panostaja

Financial Report

13 December, 2024

Q4

November 2023
– October 2024

PANOSTAJA OYJ'S FINANCIAL REPORT November 1, 2023–October 31, 2024

Good profitability development continued in the fourth quarter

AUGUST 2024–OCTOBER 2024 (3 months) in brief:

- Net sales increased in three of the four segments. Net sales for the Group as a whole increased by 4% to MEUR 35.5 (MEUR 34.2).
- EBIT improved in all of the four segments. The entire Group's EBIT improved significantly from the reference period, standing at MEUR 1.7 (MEUR -0.8).
- Grano's net sales for the review period dropped by 3% from the reference period. EBIT totaled MEUR 1.2 (MEUR 0.2).
- Earnings per share (undiluted) were 1.3 cents (-1.4 cents).

NOVEMBER 2023 – OCTOBER 2024 (12 months) in brief:

- Net sales increased in three of the four segments. Net sales for the Group as a whole weakened by 2% to MEUR 134.0 (MEUR 136.2).
- EBIT improved in all of the four segments. The entire Group's EBIT improved significantly from the reference period, standing at MEUR 2.5 (MEUR -1.1).
- Grano's net sales for the review period dropped by 4% from the reference period. EBIT stood at MEUR 3.0 (MEUR 1.9).
- The profit/loss includes a write-down of roughly MEUR 3.1 in loan receivables.
- Earnings per share (undiluted) were -7.5 cents (-5.5 cents).

Proposal for the distribution of profits: The Board of Directors proposes to the Annual General Meeting to the held on February 5, 2025 that no dividend be distributed for the financial period that concluded on October 31, 2024.

CEO Tapio Tommila:

"In the last quarter, the uncertainty of the economy persisted from the early part of the year. The uncertainty of the market environment has continued to delay customers' investment decisions, which, for some of our segments, presented itself as financial development that fell short of expectations. In the final quarter, the poor state of the Finnish economy was especially mirrored in the negative development of our largest segment Grano. The measures to improve profitability during the financial period began to bear fruit in the final half of the financial period. The EBIT level of all of our segments improved from the reference period and the previous financial period. Overall, EBIT for the last quarter improved from the reference period by MEUR 2.6, standing at MEUR 1.7. For the entire financial period, the EBIT growth amounted to MEUR 3.6.

In the final quarter, Oscar Software's net sales increased by 14% from the reference period, and the agreement value of annual recurring revenue (ARR) software services saw expected positive development. On the other hand, Grano's net sales decreased from the reference period due to the persistently difficult market situation. During the financial year, demand for Grano's services varied significantly between quarters and product areas. For Hygga, the review period´s net sales increased by 15% from the reference period. Especially the net sales of the private business was on a growth trend and reached a significantly higher level than the reference period. The positive net sales development in the financial period was also supported by the increase of the City of Helsinki outsourcing business. CoreHW's net sales in the financial period increased by 90% from the reference period thanks to the high customer project activity in design services. For the entire financial period, CoreHW´s net sales increased by 9% from the previous period.

After the review period, we announced that Grano would be initiating change negotiations. The planned structural and organizational changes as well as other streamlining measures are expected to yield annual cost savings of about MEUR 3. With these measures, we are aiming for improved long-term cost efficiency and the opportunity to safeguard our profitability also in the context of challenges with demand.

The Board of Directors proposes that no dividends be paid for the financial period that has now ended. According to our strategy, we are seeking new investments and, in terms of the overall earnings of our shareholders, it is important that our investment capacity continues to be sufficient. Activity in the corporate acquisition market has been low, and the availability of new opportunities has been clearly lower than normal. The consistently high liquidity of the market and the continuously high price expectations of the sellers have partially presented challenges for carrying out corporate acquisitions at sustainable valuation levels. That said, the quality of our own project flow has been high and, as economic outlooks improve, the corporate acquisition market is expected to recover, opening up new interesting opportunities.

We will continue into the new financial period with our chosen strategic themes, with an emphasis on updating our portfolio through new investments in the services and software sectors. As regards the development of our segments, our key goals for the coming financial period include continuing Grano's profitability improvements, increasing Oscar Software's ARR software business, commercialising CoreHW's product business and shifting Hygga's clinic services towards private business once the City of Helsinki outsourced services end."

Segments 3 months

Grano

Grano is Finland’s leading content and marketing services company

Grano’s net sales for the review period were MEUR 27.2, which is a decline of 3% from the reference period (MEUR 27.9). EBIT for the review period increased substantially from the reference level to MEUR 1.2 (MEUR 0.2).

The demand situation was weak in the review period for most of Grano’s main customer segments. Demand in industry and construction continued to be poor, but the demand in the commercial sector was moderate. The clear improvement of market demand will require a more expansive upward trend in the Finnish economy. Net sales development in relation to the reference period was strong with regard to illuminated ad and display solutions, marketing logistics, and the packaging and label business. On the other hand, the demand for sheet printing and construction-related printing services remained poor in the review period.

Measures to improve the company’s profitability were continued in the review period. Despite the weakened net sales, EBIT for the review period increased thanks to improved sales margins and a decrease in fixed costs compared to the reference period.

