



Panostaja Oyj's Half Year Financial Report November 1, 2023-April 30, 2024

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Positive profitability development in the second quarter

February 2024-April 2024 (3 months) in brief:

- Net sales increased in two out of four segments. Net sales for the Group as a whole weakened by 4% to MEUR 33.7 (MEUR 35.0).
- EBIT improved for three of the four segments. The entire Group's EBIT improved from the reference period, standing at MEUR 0.4 (MEUR 0.1).
- Grano's net sales for the review period dropped by 5% from the reference period. EBIT totaled MEUR 0.8 (MEUR 0.8).
- Earnings per share (undiluted) were -6.7 cents (-1.1 cents). The profit/loss includes a write-down of roughly MEUR 3.1 in loan receivables.

November 2023-April 2024 (6 months) in brief:

- Net sales increased in two out of four segments. Net sales for the Group as a whole weakened by 5% to MEUR 67.0 (MEUR 70.5).
- EBIT improved in two of the four segments. The Group's EBIT decreased from the reference period to MEUR 0.0 (MEUR 0.2).
- Grano's net sales for the review period dropped by -6% from the reference period. EBIT totaled MEUR 1.0 (MEUR 1.6).
- Earnings per share (undiluted) were -8.4 cents (-2.5 cents).

CEO Tapio Tommila:

"The first half of the financial year was bifurcated as a whole. We have been able to further our development projects widely in our target companies, but there have still been delays in customers' investment decisions, which manifested themselves as weaker than expected financial development in some of the companies. Overall, net sales for the second quarter dropped by a further 3.9%.

In the second quarter, we continued the measures to improve profitability. Grano's change negotiations ended in March. The planned structural and organizational changes as well as other streamlining measures are expected to yield annual cost savings of about MEUR 4.5, of which the cost savings for the current financial period are estimated to stand out at roughly MEUR 1.5. The positive development of Hygga's clinic business continued thanks to the slightly recovered demand and measures to improve profitability. At CoreHW, the continued delays of customers' investment decisions have postponed the commencement of new design projects, which has had a negative impact on the development of net sales and profitability in the review period. In terms of product business, we are expecting the first significant orders toward the end of the financial period. However, substantial deliveries will most likely mainly 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, but development in the sale of expert services was modest in the review period as challenges with the realization of new projects continued. Overall, net sales for the review period improved from the reference period despite a slight drop in net sales to MEUR 0.4 (MEUR 0.1).

In the corporate acquisition market, activity has 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. We have continued to actively explore new corporate acquisition opportunities in our target fields according to our goals."

Financial Development
November 1, 2023-April 30, 2024

| KEY FIGURES MEUR | Q2 | Q2 | 6 months | 6 months | 12 months |
|--|---------------|---------------|-----------------|-----------------|------------------|
| | 2/24- 4/24 | 2/23- 4/23 | 11/23- 4/24 | 11/22 4/23 | 11/22- 10/23 |
| Net sales, MEUR | 33.7 | 35.0 | 67.0 | 70.5 | 136.2 |
| EBIT, MEUR | 0.4 | 0.1 | 0.0 | 0.2 | -1.1 |
| Profit before taxes, MEUR | -3.4 | -0.4 | -4.5 | -0.9 | -4.3 |
| Profit/loss for the financial period, MEUR | -3.5 | -0.5 | -4.6 | -1.2 | -3.6 |
| Distribution: | | | | | |
| Shareholders of the parent company | -3.6 | -0.6 | -4.4 | -1.3 | -2.9 |
| Minority shareholders | 0.1 | 0.0 | -0.2 | 0.2 | -0.8 |
| Earnings per share, undiluted, EUR | -0.07 | -0.01 | -0.08 | -0.03 | -0.05 |
| Interest-bearing net liabilities | 40.1 | 39.7 | 40.1 | 39.7 | 42.4 |
| Gearing ratio, % | 83.2 | 71.7 | 83.2 | 71.7 | 80.5 |
| Equity ratio, % | 35.4 | 37.4 | 35.4 | 37.4 | 37.5 |
| Equity per share, EUR | 0.54 | 0.65 | 0.54 | 0.65 | 0.62 |

| Distribution of net sales by segment MEUR | Q2 | Q2 | 6 months | 6 months | 12 months |
|--|---------------|---------------|-----------------|-----------------|------------------|
| | 2/24- 4/24 | 2/23- 4/23 | 11/23- 4/24 | 11/22- 4/23 | 11/22- 10/23 |
| Net sales | | | | | |
| Grano | 26.5 | 27.8 | 52.8 | 56.3 | 109.1 |
| Hygga | 2.4 | 2.1 | 4.4 | 3.9 | 7.8 |
| CoreHW | 1.8 | 2.3 | 3.9 | 4.5 | 7.9 |
| Oscar Software | 3.1 | 2.9 | 6.0 | 5.9 | 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 | 33.7 | 35.0 | 67.0 | 70.5 | 136.2 |

| Distribution of EBIT by segment MEUR | Q2 | Q2 | 6 months | 6 months | 12 months |
|---|---------------|---------------|-----------------|-----------------|------------------|
| | 2/24- 4/24 | 2/23- 4/23 | 11/23- 4/24 | 11/22- 4/23 | 11/22- 10/23 |
| EBIT | | | | | |
| Grano | 0.8 | 0.8 | 1.0 | 1.6 | 1.9 |
| Hygga | 0.2 | 0.0 | 0.3 | -0.2 | -0.1 |

| | | | | | |
|-----------------------|------|------|------|------|------|
| CoreHW | -0.4 | -0.1 | -0.5 | -0.2 | -1.2 |
| Oscar Software | 0.2 | -0.1 | 0.3 | 0.1 | 0.4 |
| Others | -0.5 | -0.5 | -1.1 | -1.1 | -2.2 |
| Group in total | 0.4 | 0.1 | 0.0 | 0.2 | -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 -0.0 (MEUR -0.0), 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 2024 Financial Period

In the corporate acquisition market, activity has 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 war in Ukraine and the 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 uncertain outlook in terms of inflation and 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

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

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