impacts on the economy and Panostaja’s segments.”

Segments 3 months

Grano

Grano is Finland's leading content and marketing services company

Grano's net sales for the fourth quarter were MEUR 29.0, which was 13% below the reference period level (MEUR 33.3). Grano's EBIT for the fourth quarter stood at MEUR 3.2, which is an increase of MEUR 1.4 from the reference period (MEUR 1.8).

In the fourth quarter, demand recovered after the slow third quarter. However, the impacts of the coronavirus pandemic were still evident in the product lines with the highest net sales, such as sheet printing and large-scale prints. The demand for sheet printing is impacted by the general shrinking of the market, in addition to the extraordinary circumstances. On the other hand, demand was good for document management solutions, translation services, the packaging business and the illuminated advertisement business. In the fourth quarter, the drop in demand in the large-scale print line was compensated by manufacturing protective aprons used for health care and the treatment of COVID-19 patients.

Despite the drop in net sales, the profit/loss for the review period improved slightly over the reference period. The improvement stems from personnel costs that were significantly lower than in the reference period as well as the fixed costs of activities such as marketing. Furthermore, the profit/loss for the reference period includes a MEUR 1.0 cost provision related to employer-employee negotiations in 2019.

In September 2020, the company initiated employer-employee negotiations that aimed to update, adapt and increase the efficiency of operations. The negotiations were completed at the beginning of November. The restructuring measures arrived at through the negotiations will result in the termination of an estimated 96 jobs in total. As a result of new role assignments, some 20 of these employees will remain in employment but in a different role. The operational restructuring and streamlining measures target about MEUR 3.4 in annual cost savings, about MEUR 1.0 of which are estimated to be realized in the 2021 financial year. The targeted savings will take full effect on an entire financial period's profitability level for the first time in the 2022 financial period.

After the review period, the market situation has remained as it was during the fourth quarter. The declining paper-based communications market, in particular, presents a challenge to Grano, but the wide product and service offering and solid customer base support the company's demand.

MEUR	3 months	3 months	12 months	12 months
	8/20-10/20	8/19-10/19	11/19-10/20	11/18-10/19
Net sales, MEUR	29.0	33.3	109.9	129.7
EBIT, MEUR	3.2	1.8	4.8	4.1
Interest-bearing net liabilities	60.6*	50.9	60.6*	50.9
Panostaja's holding	55.2%			

*includes the impact of IFRS 16 and is therefore not comparable with prior figures

Helakeskus

Helakeskus is a major wholesaler of furniture fittings in Finland

Helakeskus’ net sales for the fourth quarter were MEUR 2.0, which was a 7% drop from the reference period (MEUR 2.1). The market situation remained moderate, even though some decline was evident with the increase in general uncertainty. EBIT was slightly below the reference period at MEUR 0.1 (MEUR 0.2).

Consumer demand has been stronger than anticipated, and the significance of growth centers in construction is increasing in comparison to areas with migration loss. However, the impacts of the second wave of the coronavirus pandemic are difficult to estimate, and uncertainty remains high in housing construction, for example. In addition to this, competition between operators in the fittings business has remained fierce. In the fourth quarter, the company opened a new website and continued the development of online trade.

After the review period, demand has remained at the level of the end of the review period.

MEUR	3 months 8/20-10/20	3 months 8/19-10/19	12 months 11/19-10/20	12 months 11/18-10/19
Net sales, MEUR	2.0	2.1	7.6	8.0
EBIT, MEUR	0.1	0.2	0.5	0.5
Interest-bearing net liabilities	3.2*	4.7	3.2*	4.7
Panostaja’s holding	100.0%			

*includes the impact of IFRS 16 and is therefore not comparable with prior figures

Hygga

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

Hygga's net sales of MEUR 1.1 for the fourth quarter were at the level of the reference period. EBIT was MEUR -0.2, which was slightly lower than the reference period (MEUR -0.1).

The demand for the clinic business, which recovered during the third quarter, remained moderate through the fourth quarter and even reached levels that were higher than anticipated. However, the future outlook is uncertain due to the coronavirus pandemic. Over the course of the review period, the company has made preparations for the provision of outsourced services to the City of Helsinki, slated to begin in 2020, by significantly increasing its resources and investing in clinic updates. This of course weakens the company's current profit/loss due to the frontloading of costs.

In terms of the licensing business, the market situation has not changed significantly since the summer. A pilot clinic in Belgium was opened during the review period, but otherwise the continuation and acceleration of the coronavirus pandemic has made it more difficult to establish new customer relationships. During the review period, preparations were made for initiating the Aster project managed by the Central Finland Health Care District as well as the additional resourcing needs brought about by the expansion of the basic health care services.

After the review period, demand has remained at the level of the end of the review period.

MEUR	3 months	3 months	12 months	12 months
	8/20-10/20	8/19-10/19	11/19-10/20	11/18-10/19
Net sales, MEUR	1.1	1.1	4.1	4.7
EBIT, MEUR	-0.2	-0.1	-0.3	-0.2
Interest-bearing net liabilities	7.6*	6.4	7.6*	6.4
Panostaja's holding	79.8%			

*includes the impact of IFRS 16 and is therefore not comparable with prior figures

Heatmasters

Heatmasters offers metal heat treatment services and technology

Heatmasters' net sales of MEUR 0.8 for the fourth quarter were MEUR 0.7 lower than in the reference period (MEUR 1.5). The net sales for the reference period include equipment and furnace deliveries to Saudi Arabia and South Korea. Due to the lower net sales, EBIT for the review period weakened from MEUR 0.3 in the reference period to MEUR 0.0.