On November 27, 2024, Panostaja announced that Grano would be initiating change negotiations. The change negotiations applied to roughly 570 people within Grano Group, excluding the subsidiary Grano Diesel. The planned structural and organizational changes as well as other streamlining measures are expected to yield annual cost savings of about MEUR 3. If realized, the plans could lead to dismissal, a change in employment terms or part-time arrangements for up to 59 people. Due to the current market situation, it may be necessary to lay off employees for fixed periods or until further notice.

MEUR	3 months	3 months	12 months	12 months
	8/24-10/24	8/23-10/23	11/23-10/24	11/22-10/23
Net sales, MEUR	27.2	27.9	104.6	109.1
EBIT, MEUR	1.2	0.2	3.0	1.9
Interest-bearing net liabilities	32.8	39.4	32.8	39.4
Panostaja’s holding	55.2%			

Oscar Software

Oscar Software provides ERP systems and financial management services

Oscar Software's net sales for the review period increased by 14% from the reference period and were MEUR 3.2 (MEUR 2.8). The review period's EBIT improved substantially from the reference period level, standing at MEUR 0.5 (MEUR 0.2).

The general market demand remained satisfactory in the review period. In parts, the competitive situation on the market has continued to be fierce. The operations have continued to be active with regard to expansions and further development projects for existing customers in the review period. The value-added tax change that took effect at the beginning of September had a positive impact on the net sales of development projects early on in the review period.

Interest towards Oscar Software's products and services has remained good in the review period, despite the uncertain general market situation making customers less sure to kick off larger investment projects. This has particularly affected the acquisition of new customers, since it has continued to be difficult to bring home deals.

The growth of the continuously invoiced software business, which is the company's strategic focus, continued as expected, but the development of selling expert services was modest in the review, as there were continued challenges in the realization of new projects. Active sales efforts in the acquisition of new customers are being continued. In October, Oscar Software launched a new and modern ERP platform, Oscar P1. The company will continue significant investments in the development of a cloud-based business platform, which has progressed as planned.

MEUR	**3 months**	**3 months**	**12 months**	**12 months**
	8/24-10/24	8/23-10/23	11/23-10/24	11/22-10/23
Net sales, MEUR	3.2	2.8	12.1	11.5
EBIT, MEUR	0.5	0.2	1.4	0.4
Interest-bearing net liabilities	1.8	3.2	1.8	3.2
Panostaja's holding	58.4%			

CoreHW

CoreHW provides high added value RF IC design and consulting services

CoreHW's net sales for the review period were MEUR 2.9, which was a 90% increase from the reference period (MEUR 1.5). EBIT for the review period improved from the reference period to MEUR 0.6 (MEUR -0.6) thanks to a strong increase in net sales. The net sales and profitability of the review period was particularly improved by strong customer project activity in design services.

Customer project activity was at a good level in the review period due to new design service orders acquired in the third quarter. This means that the work load of design services will remain at a good level at the start of the next financial period as well. The active sales efforts of design services were continued in the review period with a focus on the proprietary IP portfolio. As a result, the order book for the review period remained at a good level. The automotive industry segment is expected to remain a strong focus for CoreHW going forward.

CoreHW continued the active development and commercialization of its own products in the review period. Thanks to the product launch conducted in Japan in the third quarter of the financial period, CoreHW won its first pilot orders for the Japanese market, with the deliveries to take place in the following financial period. As regards indoor positioning technology, the company continues to focus on gaining its first reference accounts in the US health care markets where existing pilot orders have continued to be expanded in the review period. During the past financial period, we sought our first significant orders, but the product development cycle and commercialization of the customer's end products has been slower than expected. We will be aiming for significant net sales in the product business in the new financial period.

MEUR	**3 months**	**3 months**	**12 months**	**12 months**
	8/24-10/24	8/23-10/23	11/23-10/24	11/22-10/23
Net sales, MEUR	2.9	1.5	8.6	7.9
EBIT, MEUR	0.6	-0.6	-0.1	-1.2
Interest-bearing net liabilities	10.9	9.9	10.9	9.9
Panostaja's holding	55.8%			

Hygga

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

Hygga’s net sales for the review period were MEUR 2.3, which is a decline of 15% from the reference period (MEUR 2.0). The growth of the net sales was accelerated by the improved volumes of the clinic business in terms of both the private business and outsourcing services sold to the City of Helsinki. EBIT improved from the reference period, standing at MEUR 0.1 (MEUR 0.0).

The demand for the clinic business continued to be moderate in the review period. The net sales of the private business was on a growth trend and reached a level significantly higher than the reference period. Furthermore, the volume of the City of Helsinki outsourcing business remained at a good level. The 3+1 year agreement period of the outsourcing business ended on October 31, 2024, and the operations will not be continued after the past option year. During the review period, the company has sought to shift the clinic business primarily back towards private clinic business, which is supplemented by oral health care services for service voucher customers. The change efforts will be continued at the start of the next financial period. After the conclusion of the outsourcing services, the clinic’s net sales will settle at a clearly lower level than currently and the cost structure will shrink correspondingly. The company successfully continued its measures to improve the productivity of the clinic business, which also clearly impacted the positive profitability development in the review period.

