panostaja

# Financial Statements

## and Investor Information

2023

# Financial Statements and Investor Information

**FOR THE FINANCIAL PERIOD NOVEMBER 1, 2022–OCTOBER 31, 2023**

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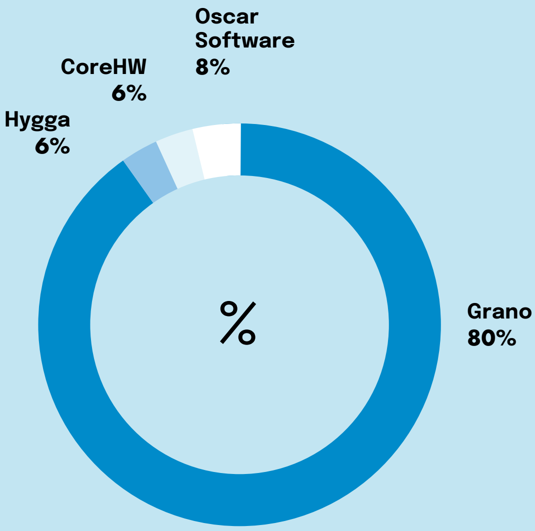
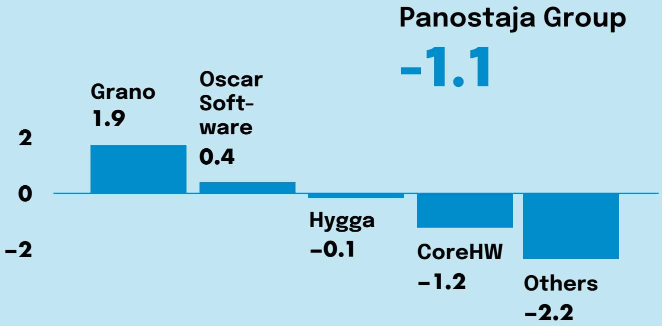



# Distribution of Net Sales

# Distribution of EBIT

M€




# Panostaja Group

NET SALES

**136 M€**

PROFIT FOR THE FINANCIAL PERIOD

**-3.6 M€**

PERSONNEL

**1 188**

| | October 31, 2023 | October 31, 2022 |
|---|---|---|
| Net sales, MEUR | 136.2 | 137.9 |
| EBIT, MEUR | -1.1 | 5.2 |
| Profit before taxes, MEUR | -4.3 | 3.2 |
| Profit/loss from continuing operations, MEUR | -3.6 | 3.6 |
| Profit/loss from sold or discontinued operations, MEUR | 0.0 | 0.4 |
| Profit/loss for the financial period, MEUR | -3.6 | 3.9 |
| Earnings per share, undiluted (EUR) | -0.055 | 0.025 |
| Equity per share (EUR) | 0.62 | 0.71 |

# Annual Report of Panostaja Oyj's Board Of Directors

## THE GROUP'S ECONOMIC DEVELOPMENT

Panostaja Group's net sales for the finished review period were MEUR 136.2 (MEUR 137.9).

Two of the four segments exceeded the cumulative net sales level of the reference period. The increase in Hygga's net sales stemmed particularly from the positive development of the outsourcing services provided to the City of Helsinki. Oscar Software's net sales also increased 3% from the reference period and agreement value of annually recurring revenue (ARR) from software services continued to improve. That said, Grano's net sales shrunk slightly from the reference period as the demand declined heavily in the second half of the year, following a strong start. CoreHW's net sales were almost at the level of the reference period, falling 1% below the reference period net sales.

The group's reported EBIT stood at MEUR -1.1 (MEUR 5.2). The reported EBIT for the reference period includes MEUR 9.4 in sales profit from the divestment of the SokoPro business. Taking this into account, the Group's EBIT improved significantly from the reference period. Two segments out of four exceeded the reported EBIT for the reference period. EBIT for the review period was improved by Grano's sales margin, which was significantly higher than in the reference period, thanks to the increase in the material costs of printing services largely being successfully converted into customer prices. The profit/loss includes MEUR 0.4 in one-time costs of Grano's restructurings that resulted from the change negotiations that took place at the end of the financial period. Oscar Software's EBIT also improved significantly from the reference period, with the drop in personnel costs compared to the reference period boosting the profit/loss for the review period. In addition to the better development of net sales, Hygga's EBIT was improved by the streamlining measures on the clinic business. CoreHW's EBIT was dragged down by the customer project implementations that were more challenging than expected and the cost-impacting investments in the commercial organization and product development of product business.

Exports amounted to MEUR 7.9, or 5.8% (MEUR 6.4, or 4.6%), of net sales.

The Group did not divest business operations during the financial period. Profit from discontinued operations in the reference period was MEUR 0.4. The consolidated income statement does not include the income statement for operations sold and held for sale in 2022. Instead, the result is entered separately in the consolidated income statement under 'Profit/loss from sold or discontinued operations.

The Group's net financial expenses for the review period were MEUR -2.0 (MEUR -2.2). The Group's liquidity remained as before, and operating cash flow was MEUR 12.0 (MEUR 2.9).

Grano divested its ownership in associated company Maker 3D Oy. The Group's income statement presents the divestment loss of MEUR -0.9 on the row indicating the associated companies' profit/loss.

During the financial year, the Group employed an average of 1,217 (1,324) people. At the end of the financial period, the Group employed 1,188 (1,246) persons.

The net sales of the parent company, Panostaja Oyj, amounted to MEUR 0.0 (MEUR 0.0). The EBIT was MEUR -2.9 (MEUR -2.2). The parent company's profit/loss for the review period was MEUR -2.2 (MEUR 9.7).

The dividend paid for the 2022 financial period stood at EUR 0.03 per share.

## GROUP STRUCTURE

No significant changes in the Group structure.

## PANOSTAJA GROUP'S BUSINESS SEGMENTS

Panostaja Group's segmentation is based on investment targets in majority ownership. The segments are also monitored as separate business operations.The investments in which Panostaja has majority holdings compose the company's business segments. In addition to that there is the segment Others, in which associated companies and non-allocated items are reported, including the parent company. Panostaja Group's business segments are Grano, Hygga, CoreHW, Oscar Software and Others.

The Group's segment reporting is based on its business segments.

### GRANO

Grano is the most versatile marketing communications specialist in Finland, providing marketing and communications solutions that promote the customers' sales, brand and profit – everything from digital to print services. The company's services cover all content projects that support business from start to finish, from creative design to production, publication, result measurement and asset management – across all digital and print channels essential to the customer's target audience. Grano provides its services in more than 20 localities in Finland. The company's head office is located in Helsinki.Grano Group's CEO is Kimmo Kolari. At the end of the review period, Panostaja's shareholding in the Group stood at 55.2%.

Grano's reported net sales were MEUR 109.1 (MEUR 111.5), which was a decrease of 2% from the reference period. Grano's reported EBIT stood at MEUR 1.9 (MEUR 8.7). The reported reference period EBIT includes MEUR 9.4 in sales profit from the SokoPro deal. The illustrative figures for the reference period, adjusted to eliminate the impacts of SokoPro's business activities and the effects of the sale, were as follows: net sales MEUR 109.9 and EBIT MEUR -1.6. In comparable figures, net sales for the 2023 financial period dropped by 1% and EBIT improved by MEUR 3.5.

During the financial year 2023, demand for Grano's services varied significantly between quarters and product areas. In the first half of the year, the operations developed strongly as a whole, but demand began to decline significantly in the third quarter. The business operations that saw the most growth in the review period were digital printing, large-scale printing, labels business and marketing logistics services. In addition to this, electronic asset management solutions and digital displays continued to grow. In turn, the demand for offset printing products and printing services for construction continued their expected decline.

With adjustments accounting for the impacts of the SokoPro divestment, the company's EBIT was significantly higher than in the reference period, despite the slight drop in net sales. During the financial period, the increased material costs of printing services were largely transferred into customer prices, which improved the company's profitability substantially. The profit/loss includes MEUR -0.4 in one-time costs of the restructurings that resulted from the change negotiations that took place at the end of the financial period. The reported EBIT for the reference period is encumbered by a MEUR 1.5 write-down of activated development costs related to rearrangements for the development of an internal ERP system. On the other hand, the profit/loss of the reference period includes MEUR 1.1 in profits from the sale of fixed assets.

Due to the weakened market situation, Grano initiated change negotiations in August 2023 to improve the company's profitability and competitiveness, and to secure future operational capacity. The change negotiations covered about 850 people. The negotiations ended in October 2023, and the resulting restructurings will end a total of 43 positions. The company will terminate 27 employees, and 16 changed job descriptions involve a risk of termination. The company is also planning temporary layoffs. The aim is to carry out the terminations as soon as possible. The layoffs will also take place as soon as possible but, in any case, no later than May 1, 2024. The operational restructuring and streamlining measures will achieve about MEUR 1.2 in permanent annual cost savings, about MEUR 0.75 of which are estimated to be realized in the 2024 financial year.

The company's mission is to provide surfaces that maximize the impact of the customers' messages. On this basis, Grano updated its strategy and organization during the financial period. In order to reach the set goals, the focus of the strategy was shifted from increasing net sales to profitability and streamlining efforts. The company continued active operational development with a focus on implementing its updated strategy and developing its organization. Sales efforts focused on the Grano 360 concept aiming to more effectively leverage the company's wide product and service portfolio as well as accelerating the growing packaging and labeling business. As regards personnel, competence development is important to maintain competitive and operational capability. Responsibility themes were also strongly present in operational development. As regards the production activities, the centralization of the print production was completed in the Helsinki Metropolitan Area in the previous financial period, but the continuous efforts to optimize production remained as a focus.

At the end of the financial period, the segment had 869 (922) employees.

## HYGGA

Hygga offers an entirely new kind of ERP system as a licensed service to public and private dental care and health care providers. It also runs a dental clinic in Kamppi, Helsinki, with an entirely new service concept based on the proprietary ERP system that optimizes customer flow. The clinic's operations are based on a customer-centered approach in which the customer is offered all dental care services in one visit, with top quality and without having to wait in line. The Managing Director of the company is Christoffer Nordström. At the end of the review period, Panostaja's shareholding in the group stood at 79.8%.

Hygga's net sales for the review period were MEUR 7.8 (MEUR 7.3), which is a decline of 6% from the reference period. EBIT improved from the reference period thanks to higher net sales and productivity measures at the clinic, arriving at MEUR -0.1 (MEUR -0.4).

As regards the clinic business, the volumes of the City of Helsinki outsourcing services increased significantly from the reference period as the challenges related to the availability of clinical staff were largely overcome. In private business, demand dropped slightly as the financial period progressed, which had a negative impact on the development of net sales. The measures conducted at the clinic during the financial period to streamline the operations were successful, and a positive turn in profitability was achieved for the clinic business.

In terms of software business, there were no significant changes in the market situation over the course of the financial period. The development during the financial period was in many ways positive, even though net sales only improved moderately. In Finland, there was an ongoing, active dialogue with the wellbeing services counties on the possibilities of utilizing the Hygga Flow system in oral health care and basic health care. In Sweden, active discussions were also under way with multiple potential customers based on the success of the Örebro reference. As such, a new agreement was made with the Västernorrland region during the review period with regard to deploying Hygga Flow by the end of the year. The financial period also involved signing a framework agreement with a Belgian hospital on developing the Hygga Flow solution for radiological applications in a hospital environment.

At the end of the financial period, the segment employed 103 (92) staff.

## COREHW

CoreHW provides high value-added design services in the RF IC sector, developing RF microchips and antenna technology and offering related consulting services. The company's business is divided into design services, consulting and the development of proprietary and licensed technologies (IP). CoreHW has offices in four cities: Tampere, Helsinki, Oulu and Turku. The CEO of the company is Tomi-Pekka Takalo. At the end of the review period, Panostaja's holding in the segment was 55.8%.

CoreHW's net sales were practically at the level of the reference period at MEUR 7.9 (MEUR 8.0).EBIT, in turn, weakened significantly to MEUR -1.2 (MEUR -0.5).The weakened profitability stemmed from some customer projects being more challenging than expected and the cost-impacting investments into the commercial organization and product development in the context of product having a negative impact on profitability.