In the fourth quarter, demand for service business was satisfactory, and weak in the equipment segment, as a result of the uncertainty caused by the coronavirus pandemic. The general uncertainty is reducing the willingness to invest and has resulted in project implementations being postponed. During the review period, operations have been adapted to match demand through lay-offs and other measures.

The end of the review period will mark the transition to winter, which has traditionally been a slow season in terms of demand for Heatmasters' services.

MEUR	**3 months**	**3 months**	**12 months**	**12 months**
	8/20-10/20	8/19-10/19	11/19-10/20	11/18-10/19
Net sales, MEUR	0.8	1.5	4.0	4.2
EBIT, MEUR	0.0	0.3	0.3	0.2
Interest-bearing net liabilities	0.2*	0.2	0.2*	0.2
Panostaja's holding	80.0%			

*includes the impact of IFRS 16 and is therefore not comparable with prior figures

CoreHW

CoreHW provides high added value RF IC design and consulting services

CoreHW's net sales for the review period were equal to those of the reference period, standing at MEUR 1.9 (MEUR 1.9). EBIT for the fourth quarter stood at MEUR 0.1, which is a decrease of MEUR 0.2 from the reference period (MEUR 0.3). Compared to the reference period, the profit/loss is especially weakened by the personnel costs that have increased due to recruitment.

Demand for the company's services remained good in the review period. The coronavirus pandemic had little effect on the company's business operations.

The technology of the company's first own product, the CoreHW RABBIT antenna switch, is now fully qualified, and the device is ready for mass production. Later in the year, the company supplied evaluation solutions for indoor positioning technology to multiple international customers, and the customer feedback has been good.

The company is currently engaged in contract negotiations with its customers. However, the negotiations are typically fairly long, which results in uncertainty with regard to upcoming projects.

MEUR	3 months	3 months	12 months	12 months
	8/20-10/20	8/19-10/19	11/19-10/20	11/18-10/19
Net sales, MEUR	1.9	1.9	8.1	5.7
EBIT, MEUR	0.1	0.3	0.5	0.4
Interest-bearing net liabilities	4.1*	3.6	4.1*	3.6
Panostaja's holding	61.1%			

*includes the impact of IFRS 16 and is therefore not comparable with prior figures

Carrot

Carrot Palvelut Oy provides staffing, recruitment and outsourcing services as well

Carrot's net sales for the fourth quarter decreased to MEUR 3.1 from MEUR 5.4 in the reference period. Operational EBIT stood at MEUR -0.2, which is a decrease of MEUR 0.3 from the reference period (MEUR 0.1). The reported EBIT of MEUR -3.5 includes a MEUR 3.3 goodwill impairment.

The demand and net sales for the fourth quarter were below the level of the reference period. The coronavirus pandemic and related restrictions resulted in project kick-offs being postponed, among other things. Some customers have been suffering from restrictions in the customer service field, too. In addition to the decrease in net sales, the profit/loss for the fourth quarter is encumbered by credit losses as well as the one-time expenses related to changing the CEO. Through the review period, the company has maintained strict control, which has contributed to compensating for the impact that the decrease in net sales has had on EBIT.

After the review period, demand has remained at the level of the end of the review period.

MEUR	**3 months** 8/20-10/20	**3 months** 8/19-10/19	**12 months** 11/19-10/20	**12 months** 11/18-10/19
Net sales, MEUR	3.1	5.4	14.5	20.8
EBIT, MEUR	-3.5	0.1	-4.0	-0.4
Interest-bearing net liabilities	4.9*	5.0	4.9*	5.0
Panostaja's holding	74.1%			

*includes the impact of IFRS 16 and is therefore not comparable with prior figures

Oscar Software

Oscar Software provides ERP systems and financial management services

Oscar Software's net sales for the fourth quarter stood at MEUR 2.8, which was 12% higher than in the reference period (MEUR 2.6). The increase in net sales also improved EBIT to MEUR 0.2 (MEUR -0.1).

Market demand was good in the fourth quarter, despite the fact that the market is impacted by the general uncertainty caused by the coronavirus pandemic.Delivery projects have continued at a fairly normal level despite the situation, and sales have remained at a good level under the circumstances. There are massive differences in the situations of customer companies, even in the same field. Yet, the majority of customer companies have continued normal development activities with Oscar Software.

After the review period, demand has remained as described above.

MEUR	3 months 8/20-10/20	3 months 8/19-10/19	12 months 11/19-10/20	12 months 11/18-10/19
Net sales, MEUR	2.8	2.5	11.0	10.1
EBIT, MEUR	0.2	-0.1	1.1	0.2
Interest-bearing net liabilities	2.8*	4.2	2.8*	4.2
Panostaja's holding	54.5%			

*includes the impact of IFRS 16 and is therefore not comparable with prior figures

FINANCIAL DEVELOPMENT November 1, 2019–October 31, 2020

MEUR

	Q4	Q4	12 months	12 months
	8/20-10/20	8/19-10/19	11/19-10/20	11/18-10/19
Net sales, MEUR	40.7	47.8	159.0	182.9
EBIT, MEUR	-0.7	1.7	0.8	3.8
Profit before taxes, MEUR	-1.5	1.1	-1.8	1.9
Profit/loss for the financial period, MEUR	-1.5	0.4	-3.4	2.5
Earnings per share, undiluted (EUR)	-0.047	-0.005	-0.083	0.031
Equity per share (EUR)	0.82	0.96	0.82	0.96
Operating cash flow (MEUR)	4.5	3.2	23.6	10.8

AUGUST 2020–OCTOBER 2020

Net sales for the review period dropped by 15% and were MEUR 40.7 (MEUR 47.8). Exports amounted to MEUR 6.1, or 15.1% (MEUR 2.9, or 6.0%), of net sales. Net sales increased in two of the seven segments.