As regards the software business, the market situation remained very difficult due to the efforts of the domestic wellbeing services counties to save in costs. The financial challenges faced by the wellbeing services counties have materialised during the review period in the form of terminations of Hygga Flow contracts in Finland. The financial impacts of the termination and termination decisions will be visible in Hygga's operations during the current financial year. The competitive situation in Finland is also very tough, which puts significant pressure on pricing. In Finland, however, the dialogue with the wellbeing services counties will be continued on the possibilities of utilizing the Hygga Flow system in oral health care and basic health care. In the Västernorrland region of Sweden, Hygga Flow’s production use continued as planned in the review period, and an expansion of the services has been agreed with the customer after the review period.

MEUR	**3 months**	**3 months**	**12 months**	**12 months**
	8/24-10/24	8/23-10/23	11/23-10/24	11/22-10/23
Net sales, MEUR	2.3	2.0	8.8	7.8
EBIT, MEUR	0.1	0.0	0.4	-0.1
Interest-bearing net liabilities	9.7	10.0	9.7	10.0
Panostaja’s holding	79.8%			

Gugguu

Gugguu designs and manufactures first-rate children's clothing

Gugguu is Panostaja's associated company, which is why its figures are not incorporated into Panostaja Group in the same way as those of other segments. Instead, its result impact is presented on a separate row in the Group's income statement. The company does not report its figures according to IFRS standards, and the figures presented here are largely indicative. In contrast to Panostaja, Gugguu's financial period will conclude at the end of March, but the figures presented adhere to Panostaja's financial period.

Gugguu's demand situation remained challenging in the review period. During the review period, Gugguu expanded to Norway when the company's subsidiary began its operation in September 2024 through an online shop and a pop-up shop in Oslo. Overall, anticipating demand has continued to be difficult due to the declined purchasing power of consumers. Net sales in the review period were higher than in the reference period, despite the challenging demand situation. The adaptation of fixed costs will support the company's profitability also in a market environment with a lower net sales level.

Significant changes are not expected in the short-term market outlook. The company has launched a new loyal customer program, the purpose of which is to increase the average single purchases, annual purchases and life cycle value of customers. The after-sales market has also changed. Small and large operators have filed for bankruptcy or ceased their operations. This has choked the market for children's clothing – also on an international level. This provides the company with the opportunity to secure a larger market share through its own online shop, events and new retailers.

MEUR	**3 months**	**3 months**	**12 months**	**12 months**
FAS (illustrative figures)	8/24-10/24	8/23-10/23	11/23-10/24	11/22-10/23
Net sales, MEUR	0.8	0.8	3.1	3.4
EBIT, MEUR	0.0	0.0	-0.2	-0.1
Panostaja's holding	43%			

FINANCIAL DEVELOPMENT November 1, 2023–October 31, 2024

KEY FIGURES

MEUR

	Q4	Q4	12 months	12 months
	8/24- 10/24	8/23- 10/23	11/23- 10/24	11/22- 10/23
Net sales, MEUR	35.5	34.2	134.0	136.2
EBIT, MEUR	1.7	-0.8	2.5	-1.1
Profit before taxes, MEUR	1.3	-2.3	-3.1	-4.3
Profit/loss for the financial period, MEUR	1.4	-1.4	-3.2	-3.6
Distribution:				
Shareholders of the parent company	0.7	-0.8	-4.0	-2.9
Minority shareholders	0.7	-0.7	0.7	-0.8
Earnings per share, undiluted, EUR	0.01	-0.01	-0.08	-0.06
Interest-bearing net liabilities	39.3	42.4	39.3	42.4
Gearing ratio, %	79.3	80.5	79.3	80.5
Equity ratio, %	37.8	37.5	37.8	37.5
Equity per share, EUR	0.54	0.62	0.54	0.62

AUGUST 2024–OCTOBER 2024

Net sales for the review period increased by 4% and were MEUR 35.5 (MEUR 34.2). Exports amounted to MEUR 2.1, or 6.1% (MEUR 1.6, or 4.8%) of net sales. Net sales increased in three of the four segments.

EBIT totaled MEUR 1.7 (MEUR -0.8). EBIT improved in four of the four investment targets. The development of net sales and EBIT for each of our segments has been commented on separately. The profit for the review period was MEUR 1.4 (MEUR -1.4).

NOVEMBER 2023–OCTOBER 2024

Net sales for the review period dropped by 2% and were MEUR 134.0 (MEUR 136.2). Exports amounted to MEUR 7.5, or 5.6% (MEUR 7.9, or 5.8%) of net sales. Net sales increased in three of the four segments.

The reported EBIT for the review period stood at MEUR 2.5 (MEUR -1.1). EBIT improved in four of the four investment targets. 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 -3.2 (MEUR -3.6). The profit/loss includes a write-down of roughly MEUR 3.1 in loan receivables.