The demand for the company's design services has remained at a good level and, even though there were some slowness in customers' investment decisions during the financial period, the sales pipeline continued to develop well toward the end of the financial period. The company has initiated measures to develop the execution of design projects and ensure project profitability. The competition for top professionals in the field remains fierce, but the company's employee satisfaction was at a good level and the staff turnover remained low.

CoreHW continued the active development and commercialization of its own products in the financial period. In the early spring of 2023, the company gained a significant additional investment which aims to significantly strengthen the commercialization of CoreHW's own product family focused on indoor positioning solutions; the combination of a new subordinate loan from Panostaja (MEUR 2.2) and a product development loan from Business Finland will provide almost MEUR 4 of additional funding for commercialization and the development of the product family. Based on customer feedback, CoreHW's technology offers excellent performance, and the company sees that product development investments in indoor positioning applications are currently increasing substantially thanks to the availability of sufficiently reliable technology for demanding applications. There are many potential customers, even though ramping up product sales will continue to require long-term efforts and depend upon the product development cycles and commercialization of customers' end products. The first customer relationships have progressed in product development, and the gradual growth in order sizes promises a transition to production in the early half of the 2024 financial period. In the 2024 financial period, we expect significant growth in product business net sales as a result of the growth investments.

At the end of the financial period, the segment employed 75 (76) staff.

### OSCAR SOFTWARE

Oscar Software is a software service company specialized in the development of enterprise resource planning (ERP) systems and various business services. In addition to the diverse ERP systems, Oscar provides financial management and HR services as well as software for webstores and services for online business. Oscar's solutions and services form a unified business platform in which the features and functionalities communicate with each other in real time to ensure up-to-date information. Oscar has a wide customer base, which includes SMEs from various sectors. The company has around 700 customers, its HQ is located in Tampere and it has offices in Espoo and Raisio. Markku Virtanen serves as the company's CEO.At the end of the review period, Panostaja's holding in the segment was 57.9%.

Oscar Software's net sales for the review period stood at MEUR 11.5 (MEUR 11.2), which was 3% in growth compared to the reference period. The market demand during the financial period was largely satisfactory but weakened later in the year. There have been some signs of slowness in the investment decisions of customers due to the uncertain economic situation. This has particularly affected the acquisition of new customers, since it has been difficult to bring home deals. That said, operations have been active with regard to expansions and further development projects for existing customers. EBIT improved significantly from the reference period, standing at MEUR 0.4 (MEUR -0.5).The improved EBIT is explained by the lower personnel costs due to the average number of experts that was lower than in the reference period. As such, the company has focused on improving internal process efficiency and strengthening operational profitability during the financial period.

The continuously invoiced software business, which is a strategic focus for the company, continued to increase its net sales, but development in the sale of expert services was poor in the review period due to the low number of new projects being initiated. The company will continue significant investments in the development of a cloud-based business platform, which has progressed as planned, and there are active sales efforts to acquire new customers.

At the end of the financial period, the segment had 132 (147) employees.

### OTHERS

The EBIT of the Others segment remained close to the level of the reference period. One associated company, Gugguu Group Oy, provided a report for the review period. The impact on profit/loss of the reported associated company in the review period was MEUR -0.1 (MEUR 0.0), which is presented in a separate row in the consolidated income statement.

## FINANCE

Operating cash flow improved and stood at MEUR 12.0 (MEUR 2.9). Liquidity remained good. The Group's liquid assets were MEUR 10.4 (MEUR 14.3) and interest-bearing net liabilities MEUR 42.4 (MEUR 42.3). Net gearing increased and was 80.5% (72.8%). The Group's net financial expenses for the review period were MEUR -2.2 (MEUR -2.0), or 1.5% (1.5%) of net sales.

Panostaja has a MEUR 15.0 corporate acquisition limit, which enables the withdrawal of three-year loans to fund Panostaja's corporate acquisitions and/or additional investments in the Group's companies. At the end of the financial period, MEUR 1.8 of the corporate acquisition limit was in use.

The Group's equity ratio at the end of the review period was 37.5% (39.1%). Return on equity was -6.6% (6.3%). The yield of invested capital declined to -0.7% (4.2%).

## INVESTMENTS AND DEVELOPMENT EXPENSES

The Group's gross capital expenditure for the review period was MEUR 4.3 (MEUR 4.7), or 3.2% (3.4%) 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 2.1 (MEUR 1.6) of development expenses were activated.

## RELATED PARTY LOANS AND LIABILITIES

At the time of closing the books, there were no payables to related-party companies outside the Group. The totals and the main loan conditions of the loans issued to management are presented in Note 35 to the financial statements.

## RISKS

The Group takes controlled risks to utilize opportunities for business operations in an optimal manner. The Group's conventional business risks concern the market and competitive situations of the investment targets, customer and supplier risks, corporate acquisitions and the risks involved in related financing.

The four investment targets in which Panostaja has a majority shareholding operate in different fields. The aim is to ensure that the Group's financial performance is not substantially dependent on the development and results of a single investment target but, depending on the market conditions and as a business area grows, its significance for the Group is emphasized, which may mean that the risk is substantial. The Group's financial performance and development are not normally dependent on a single customer, but losing one or more important customers may have financial consequences for the results and development of a single investment target.

The general trend development and especially the development of the Finnish economy may have a significant effect on the Group's financial performance and development. The general economic trends and the demand of the various segments 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. If strengthened and prolonged, the inflation 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. The Group's profit/loss and development are also affected by the seasonal nature of the business. The seasonal variations of the business operations have the effect that ordinarily the first half of the year is weaker than the second. The continuous changes in competition, such as price competition and new rivals for an individual investment target, may affect the Group's financial performance and development, although the Group and its investment targets work continuously to develop their activities to meet the competitive situation. The risks involved in the price and availability of the raw materials that the different investment targets use in their operations may also significantly influence the financial performance and development of a single investment target and, in the current extraordinary market environment, possibly the entire Group's development and profit/loss.

Exchange rate, interest, financial and credit loss risks have normally no significant effect on the Group's financial performance and development, but they may have a substantial influence on the financial performance and development of a single investment target. The Group and its various investment targets strive significantly to hedge against these risks in different ways, but it is not always possible.

The risks connected to the Group's staff may influence the Group's and its investment targets' development and financial performance if the Group is unsuccessful in the recruitment of key persons and other employees or in committing them to the Group. Preparations for risks are being made by strengthening the organizations of investment targets, developing the management team work and target discussion practices of the investment targets, and developing a management and monitoring system.

The safe and uninterrupted operation of the ICT network, data security and the management of data security risks are important for the operation of the businesses. Unauthorized data access or disclosure or the loss or misuse of data may lead to violations of data protection legislation and other applicable laws, blemishes on the corporate image, profit losses, claims or measures taken by authorities. Data security risks are managed by the investment targets and the Group, and protections against risks are put into place appropriately and pre-emptively.

If unsuccessfully managed, the risk of weakening reputation or trust due to negative publicity or the realization of some other risk may impact the development and financial result of the Group or its segments. Risks related to reputation are managed by maintaining an ethical corporate culture, ensuring timely and sufficient communications, implementing compliance activities and instructions, understanding the expectations of interest groups and preparing crisis management plans.

If unsuccessfully managed, risks concerning the environment may affect the development and financial performance of the Group and its investment targets. The Group complies with the legislation concerning environmental issues and takes the responsibilities they bring into account especially carefully and in all its operations strives to observe the principles of sustainable development. The Group has no knowledge of any significant risks concerning environmental issues.

The Group has extensive insurance coverage that covers material damage in accordance with the insurance terms and conditions. The insurance level of property risks is monitored regularly. If unsuccessful in managing them, risks concerning guarantees, suspension, product liability and repair may affect the development and financial performance of the Group and its investment targets. All Group companies endeavor to minimize these risks by investing in the management of the supply chain, the quality of their own activities, product development and the regular assessment of risks. If possible, such risks are covered by insurance protection.

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 47.3. 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.

Official regulations may affect the development and financial performance of the Group and its investment targets. Amendments to regulations are followed carefully within the Group and the different investment targets, and efforts are made to react to them in advance if possible.

## ADMINISTRATION AND GENERAL MEETING

Panostaja Oyj's decision-making and administration adheres to the Finnish Limited Liability Companies Act, provisions concerning publicly listed companies, Panostaja Oyj's Articles of Association and Nasdaq Helsinki Oy's rules and guidelines.

In its operations and the organization of its administration, Panostaja Oyj complies with the Finnish Corporate Governance Code. The Code is available at the website maintained by the Securities Market Association at www.cgfinland.fi

An account of Panostaja's management and control system is published annually on the company website at: https://panostaja.fi/en/investors/administration/

Panostaja Oyj's Annual General Meeting was held on February 7, 2023 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, 2021–October 31, 2022 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 confirmed the financial statements and consolidated financial statements presented for the financial year November 1, 2021–October 31, 2022 and resolved that the shareholders be paid EUR 0.03 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 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.

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 total number of shares issued on the basis of the authorization may not exceed 5,200,000. 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, 2022 to decide on the acquisition of the company's own shares is canceled by this authorization. The authorization will remain valid until August 6, 2024.

The General Meeting resolved to authorize the Board of Directors to decide on a share issue of no more than 5,200,000 shares as well as on the granting of rights of option and other special rights providing entitlement to shares. 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, 2022 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, 2024.

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 total number of shares is 53,333,110.

The total number of shares held by the company at the end of the review period was 587,191 (at the beginning of the financial period 687,798). The number of the company's own shares corresponded to 1.1% 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, 2022, Panostaja Oy relinquished a total of 33,773 individual shares as share bonuses to the company management on December 16, 2022. On December 16, 2022, the company relinquished to the Board members a total of 31,746 shares as meeting compensation. In accordance with the Board decision of February 7, 2023, Panostaja transferred a total of 35,088 shares as meeting compensation on June 5, 2023.

## SHARE PRICE DEVELOPMENT AND SHARE OWNERSHIP

Panostaja Oyj's share closing rate fluctuated between EUR 0.48 (lowest quotation) and EUR 0.72 (highest quotation) during the financial period. During the review period, a total of 2,724,126 shares were exchanged, which amounts to 5.2% of the average share capital for the financial period. The October 2023 share closing rate was EUR 0.50. The market value of the company's share capital at the end of October 2023 was MEUR 26.4 (MEUR 31.6). At the end of October 2023, the company had 4,832 shareholders (4,682).

## BOARD'S PROPOSAL TO THE GENERAL MEETING

The Board of Directors proposes to the Annual General meeting that no dividends be paid for the financial period.

The Board also proposes that the General Meeting authorize the Board of Directors 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. It is proposed that the authorization include the right of the Board to decide on all other terms and conditions relating to said asset distribution. It is also proposed that the authorization remain valid until the start of the next Annual General Meeting.

Panostaja Oyj's Annual General Meeting will be held on February 7, 2024 in Tampere.

## EVENTS AFTER THE REVIEW PERIOD

There are no major events to report after the review period.

## PROSPECTS FOR THE NEXT FINANCIAL YEAR

As regards the corporate acquisition market, new opportunities are available and the market is active.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. If strengthened and prolonged, the inflation 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.

## REPORT ON NON-FINANCIAL INFORMATION

In this report, we provide information on how Panostaja as a Group handles environmental and social matters as well as employees, human rights and anti-corruption efforts.

Panostaja's Board of Directors approves the report on an annual basis. The report is issued by the parent company for the entire Group, covering the period from November 1, 2022 to October 31, 2023.

The report also provides information referred to in Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

Based on Directive 2014/95/EU, the Accounting Act requires listed companies to report on the aforementioned matters. As regards each of them, the company must report the following, for example:

- operating principles (policies) and the due diligence (DD) methods applied
- risks and risk management
- results
- the most important key figures in terms of business, other than KPIs

Panostaja companies strive to adhere to the principle of continuous improvement. This means taking a systematic approach with regard to problems or challenges and their possible causes. The correct resources are used to plan and implement preventive and corrective measures. In addition to the above, results are monitored and analyzed to ensure the success and sustainability of the operations.