EBIT weakened to MEUR -0.7 (MEUR 1.7). EBIT improved in two of the seven segments. The development of net sales and EBIT for each of our investments has been commented on separately.

The profit/loss for the review period was MEUR -1.5 (MEUR 0.4).

NOVEMBER 2019–OCTOBER 2020

Net sales for the review period dropped by 13% and were MEUR 159.0 (MEUR 182.9). Exports amounted to MEUR 9.1, or 5.8% (MEUR 8.2, or 4.5%), of net sales. Net sales increased in two of the seven segments.

EBIT decreased to MEUR 0.8 from MEUR 3.8. EBIT improved in five of the seven 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 reference period. Panostaja recorded a profit of MEUR 1.6 before taxes for the sale.

The profit/loss for the review period was MEUR -3.4 (MEUR 2.5).

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 Tilatukku segment, standing at MEUR -0.4.

IMPACTS OF COVID-19

The impacts of the coronavirus pandemic on the business operations of Panostaja and its segments started in mid-March with the pandemic itself and the lockdown and restriction measures implemented to prevent its propagation began to eat into demand and cause general uncertainty. Global and domestic forecasts regarding economic growth have declined significantly after the onset of the pandemic. Panostaja and its segments instituted a number of measures to safeguard their staff immediately after the outbreak.Remote work arrangements and restrictions on meetings were implemented where possible. In addition to this, the companies have responded to the decreased demand through cutbacks and layoffs. The companies have also implemented a wide range of measures to secure funding in the event that the crisis persists. These measures include flexibility in terms of funding, such as postponing loan payments, utilizing the full extent of the payment terms of fiscal payments, and active efforts to repatriate any receivables.

Panostaja tests intangible and tangible assets for impairment whenever there are signs that their value may have decreased. Goodwill and other intangible assets with infinite useful life are tested for impairment at least once a year. For the purposes of the testing, goodwill and intangible assets with infinite useful life are allocated to cash-generating units. The amount recoverable by cash-generating units is based on calculations of service value. Formulating these calculations requires the use of estimates. Panostaja has recognized the impairment risk with regard to certain segments and prepared estimates on their future prospects. Based on these calculations, a goodwill impairment of MEUR 3.3 was recorded for the Carrot segment.

Division of the net sales by segment

MEUR	Q4	Q4	12 months	12 months
Net sales	8/20- 10/20	8/19- 10/19	11/19- 10/20	11/18- 10/19
Grano	29.0	33.3	109.9	129.7
Helakeskus	2.0	2.1	7.6	8.0
Hygga	1.1	1.1	4.1	4.7
Heatmasters	0.8	1.5	4.0	4.2
CoreHW	1.9	1.9	8.1	5.7
Carrot	3.1	5.4	14.5	20.8
Oscar Software	2.8	2.5	11.0	10.1
Others	0.0	0.0	0.0	0.0
Eliminations	0.0	-0.1	-0.2	-0.3
Group in total	40.7	47.8	159.0	182.9

Division of EBIT by segment

MEUR	Q4	Q4	12 months	12 months
EBIT	8/20- 10/20	8/19- 10/19	11/19- 10/20	11/18- 10/19
Grano	3.2	1.8	4.8	4.1
Helakeskus	0.1	0.2	0.5	0.5
Hygga	-0.2	-0.1	-0.3	-0.2
Heatmasters	0.0	0.3	0.3	0.2
CoreHW	0.1	0.3	0.5	0.4
Carrot	-3.5	0.1	-4.0	-0.4
Oscar Software	0.2	-0.1	1.1	0.2
Others	-0.6	-0.8	-2.0	-1.1
Group in total	-0.7	1.7	0.8	3.8

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

Two associated companies, Gugguu Group Oy and Spectra Yhtiöt Oy, will issue reports for the review period. The profit/loss of the reported associated companies in the review period was MEUR 0.2 (MEUR 0.2), which is presented on a separate row in the consolidated income statement.

PERSONNEL

	October 31, 2020	October 31, 2019	Change
Average number of employees	1,727	1,969	-12%
Employees at the end of the review period	1,558	1,895	-18%

Employees in each segment at the end of the review period	October 31, 2020	October 31, 2019	Change
Grano	940	1,089	-14%
Tilatukku	0	18	-100%
Helakeskus	18	19	-5%
Hygga	79	58	36%
Heatmasters	35	38	-8%
CoreHW	72	56	29%
Carrot	277	476	-42%
Oscar Software	127	131	-3%
Others	10	10	0%
Group in total	1,558	1,895	-18%

Carrot's number of employees converted into full-time employees. At the end of the review period, Panostaja Group employed a total of 1,558 persons, while the average number of personnel during the period was 1,727. 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 8.8. 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 23.6 (MEUR 10.8). Liquidity remained good. The Group's liquid assets were MEUR 34.3 (October 31, 2019: MEUR 16.4) and interest-bearing net liabilities were MEUR 64.0 (October 31, 2019: MEUR 53.7). Gearing ratio increased and was 90.1% (October 31, 2019: 67.5%). The impact of the implementation of the IFRS 16 standard on net liabilities was about MEUR 20.1.