Distribution of net sales by segment
MEUR

	Q4	Q4	12 months	12 months
Net sales	8/24-10/24	8/23-10/23	11/23-10/24	11/22-10/23
Grano	27.2	27.9	104.6	109.1
Hygga	2.3	2.0	8.8	7.8
CoreHW	2.9	1.5	8.6	7.9
Oscar Software	3.2	2.8	12.1	11.5
Others	0.0	0.0	0.0	0.0
Eliminations	0.0	0.0	-0.1	-0.1
Group in total	35.5	34.2	134.0	136.2

Distribution of EBIT by segment

MEUR

	Q4	Q4	12 months	12 months
EBIT	8/24-10/24	8/23-10/23	11/23-10/24	11/22-10/23
Grano	1.2	0.2	3.0	1.9
Hygga	0.1	0.0	0.4	-0.1
CoreHW	0.6	-0.6	-0.1	-1.2
Oscar Software	0.5	0.2	1.4	0.4
Others	-0.6	-0.5	-2.1	-2.2
Group in total	1.7	-0.8	2.5	-1.1

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

One associated company, Gugguu Group Oy, provided a report for the review period. The impact on profit/loss of the reported associated companies in the review period was MEUR -0.1 (MEUR -0.1), which is presented in a separate row in the consolidated income statement.The development of Gugguu’s net sales and EBIT has been commented on more specifically in the Segments section.

PERSONNEL

	October 31, 2024	October 31, 2023	Change
Average number of employees	1,135	1,217	-7%
Employees at the end of the review period	1,081	1,188	-9%

At the end of the review

Employees in each segment at the end of the review period	October 31, 2024	October 31, 2023	Change
Grano	778	869	-10%
Hygga	103	103	0%
CoreHW	73	75	-3%
Oscar Software	118	132	-11%
Others	9	9	0%
Group in total	1,081	1,188	-9%

period, Panostaja Group employed a total of 1,081 persons, while the average number of personnel during the period was 1,135. During the review period, Panostaja continued to develop its personnel in line with its strategy.

INVESTMENTS AND FINANCE

The Group's operating cash flow was MEUR 12.3 (MEUR 12.0). Liquidity remained good. The Group's liquid assets were MEUR 9.1 (October 31, 2023: MEUR 10.4) and interest-bearing net liabilities were MEUR 39.3 (October 31, 2023: MEUR 42.4). The net gearing ratio fell slightly and was 79.3% (October 31, 2023: 80.5%).

The Group's net financial expenses for the review period were MEUR -5.5 (MEUR -2.2), or 4.1% (1.6%) of net sales. The net financing costs include a roughly MEUR 3.1 write-down of the loan receivables from the loan granted in connection to the sale of KotiSun Group.

The Group's gross capital expenditure for the review period was MEUR 3.8 (MEUR 4.3), or 2.8% (3.2%) of net sales. Investments were mainly targeted at tangible and intangible assets. The investments do not include fixed assets pursuant to IFRS 16. During the financial period, MEUR 2.5 (MEUR 2.1) of development expenses were activated.

Financial position MEUR	October 31, 2024	October 31, 2023
Interest-bearing liabilities	49.8	57.1
Interest-bearing receivables	1.4	4.3
Cash and cash equivalents	9.1	10.4
Interest-bearing net liabilities	39.3	42.4
Equity (belonging to the parent company's shareholders as well as minority shareholders)	49.6	52.6
Gearing ratio, %	79.3	80.5
Equity ratio, %	37.8	37.5

The parent company's assets, financial securities and liquid fund units were MEUR 4.0. The parent company's interest-bearing loans were MEUR 2.2.

GROUP STRUCTURE CHANGES

No changes in the Group structure.

SHARE PRICE DEVELOPMENT AND SHARE OWNERSHIP

Panostaja Oyj's share closing rate fluctuated between EUR 0.35 (lowest quotation) and EUR 0.53 (highest quotation) during the financial period. During the review period, a total of 4,656,761 shares were exchanged, which amounts to 8.8% of the average share capital for the financial period. The October 2024 share closing rate was EUR 0.47. The market value of the company's share capital at the end of October 2024 was MEUR 24.8 (MEUR 26.4). At the end of October 2024, the company had 4,602 shareholders (4,832).

Development of share exchange	Q4/2024	Q4/2023	Q1-4/2024	Q1-4/2023
Shares exchanged, 1,000 pcs	1,174	586	4,657	2,724
% of share capital	2.2	1.1	8.8	5.2

Share	October 31, 2024	October 31, 2023
Shares in total, 1,000 pcs	53,333	53,333
Own shares, 1,000 pcs	488	587
Closing rate	0.47	0.50

Market value (MEUR)	24.8	26.4
Shareholders	4,602	4,832

10 largest shareholders (pcs)	October 31, 2024	October 31, 2023
TREINDEX OY	12,795,998	7,326,200
ILMARINEN MUTUAL PENSION INSURANCE COMPANY	3,701,332	3,701,332
FENNIA MUTUAL INSURANCE COMPANY	3,468,576	3,468,576
KOSKENKORVA, MIKKO	1,506,055	1,506,055
KOSKENKORVA, MAIJA	1,347,542	1,347,542
NORDEA HENKIVAKUUTUS SUOMI Oy	1,218,000	1,218,000
MALO, HANNA	1,202,207	1,202,207
KUMPU, MINNA	1,202,170	1,202,170
KOSKENKORVA, MATTI	1,158,903	1,158,903
KOSKENKORVA, MAUNO	1,040,769	1,040,769

ADMINISTRATION AND GENERAL MEETING

Panostaja Oyj's Annual General Meeting was held on February 7, 2024 in Tampere. The number of Board members was confirmed at five (5), and Jukka Ala-Mello, Eero Eriksson, Mikko Koskenkorva, Tarja Pääkkönen and Tommi Juusela were re-elected to the Board for the term ending at the end of the next Annual General Meeting.