Panostaja has published an ethical Code of Conduct on its website. The Code of Conduct includes guidelines regarding our principles and practices, as well as our responsibilities toward our business environment, employees, business partners and society.

| ENVIRONMENT | SOCIAL MATTERS AND EMPLOYEES | HUMAN RIGHTS | ANTI-CORRUPTION EFFORTS |
|---|---|---|---|
| Energy consumption | Occupational safety and health | Human rights | Anti-corruption and -bribery efforts |
| Carbon footprint | Absences due to illness | Ethical guidelines | Ethical guidelines |
| | Employee training | Training attendance | Training attendance |
| | Employee satisfaction | | |

**In this context, KPI (Key Performance Indicator) is a key figure specified by Panostaja for non-financial information.*

### BUSINESS MODEL

Panostaja is an investment company developing Finnish SMEs in the role of an active shareholder. At Panostaja, ownership is active partnership, development of management work, identification of growth potential and facilitation of reaching full potential. To Panostaja, growth and ownership are responsible and long-term work for success.

Panostaja is committed to operating as an active owner in accordance with the principles of responsible investment. In making new investment decisions and developing our segments, we consider the relevant ESG (environmental, social, governance) factors alongside financial perspectives. We believe that considering these perspectives in our decision-making processes and ownership-related measures is essential for the long-term success of our segments and Panostaja as a whole. The aim of our responsibility efforts is to develop companies that are more valuable, competitive and responsible than ever before. In addition to risk management related to the environment, society and administration, our segments can utilize practices to broaden their revenue sources, innovate new products and methods, and reduce costs.

Panostaja actively seeks financially healthy companies it believes can rise to the top tier of its field with the Group's support. Panostaja provides business-related and strategic expertise to the company, along with tools that support management. Panostaja also assists the companies in securing financing and implementing corporate acquisitions. The increased owner value is realized upon divestment after the development phase.

Financial responsibility within the group refers to continuous efforts to ensure operational profitability. Profitable operations enable continuous development in order to maintain the competitiveness of the business operations. This is also a requirement for the Group being able to take care of its personnel, fulfil its responsibilities toward society and partners, and take the necessary responsibility for the development of environmental matters. Panostaja adheres to the effective acts, decrees and regulations.

The financial goal must be reached by responsible and ethical means, with due consideration to environmental and social responsibilities. In the long term, responsible operations according to the principles of sustainable development is the cornerstone of profitable business. Panostaja's principles of responsible investment describe our approach to responsible business activities. The document presents the decision-making and ownership practices applied in Panostaja's operations.

## ENVIRONMENTAL MATTERS

Panostaja Group is aware of its responsibility in environmental matters and strives to consistently reduce its environmental load and foster the principles of sustainable development. Panostaja's most significant environmental impacts are related to energy consumption, use of printing materials, and the distribution and transportation of products. The company seeks to prevent and minimize detrimental environmental effects through efficient operations and materials use as well as responsible procurement arrangements. The Group aims to protect and conserve the environment by complying with environmental law, improving the energy efficiency of its operations and reducing the amount of generated waste. This area is covered by Panostaja's Code of Conduct. Panostaja's subsidiary Grano uses a certified environmental management system ISO14001:2015. The principles of continuous development are observed in accordance with the standard. In terms of its other subsidiaries, Panostaja is developing methods that ensure due diligence.

Panostaja has identified energy consumption and carbon footprint as the most important environmental KPIs. The Group companies operate in different fields, which is why there is variation between them in terms of energy consumption. Panostaja does not operate in an energy-intensive field of industry and estimates its environmental risk to be low.

The companies report their energy consumption for all properties involved in their operations. Consumption data is collected from energy company reports, and the companies' figures are aggregated. The Group's key figure for energy consumption (MWh) is 6,175 (6,970).

Greenhouse gas emissions are reported in accordance with the international GHG Protocol reporting principles. The Group monitors carbon dioxide emissions in adherence to the Scope 2 key figures (tn $CO_2$).

The relevant key figure encompasses the emissions caused by energy procured within subgroups. The energy consumption data have been obtained from the companies' electricity providers. This information has been collected from all facilities of all companies and then consolidated. Scope 2 emissions are calculated and reported in two ways:

**1. Market-based** (method based on contractual greenhouse gas emissions/residual mix). The market-based emission amount caused by energy consumption is 1,451 tn$CO_2$ (1,637)

**The market-based value is calculated using the following formula:**

$$\frac{\text{Energy consumption (kWh) * emission factor (g}CO_2\text{/kWh)}}{1{,}000{,}000}$$

**2. Location-based** (method based on average greenhouse gas emissions from Finnish energy production). The emission amount caused by location-based energy consumption is 475 tn$CO_2$. (620)

The Group's electricity consumption and the emissions caused by market-based electricity consumption dropped slightly from the level of the reference year.

## SOCIAL MATTERS AND EMPLOYEES

The Group has identified risks related to employee health, occupational safety and the work environment. The Group's Code of Conduct details relevant principles, practices and responsibilities.

Social responsibility is a key factor in terms of employee well-being. Panostaja wishes to create safe and healthy work conditions that are based on respect and fairness.

Panostaja does not tolerate any forms of harassment, threats, bullying or discrimination. The company respects its employees and treats them equally. Panostaja provides its employees with equal opportunities to advance their careers, regardless of their gender, age, values or other personal characteristics.

The Group strives to promote work well-being and improve the quality of working life within the work community. The equal treatment of personnel and the promotion of equality are the principles guiding supervisory work. Management work also considers the varying life situations, values and expectations among employees of different ages.

Panostaja takes care of work well-being by investing in high-quality management and supervisory work, smooth interaction and internal communications, and a healthy and trusting atmosphere at work. The Group is maintaining its preparedness to react to a possible continuation of the coronavirus pandemic.

Training and discussion events are organized for the management personnel of the companies each year. For example, a two-day Management Forum was organized in the 2023 financial period. Training related to supervisory and mentoring work is also available. Panostaja Academy organized training for supervisors in the reference period. The supervisor training, which has been found to be effective, will be continued in the coming financial period.

Employee satisfaction and related factors have been studied since 2013. The Pulssi survey was carried out every other month during the financial period. The purpose of the survey is to measure work satisfaction and well-being among the staff of Panostaja companies. The more concise survey that is conducted more than only once a year enables proactive measures and more focused responses to a variety of issues. Development measures have been conducted across Group companies based on a survey. During this financial period, Grano had its own Työvire (Work Energy) survey. Work satisfaction has remained good for the more than a decade during which surveys have been carried out. Work atmosphere and its development within the companies is also monitored through occupational health.

A cooperation survey is held for company CEOs and management teams each year. The results will be used to develop and strengthen the cooperation with the Group's companies.

The Group finds it important that the employees are competent enough to perform their tasks in a responsible manner. Therefore, orientation training is provided to new employees and staff training is organized actively. Training is considered an element of day-to-day work activities. The Group companies have their own training systems, and employees have personal development plans.

The companies pay attention to preventive health care and encourage their employees to engage in sports and exercise. They also have in place an early support model aimed at ensuring the recognition of factors related to work capability and well-being and their sufficiently early recognition. It is important to Panostaja to ensure that employees are enthusiastic about their own work and the work atmosphere remains good.

Each subgroup must handle matters related to occupational safety and health at individual workplaces.

Panostaja monitors employee absences and work-related accidents on a monthly basis. HR management records employee absences, any accidents that occur and average training days among personnel. The occupational health service issues regular reports on the statistics it collects. This information is used to derive the following non-financial key figures for the Group:

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| Number of work accidents | 51 | 62 | 16 | 53 | 91 | 85 |
| Work accidents in proportion to working hours *(Lost time incident frequency)* | 22.4 | 25.9 | 6.8 | 17.7 | 25.1 | 21.7 |
| Sickness absence rate % | 4.9 | 4.6 | 2.4 | 3.4 | 3.2 | 2.7 |
| Number of training days | 833 | 1,132 | 1,129 | 1,138 | 1,853 | 1,518 |

***Lost time incident frequency***

*Number of work accidents that led to at least one day of sick leave / working hours completed * 1,000,000*

*Absences during illness or injury and in relation to the illness of a child are counted toward the time of absences for the financial period.*

***Sickness absence rate %***

*Number of sick days in the financial period November 1–October 31 / (theoretical regular working hours during the financial period in days) * 100*

## HUMAN RIGHTS

Panostaja has estimated its risk in relation to respecting human rights to be low. That said, there is always the risk that the Group may violate human rights in its own operations or through its supply chain. These infringements may have a negative effect on individual persons and harm Panostaja's reputation.

Panostaja respects all internationally recognized human rights and strives to construct its methods and practices in a manner that ensures the consideration of human rights across all of the company's operations. The Group observes the labor legislation, collective agreements and rights defined in the Universal Declaration of Human Rights, adopted by the United Nations, that include equality between people, prohibition of discrimination and freedom of religion and opinion. In its Code of Conduct, Panostaja provides guidelines to employees on how to use the Whistleblowing channel to report possible infringements. This channel is open to everyone.No human rights violations were reported through the channel in 2023.

In its Code of Conduct, Panostaja prohibits all activities that may violate human rights. At the end of the financial period, 74% of the Group's entire staff (80% in the reference year) have completed training on the content of the Code of Conduct. Grano has deployed a practice for its staff that requires each employee to complete the Code of Conduct course every year. At the end of the financial period, some employees are yet to retake the course, which has brought the number of course completions down slightly from the previous years.

## ANTI-CORRUPTION AND -BRIBERY EFFORTS

Panostaja adheres to the effective acts, decrees and regulations.

Panostaja's companies always compete in a fair and honest manner in compliance with competition law. The Group's companies do not participate in cartels or discuss contract terms, prices or other matters related to competition with our competitors. Panostaja prohibits corruption and bribery in all our operations, and we do not accept services, goods, trips or anything else from any of our cooperation partners or suppliers that exceeds the limits of normal hospitality This area is covered by Panostaja's Code of Conduct.

The identification and assessment of corruption-related risks are part of the general risk assessment measures conducted by Panostaja and business units. However, corruption and bribery can occur in Panostaja's own operations or its supply chain. Cases of corruption and bribery may lead to legal sanctions. Although, based on these assessments, Panostaja's own operations and services do not entail a high risk of corruption, it strives to incorporate responsible business practices into all areas of its operations.

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Panostaja has provided guidelines to employees on how to report possible infringements. No infringements related to bribery were reported during the financial period or the reference period.

## INFORMATION TO BE PROVIDED PURSUANT TO THE EUROPEAN UNION'S REGULATION ON THE TAXONOMY OF SUSTAINABLE FINANCING

As a company subject to the European Union's (EU) regulation on the taxonomy of sustainable financing (2023/2486), it is our obligation to report the percentages of our net sales ('turnover' in the regulation), capital expenditures and operating expenditures that constitute operations that are recognized by the taxonomy as economic activity that is potentially sustainable in terms of the environment or that meet the relevant technical screening criteria. The EU Taxonomy is a classification system, the purpose of which is to steer funding toward activities that substantially contribute to the achievement of the following six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

### REPORTING OBLIGATIONS REGARDING THE 2022 FINANCIAL PERIOD

The reporting obligations will enter into force in phases as per the deadlines specified in the Taxonomy Regulation. For the 2022 financial period, we need to provide the information necessitated by the Taxonomy Regulation for all six environmental objectives: As regards goals 1–2, we must provide information on the eligibility and alignment of the operations. In terms of goals 3–6, only information regarding eligibility is required.

In relation to these goals, the companies must indicate the portion of their activities that is eligible for the taxonomy and, for the activities that are eligible, how aligned they are with the taxonomy. Activities that are eligible are those that are recognized by the taxonomy, and activities that are eligible for the taxonomy are those that meet the technical screening criteria.

### PANOSTAJA'S BUSINESS OPERATIONS AND THE EU TAXONOMY

The EU taxonomy and its technical screening criteria are dynamic, and their development will continue on the EU forum for sustainable financing. Specific economic activities have been initially prioritized in the development of the taxonomy, which means that the system and its criteria do not yet account for all economic activities. In order to define the proportion of our activities that is eligible for the taxonomy, we have conducted an analysis and used it to identify activities that correspond to those recognized in the taxonomy. Based on our analysis, we interpret that, among Panostaja's business operations, those that are eligible are the software business activities of Oscar Software and Hygga (Criterion 8.2 Software, consulting and related activities under environmental objective 2. Climate change adaptation).