The Group’s net financial expenses for the review period were MEUR -2.8 (MEUR -2.1), or 1.8% (1.1%) of net sales.

The Group’s gross capital expenditure for the review period was MEUR 4.7 (MEUR 7.9), or 3.0% (4.3%) of net sales. The majority of the investments went into equipment.

Financial position MEUR	**October 31, 2020**	**October 31, 2019**
Interest-bearing liabilities	103.4	75.2
Interest-bearing receivables	5.1	5.1
Cash and cash equivalents	34.3	16.4
Interest-bearing net liabilities	64.0	53.7
Equity (belonging to the parent company’s shareholders as well as minority shareholders)	71.0	79.6
Gearing ratio, %	90.1	67.5
Equity ratio, %	33.6	41.3

GROUP STRUCTURE CHANGES

Tilatukku

On April 9, 2020, Panostaja signed an agreement on selling the majority of Tilatukku Group Oy’s share capital to the company’s acting management. Panostaja’s holding in Tilatukku Group Oy has been 60%. The trade involved Panostaja relinquishing its ownership in the company entirely. Tilatukku Group will continue to operate as an independent company with Tomi Pirinen as its CEO.

SHARE PRICE DEVELOPMENT AND SHARE OWNERSHIP

Panostaja Oyj’s share closing rate fluctuated between EUR 0.51 (lowest quotation) and EUR 1.00 (highest quotation) during the financial period. During the review period, a total of 5,807,553 shares were exchanged, which amounts to 11.1% of the share capital. The October 2020 share closing rate was EUR 0.71. The market value of the company's share capital at the end of October 2020 was MEUR 37.2 (MEUR 40.8). At the end of October 2020, the company had 4,697 shareholders (4,464).

Development of share exchange	4Q/2020	4Q/2019	1-4Q/2020	1-4Q/2019
Shares exchanged, 1,000 pcs	1,500	5,512	5,808	9,490
% of share capital	2.9	10.7	11.1	18.1

Share	October 31, 2020	October 31, 2019
Shares in total, 1,000 pcs	52,533	52,533
Own shares, 1,000 pcs	111	194
Closing rate	0.71	0.78
Market value (MEUR)	37.2	40.8
Shareholders	4,697	4,464

10 largest shareholders (pcs)	October 31, 2020	October 31, 2019
TREINDEX OY	5,886,200	5,886,200
OY KOSKENKORVA AB	5,469,798	5,261,718
ILMARINEN MUTUAL PENSION INSURANCE COMPANY	4,259,000	4,259,000
FENNIA MUTUAL INSURANCE COMPANY	3,468,576	3,468,576
KOSKENKORVA, MIKKO	1,986,055	1,986,055
MALO, HANNA	1,682,207	1,682,207
KUMPU, MINNA	1,682,170	1,682,170
KOSKENKORVA, MAIJA	1,347,542	1,347,542
KOSKENKORVA, MATTI	1,158,903	1,158,903
KOSKENKORVA, MAUNO	1,040,769	1,340,769

ADMINISTRATION AND GENERAL MEETING

Panostaja Oyj's Annual General Meeting was held on February 6, 2020 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.

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

The Annual General Meeting decided to select Authorized Public Accountants PricewaterhouseCoopers Oy as the auditor for the term concluding upon the end of the Annual General Meeting of 2021. Auditing service network PricewaterhouseCoopers Oy has stated that Authorized Public Accountant Lauri Kallaskari will serve as the chief responsible public accountant.

Discharge from liability for the financial period November 1, 2018–October 31, 2019 was granted to the following persons: Board members Jukka Ala-Mello, Eero Eriksson, Mikko Koskenkorva, Tarja Pääkkönen and Hannu-Kalle (Kalle) Reponen and CEO Juha Sarsama for the period November 1, 2018–December 31, 2018 and CEO Tapio Tommila for the period January 1, 2019–October 31, 2019. The Annual General Meeting decided to grant a discharge from liability to the aforementioned members of the Board and CEOs.

The General Meeting confirmed the financial statements and consolidated financial statements presented for the financial year November 1, 2018–October 31, 2019 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.

The chairman presented to the Annual General Meeting the Board's proposal for authorizing the Board to decide on the acquisition of the company's own shares.
As proposed by the Board, the Annual General Meeting decided to authorize the Board to decide on the acquisition of the company's own shares in one or more installments on the following conditions:

The 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 stock of shares. By virtue of the authorization, the company's own shares may be obtained using unrestricted equity only. The company's own shares may be acquired at the date-of-acquisition price in public trading arranged by Nasdaq Helsinki Oy or otherwise at the prevailing market price.

The Board of Directors will decide how the company's own shares are to be acquired. The company's own shares may be acquired while not following the proportion of ownership of the shareholders (directed acquisition).

The authorization issued at the Annual General Meeting on January 31, 2019 to decide on the acquisition of the company's own shares is canceled by this authorization. The authorization will remain valid until August 5, 2021.

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 110,824 (at the beginning of the financial period 193,594). The number of the company's own shares corresponded to 0.2% 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, 2019, Panostaja Oy relinquished a total of 28,325 individual shares as share bonuses to the company management on December 16, 2019. On December 16, 2019, the company relinquished to the Board members a total of 12,195 shares as meeting compensation. In accordance with the Board decision of February 6, 2020, Panostaja relinquished a total of 13,514 shares on March 13, 2020, a total of 14,368 shares on June 5, 2020 and a total of 14,368 shares on September 4, 2020, as meeting compensation.