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

The Annual General Meeting decided to select Authorized Public Accountants Deloitte Oy as the auditor for the term concluding upon the end of the Annual General Meeting of 2024. Deloitte Oy has stated that Authorized Public Accountant Hannu Mattila will serve as the chief responsible public accountant.

Discharge from liability for the financial period November 1, 2022–October 31, 2023 was granted to the following persons: Board members Jukka Ala-Mello, Eero Eriksson, Mikko Koskenkorva, Tarja Pääkkönen and Tommi Juusela and CEO Tapio Tommila. The Annual General Meeting decided to grant a discharge from liability to the aforementioned members of the Board and CEO.

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

The General Meeting confirmed the financial statements and consolidated financial statements presented for the financial year November 1, 2022–October 31, 2023 and resolved that no dividend be paid to the shareholders.

The Meeting also resolved, in accordance with the proposal of the Board of Directors, that the Board 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 shall total no more than EUR 4,700,000. The Meeting resolved that the authorization includes the right of the Board to decide on all other terms and conditions relating to the said asset distribution and that the authorization remain valid until the start of the next Annual General Meeting.

The General Meeting approved the Board’s proposal for authorizing the Board to decide on the acquisition of the company’s own shares in one or more batches as follows:

The number of the company’s own shares to be acquired may not exceed 5,200,000 in total, which corresponds to about 9.8% of the company’s total 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 February 7, 2023 to decide on the acquisition of the company’s own shares is canceled by this authorization. The authorization will remain valid until August 6, 2025.

The General Meeting authorized the proposal of the Board of Directors to decide on a share issue as well as on the granting of option rights and other special rights providing entitlement to shares under the following terms:

The total number of shares acquired on the basis of the authorization may not exceed 5,200,000.
The Board of Directors decides on all terms and conditions for share issues and options as well as on the terms and conditions for the granting of special rights providing entitlement to shares. This authorization concerns both the issue of new shares and the selling of the company’s own shares. Share issues and the provision of option rights as well as that of other rights providing entitlement to shares as specified in Section 1 of Chapter 10 of the Limited Liability Companies Act may take place deviating from the shareholders’ pre-emptive right to subscription (directed issue).

The authorization issued at the Annual General Meeting on February 7, 2023 to decide on share issues as well as the provision of special option rights and other rights to shares is canceled by this authorization. The authorization will remain valid until August 6, 2025.

SHARE CAPITAL AND THE COMPANY’S OWN SHARES

At the close of the review period, Panostaja Oyj’s share capital was EUR 5,568,681.60. The number of shares is 53,333,110 in total.

The total number of shares held by the company at the end of the review period was 487,787 (at the beginning of the financial period 587,191). The number of the company's own shares corresponded to 0.9% 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 7, 2023, Panostaja Oyj relinquished a total of 5,569 individual shares as share bonuses to the company management on December 18, 2023. On December 18, 2023, the company relinquished to the Board members a total of 42,553 shares as meeting compensation. In accordance with the Board decision of February 7, 2024, Panostaja transferred a total of 51,282 shares as meeting compensation on May 31, 2024.

EVENTS AFTER THE REVIEW PERIOD

On November 27, 2024, Grano announced change negotiations covering about 570 people within Grano Group, excluding the subsidiary Grano Diesel. The change negotiations were initiated to improve the company's profitability and strengthen its competitiveness in the long term.

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 2023 annual report. Financial risks are discussed in greater detail in the Notes to the 2023 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 various segments are currently estimated to be satisfactory. Panostaja regularly assesses the risks for each investment and, based on the updated risk assessment, takes the necessary remedial action. The current uncertainties caused by the market situation and increased risks of supply chain disruptions have increased the short-term risks impacting the demand and cost structure of the investments. Active efforts are being made to manage these risks through pre-emptive investigation of mitigating measures.

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

Financial risks: As a consequence of its operations, the Group is exposed to many financial risks. The aim of risk management is to limit the adverse effects of changes in financial markets on the result and financial development of the Group. The Group's revenue and operative cash flows are mainly independent of fluctuations in market interest rates. The Group's loan portfolio currently consists almost fully of variable-interest loans. 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.

If unsuccessfully managed, risks concerning the corporate acquisitions may affect the development and financial performance of the Group and its investment targets. The Group also aims to grow through corporate acquisitions. The goodwill associated with corporate acquisitions entered in the consolidated balance sheet amounts to approximately MEUR 47.6. Goodwill is not written off annually on a regular basis but, instead of depreciations, an impairment test is performed at least annually, or when there are indications of amortization. Values are normally checked during the second half of the year in connection with the budgeting process. Such a change might make goodwill write-downs necessary.