In our analysis for the 2023 financial period, we have paid particular attention to the new goals released by the EU Sustainable Investment Forum (3.–6.). As regards goal 4. Transition to a circular economy, we have paid particular attention to the 'Provision of IT/OT data-driven solutions' activities; indoor positioning products developed by CoreHW may be used to locate materials, steer them efficiently and utilize them throughout the production chain which, in our view, are regarded as activities that are eligible for the taxonomy. However, CoreHW's products are not yet in product development phases at the customer companies, which is why we have concluded that the eligibility criteria for the taxonomy are not yet met.

Upon determining the alignment of our eligible activities in the next phase, we will ensure that they substantially contribute to at least one environmental objective, meet the minimum safeguards determined in the Regulation and do no significant harm to any environmental objective. Our eligible activities include providing digitalization solutions that enable increased efficiency in other fields (Oscar Software's ERP solutions), and information system solutions that reduce customer travel and the frequency of aseptically cleaning treatment rooms, for example (Hygga Flow customer flow optimization solutions for health care). In terms of those of our operations that are ineligible for the classification system, we will optimize Grano's activities to be as energy- and material-efficient as possible and transition to production methods that utilize renewable energy solutions. CoreHW's microchip technologies can reduce the power consumption of equipment, for example. In other words, the solutions and products of Panostaja companies enable benefits, such as reductions in energy consumption, but the solutions and products have not been primarily designed to reduce emissions or provide protection against the impacts of climate change. This is why we find that our operations do not sufficiently meet the technical screening criteria for alignment with the taxonomy. However, we will review this interpretation as the taxonomy guidelines develop and the reporting process matures.

### ACCOUNTING PRINCIPLES FOR KEY FINANCIAL FIGURES RELATED TO THE TAXONOMY

The reporting obligations related to the taxonomy include a description of the accounting principles for financial key figures, including how to calculate the numerator and denominator. This section explains how the net sales, capital expenditures and operating expenditures are defined and indicated in the numerator, as well as the methods of calculating the net sales, capital expenditures and operating expenditures included in the denominator.

**Net sales**
When defining the net sales eligible for the taxonomy, Panostaja includes in the numerator the estimated total net sales of the products and services that are related to eligible economic activities. The denominator contains the net sales presented in Panostaja Group's income statement.

**Capital expenditures**
When defining the capital expenditures eligible for the taxonomy, Panostaja includes in the numerator any capital expenditures from funds related to eligible economic activities. The denominator contains the financial period's additions to intangible and tangible assets, as presented in the Group's financial statements.

**Operating expenditures**
When defining the operating expenditures eligible for the taxonomy, Panostaja includes in the numerator the direct operating expenses of products and services that are related to eligible economic activities. The denominator contains direct expenses related to research and development, building renovations, leases, maintenance and repairs as well as other direct costs related to intangible and tangible assets.

# KEY FIGURES

## Net sales

### 1. NET SALES ACCORDING TO THE 2023 FINANCIAL STATEMENTS

| November 1, 2022–October 31, 2023 | | | | Substantial contribution criteria | | | | | | No significant harm criteria | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | **Codes** | **Net sales** | **Percentage of net sales, 2023** | **Climate change mitigation** | **Climate change adaptation** | **Water and marine resources** | **Environmental pollution** | **Circular economy** | **Biodiversity and ecosystems** | **Climate change mitigation** | **Climate change adaptation** | **Water and marine resources** | **Environmental pollution** | **Circular economy** | **Biodiversity and ecosystems** | **Minimum safeguards** | **Net sales proportion of aligned (A.1) or eligible (A.2) activities, year 2022** | **Enabling activities category** | **Transitional activities category** |
| | | EUR | % | Y; N; N/A | Y; N; N/A | Y; N; N/A | Y; N; N/A | Y; N; N/A | Y; N; N/A | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| **A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable (taxonomy-aligned) activities** | | | | | | | | | | | | | | | | | | | |
| No activities | | 0 | 0% | | | | | | | | | | | | | | | | |
| Net sales of environmentally sustainable (taxonomy-aligned) activities (A.1) | | 0 | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | | |
| Proportion of enabling activities | | 0 | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | E | |
| Proportion of transitional activities | | 0 | 0% | 0% | | | | | | N | N | N | N | N | N | N | 0% | | T |
| **A.2 Taxonomy-eligible but not environmentally sustainable (other than taxonomy-aligned) activities** | | | | | | | | | | | | | | | | | | | |
| | | | | EL; INEL | EL; INEL | EL; INEL | EL; INEL | EL; INEL | EL; INEL | | | | | | | | | | |
| Software, consulting and related activities | CCA 8.2 | 10,487 | 8% | INEL | EL | INEL | INEL | INEL | INEL | | | | | | | | 7% | | |
| Net sales of taxonomy-eligible but not environmentally sustainable (other than taxonomy-aligned) activities (A.2) | | 10,487 | 8% | 0% | 8% | 0% | 0% | 0% | 0% | | | | | | | | 7% | | |
| A. Net sales of taxonomy-eligible activities (A.1+A.2) | | 10,487 | 8% | 0% | 8% | 0% | 0% | 0% | 0% | | | | | | | | | | |
| **B. ACTIVITIES INELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | |
| Net sales from activities ineligible for the taxonomy | | 125,697 | 92% | | | | | | | | | | | | | | | | |
| **Total** | | **136,184** | **100%** | | | | | | | | | | | | | | | | |

**Capital expenditures**

## 2. INVESTMENTS INTO TANGIBLE AND INTANGIBLE ASSETS

| November 1, 2022–October 31, 2023 | | | | Substantial contribution criteria | | | | | | No significant harm criteria | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Codes | Net sales | Percentage of net sales, 2023 | Climate change mitigation | Climate change adaptation | Water and marine resources | Environmental pollution | Circular economy | Biodiversity and ecosystems | Climate change mitigation | Climate change adaptation | Water and marine resources | Environmental pollution | Circular economy | Biodiversity and ecosystems | Minimum safeguards | Net sales proportion of aligned (A.1) or eligible (A.2) activities, year 2022 | Enabling activities category | Transitional activities category |
| | | EUR | % | Y; N; N/A | Y; N; N/A | Y; N; N/A | Y; N; N/A | Y; N; N/A | Y; N; N/A | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| **A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable (taxonomy-aligned) activities** | | | | | | | | | | | | | | | | | | | |
| No activities | | 0 | 0% | | | | | | | | | | | | | | | | |
| Capital expenditures of environmentally sustainable (taxonomy-aligned) activities (A.1) | | 0 | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | | |
| Proportion of enabling activities | | 0 | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | E | |
| Proportion of transitional activities | | 0 | 0% | 0% | | | | | | N | N | N | N | N | N | N | 0% | | T |
| **A.2 Taxonomy-eligible but not environmentally sustainable (other than taxonomy-aligned) activities** | | | | | | | | | | | | | | | | | | | |
| | | | | EL; INEL | EL; INEL | EL; INEL | EL; INEL | EL; INEL | EL; INEL | | | | | | | | | | |
| Software, consulting and related activities | CCA 8.2 | 701 | 16% | INEL | EL | INEL | INEL | INEL | INEL | | | | | | | | 11% | | |
| Capital expenditures of taxonomy-eligible but not environmentally sustainable (other than taxonomy-aligned) activities (A.2) | | 701 | 16% | 0% | 8% | 0% | 0% | 0% | 0% | | | | | | | | 11% | | |
| A. Capital expenditures of taxonomy-eligible activities (A.1+A.2) | | 701 | 16% | 0% | 8% | 0% | 0% | 0% | 0% | | | | | | | | | | |
| **B. ACTIVITIES INELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | |
| Capital expenditures of ineligible activities | | 3,601 | 84% | | | | | | | | | | | | | | | | |
| **Total** | | **4,302** | **100%** | | | | | | | | | | | | | | | | |

## Operating expenditures

### 3. RENTAL COSTS AND OTHER EXPENSE ITEMS DESCRIBING THE EXPENDITURES THAT ARE NECESSARY FOR ENSURING THE CONTINUOUS AND EFFECTIVE FUNCTIONALITY OF PROPERTY, PLANT AND EQUIPMENT ITEMS, AS REPORTED UNDER OTHER EXPENSES IN THE 2023 FINANCIAL STATEMENTS

| November 1, 2022–October 31, 2023 | | | | Substantial contribution criteria | | | | | | No significant harm criteria | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Codes | Net sales | Percentage of net sales, 2023 | Climate change mitigation | Climate change adaptation | Water and marine resources | Environmental pollution | Circular economy | Biodiversity and ecosystems | Climate change mitigation | Climate change adaptation | Water and marine resources | Environmental pollution | Circular economy | Biodiversity and ecosystems | Minimum safeguards | Net sales proportion of aligned (A.1) or eligible (A.2) activities, year 2022 | Enabling activities category | Transitional activities category |
| | | EUR | % | Y; N; N/A | Y; N; N/A | Y; N; N/A | Y; N; N/A | Y; N; N/A | Y; N; N/A | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| **A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable (taxonomy-aligned) activities** | | | | | | | | | | | | | | | | | | | |
| No activities | | 0 | 0% | | | | | | | | | | | | | | | | |
| Operating expenditures of environmentally sustainable (taxonomy-aligned) activities (A.1) | | 0 | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | | |
| Proportion of enabling activities | | 0 | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | E | |
| Proportion of transitional activities | | 0 | 0% | 0% | | | | | | N | N | N | N | N | N | N | 0% | | T |
| **A.2 Taxonomy-eligible but not environmentally sustainable (other than taxonomy-aligned) activities** | | | | | | | | | | | | | | | | | | | |
| | | | | EL; INEL | EL; INEL | EL; INEL | EL; INEL | EL; INEL | EL; INEL | | | | | | | | | | |
| Software, consulting and related activities | CCA 8.2 | 1,126 | 4% | INEL | EL | INEL | INEL | INEL | INEL | | | | | | | | 5% | | |
| Operating expenditures of taxonomy-eligible but not environmentally sustainable (other than taxonomy-aligned) activities (A.2) | | 1,126 | 4% | 0% | 8% | 0% | 0% | 0% | 0% | | | | | | | | 5% | | |
| A. Operating expenditures of taxonomy-eligible activities (A.1+A.2) | | 1,126 | 4% | 0% | 8% | 0% | 0 % | 0% | 0% | | | | | | | | | | |
| **B. ACTIVITIES INELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | |
| Net sales from activities ineligible for the taxonomy | | 25,716 | 96% | | | | | | | | | | | | | | | | |
| **Total** | | **26,842** | **100%** | | | | | | | | | | | | | | | | |

# Key Figures

## KEY FIGURES OF PANOSTAJA GROUP

| (MEUR) | | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Net sales, MEUR | | 136.2 | 137.9 | 133.0 |
| EBIT, MEUR | | -1.1 | 5.2 | 2.0 |
| % of net sales | | -0.8 | 3.7 | 1.5 |
| Profit for the financial period, MEUR | | -3.6 | 3.9 | -1.0 |
| Return on equity (ROE), % | | -6.6 | 6.3 | -1.4 |
| Return on investment (ROI), % | | -0.7 | 4.2 | 0.8 |
| Equity ratio, % | | 37.5 | 39.1 | 37.2 |
| Gearing, % | | 80.5 | 72.8 | 83.1 |
| Current ratio | | 0.9 | 1.1 | 1.0 |
| Gross capital expenditure without investments as per IFRS 16, MEUR | | 4.3 | 4.7 | 5.0 |
| % of net sales | | 3.2% | 3.4% | 3.7% |
| Avg. no. of Group employees | | 1,217 | 1,324 | 1,480 |
| Earnings per share (EPS), EUR, undiluted | * | -0.055 | 0.025 | -0.032 |
| Earnings per share (EPS), EUR, diluted | * | -0.055 | 0.025 | -0.032 |
| Equity per share, EUR | | 0.62 | 0.71 | 0.75 |
| Dividend per share, EUR | 1) | 0.00 | 0.03 | 0.03 |
| Dividend per share, EUR | | | 0.05 | |
| Dividend/Earnings % undiluted | | | 118.8 | -92.7 |
| Dividend/Earnings % diluted | | | 118.8 | -92.7 |
| Extra dividend/Earnings % diluted | | | 200.0 | |
| Extra dividend/Earnings % diluted | | | 200.0 | |
| Effective dividend income % | | | 5.0 | 4.3 |
| Average number of outstanding shares in the financial period, 1,000 pcs | | 52,717 | 52,620 | 52,252 |
| Number of shares at the end of the financial period, 1,000 pcs | | 53,333 | 53,333 | 53,333 |
| Closing rate for the financial period, EUR | | 0.50 | 0.60 | 0.69 |
| Lowest share price, EUR | | 0.48 | 0.58 | 0.67 |
| Highest share price, EUR | | 0.72 | 0.79 | 0.99 |
| Average share price in the financial period, EUR | | 0.61 | 0.69 | 0.73 |
| Market value of stock, MEUR | | 26.4 | 31.6 | 36.3 |
| Shares exchanged, 1,000 | | 2,724 | 4,192 | 8,255 |
| Shares exchanged, % | | 5.2 | 8.0 | 15.7 |

1) Board of Directors' proposal

* Audited key figure

Key figures provide a brief overview of the business development and financial position of a company as well as profit distribution.

