



Panostaja Oyj's Business Review Q3 November 1, 2023-July 31, 2024

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Panostaja Oyj's Business Review Q3: November 1, 2023-July 31, 2024

Positive profitability development continued in the third quarter

May 2024-July 2024 (3 months) in brief:

- Net sales increased in two out of four segments. For the Group as a whole, net sales remained at the level of the reference period at MEUR 31.6 (MEUR 31.5).
- EBIT improved in all of the four segments. The entire Group's EBIT improved from the reference period, standing at MEUR 0.8 (MEUR -0.5).
- Grano's net sales for the review period dropped by 1% from the reference period. EBIT totaled MEUR 0.8 (MEUR 0.2).
- Earnings per share (undiluted) were -0.5 cents (-1.5 cents).

November 2023-July 2024 (9 months) in brief:

- Net sales increased in two out of four segments. Net sales for the Group as a whole weakened by 3% to MEUR 98.5 (MEUR 102.0).
- EBIT improved for three of the four segments. The entire Group's EBIT improved from the reference period, standing at MEUR 0.8 (MEUR -0.3).
- Grano's net sales for the review period dropped by 5% from the reference period. EBIT totaled MEUR 1.8 (MEUR 1.8).
- Earnings per share (undiluted) were -8.8 cents (-4.0 cents). The profit/loss includes a write-down of roughly MEUR 3.1 in loan receivables.

CEO Tapio Tommila:

"In the third quarter of the financial period, general economic caution persisted in the same way as early on in the period. Over the course of the review period, we have continued the earlier measures to bolster profitability. In fact, the profit/loss for all of our segments improved from the reference period. Overall, EBIT improved from the reference period by MEUR 1.3, standing at MEUR 0.8.

In terms of net sales development, the third quarter was like the reference period, with the net sales settling at MEUR 31.6. For Grano, net sales dropped by MEUR 0.2 from the reference period, ending up at MEUR 24.7. The implementation of Grano's structural and organizational changes as well as other streamlining measures was continued in the third quarter. The resulting cost savings that target the current financial period are estimated to stand at roughly MEUR 1.5, and they will primarily focus on the last quarter. Through the structural and organizational changes, Grano is aiming for permanent annual cost savings of about MEUR 4.5.

The positive development of Hygga's clinic operations continued in the review period. The 3+1 year agreement period of the outsourcing business will be ending on October 31, 2024, and the operations will not be continued after the on-going option year. Over the course of the fall and the early part of the 2025 financial period, the clinic business will be reverted back to the mainly private clinic operations, which are supplemented by oral health care services provided to service voucher customers. 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.

In terms of CoreHW's design services, there was a positive turn in the review period, as the company managed to win multiple new design service orders. The new design projects were mostly kicked off in the latter half of the review period. The new orders will significantly increase the work load of the remaining financial period and the start of the upcoming one. In terms of product business, we are expecting the first significant orders toward the end of the financial period. However, substantial deliveries will take place in the 2025 financial period. We expect the first significant orders to come from the health care sector of the United States from operators that already have existing infrastructure for indoor positioning.

At Oscar Software, the growth of the ARR software business continued as expected, and expert sales to existing customers saw positive development during the review period. Customer uncertainty in terms of larger investment projects persists as a result of the general economic situation. Overall, the company's net sales for the review period improved from the reference period significantly to MEUR 0.6 (MEUR 0.1).

In the corporate acquisition market, activity has remained at the level of the second quarter and increased slightly after the slower first quarter. In terms of the number of realized corporate acquisitions, however, the market remains below the long-term average. Despite the fairly low activity level, however, the valuation environment has remained somewhat challenging. We have continued to actively explore new corporate acquisition opportunities in our target fields according to our goals."

Financial Development November 1, 2023-July 31, 2024

Key Figures MEUR	Q3	Q3	9 months	9 months	12 months
	5/24- 7/24	5/23- 7/23	11/23- 7/24	11/22 7/23	11/22- 10/23
Net sales, MEUR	31.6	31.5	98.5	102.0	136.2
EBIT, MEUR	0.8	-0.5	0.8	-0.3	-1.1
Profit before taxes, MEUR	0.2	-1.1	-4.4	-2.0	-4.3
Profit/loss for the financial period, MEUR	0.0	-1.1	-4.6	-2.2	-3.6
Distribution:					
Shareholders of the parent company	-0.2	-0.8	-4.7	-2.1	-2.9
Minority shareholders	0.2	-0.3	-0.0	-0.1	-0.8
Earnings per share, undiluted, EUR	-0.00	-0.01	-0.09	-0.04	-0.05
Interest-bearing net liabilities	39.9	42.7	39.9	42.7	42.4
Gearing ratio, %	82.8	78.5	82.8	78.5	80.5
Equity ratio, %	38.1	39.6	38.1	39.6	37.5
Equity per share, EUR	0.53	0.64	0.53	0.64	0.62

Distribution of net sales by segment MEUR	Q3	Q3	9 months	9 months	12 months
	5/24- 7/24	5/23- 7/23	11/23 7/24	11/22 7/23	11/22- 10/23
Net sales					
Grano	24.7	24.9	77.5	81.2	109.1
Hygga	2.2	1.9	6.5	5.8	7.8
CoreHW	1.9	2.0	5.7	6.4	7.9
Oscar Software	2.9	2.7	8.8	8.7	11.5
Others	0.0	0.0	0.0	0.0	0.0
Eliminations	0.0	0.0	-0.1	-0.1	-0.1
Group in total	31.6	31.5	98.5	102.0	136.2

Distribution of EBIT by segment MEUR	Q3	Q3	9 months	9 months	12 months
EBIT	5/24- 7/24	5/23- 7/23	11/23 7/24	11/22 7/23	11/22- 10/23
Grano	0.8	0.2	1.8	1.8	1.9
Hygga	0.1	0.1	0.3	-0.1	-0.1
CoreHW	-0.1	-0.3	-0.7	-0.5	-1.2
Oscar Software	0.6	0.1	0.9	0.2	0.4
Others	-0.5	-0.5	-1.5	-1.6	-2.2
Group in total	0.8	-0.5	0.8	-0.3	-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.

Events after the Review Period

No significant events after the review period.

Outlook for the 2024 Financial Period

In the corporate acquisition market, activity has remained at the level of the second quarter and increased after the slower first quarter. SMEs will still need to utilize ownership arrangements and growth opportunities, but the consistently high market liquidity and the high price expectations of sellers, which tend to follow changes in economic trends with some delay, make the operating environment challenging for corporate acquisitions. We will continue exploring new possible investment targets in accordance with our strategy and assess divestment possibilities as part of the ownership strategies of the investment targets.

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

- 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. 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

The Business Review is attached to this release. The Business Review and other investor information are available at <https://panostaja.fi/en/investors/>

About Panostaja Oyj

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.

Attachments

- [Download announcement as PDF.pdf](#)
- [Panostaja Oyj Business Review 4.9.2024 Q3 Appendix.pdf](#)