EVENTS AFTER THE REVIEW PERIOD

No significant events after the review period.

MOST SIGNIFICANT NEAR-TERM BUSINESS RISKS AND RISK MANAGEMENT

Risk management is part of Panostaja Group's management and monitoring systems. Panostaja aims to identify and monitor changes in the business environment and general market situation of its investments, to react to them and to utilize the business opportunities that they present. Risks are classified as factors that may endanger or impede Panostaja or its investments from achieving strategic objectives, improvement in profit and the financial position or business continuity, or that may otherwise cause significant consequences for Panostaja, its owners, investments, personnel or other stakeholder groups. A more detailed report on Panostaja's risk management policy and the most significant risks was published in the 2019 annual report. Financial risks are discussed in greater detail in the Notes to the 2019 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 exposed to foreign exchange risks resulting from changes in exchange rates to a slight degree. Credit loss risks continue to represent a significant uncertainty factor for some of our investments.

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

Non-life risks: Non-life risks are managed in Panostaja Group through insurance and Group guidelines, which set 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.

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

PROSPECTS FOR THE NEXT FINANCIAL YEAR

As regards the corporate acquisition market, plenty of opportunities are available and the market is active. The need to leverage ownership arrangements and growth opportunities will persist for SMEs, but the high market liquidity and increased price expectations of sellers are making the operating environment more challenging for corporate acquisitions. We will continue exploring new possible investment targets in accordance with our strategy and assess divestment possibilities as part of the ownership strategies of the investment targets.

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

- The demand for CoreHW and Oscar Software is good.
- The demand for Grano, Hygga, Helakeskus and Heatmasters is satisfactory.
- The demand for Carrot is poor.

The demand information presented above involves uncertainties relating to the possible escalation of the COVID-19 pandemic. This may impact the future development of Grano, Carrot and Hygga, in particular, and rapidly and dramatically change the estimate provided above.

Panostaja Oyj

Board of Directors

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

Panostaja Oyj

Tapio Tommila

CEO

All forecasts and assessments presented in this six-month review 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.

INCOME STATEMENT

EUR 1,000	Q4	Q4	12 months	12 months
	8/20- 10/20	8/19- 10/19	11/19- 10/20	11/18- 10/19
Net sales	40,682	47,776	158,998	182,949
Other operating income	424	187	1,009	2,485
Costs in total	34,510	43,570	138,856	170,202
Depreciations, amortizations and impairment	7,266	2,687	20,340	11,461
EBIT	-671	1,706	812	3,771
Financial income and expenses	-895	-579	-2,843	-2,069
Share of associated company profits	35	20	233	150
Profit before taxes	-1,530	1,148	-1,798	1,853
Income taxes	32	264	-1,230	-1,283
Profit/loss from continuing operations	-1,498	1,412	-3,028	569
Profit/loss from sold operations	0	-1,001	-410	1,963
Profit/loss for the financial period	-1,498	411	-3,438	2,533
Attributable to				
Shareholders of the parent company	-2,448	-283	-4,351	1,640
Minority shareholders	950	693	913	893
Earnings per share from continuing operations EUR, undiluted	-0.047	0.014	-0.075	-0.006
Earnings per share from continuing operations EUR, diluted	-0.047	-0.019	-0.075	-0.006
Earnings per share from discontinued operations EUR, undiluted	0.000	-0.019	-0.008	0.037

Earnings per share from sold operations EUR, diluted	0.000	-0.019	-0.008	0.037
Earnings per share from continuing and discontinued operations EUR, undiluted	-0.047	-0.005	-0.083	0.031
Earnings per share from continuing and discontinued operations EUR, diluted	-0.047	-0.005	-0.083	0.031
EXTENSIVE INCOME STATEMENT				
Items of the extensive income statement	-1,498	411	-3,438	2,533
Translation differences	-5	-132	-5	-132
Extensive income statement for the period	-1,503	279	-3,443	2,401
Attributable to				
Shareholders of the parent company	-2,453	-415	-4,356	1,508
Minority shareholders	950	693	913	893

BALANCE SHEET

EUR 1,000	**October 31, 2020**	**October 31, 2019**

ASSETS		
Non-current assets		
Goodwill	88,010	93,685
Other intangible assets	12,633	14,525
Property, plant and equipment	32,177	14,359
Interests in associated companies	3,575	3,342
Deferred tax assets	6,248	6,007
Other non-current assets	5,818	8,057
Non-current assets total	**148,462**	**139,975**
Current assets		
Stocks	6,330	7,158
Trade and other receivables	22,908	29,844
Financial assets recorded at fair value through profit and loss	6,366	8,394
Cash and cash equivalents	27,889	7,988
Current assets total	**63,494**	**53,383**
ASSETS IN TOTAL	**211,958**	**193,360**
EQUITY AND LIABILITIES		
Equity attributable to parent company shareholders		
Share capital	5,569	5,569
Share premium account	4,646	4,646
Invested unrestricted equity fund	13,612	13,550
Translation difference	-282	-353
Retained earnings	19,282	26,929
Total	42,827	50,341
Minority interest	28,185	29,211
Equity total	71,012	**79,552**
Liabilities		