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

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

War in Ukraine: Russia's invasion of Ukraine increases economic uncertainty in Finland and across the globe. The war may have negative impacts on the macroeconomic environment in which Panostaja's companies operate, and it may weaken Panostaja Group's ability to predict the development of its business operations. Panostaja Group's companies do not have operations in Russia or Ukraine.

OUTLOOK FOR THE 2025 FINANCIAL PERIOD

Activity in the corporate acquisition market has been slow due to the uncertain economic outlook, and the availability of new segments has declined. The consistently high liquidity of the market and the continuously high price expectations of the sellers have contributed to making the operating environment challenging for corporate acquisitions. That said, the need for SMEs to utilise ownership arrangements and growth opportunities will continue and, as the economic outlook improves, the corporate acquisition market is expected to recover. We will continue to actively explore 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 Grano, Oscar Software, CoreHW and Hygga will remain satisfactory.

The demand situation presented above involves uncertainties relating to any geopolitical and macroeconomic impacts that are difficult to anticipate. In addition, the domestic labour market situation increases uncertainty in the current financial year. The effects of the conflict in the Middle East and the war in Ukraine as well as related economic sanctions and geopolitical tensions will increase economic uncertainty in Finland and abroad, which may negatively impact segment demand or the availability of materials, and thereby material prices and delivery capabilities. The general economic volatility may have a negative impact on the purchasing power of consumers and the willingness of companies to make investments, which may weaken the demand situation of our segments from the estimate provided above.

Panostaja Oyj

Board of Directors

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Panostaja Oyj

Tapio Tommila

CEO

ACCOUNTING PRINCIPLES

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

The financial statement bulletin does not include all notes to the October 31, 2024 consolidated financial statements, due to which it must be read together with the annual financial statements. The financial statement bulletin adheres to the same preparation principles as the previous annual financial statements.

The financial details presented in this financial statement bulletin have not been audited.

INCOME STATEMENT

EUR 1,000	Q4	Q4	12 months	12 months
	8/24- 10/24	8/23- 10/23	11/23- 10/24	11/22 10/23
Net sales	35,511	34,206	134,027	136,184
Other operating income	281	193	1,446	879
Costs in total	30,979	32,103	120,702	125,458
Depreciations, amortizations and impairment	3,073	3,113	12,233	12,713
EBIT	**1,741**	**-817**	**2,538**	**-1,109**
Financial income and expenses	-447	-576	-5,477	-2,214
Share of associated company profits	2	-888	-126	-953
Profit/loss before taxes	**1,295**	**-2,281**	**-3,066**	**-4,276**
Income taxes	119	868	-149	633
Profit/loss from continuing operations	1,415	-1,412	-3,215	-3,642
Profit/loss from discontinued operations	0	0	0	0
Profit/loss for the financial period	**1,415**	**-1,412**	**-3,215**	**-3,642**
Distribution				
Parent company shareholders	709	-757	-3,953	-2,875
Minority shareholders	706	-655	738	-767
Earnings per share from continuing operations EUR, undiluted	0.013	-0.014	-0.075	-0.055
Earnings per share from continuing operations EUR, diluted	0.013	-0.014	-0.075	-0.055
Earnings per share from sold and discontinued operations EUR, undiluted	0.000	0.000	0.000	0.000
Earnings per share from sold operations EUR, diluted	0.000	0.000	0.000	0.000
Earnings per share from continuing and sold and discontinued operations EUR, undiluted	0.013	-0.014	-0.075	-0.055
Earnings per share from continuing and sold and discontinued operations EUR, diluted	0.013	-0.014	-0.075	-0.055
EXTENSIVE INCOME STATEMENT				
Result for the period	1,415	-1,412	-3,215	-3,642
Translation differences	30	-150	30	-150
Extensive income statement for the period	1,445	-1,562	-3,185	-3,792
Distribution				
Parent company shareholders	739	-907	-3,923	-3,025

Minority shareholders	706	-655	738	-767

BALANCE SHEET

EUR 1,000

	October 31, 2024	October 31, 2023
ASSETS		
Non-current assets		
Goodwill	47,569	47,319
Other intangible assets	8,314	7,611
Property, plant and equipment	27,351	33,364
Interest in associated companies	1,665	1,791
Deferred tax assets	9,520	9,192
Other non-current assets	1,417	4,606
Non-current assets total	95,835	103,883
Current assets		
Stocks	5,288	5,309
Trade and other receivables	21,685	21,762
Cash and cash equivalents	9,082	10,419
Current assets total	36,055	37,490
ASSETS IN TOTAL	**131,891**	**141,374**
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	13,870	13,829
Translation difference	-359	-384
Retained earnings	5,032	8,875
Total	28,758	32,535
Minority shareholders' interest	20,874	20,101
Equity total	**49,632**	**52,637**
Liabilities		
Deferred tax liabilities	6,088	6,054
Non-current liabilities	36,784	42,775
Current liabilities	39,348	39,908
Liabilities total	82,260	88,738
EQUITY AND LIABILITIES IN TOTAL	**131,891**	**141,374**