## FORMULAE FOR CALCULATING KEY FIGURES

| | | |
|---|---|---|
| **Return on investment (ROI) %** | = | Profit/loss after financial items + financial costs + profit/loss on discontinued operations x 100 / Balance sheet total - non-interest bearing liabilities (average in the financial period) |
| **Return on equity (ROE) %** | = | Profit for the financial period x 100 / Equity (average in the financial period) |
| **Equity ratio, %** | = | Equity x 100 / Balance sheet total - advances received |
| **Interest-bearing net liabilities** | = | Interest-bearing liabilities - interest-bearing receivables - financial assets |
| **Gearing, %** | = | Interest-bearing net liabilities / Equity |
| **Equity per share** | = | Equity attributable to parent company shareholders / Adjusted number of shares on the balance sheet date |
| **Earnings per share (EPS)** | = | Result for the financial period attributable to parent company shareholders / Adjusted number of shares on average during the financial period |
| **Current ratio** | = | Current assets / Current liabilities |
| **Dividend per share** | = | Dividend distributed in the financial period / Adjusted number of shares on the balance sheet date |
| **Dividend / Earnings %** | = | Dividend / share x 100 / Earnings per share (EPS) |
| **Effective dividend income, %** | = | Dividend / share x 100 / Share price on the balance sheet date |

## RECONCILIATION OF KEY FIGURES – INTEREST-BEARING LIABILITIES AND INTEREST-BEARING NET LIABILITIES

| MEUR | October 31, 2023 | October 31, 2022 |
|---|---|---|
| Liabilities total | 88.7 | 92.4 |
| Non-interest-bearing liabilities | 31.6 | 31.3 |
| **Interest-bearing liabilities** | **57.1** | **61.0** |
| | | |
| Trade and other receivables | 21.8 | 22.7 |
| Non-interest-bearing receivables | 17.4 | 18.3 |
| **Interest-bearing receivables** | **4.3** | **4.4** |
| | | |
| Interest-bearing liabilities | 57.1 | 61.0 |
| Interest-bearing receivables | 4.3 | 4.4 |
| Cash and cash equivalents | 10.4 | 14.3 |
| **Interest-bearing net liabilities** | **42.4** | **42.3** |

# Financial Statements

For the financial period November 1, 2022– October 31, 2023

## CONSOLIDATED INCOME STATEMENT, IFRS

| (EUR 1,000) | Note | November 1, 2022– October 31, 2023 | November 1, 2021– October 31, 2022 |
|---|---|---|---|
| **Net sales** | | **136,184** | **137,929** |
| Other operating income | 9 | 879 | 12,357 |
| Materials and services | | 41,084 | 45,247 |
| Employee benefit expenses | 11 | 67,251 | 67,172 |
| Depreciations, amortizations and impairment | 12 | 12,713 | 14,642 |
| Other operating expenses | 13 | 17,123 | 18,057 |
| **EBIT** | | **-1,109** | **5,169** |
| Financial income | | 250 | 236 |
| Financial expenses | | -2,463 | -2,259 |
| Share of associated company profits | 10 | -953 | 35 |
| **Profit before taxes** | | **-4,276** | **3,180** |
| Income taxes | | 633 | 390 |
| **Profit/loss from continuing operations** | | **-3,642** | **3,570** |
| Profit/loss from sold and discontinued operations | 7 | 0 | 366 |
| **Profit/loss for the financial period** | | **-3,642** | **3,936** |
| | | | |
| Attributable to | | | |
| Shareholders of the parent company | | **-2,875** | **1,331** |
| Minority shareholders | | **-767** | **2,605** |
| | | | |
| **Earnings per share calculated from the profit belonging to the shareholders of the parent company:** | | | |
| Earnings per share from continuing operations, EUR | 17 | | |
| Undiluted | | -0.055 | 0.018 |
| Diluted | | -0.055 | 0.018 |
| Earnings per share from discontinued operations, EUR | 17 | | |
| Undiluted | | 0.000 | 0.007 |
| Diluted | | 0.000 | 0.007 |
| Earnings per share on continuing and discontinued operations EUR | 17 | | |
| Undiluted | | -0.055 | 0.025 |
| Diluted | | -0.055 | 0.025 |
| | | | |
| **Extensive consolidated income statement** | | | |
| Result for the period | | **-3,642** | **3,936** |
| Items of the extensive income statement that may later be changed to entries at fair value through profit and loss | | | |
| Translation differences | | -150 | -47 |
| **Extensive income for the period** | | **-3,792** | **3,889** |
| | | | |
| **Attributable to** | | | |
| Shareholders of the parent company | | -3,025 | 1,284 |
| Minority shareholders | | -767 | 2,605 |

The notes constitute an integral part of the financial statements

## CONSOLIDATED BALANCE SHEET, IFRS

| (EUR 1,000) | Note | October 31, 2023 | October 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Goodwill | 18 | 47,319 | 47,493 |
| Other intangible assets | 18 | 7,611 | 6,949 |
| Property, plant and equipment | 19 | 33,364 | 37,272 |
| Interests in associated companies | 20 | 1,791 | 2,677 |
| Other non-current assets | 21 | 4,606 | 4,583 |
| Deferred tax assets | 23 | 9,192 | 8,550 |
| **Non-current assets total** | | **103,883** | **107,525** |
| | | | |
| **Current assets** | | | |
| Stocks | 24 | 5,309 | 5,925 |
| Trade and other receivables | 25 | 21,752 | 22,666 |
| Tax assets based on taxable income for the period | 25 | 10 | 24 |
| Cash and cash equivalents | 26 | 10,419 | 14,344 |
| **Current assets total** | | **37,490** | **42,959** |
| **Assets total** | | **141,374** | **150,487** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to parent company shareholders** | | | |
| Share capital | 27 | 5,569 | 5,569 |
| Share premium account | 27 | 4,646 | 4,646 |
| Other funds | 27 | 0 | 0 |
| Invested unrestricted equity fund | 27 | 13,829 | 13,773 |
| Translation difference | | -384 | -249 |
| Retained earnings | | 8,875 | 13,406 |
| **Total** | | **32,535** | **37,145** |
| | | | |
| **Minority shareholders' interest** | | **20,101** | **20,980** |
| | | | |
| **Equity total** | | **52,637** | **58,126** |
| | | | |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 23 | 6,054 | 6,171 |
| Financial liabilities | 28 | 42,775 | 46,328 |
| **Non-current liabilities total** | | 48,829 | 52,500 |
| | | | |
| **Current liabilities** | | | |
| Current financial liabilities | 28 | 14,630 | 14,772 |
| Tax liabilities based on taxable income for the period | 29 | 34 | 121 |
| Trade payables and other liabilities | 29 | 25,244 | 24,967 |
| Provisions | 30 | 0 | 2 |
| **Current liabilities total** | | **39,908** | **39,862** |
| | | | |
| **Liabilities total** | | **88,738** | **92,362** |
| **Equity and liabilities in total** | | **141,374** | **150,487** |

The notes constitute an integral part of the financial statements

# CONSOLIDATED CASH FLOW STATEMENT, IFRS

| (EUR 1,000) | Note | 2023 | 2022 |
|---|---|---|---|
| **Business operations** | | | |
| Profit/loss for the financial period | | -2,875 | 1,331 |
| Adjustments: | | | |
| Depreciations | 12 | 12,713 | 14,642 |
| Financial income and costs | 14, 15 | 2,214 | 2,024 |
| Share of associated company profits | 10 | 953 | -35 |
| Minority share | | -767 | 2,605 |
| Taxes | 16 | -633 | -390 |
| Sales profits and losses from property, plant and equipment | 9, 13 | -227 | -10,425 |
| Other earnings and expenses with no payment attached | | -45 | -258 |
| **Operating cash flow before change in working capital** | | **11,333** | **9,493** |
| | | | |
| **Change in working capital** | | | |
| Change in non-interest-bearing receivables | | 698 | 359 |
| Change in non-interest-bearing liabilities | | 1,412 | 593 |
| Change to tax authority's payment arrangement debts | | 132 | -4,442 |
| Change in stock | | 585 | -768 |
| **Change in working capital** | | **2,827** | **-4,257** |
| | | | |
| **Operating cash flow before financial items and taxes** | | 14,160 | 5,236 |
| Financial items and taxes: | | | |
| Interest paid | | -2,223 | -2,207 |
| Interest received | | 241 | 128 |
| Taxes paid | | -196 | -215 |
| **Financial items and taxes** | | **-2,178** | **-2,294** |
| | | | |
| **Operating net cash flow** | | **11,983** | **2,942** |
| | | | |
| **Investments** | | | |
| Investments in intangible and tangible assets | | -4,302 | -4,741 |
| Sales of intangible and tangible assets | | 154 | 1,323 |
| Acquisition of subsidiaries with time-of-acquisition liquid assets deducted | 6 | 0 | 0 |
| Sale of subsidiaries with time-of-sale liquid assets deducted | 7 | 57 | 45,059 |
| Sale of associated companies | | 10 | 0 |
| Capital gains from sales of other shares | | 0 | 12 |
| Loans receivable and repayments granted | | 9 | -482 |
| **Investment net cash flow** | | **-4,072** | **41,171** |
| | | | |
| **Finance** | | | |
| Loans drawn | | 5,401 | 105 |
| Loans repaid | | -6,145 | -21,775 |
| Repayments of lease liabilities | | -9,164 | -8,684 |
| Acquisition of the company's own shares | | -365 | 0 |
| Disposal of own shares | | 166 | 230 |
| Dividends paid | | -1,728 | -13,863 |
| **Finance net cash flow** | | **-11,836** | **-43,988** |
| | | | |
| Change in liquid assets | | -3,925 | 126 |
| Liquid assets at the beginning of the period | | 14,344 | 14,224 |
| Effect of exchange rates | | 0 | -5 |
| **Liquid assets at the end of the period** | | **10,419** | **14,344** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| (EUR 1,000) | Note | Share capital | Share premium account | Invested unrestricted equity fund | Translation differences | Retained earnings | Total | Minority shareholders' interest | Equity total |
|---|---|---|---|---|---|---|---|---|---|
| **Equity as of November 1, 2021** | | **5,569** | **4,646** | **13,719** | **-82** | **15,623** | **39,474** | **28,270** | **67,744** |
| * VAT adjustments for the 2018–2019 financial periods | | | | | | **417** | **417** | **8** | **425** |
| **Adjusted equity as of November 1, 2021** | | **5,569** | **4,646** | **13,719** | **-82** | **16,040** | **39,892** | **28,278** | **68,171** |
| **Extensive income** | | | | | | | | | |
| Profit/loss for the financial period | | | | | | 1,331, | 1,331 | 2,605 | 3,936 |
| Translation differences | | | | | -167 | 120 | -47 | | -47 |
| **Extensive income for the financial period total** | | **0** | **0** | **0** | **-167** | **1,451** | **1,284** | **2,605** | **3,889** |
| **Transactions with shareholders** | | | | | | | | | |
| Dividend distribution | 27 | | | | | -4,211 | -4,211 | -245 | -4,456 |
| Profit distribution from unrestricted equity fund | | | | | | | | -9,407 | -9,407 |
| Disposal of own shares | 27, 35 | | | 29 | | | 29 | | 29 |
| Reward scheme | 35 | | | ,25 | | | 25 | | ,25 |
| **Transactions with shareholders, total** | | **0** | **0** | **54** | **0** | **-4,211** | **-4,157** | **-9,652** | **-13,809** |
| | | | | | | | | | |
| Selling of shares of subsidiaries owned that have not resulted in loss of controlling interest | | | | | | 127 | 127 | 117 | 244 |
| Changes in shares of subsidiaries owned resulting in loss of controlling interest | | | | | | | | -368 | -368 |
| **Equity as of October 31, 2022** | | **5,569** | **4,646** | **13,733** | **-249** | **13,407** | **37,146** | **20,980** | **58,126** |

| (EUR 1,000) | Note | 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** | **13,733** | **-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 | 27 | | | | | -1,581 | -1,581 | -147 | -1,728 |
| Asset distribution from unrestricted equity fund | | | | | | | | | |
| Other changes | | | | | | 80 | 80 | 163 | 243 |
| Disposal of own shares | 27, 35 | | | 40 | | | 40 | | 40 |
| Reward scheme | 35 | | | 20 | | | 20 | | 20 |
| **Transactions with shareholders, total** | | **0** | **0** | **60** | **0** | **-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** |

*Value-added tax refunds to the parent company for the 2018-2019 financial periods based on tax auditing and the adjustment to the equity of the Hygga company in Sweden.