Imputed tax liabilities	6,727	6,204
Non-current liabilities	71,119	54,361
Current liabilities	63,101	53,242
Liabilities total	140,947	113,808
Held-for-sale non-current financial assets		
EQUITY AND LIABILITIES IN TOTAL	**211,958**	**193,360**

*the October 31, 2020 balance includes the impact of IFRS 16 and is therefore not comparable with prior figures

CASH FLOW STATEMENT

	October 31, 2020	October 31, 2019
Profit/loss for the financial period before the minority	-3,438	2,533

share		
Adjustments:		
Depreciations	20,340	11,495
Financial income and costs	2,843	2,082
Share of associated company profits	-233	-150
Taxes	1,230	1,283
Sales profits and losses from property, plant and equipment	-40	-1,876
Other earnings and expenses with no payment attached	683	-3,158
Operating cash flow before change in working capital	**21,384**	**12,209**
Change in working capital		
Change in non-interest-bearing receivables	5,681	3,620
Change in non-interest-bearing liabilities	-858	743
Change in stocks	238	166
Change in working capital	5,061	4,529
Operating cash flow before financial items and taxes	26,446	16,738
Financial items and taxes:		
Interest paid	-2,753	-2,972
Interest received	202	244
Taxes paid	-339	-3,168
Financial items and taxes	-2,889	-5,896
Operating net cash flow	**23,556**	**10,842**
Investments		
Investments in intangible and tangible assets	-4,490	-5,129
Sales of intangible and tangible assets	176	206
Acquisition of subsidiaries with time-of-acquisition liquid assets deducted	-226	-1,283
Sale of subsidiaries with time-of-sale liquid assets deducted	540	4,106
Acquisition of associated companies	1	701
Financial assets acquired and sold entered at fair value through profit and loss	0	0
Capital gains from sales of other shares	0	5
Loans receivable and repayments granted	2,135	1,076
Investment net cash flow	**-1,865**	**-319**
Finance		

Share issue	0	400
Loans drawn	15,202	2,725
Loans repaid	-15,601	-11,464
Disposal of own shares	-202	184
Dividends paid	-3,214	-5,334
Finance net cash flow	**-3,814**	**-13,489**
Change in liquid assets	17,877	-2,966
Liquid assets at the beginning of the period	16,381	19,348
Effect of exchange rates	-3	-1
Liquid assets at the end of the period	**34,255**	**16,381**

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

EQUITY

MEUR	**Equity attributable to parent company shareholders**									
	Share capital	**Share premium account**	**Invested unrestricted equity fund**	**Other funds**	**Translation differences**	**Retained earnings**	**Other funds**	**Total**	**Minority shareholders' interest**	**Equity total**
Equity as of November 1, 2018	**5,569**	**4,646**	**13,393**	**0**	**-292**	**29,501**		**52,818**	**31,341**	**84,159**
Credit loss provision						-144				
Adjusted equity as of November 1, 2018	**5,569**	**4,646**	**13,393**	**0**	**-292**	**29,361**		**52,677**	**31,341**	**84,018**
Extensive income										
Profit/loss for the financial period						1,640		1,640	893	2,533
Other extensive income items (adjusted with tax effect)										
Cash flow hedging										
Held-for-sale investments										
Net investment hedging										
Translation differences					-61	-71		-132		-132
Extensive income for the financial period total	0	0	0	0	-61	1,569		1,508	893	2,401
Transactions with shareholders										
Dividend distribution						-4,185		-4,185	-1,439	-5,624
Acquisition of the company's own shares								0		0
Disposal of own shares			157					157		157
Options as shares and payments								0		0
Other changes								0		0
Reward scheme						-9		-9		-9
Transactions with shareholders, total	0	0	157	0	0	-4,194		-4,037	-1,439	-5,476

Changes to subsidiary holdings										
Sales of shares in subsidiaries without change in controlling interest						380		380	1,210	1,590
Selling of shares of subsidiaries owned resulting in loss of controlling interest						-25		-25	-2,119	-2,144
Business operations with minority shareholders						8		8	437	445
Acquisitions of minority shareholdings						-166		-166	-1,112	-1,278
Adjusted equity as of October 31, 2019	**5,569**	**4,646**	**13,550**	**0**	**-353**	**26,928**		**50,340**	**29,211**	**79,552**
						-511 *				
Adjusted equity as of November 1, 2019	**5,569**	**4,646**	**13,550**	**0**	**-353**	**26,416**		**49,828**	**29,211**	**79,040**
Extensive income										
Profit/loss for the financial period						-4,351		-4,351	913	-3,438
Translation differences					71	-76		-5		-5
Extensive income for the financial period total	0	0	0	0	71	-4,427	0	-4,356	913	-3,443
Transactions with shareholders										
Dividend distribution						-2,619		-2,619	-751	-3,370
Disposal of own shares			62					62		62
Reward scheme						64		64		64
Transactions with shareholders, total	0	0	62	0	0	-2,555		-2,493	-751	-3,244
Changes to subsidiary holdings										
Changes in shares of subsidiaries owned resulting in loss of controlling interest								0	-935	-935
Business operations with minority shareholders								0		0
Acquisitions of minority shareholdings						-152		-152	-253	-405
Equity as of October 31, 2020	**5,569**	**4,646**	**13,612**	**0**	**-282**	**19,282**	**0**	**42,827**	**28,185**	**71,012**

*Adjustment regarding value-added tax deducted from the parent company's other expenses for the 2018–2019 financial periods based on tax auditing.