CASH FLOW STATEMENT

(EUR 1,000)	2024	2023
Profit/loss of the financial period to parent company shareholders	**-3,953**	**-2,875**
Adjustments:		
Depreciations	12,233	12,713
Financial income and costs	5,477	2,214
Share of associated company profits	126	953
Minority share	738	-767
Taxes	150	-633
Sales profits and losses from property, plant and equipment	-723	-227
Other earnings and expenses with no payment attached	33	-45
Operating cash flow before change in working capital	**14,082**	**11,333**
Change in working capital		
Change in non-interest-bearing receivables	206	698
Change in non-interest-bearing liabilities	717	1,412
Change to tax authority's payment arrangement debts	-211	132
Change in stocks	21	585
Change in working capital	733	2,827
Operating cash flow before financial items and taxes	**14,815**	**14,160**
Financial items and taxes:		
Interest paid	-2,560	-2,223
Interest received	229	241
Taxes paid	-212	-196
Financial items and taxes	**-2,544**	**-2,178**
Operating net cash flow	**12,271**	**11,983**
Investments		
Investments in intangible and tangible assets	-3,754	-4,302
Sales of intangible and tangible assets	740	154
Sale of subsidiaries with time-of-sale liquid assets deducted	0	57
Sale of associated companies	0	10
Loans receivable and repayments granted	-139	9
Investment net cash flow	**-3,154**	**-4,072**
Finance		
Loans drawn	1,366	5,401
Loans repaid	-2,942	-6,145

Repayments of lease liabilities	-8,746	-9,164
Acquisition of the company’s own shares	-67	-365
Disposal of own shares	0	166
Dividends paid	-64	-1,728
Finance net cash flow	**-10,454**	**-11,836**
Change in liquid assets	-1,337	-3,924
Liquid assets at the beginning of the period	10,419	14,344
Liquid assets at the end of the period	**9,082**	**10,419**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)	**Equity attributable to parent company shareholders**							
	Share capital	**Share premium account**	**Invested unrestricted equity fund**	**Translation differences**	**Retained earnings**	**Total**	**Minority shareholders’ interest**	**Equity total**
Equity as of November 1, 2022	**5,569**	**4,646**	**13,773**	**-249**	**13,407**	**37,146**	**20,980**	**58,126**
Extensive income								
Profit/loss for the financial period					-2,875	-2,875	-767	-3,642
Translation differences			-4	-135	-11	-150		-150
Extensive income for the financial period total	0	0	-4	-135	-2,886	-3,025	-767	-3,792
Transactions with shareholders								
Dividend distribution					-1,581	-1,581	-147	-1,728
Other changes					80	80	163	243
Disposal of own shares			40			40		40
Reward scheme			20			20		20
Transactions with shareholders, total	0	0	60		-1,501	-1,441	16	-1,425
Changes to subsidiary holdings								
Sales of shares in subsidiaries without change in controlling interest					52	52	31	83
Acquisitions of minority shareholdings					-195	-195	-160	-355
Equity as of October 31, 2023	**5,569**	**4,646**	**13,829**	**-384**	**8,876**	**32,536**	**20,101**	**52,637**
Equity as of November 1, 2023	**5,569**	**4,646**	**13,829**	**-384**	**8,876**	**32,536**	**20,101**	**52,637**
Extensive income								
Profit/loss for the financial period					-3,953	-3,953	738	-3,215
Translation differences				25	5	30		30
Extensive income for the financial period total	0	0	0	25	-3,948	-3,923	738	-3,185
Transactions with shareholders								
Dividend distribution							-64	-64
Repayment of capital								

Other changes					140	140	130	270
Disposal of own shares			21			21		21
Reward scheme			20			20		20
Transactions with shareholders, total	0	0	41		140	181	66	247
Changes to subsidiary holdings								
Acquisitions of minority shareholdings					-36	-36	-31	-67
Equity as of October 31, 2024	**5,569**	**4,646**	**13,870**	**-359**	**5,032**	**28,758**	**20,874**	**49,632**

KEY FIGURES	**October 31, 2024**	**October 31, 2023**
EBIT, MEUR	2.5	-1.1
Equity per share, EUR	0.54	0.62
Earnings per share, undiluted, EUR	-0.08	-0.06
Earnings per share, diluted, EUR	-0.08	-0.06
Average number of outstanding shares during financial period, 1,000 pcs.	52,809	52,717
Number of shares at the end of the financial period, 1,000 pcs.	53,333	53,333
Number of outstanding shares, 1,000 pcs., on average, diluted	52,849	52,726
Return on equity, %	-6.3%	-6.6%
Return on investment, %	2.8%	-0.7%
Gross investments in permanent assets, MEUR	3.8	4.3
% of net sales	2.8%	3.2%
Interest-bearing liabilities, MEUR	49.8	57.1
Interest-bearing net liabilities, MEUR	39.3	42.4
Equity ratio, %	37.8	37.5
Average number of employees	1,135	1,217

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 2024. 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