# Notes to the Consolidated Financial Statements

## 1. BASIC INFORMATION ABOUT THE COMPANY

The parent company, Panostaja Oyj, invests in Finnish SMEs primarily by purchasing majority shareholdings in them. Panostaja Oyj, together with its subsidiaries (hereinafter referred to as "Panostaja" or "the Group"), forms a group whose primary market area is Finland. Panostaja has a majority holding in four investment targets at the time of closing the books.

Panostaja Oyj is a Finnish public corporation operating under the legislation of the Finnish state. The company's shares have been quoted publicly since 1989. The shares are quoted on the Nasdaq Helsinki stock exchange. The company's registered office is in Tampere and the address of its head office is Kalevantie 2, 33100 Tampere. A copy of its consolidated financial statements is available at this address. At its meeting of December 14, 2023, Panostaja Oyj's Board of Directors approved these consolidated financial statements for publishing. Under the Finnish Limited Liability Companies Act, the shareholders may approve or reject the financial statements at the Annual General Meeting held after its publication on February 7, 2024. The AGM also has the opportunity to decide on implementing changes to the financial statements.

## 2. ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), and the IAS and IFRS standards, as well as the SIC and IFRIC interpretations, valid as of October 31, 2023, have been complied with. The International Financial Reporting Standards refer to the standards approved for application in the EU and the interpretations given on them in the Finnish Accounting Act and the provisions based on it in accordance with the procedure enacted in EU Regulation No 1606/2002. The notes to the consolidated financial statements also comply with the requirements of the Finnish legislation on accounting and corporations which complement the IFRSs.

The consolidated financial statements have been prepared based on the original acquisition costs, with the exception of the financial assets and liabilities recorded at fair value through profit and loss. Compiling financial statements in accordance with the IFRSs requires the Group's management to prepare certain estimates and to use discretion in applying the accounting principles.

The data about such discretion the management have used in applying the Group's accounting principles for the preparation of the financial statements, and which most affect the consolidated financial statements, are presented in Accounting Principles under the section "Accounting principles requiring the management's judgement and the principal uncertainties of estimates."

Panostaja releases the primary calculations and notes for the financial statements in harmonized electronic format (ESEF). This financial statements document does not constitute financial statements that have been prepared according to the European Commission's regulatory technical standard.

### CONSOLIDATION PRINCIPLES

***Subsidiaries***

Subsidiaries are companies in which the Group has a controlling interest. This controlling interest arises when the Group owns more than half of the voting power, or it otherwise has a controlling interest. The existence of potential voting power has also been taken into consideration in estimating the conditions for the emergence of a controlling interest, when the instruments warranting potential voting power are realizable at the time of observation. Controlling interest refers to the right to dictate the principles of the company's finances and business activities to gain benefits from its operations.

The Group's inter-group shareholding has been eliminated by the acquisition method. The consideration given and the acquired company's separately identifiable assets and equity and liabilities have been valued at fair value at the time of purchase. The expenses connected to the acquisition, apart from the costs incurred by the issuance of liability or equity securities, are recognized as expenditure. The consideration given does not include business operations which are processed as separate from the acquisition. The effect thereof has been observed in connection with the acquisition through profit and loss. Any conditional additional purchase price is valued at fair value at the time of purchase and is classified either as a liability or equity. An additional purchase price that is categorized as a liability is valued at fair value on the closing date of each reporting period, and the profit or loss arising from this is recognized through profit and loss or in other items of extensive income. An additional purchase price that has been classified as equity will not be revalued.

Subsidiaries acquired are integrated in the consolidated financial statements from the moment when the Group has gained a controlling interest, and disposed subsidiaries until such time when the controlling interest ends. All of the Group's intracompany transactions, receivables, liabilities and unrealized gains as well as its internal profit distribution are eliminated when preparing the consolidated financial statements. Unrealized losses are not eliminated if the loss results from amortization. The distribution of the financial-year profit or loss to the owners of the parent company and minority shareholders is presented in a separate income statement, and the distribution of extensive income to the owners of the parent company and minority shareholders is presented in connection with the extensive income statement. Any minority shareholders' interest in the procured item is valued either at fair value or to the amount that corresponds to the proportion of minority shareholders' interest in the separately identifiable net assets of the procured item. The valuation principle is determined separately for each corporate acquisition. Extensive income is allocated to the owners of the parent company and minority shareholders, even if this results in the minority shareholders' interest being negative. The proportion of equity belonging to minority shareholders is presented in the balance sheet as a separate item as part of equity. The changes to the parent company's holding in a subsidiary which do not result in the loss of the controlling interest are treated as business operations concerning equity.

When an acquisition takes place in stages, any previous holding is valued at fair value, and the profit or loss arising from this is recognized through profit and loss. When the Group loses its controlling interest in a subsidiary, the remaining investment is valued at the fair value on the date of the loss of the controlling interest, and the difference arising from this is recognized through profit and loss.

## ASSOCIATED COMPANIES

Associated companies are enterprises in which the Group has substantial authority. Substantial authority is created when the Group owns more than 20% of the company's voting power, or when the Group has considerable influence in some other manner without having a controlling interest. Associated companies are integrated in the consolidated financial statements using the equity method. If the Group's share of the associated company's loss exceeds the book value of the investment, the investment is recognized in the balance sheet at zero value and losses exceeding the book value are not combined, unless the Group has committed itself to fulfilling the associated company's obligations.

Unrealized profits between the Group and an associate have been eliminated following the holding the Group has. An investment in an associated company includes the goodwill arising from the acquisition. In the Group's income statement, the result corresponding to the Group's holding is presented in the row Share of associated company profits.

## SEGMENT REPORTING

The Group's segment reporting is based on its business segments. Reports on these business segments are prepared in a manner in line with the internal reporting submitted to the highest operational decision-maker. Panostaja's Senior Management Team has been defined as the highest operational decision-making body that is responsible for allocating resources to segments and assessing their results.

## AMOUNTS IN FOREIGN CURRENCY

The consolidated financial statements are prepared in euros, which is the functional and presentation currency of the Group's parent company. Foreign currency transactions are recorded in the functional currency using the rate of exchange prevailing on the date of transaction. At each balance sheet date, monetary receivables and liabilities are translated using the rate on the closing date. The exchange differences arising from such translations are recorded in the income statement. The foreign exchange gains and losses of operations are included in the comparable items above operating profit. Non-monetary items are translated using the rate of the transaction date.

Income statements of foreign Group companies have been translated into euros at the average exchange rate for the period, while balance sheets have been translated using the closing rates of the balance sheet date. The translation of the profit for the financial year using different currencies in the income statement, the extensive income statement and equity causes a translation difference that is recognized in the other items of the extensive income statement, and it is included in equity in the item 'Translation differences.' The translation differences arising from the elimination of the acquisition costs of foreign subsidiaries and from the translation of equity items accrued after the acquisition are recorded in the items of the extensive income statement. When a foreign unit is sold in part or in full, the translation differences accumulated in equity are recognized through profit and loss as an adjustment of classification as part of sales profit or loss.

## NET SALES AND RECOGNITION PRINCIPLES

Net sales consist of income from the sale of products and services at fair value, adjusted according to indirect taxes and discounts. Within the Group, earnings from product sales are primarily recorded once the essential risks and benefits related to ownership of the goods as well as their right of possession and actual control have been transferred to the buyer and payment is likely. Correspondingly, earnings from services are generally recorded once the services have been rendered. Sales profits over time are recorded for certain long-term design projects. In these cases, the percentage of completion method is used for recognition.The recognition principles of segment-specific net sales are presented in conjunction with segment information in Note 5.

## EBIT

The IAS 1 standard on the presentation of financial statements does not define the concept of operating profit or loss. The Group has defined it as follows: EBIT is the net sum arrived at when other operating income is added to net sales and the following expenses deducted from it: acquisition costs adjusted by the changes in the stocks of finished or incomplete goods, expenses incurred in manufacture for the company's own use, employee benefit expenses, depreciation and any amortization or impairment losses or other operating expenses. All other income statement items besides those mentioned above are presented under operating profit. Exchange differences are included in operating profit if they arise from operating items; in other cases, they are recognized in financial items.

## INCOME TAXES

Tax expense consists of the taxes based on taxable income and deferred tax liabilities for the financial period. Taxes are recognized through profit and loss, except when they relate directly to the items recorded in equity or other items of the extensive income. In such cases, tax is also recorded in these items.

Deferred taxes are calculated on temporary differences between the book values of assets and liabilities and the tax value of assets and liabilities. Deferred taxes are recorded by the balance sheet date using statutory tax rates. However, deferred tax liabilities are not recorded when an asset item or a liability to be initially recognized in bookkeeping is in question, and when the integration of business operations is not in question, and when the recording of such an asset item or liability item does not affect the accounting result nor taxable income at the time the business transaction takes place.

The most important temporary differences arise from the valuation of the net assets of acquired companies at fair value, and from appropriations and unexploited tax losses. Deferred tax assets are recognized to the extent that it is probable that future taxable income will become available against which the temporary differences may be utilized. In this respect, the requirements for recognizing deferred tax assets are always estimated on the last trading day of the reporting period.

## NON-CURRENT ASSET ITEMS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current asset items (or disposal groups) are classified as held for sale when their recoverable amount, equivalent to their book value, will be recovered mainly from their sale and when their sale is extremely probable. If their recoverable amount which corresponds to their book value will mainly be accrued from their sale instead of their continuous use, they are presented at their book value or fair value less costs to sell, depending on which is smaller. Depreciations from non-current asset items are cancelled on the date of classification.

A discontinued operation is a part of the Group that has been disposed of or that has been classified as held for sale and that represents an important separate business area or geographical area of operation, or is a part of one coordinated plan that concerns the renunciation of an important separate business area or geographical area of operation, or is a subsidiary that has been acquired with the sole purpose of reselling it. The profit from discontinued operations is presented in a row of its own in the consolidated income statement.

## GOODWILL AND OTHER INTANGIBLE ASSETS

The goodwill arising from the integration of operations is recorded in the amount that makes the combined amount of the consideration given, minority shareholders' interest in the procured item and the proportion owned previously exceed the acquired net assets.

Instead of recording goodwill depreciations, goodwill is tested at least once a year for amortization, and it is valued at its original acquisition cost less amortizations. For the purpose of impairment testing, goodwill is allocated to cash-generating units.

Research expenditure is recognized as an expense in the income statement for the period in which it incurs. Development costs are activated when they can reliably be expected to benefit the Group financially in the future and when their acquisition costs can be determined reliably, and when other IAS 38 criteria, such as the product's technical and financial execution criteria, are met. Other development expenditure is recognized as expenses. Development costs that have been previously recorded as expenses are not activated in later financial periods.

Other intangible assets that have limited financial useful lives are recorded in the balance sheet and recognized as expenses in the income statement, marked as depreciations on a straight-line basis, during their financial useful lives. All the company's intangible assets have a limited financial useful life.

Intangible rights include software licenses, joining fees and customer relationships. Other intangible assets include computer software.