KEY FIGURES

	October 31, 2020	October 31, 2019
EBIT, MEUR	812	3,771

Equity per share (EUR)	0.82	0.96
Earnings per share, undiluted (EUR)	-0.08	0.03
Earnings per share, diluted (EUR)	-0.08	0.03
Average number of outstanding shares during financial period, 1,000 pcs.	52,392	52,298
Number of shares at end of financial period, 1,000 pcs.	52,533	52,533
Number of shares, 1,000 pcs, on average, diluted	52,392	52,298
Return on equity, %	-4.6%	3.1%
Return on investment, %	0.5%	3.8%
Gross capital expenditure In permanent assets, MEUR	4.7	7.9
% of net sales	3.0%	4.3%
Interest-bearing liabilities, MEUR	103.4	75.2
Interest-bearing net liabilities, MEUR	64.0	53.7
Equity ratio, %	33.6	41.3
Average number of employees	1,727	1,969

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 2019. The terms ‘operating profit’ and ‘EBIT’ are used to refer to the same thing. Reconciliation of interest-bearing liabilities and interest-bearing net liabilities is presented at the end of this bulletin.

GROUP DEVELOPMENT BY QUARTER
MEUR

MEUR	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19
Net sales	40.7	34.5	41.2	42.6	47.8	43.0	47.2	41.5
Other operating income	0.4	0.4	0.1	0.1	0.2	0.1	0.2	1.7
Costs in total	41.8	33.9	40.2	43.4	46.3	43.2	45.5	41.7
Depreciations, amortizations and impairment	7.3	4.2	4.5	4.3	2.7	3.5	2.6	2.2
EBIT	-0.7	1.0	1.0	-0.6	1.7	0.0	1.9	1.5
Finance items	-0.9	-0.7	-0.6	-0.6	-0.6	-0.5	-0.5	-0.6
Share of associated company profits	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.0
Profit before taxes	-1.5	0.3	0.4	-1.0	1.1	-0.5	1.4	1.0

Taxes	0.0	-0.5	-0.3	-0.4	0.3	-0.5	-0.4	-0.5
Profit from continuing operations	-1.5	-0.2	0.1	-1.4	1.4	-1.0	1.0	0.5
Profit/loss from sold operations	0.0	0.0	-0.5	0.1	-1.0	2.7	0.1	26.7
Profit/loss from discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the financial period	-1.5	-0.2	-0.4	-1.4	0.4	1.7	1.1	27.2
Minority interest	1.0	0.0	0.3	-0.4	0.7	-0.2	1.0	0.6
Parent company shareholder interest	-2.4	-0.2	-0.7	-1.0	-0.3	1.9	0.1	26.5

GUARANTEES GIVEN

EUR 1,000	**October 31, 2020**	**October 31, 2019**
Guarantees given on behalf of Group companies		
Enterprise mortgages	94,255	95,258
Pledges given	112,920	116,268
Other liabilities	4,944	5,730
Other rental agreements		
In one year	10,357	11,276
In over one year but within five years maximum	16,873	17,551
In over five years	165	1,368
Total	**27,395**	**30,195**

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	11/19-10/20	11/18-10/19
Grano	109,919	129,689
Helakeskus	7,582	8,048
Hygga	4,146	4,688
Heatmasters	3,960	4,166
CoreHW	8,059	5,687
Carrot	14,540	20,845
Oscar Software	10,992	10,084
Others	0	0
Eliminations	-199	-258
Group in total	158,998	182,949

EBIT EUR 1,000	11/19-10/20	11/18-10/19
Grano	4,760	4,086
Helakeskus	474	457
Hygga	-262	-170
Heatmasters	266	186
CoreHW	470	432
Carrot	-4,009	-375
Oscar Software	1,141	229
Others	-2,028	-1,074
Group in total	812	3,771

Interest-bearing net liabilities by segment **EUR 1,000**	**October 31, 2020**	**October 31, 2020**	**October 31, 2020**	**October 31, 2019**

		Impact of IFRS 16		
Grano	60,637	25,721	34,916	50,939
Helakeskus	3,151	954	2,197	4,747
Hygga	7,603	1,063	6,540	6,358
Heatmasters	192	421	-229	165
CoreHW	4,130	339	3,791	3,554
Carrot	4,946	21	4,925	5,043
Oscar Software	2,841	103	2,738	4,181
Parent company	-19,501	260	-19,761	-22,139
Others	0	0	0	811
Group in total	**63,998**	**28,882**	**35,116**	**53,660**

The interest-bearing net liabilities for operations sold and discontinued in the reference period are presented in the row Others. The introduction of the IFRS 16 standard has increased the Group's net liabilities by MEUR 20.3 during the review period. Overall, the Group's net liabilities include MEUR 28.9 in lease liabilities.

Write-downs per segment

EUR 1,000	**October 31, 2020**	**October 31, 2020**	**October 31, 2020**	**October 31, 2019**
		Impact of IFRS 16		
Grano	-13,586	-7,931	-5,655	-9,697
Helakeskus	-321	-306	-15	-16
Hygga	-464	-264	-200	-309
Heatmasters	-334	-168	-166	-157
CoreHW	-758	-139	-619	-266
Carrot	-3,644	-57	-3,587	-290
Oscar Software	-1,145	-367	-778	-658
Others	-87	-127	40	-67
Group in total	**-20,340**	**-9,359**	**-10,981**	**-11,461**

The introduction of the IFRS 16 standard has increased the Group's depreciations related to fixed asset items by MEUR 6.4.

