



Panostaja Oyj's Financial Statement Bulletin 1.11.2023-31.10.2024

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Panostaja Oyj Financial Statement Bulletin December 13, 2024 at 10.00 a.m.

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 be 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."

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

Distribution of net sales by segment 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				
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.

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

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 Financial Report 13.12.2024.pdf](#)