**The standard times for planned depreciations of intangible assets:**
Development costs 5–10 years
Intangible rights 3–5 years
Other intangible assets 5–10 years

## PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are valued at original acquisition cost less depreciations, amortizations and impairment. Depreciations on a straight-line basis are made on property, plant and equipment within their estimated financial useful lives. No depreciations are made on land.

**The estimated financial useful lives are as follows:**
Buildings 20–25 years
Plant and equipment 3–5 years
Other tangible assets 3–10 years

The depreciation values and financial useful lives of property, plant and equipment are estimated and adjusted at least at the end of each financial period, and if they differ significantly from previous estimates they will be altered accordingly.

The sales profits and losses of property, plant and equipment are determined by comparing their sales price to their book value, and they are presented in the income statement as other operating income or expenses.

## RENTAL AGREEMENTS

Rental agreements where the lessor carries a significant share of the risks and rewards integral to ownership are classified as other rental agreements. Rental liabilities related to other rental agreements are not recorded in the balance sheet, and the related rents are recognized in the income statement as equal-sized items over the lease term.

## IFRS 16 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.

As a result of the standard, almost all lease agreements have been recorded in the balance sheet as fixed asset items, excluding agreements that are shorter than 12 months in length and low in value. 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. The agreements recorded in the balance sheet consist of lease agreements for premises, equipment 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 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. The relevant rent payments have been discounted based on the Group's estimated extra credit interest.

## AMORTIZATION OF TANGIBLE AND INTANGIBLE ASSETS

At each balance sheet closing date, the Group assesses whether there are indications that the carrying amount of an asset item may not be recoverable. If such indications exist, the recoverable amount of the asset item in question will be measured. The recoverable amount is also assessed yearly with reference to the following asset items, regardless of whether there are indications of impairment: goodwill, intangible assets with indefinite useful lives and incomplete intangible assets. The impairment need is examined at the level of cash-generating units.

An impairment loss is recognized if the book value of the asset item or cash-generating unit exceeds the recoverable amount. Impairment losses are recorded in the income statement. An impairment loss of a cash-generating unit is first allocated to decrease the goodwill directed at the cash-generating unit, and thereafter to symmetrically decrease the other asset items of the unit. On the recognition of an impairment loss, the financial useful life of the asset item depreciated is reassessed.

The recoverable amount of tangible and intangible assets is determined either so that it is their fair value less costs to sell, or a higher service value. In determining service value, the estimated deferred cash flows are discounted to their current value based on discount rates which reflect the average capital cost before tax of the cash-generating unit in question. The discount rates used have been determined before taxes, and the special risk of the cash-generating unit in question is also taken into consideration in calculating them.

Impairment loss connected to property, plant and equipment and other intangible assets except goodwill is cancelled if a change has occurred in the estimates used in determining the amount recoverable from an asset item. Impairment loss is cancelled no higher than to the amount that would have been determined as the book value of an asset item (less depreciation) if impairment losses had not been recognized for it in previous years. Impairment loss recorded for goodwill will not be cancelled.

## GOVERNMENT ALLOWANCES

Allowances for the acquisition of tangible or intangible assets are reduced from the book value of the asset item in question where there is reasonable reliability that the grant will be received and that the Group will meet all the conditions set for receiving the grant. Allowances are recognized in the form of smaller depreciations during the service life of the asset item.

## STOCKS

Stocks are valued at the acquisition cost or a lower net realizable value. Net realizable value is the estimated sales price obtainable in conventional business, from which the estimated costs resulting from manufacturing the item for sale and the estimated costs necessary for carrying out the sale have been deducted.

The value of stocks has been determined using the FIFO method and it includes all the direct costs resulting from the acquisition, as well as other indirect focused costs. In addition to the purchase cost of materials, direct labor costs and other direct expenses, the acquisition cost of manufactured stocks includes a proportion of the general expenses of production, but not the outlay for sales or financing. The company largely writes down stocks leveraging an analysis based on inventory turnover times. The value of stocks has not been reduced as far as obsolescent property is concerned.

## FINANCIAL DERIVATIVES

The Group has no essential derivative agreements other than interest rate swaps.

Derivative agreements are initially recognized in accounting at fair value on the day that the Group becomes a party to a contract, and they are further valued at fair value at a later date. The Group does not apply hedge accounting to interest rate swaps, because they do not meet the conditions for hedge accounting defined in IFRS 9. In such a case, a change in the fair value of hedging instruments is immediately recognized in financing income and costs through profit and loss.

## FINANCIAL ASSETS AND LIABILITIES

## FINANCIAL ASSETS

Financial assets have been classified into the following groups in accordance with the IFRS 9 Financial Instruments standard: allocated acquisition cost, fair value through profit and loss and financial assets recognized at fair value through other extensive profit/loss items. The classification has been made based on the purpose of the acquisition and the cash flow properties in conjunction with the original acquisition. Financial assets maturing within 12 months are included in current assets.

Purchases and sales of financial assets are recognized based on the trading day, i.e., the day when the Group undertakes to purchase or sell an asset item. Financial assets are not recognized in the balance sheet after the rights to the cash flows of the investment have ceased or been transferred to another party and the Group has transferred a substantial part of the risks and rewards involved in ownership to another party.

Fund investments and derivatives to which hedge accounting is not applied are classified as financial assets at fair value through profit and loss. The Group does not have other essential derivative agreements or interest rate swaps. Derivative agreements are initially recognized in accounting at fair value on the day that the Group becomes a party to a contract, and they are further valued at fair value at a later date. The change in fair value is recorded under financial income and expenses in the income statement. The fund investments include interest rate fund shares.

The financial assets recognized through allocated acquisition cost include loan receivables, sale receivables, accrued income and other receivables. Impairments of sales receivables are recorded under expected credit losses based on a simplified model described in Note 25 Trade and other receivables. Sales receivables and agreement-based asset items are derecognized as final credit losses, as payment for them cannot be reasonably expected. Indications of this include the debtor's significant financial troubles, the likelihood of bankruptcy, negligence of payments or delay of payments in excess of 360 days. Impairment losses arising from trade receivables and agreement-based asset items are presented in the income statement under other business costs.

The Group recognizes investments in unquoted shares as financial assets at fair value through profit and loss, which means that profit or loss resulting from a change in fair value can be recorded under other extensive income statement items instead of classifying them as items to be recognized through profit and loss in conjunction with the sale. Dividends from shares are recorded under financial income when the right to receive dividends has been created. They are current assets, unless the management intends to keep the investment in question for a period longer than 12 months from the balance sheet date.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand, short-term bank deposits and other current, extremely liquid investments whose initial maturity is no more than three months. Used bank account limits are presented in other non-current liabilities. The Group has estimated the credit loss arising from the liquid assets to be negligible.

### FINANCIAL LIABILITIES

Initially, loans are recognized in accounting at fair value, less transaction costs. After this, they are valued in allocated acquisition costs using the effective interest method; the difference between payment received (less transaction costs) and the amount repayable is recognized as interest costs during the loan period.

Loans are classified as current, unless the Group has an absolute right to postpone their payment to at least 12 months from the balance sheet date.

Liability costs are recognized as expenses once they materialize. The liability expenses resulting directly from the acquisition, construction or manufacture of an asset item that fulfills the conditions set are activated as part of the asset's acquisition costs when they are likely to produce deferred financial benefits and when the costs can be reliably determined.

Some of the Group companies have made arrangements with the tax authorities for tax-related payments. These liabilities are included in short-term and long-term other interest-bearing liabilities.

### EQUITY

The Group classifies the instruments it issues based on their nature either as equity or as a financial liability. An equity instrument is any agreement which demonstrates the right to a share of an organization's assets after the deduction of all its liabilities. Costs that concern the issue or acquisition of the Group's own equity instruments are presented as an equity deductible item. If the Group buys back its own equity instruments, the acquisition cost for these instruments is deducted from equity.

### PENSION LIABILITIES

The Group's pension schemes have been classified as payment-based schemes. A payment-based pension scheme refers to an arrangement in which the company makes fixed payments to a separate corporation. The company is under no legal or actual obligation to pay additional charges if the separate corporation in question does not have enough funds to pay everyone the benefits relating to their work that they have made payments on during the present or earlier financial periods. The payments made to the payment-based scheme are recognized as the expenses of the financial period during which the payment is made.

### SHARE-BASED PAYMENTS

The Group has incentive schemes in which payments are made as equity instruments. Expenses incurred by business operations that are paid as equity are determined based on the fair value of the grant date. The company determines fair value using an appropriate pricing method. An expense resulting from business operations paid as equity and a corresponding increase in equity is recognized during the period when the work is performed and/or when the conditions based on the performance of the work are met. This period ends on the date when the persons involved are fully entitled to remuneration ("Time of the origin of entitlement"). The expenses accrued that are recorded by each balance sheet date from business operations that are paid as equity reflect the extent to which the time of the origin of entitlement has elapsed, and the Group's best estimate on the number of the equity instruments to which this right will eventually be created. The impact on profit/loss is presented in the Group's income statement under expenses arising from employee benefits.

### PROVISIONS

Provisions are recognized when a company, as a result of past events, has a legal or actual obligation, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision corresponds to the best estimate of the costs that are required for the fulfillment of the existing obligation on the balance sheet date.

### APPLICATION OF NEW OR CHANGED IFRS STANDARDS AND IFRIC INTERPRETATIONS

The consolidated financial statements have been prepared in compliance with the same accounting principles as in 2022, with the exception of the following new standards, interpretations and amendments to existing standards, which the Group has applied as of November 1, 2022:

- Annual improvements to IFRS standards 2018–2020 (IFRS 1, IFRS 9, IFRS 16 and IAS 41 standards)
- Improvements to standards IFRS 3, IAS 16 and IAS 37

The amendments to the standards listed above have not had a substantial impact on these financial statements.

## PUBLISHED AND UPDATED IFRS STANDARDS THAT ARE NOT YET IN EFFECT

| | |
|---|---|
| IFRS 17 | Insurance contracts, original application |

| | |
|---|---|
| IFRS 10 and IAS 28 amendments | Sale or transfer of asset items between an investor company and its associated companies or joint ventures. |
| IAS 1 amendment | Classification of liabilities as short-term and long-term liabilities |
| IFRS 16 amendment | Lease liability in a sale and leaseback |
| IAS 1 amendment and IFRS Practice Statement 2 | Presentation of creation principles |
| IAS 8 amendment | Definition of accounting estimates |
| IAS 12 amendment | Calculated tax related to assets and liabilities arising from the same business operations |

The management does not expect the adoption of the listed standards to have a significant impact on the Group's financial statements in the coming financial periods.

## 3. FINANCIAL RISK MANAGEMENT

### FINANCIAL RISK MANAGEMENT

The Group's financial risks comprise credit and counterparty risk, interest rate risk and liquidity risk. Credit and counterparty risk comprises payments of trade receivables coming from customers, the centralization of the customer base and co-operative banks approved as counterparties. Group companies operate primarily in the eurozone and so are only exposed to transaction risk stemming from exchange rate fluctuations, principally resulting from export activity, to a slight degree. The Group has no significant investments in foreign companies, so it is not exposed to significant translation risk. The effects of changes in interest rates on the value of interest-bearing liabilities and receivables and on the amount of future interest payments cause interest risk.

Panostaja's management of financial risks is handled in a centralized manner within the framework of the parent company's financial operations, under the leadership of Panostaja's Chief Financial Officer. The CFO actively monitors the subsidiaries' financial risks and actively participates in the process of securing funding and the implementation of hedges with the management of subsidiaries. The CFO also supports the management of Panostaja's subsidiaries in other matters related to financial management. The Group subsidiaries do not utilize a mutual fund allocation scheme, and their financial arrangements are independent of each other. The parent company may, by separate decision, allocate its funds to subsidiaries in the form of additional funding based on their financial and liquidity needs. The general principles underlying the Group's risk management system are approved by the Board of Directors and the parent company is responsible for their practical implementation in collaboration with the subsidiaries.

### EXCHANGE RATE RISK

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.

### INTEREST RATE RISK

The Group's income and operating cash flow is largely independent of fluctuations in market interest rates. The Group's interest risk primarily constitutes borrowing. At the end of the financial year, loans from financial institutions and other loans from financial institutions amounted to MEUR 23.390 (MEUR 23.830). The other loans from financial institutions include the account limits and factoring liabilities in use. The loans are variable-interest loans.