SEGMENT INFORMATION BY QUARTER NET SALES, MEUR	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19
Grano	29.0	23.1	28.5	29.2	33.3	29.6	34.5	32.3
Helakeskus	2.0	1.8	2.0	1.8	2.1	2.0	2.1	1.9
Hygga	1.1	1.0	1.0	1.1	1.1	1.2	1.2	1.2
Heatmasters	0.8	1.0	1.1	1.1	1.5	1.0	0.8	0.8
CoreHW	1.9	1.5	2.3	2.4	1.9	1.2	1.5	1.0
Carrot	3.1	3.6	3.4	4.3	5.4	5.6	4.6	5.3
Oscar Software	2.8	2.6	2.9	2.8	2.5	2.5	2.6	2.6
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Eliminations	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Group in total	40.7	34.5	41.2	42.6	47.8	43.0	47.2	44.9

SEGMENT INFORMATION BY QUARTER EBIT, MEUR	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19
Grano	3.2	0.7	1.2	-0.4	1.8	0.0	2.5	-0.3
Helakeskus	0.1	0.2	0.1	0.0	0.2	0.1	0.1	0.1
Hygga	-0.2	0.1	-0.1	0.0	-0.1	0.0	0.0	-0.1
Heatmasters	0.0	0.1	0.1	0.1	0.3	0.0	0.0	-0.1
CoreHW	0.1	-0.2	0.2	0.5	0.3	0.1	0.2	-0.3
Carrot	-3.5	0.0	-0.2	-0.4	0.1	0.1	-0.2	-0.4
Oscar Software	0.2	0.5	0.3	0.2	-0.1	0.1	0.1	0.2
Others	-0.6	-0.4	-0.5	-0.6	-0.8	-0.5	-0.7	1.0
Group in total	-0.7	1.0	1.0	-0.6	1.7	0.0	1.9	0.2

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

MEUR	October 31, 2020	October 31, 2019
Liabilities total	140.9	113.8
Non-interest-bearing liabilities	37.6	38.6
Interest-bearing liabilities	103.4	75.2
Trade and other receivables	22.9	29.8
Non-interest-bearing receivables	17.8	24.7
Interest-bearing receivables	5.1	5.1
Interest-bearing liabilities	103.4	75.2
Interest-bearing receivables	5.1	5.1
Cash and cash equivalents	34.3	16.4
Interest-bearing net liabilities	64.0	53.7

IFRS 16 Leases

IFRS 16 Leases (effective for financial periods beginning on or after January 1, 2019) concerns definitions, records, valuations and notes regarding lease agreements. IFRS 16 replaces standard IAS 17 Leases. According to IFRS 16, all leases are to be presented in the lessee's balance sheet. The standard requires companies to record the relevant asset items and lease liabilities in the balance sheet. These are valuated at the current value of upcoming rent payments. Any write-downs from asset items are recorded in the income statement. The interest costs arising from lease liabilities are also recorded in the income statement.

Panostaja has applied the standard as of November 1, 2019. As a result of the standard, almost all lease agreements were 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 recorded in the new balance sheet will consist of lease agreements for premises and cars.

In accordance with the applicable financial statement principles, the Group will record the lease agreements in the balance sheet as lease liabilities and asset items. The rent payments are presented as loan repayments and related interest costs. The rent payments are presented in the financial cash flow and the rent-related interests in the business cash flow. Rent payments related to short-term and low-value lease agreements, as well as variable rents, are presented in the business cash flow. The change prescribed by the standard is also impacting the key figures based on the balance sheet, such as gearing.

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

The Group's net current value of the capitalized lease debt in the balance sheet stood at MEUR 25.6 at the beginning of the review period and at MEUR 28.9 at its end. During the review period, the rental costs arising from the lease agreements dropped by MEUR 6.6 and the interest costs increased by MEUR 0.5. The write-downs for the review period increased by MEUR 6.3 due to the asset item write-downs.

ABRIDGED BALANCE SHEET

EUR 1,000	October 31, 2019	Impact of IFRS 16	November 1, 2019
ASSETS			
Non-current assets			
Intangible assets	108,210		108,210
Property, plant and equipment	231		231
Asset items	14,128	25,651	39,779
Interests in associated companies	3,344		3,344
Deferred tax assets	6,007		6,007
Other non-current assets	8,057		8,057
Non-current assets total	**139,977**	**25,651**	**165,628**
Current assets			
Stocks	7,158		7,158
Trade and other receivables	29,844		29,844
Cash and cash equivalents	16,381		16,381
Current assets total	**53,383**	**0**	**53,383**
ASSETS IN TOTAL	**193,360**	**25,651**	**219,011**
EQUITY AND LIABILITIES			
Share capital	5,569		5,569
Other equity	44,772		44,772
Equity attributable to parent company shareholders	**50,341**	**0**	**50,341**
Minority interest	29,211		29,211
Equity total	**79,552**	**0**	**79,552**
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	54,331	19,567	73,898
Imputed tax liabilities	6,204		6,204
Other liabilities	30		30
Non-current liabilities total	**60,566**	**19,567**	**80,133**
Current liabilities			
Interest-bearing liabilities	20,839	6,084	26,923
Other liabilities	32,403		32,403
Current liabilities total	**53,242**	**6,084**	**59,326**
Liabilities total	**113,808**	**25,651**	**139,459**

EQUITY AND LIABILITIES IN TOTAL	**193,360**	**25,651**	**219,011**

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 seven 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. 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. 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.