	Q4/24	Q3/24	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23
Net sales	35.5	31.6	33.7	33.3	34.2	31.5	35.0	35.5
Other operating income	0.3	0.2	0.5	0.5	0.2	0.1	0.3	0.2
Costs in total	31.0	27.8	30.8	31.1	32.1	28.9	31.9	32.5
Depreciations, amortizations and impairment	3.1	3.1	3.0	3.0	3.1	3.2	3.3	3.1
EBIT	1.7	0.8	0.4	-0.4	-0.8	-0.5	0.1	0.1
Finance items	-0.4	-0.6	-3.7	-0.7	-0.6	-0.6	-0.5	-0.6
Share of associated company profits	0.0	0.0	-0.1	0.0	-0.9	0.0	-0.1	0.0
Profit before taxes	1.3	0.2	-3.4	-1.1	-2.3	-1.1	-0.4	-0.5
Taxes	0.1	-0.2	-0.1	0.0	0.9	0.0	-0.1	-0.1
Profit from continuing operations	1.4	0.0	-3.5	-1.1	-1.4	-1.1	-0.5	-0.7
Profit/loss from discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	1.4	0.0	-3.5	-1.1	-1.4	-1.1	-0.5	-0.7
Minority interest	0.7	0.2	0.1	-0.2	-0.7	-0.3	0.0	0.1
Parent company shareholder interest	0.7	-0.2	-3.6	-0.9	-0.8	-0.8	-0.6	-0.8

GUARANTEES AND CONTINGENCIES ISSUED

EUR 1,000	October 31, 2024	October 31, 2023
Guarantees given on behalf of Group companies		
Enterprise mortgages	161,067	161,067
Pledges given	75,624	80,124
Other liabilities	1,140	1,154

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	11/23-10/24	11/22-10/23
Grano	104,637	109,091
Hygga	8,819	7,772
CoreHW	8,600	7,909
Oscar Software	12,064	11,501
Others	0	0
Eliminations	-93	-90
Group in total	134,027	136,184

EBIT EUR 1,000	11/23-10/24	11/22-10/23
Grano	2,989	1,928
Hygga	439	-77
CoreHW	-117	-1,174
Oscar Software	1,359	381
Others	-2,131	-2,166
Group in total	2,538	-1,109

Interest-bearing net liabilities by segment EUR 1,000	**October 31, 2024**	**October 31, 2023**
Grano	32,759	39,365
Hygga	9,673	10,002
CoreHW	10,935	9,914
Oscar Software	1,804	3,223
Parent company	-15,832	-20,124
Others	0	0
Group in total	39,340	42,381

The impact of the IFRS 16 standard on the Group's net liabilities is MEUR 26.6 (MEUR 32.0).

Write-downs per segment

EUR 1,000	October 31, 2024	October 31, 2023
Grano	-9,915	-10,210
Hygga	-658	-620
CoreHW	-598	-592
Oscar Software	-993	-1,217
Others	-70	-74
Group in total	-12,233	-12,713

The impact of the IFRS 16 standard on the Group's depreciations is MEUR 8.7 (MEUR 9.2).

SEGMENT INFORMATION BY QUARTER
NET SALES, MEUR

	Q4/24	Q3/24	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23
Grano	27.2	24.7	26.5	26.3	27.9	24.9	27.8	28.5
Hygga	2.3	2.2	2.4	2.0	2.0	1.9	2.1	1.7
CoreHW	2.9	1.9	1.8	2.0	1.5	2.0	2.3	2.2
Oscar Software	3.2	2.9	3.1	2.9	2.8	2.7	2.9	3.1
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Group in total	35.5	31.6	33.7	33.3	34.2	31.5	35.0	35.5

SEGMENT INFORMATION BY QUARTER
EBIT, MEUR

	Q4/24	Q3/24	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23
Grano	1.2	0.8	0.8	0.2	0.2	0.2	0.8	0.8
Hygga	0.1	0.1	0.2	0.1	0.0	0.1	0.0	-0.2
CoreHW	0.6	-0.1	-0.4	-0.2	-0.6	-0.3	-0.1	-0.1
Oscar Software	0.5	0.6	0.2	0.1	0.2	0.1	-0.1	0.2
Others	-0.6	-0.5	-0.5	-0.6	-0.5	-0.5	-0.5	-0.6
Group in total	1.7	0.8	0.4	-0.4	-0.8	-0.5	0.1	0.1

Reconciliation of key figures – interest-bearing liabilities and interest-bearing net liabilities **MEUR**	**October 31, 2024**	**October 31, 2023**
Liabilities total	82.2	88.7
Non-interest-bearing liabilities	32.4	31.6
Interest-bearing liabilities	49.8	57.1
Trade and other receivables	21.7	21.8
Non-interest-bearing receivables	20.3	17.4
Interest-bearing receivables	1.4	4.3
Interest-bearing liabilities	49.8	57.1
Interest-bearing receivables	1.4	4.3
Cash and cash equivalents	9.1	10.4
Interest-bearing net liabilities	39.3	42.4

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

Panostaja has a majority holding in four investment targets. Grano Oy is the most versatile expert of content services in Finland. Hygga Oy is a company providing health care services and the ERP system for health care providers. CoreHW provides high added value RF IC design services. Oscar Software provides ERP systems and financial management services.