### INTEREST RATE RISK SENSITIVITY ANALYSIS

The following table illustrates how any moderate change in interest rates, other variables remaining constant, would affect the Group's result as a consequence of changes to the cost of interest on debts with floating interest rates. Interest rate risk sensitivity is presented after taxes.

| EUR 1,000 | 1% higher Income statement | 2% higher Income statement | 1% lower Income statement |
|---|---|---|---|
| Effect of change to interest rate | | | |
| **2023** | **-187** | **-374** | **187** |
| 2022 | -191 | -381 | 191 |

### CREDIT RISK

Credit risk is managed at Group level, with the exception of risk associated with trade receivables. The companies in the Group check the creditworthiness of customers at least when the customer relationship is being established. To minimize credit risk, the aim is to obtain effective collateral if a customer's creditworthiness so requires. The Group has long-established business relationships with its major customers. The Group has no significant risk concentration. Credit risk is primarily focused on outstanding receivables. The maturity distribution of sales receivables is presented in Note 25 to the financial statements.

The risk associated with the Group's liquid assets and derivative agreements is low, since these financial agreements are only concluded with banks with a good credit rating in accordance with the Group's risk management principles.

### LIQUIDITY RISK

The Group's most important loan covenants are reported to financiers every three, six and twelve months. If the Group breaches the terms and conditions of a loan covenant, the creditor may demand the accelerated repayment of the loans. Management regularly checks the fulfilment of loan covenant terms and conditions. The Group's parent company has provided securities to financiers on behalf of its subsidiaries as security for creditors (Note 34 to the financial statements).

The loan covenant terms are related to the key figure of the Group's separate company or subgroup, the ratio between interest-bearing loans and operation margin (interest-bearing loans/operating margin) and equity ratios.

### NEGLIGENCE RELATED TO LIABILITIES, AND BREACHES OF CONTRACT

During the financial period, the loan covenant was broken in one of the subgroups. The financier provided consent for this. However, with regard to the loans of one subgroup, totaling MEUR 0.3, consent has been received from the financiers that they will not demand the accelerated repayment of the loans before the end of the financial period. Arrangements concerning liabilities and breaches of contract are presented in Note 28 to the financial statements.

The Group constantly assesses and monitors the amount of finance required for its operations, so that it will have sufficient liquidity to finance its business and repay its loans when they fall due. Efforts are made to guarantee the availability and flexibility of finance through adequate credit limits and by using different sources and forms of finance in the procurement of finance. At the time of the closing of the books, the Group's subsidiaries had MEUR 2.5 of unused credit limits at their disposal.

Panostaja also has a MEUR 15 corporate acquisition limit, which enables the withdrawal of three-year loans to fund Panostaja's corporate acquisitions and/or additional investments in the Group's companies. MEUR 1.8 of Panostaja's corporate acquisition limit is in use.

### CAPITAL MANAGEMENT

The aim of the Group's capital management is to ensure that the business has the prerequisites for operating normally and to increase the share value over the long term. The capital structure is influenced through dividend distribution, the purchase of own shares, capital repayments, share issues and loan withdrawals and repayments. In Panostaja's operating model, decisions on acquiring and divesting investments are also an important part of capital management. Panostaja's goal is to persistently increase the value of its investments and, over the long term, implement divestments that lead to significant increases in value and strengthen the capital structure.

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Interest-bearing financial liabilities | 57 135 | 61 048 |
| Interest-bearing receivables | 4 334 | 4 359 |
| Cash and cash equivalents | 10 419 | 14 344 |
| Interest-bearing net liabilities | 42 381 | 42 345 |
| | | |
| Equity total | 52 637 | 58 126 |
| | | |
| **Gearing ratio** | **80,5 %** | **72,8 %** |

The trend in the Group's capital structure is monitored with equity ratio and gearing. The Group's equity ratio was 37.5% (39.1%) and its gearing ratio 80.5% (72.8%).

## 4. THE ACCOUNTING PRINCIPLES REQUIRING MANAGEMENT DISCRETION AND THE KEY UNCERTAINTIES RELATING TO ESTIMATES

In preparing the consolidated financial statements and related notes, the management of the company must prepare estimates and make assumptions. Any estimates prepared and discretion exercised are founded on previous experience and other factors, such as presumptions about future events. The estimates prepared and discretion applied are examined on a regular basis. Below is a description of the most important areas in which estimates and discretion have been applied.

### VALUATION OF ACQUIRED ASSETS AT FAIR VALUE

IFRS 3 requires the supplier to enter any intangible asset as separate from goodwill, if the entry criteria are met. Recognizing an intangible right at fair value requires the management's estimate of future cash flows. As far as possible, the management has applied the available market values as the basis for the allocation of an acquisition cost in determining fair value. Whenever this is not possible, which is typical with intangible assets especially, valuation is based on the asset item's historical revenue and its intended use in future business. Valuations are founded on discounted cash flows and estimated transfer and replacement prices, and require the management's estimates and assumptions on the future use of the asset items and their effects on the company's financial status.

### CONDITIONAL PURCHASE PRICES CONCERNING CORPORATE ACQUISITIONS

Management uses significant discretion when assessing the fair value of possible conditional additional purchase prices on the closing day of each reporting period. At the end of the financial period, there were no conditional additional purchase prices for the Group companies.

### IMPAIRMENT TESTS

Intangible and tangible assets are tested 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. The company's management engages in continuous assessment of any signs of impairment in any asset item. 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 on predicted future cash flows, discount rates, the development of the target markets of cash-flow-generating units and the deployability of business strategies. Although the presumptions applied in accordance with the management's vision are appropriate, the estimated recoverable amounts may differ significantly from those materializing in the future (Note 18 to the financial statements).

### VALUATION OF STOCKS

It is the management's principle to enter any impairment loss from slowly moving and outdated stocks on the basis of the management's best estimation of the potentially unusable stocks possessed at the balance sheet date. The management bases its estimation on a systematic and continuous monitoring and evaluation. The company also applies a valuation code founded on the stocks' turnover ratio. Depreciations have not been recorded for stocks during the financial period.

### RECOVERABILITY OF DEFERRED TAX ASSETS

Deferred tax assets are only recognized if it is more likely that they will be realized than not, which is determined by whether sufficient taxable income accumulates in the future. The assumptions for accrual of taxable income are based on the evaluations and assumptions of the management.

These evaluations and suppositions involve risk and uncertainty, and it is therefore possible that changes in circumstances bring about changes to assumptions, and this may in turn affect the deferred tax receivables recorded in the balance sheet as well as any other as yet unrecognized tax losses and temporary differences.

If the taxable income of Group companies turns out to be less than what management predicted when deferred tax receivables were being determined, the value of the receivables will fall or they will become completely worthless. In that case, the amounts entered on the balance sheet may have to be canceled through profit and loss.

There are MEUR 9.2 worth of deferred tax assets on the balance sheet of Panostaja Group. The deferred tax assets are itemized in Note 23.

### MANAGEMENT ESTIMATES RELATED TO RENTAL AGREEMENTS

In accordance with the applicable IFRS 16 standard, the Group will record the lease agreements in the balance sheet as lease liabilities and asset items. The nominal value of the lease liabilities is valued at the current value of rent payments. 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.

## 5. SEGMENT INFORMATION

The four segments 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. Panostaja Group's business segments are Grano, Hygga, CoreHW, Oscar Software and Others.

These reported segments have been formed because they produce products and services that differ from each other. The transactions between segments have taken place on normal commercial terms and conditions.

Reports on these business segments are prepared in a manner in line with the internal reporting submitted to the highest operational decision-maker. Senior operational decision-making is represented by the Senior Management Team of the Panostaja Group.

The Group has determined Grano Group as a subgroup involving a significant minority shareholding, as specified in IFRS 12. The Grano Group subgroup's financial information is presented in this segment note under the Grano business segment. To specify, the financial information of the subgroup in question corresponds with the segment-specific information in question.

The shares of minority shareholders in the Grano Group subgroup's profit and equity, respectively, stand at MEUR 0.2 and MEUR 20.0.

### BUSINESS SEGMENTST

**Net sales and recognition principles**

Net sales consist of income from the sale of products and services at fair value, adjusted according to indirect taxes and discounts. The Group's terms of payment are conventional and payments are made relatively quickly. The customer agreements do not involve significant financial components. The amount and timing of sales earnings are not subject to the management's discretion to any significant degree. Exports account for approximately MEUR 8 of the Group's net sales.The more detailed segment-specific descriptions of net sales and recognition principles are provided below.

| | 2023 | | 2022 | |
|---|---|---|---|---|
| (EUR 1,000) | Contractual asset items | Contractual liabilities | Contractual asset items | Contractual liabilities |
| 1 October | | | | |
| Sales profit included in the contractual liabilities at the start of the financial period | 843 | 1,098 | 275 | 734 |
| Additions due to payments received less the amount recognized during the financial period | -843 | -1,098 | -275 | -734 |
| Share transferred from contractual asset items at the start of the financial period to receivables | | | | 1,098 |
| Addition of contractual asset items related to fulfilled but not invoiced performance obligations | 1,111 | | 843 | |
| **October 31** | **1,111** | **0** | **843** | **1,098** |

The asset items related to customer contracts (sales receivables and non-invoiced sales included in accrued income) are presented in Note 25. The liabilities related to customer contracts (advances received) are presented in Note 29.

- Grano's earnings primarily come from the sale of printing services as well as digital marketing and content services. Earnings from product sales are recorded once the essential risks and benefits related to ownership of the goods as well as their right of possession and actual control have been transferred to the buyer and payment is likely. Earnings from services are recorded once the services have been rendered.
- Revenue in the Hygga segment comes from the production of oral health care services and selling licenses to its own ERP system. Earnings from services are recorded once the services have been rendered. The IFRS 15 standard affects the timing of the recognition of commissioning or establishing projects carried out in connection to the sale of software services. However, the identified revenue streams from commissioning and establishment projects are not significant in terms of their quantity.
- Revenue in the CoreHW segment comes mainly from the design service of microchips and antennas used in radiotechnology. Earnings from services are recorded once the services have been rendered. The company will record the sales profits from long-term design projects over time. The company uses percentage of completion method for the recognition of long-term projects. Long-term projects are considered to be projects with an estimated duration exceeding six months that do not have invoicing based on person hours and that have contractual net sales exceeding EUR 250,000 or that are otherwise corresponding in nature in terms of business operations. The percentage of completion of long-term projects is determined based on the proportion of the person hours caused by the projects compared to each project's estimated person hours at the time of recording. At the end of the financial year, CoreHW Semiconductor Oy had four incomplete projects that apply the percentage of completion method. The recognition of the projects during the financial period was MEUR 4.5 in total, and their unrecorded and pending share at the end of the

financial period was MEUR 0.6 in total.

- Revenue in the Oscar Software segment mainly comes from the sale of licenses and services related to the proprietary ERP system as well as financial management, HR and other online trade services. Earnings from services are recorded once the services have been rendered. The IFRS 15 standard is likely to have a small impact on the timing of the recognition of single-charge licenses and the commissioning and establishment projects implemented in connection to their sale, which will occur over a longer period of time. The recognition did not impact the company's profit/loss in the reporting period.
- The Others segment presents the figures of Panostaja's parent company. In addition to this, the row includes the figures of possible non-operative Group companies and other non-allocated items. The impact on profit/loss of associated companies not allocated to business segments are also presented on this row. In the reference year figures, the Others row also includes the assets, liabilities and employee numbers of sold business operations.
- The Eliminations row presents eliminations of internal items between segments as well as other group-level adjustments.

## BUSINESS SEGMENTS 2023

| 2023 (EUR 1,000) | Net sales total | Internal net sales | External net sales | Depreciations, amortizations and impairment | EBIT | Financial income and expenses | Share of associated company profits | Income tax | Profit/loss from continuing operations | Assets | Liabilities | Investments into tangible and intangible assets | Value of shares in associated companies | Employees at the end of the period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Grano | 109,091 | 13 | 109,078 | -10,210 | 1,928 | -1,605 | -877 | 58 | -497 | 92,870 | 67,653 | 2,724 | 0 | 869 |
| Hygga | 7,772 | 0 | 7,772 | -620 | -77 | -607 | 0 | 0 | -683 | 5,089 | 11,679 | 65 | | 103 |
| CoreHW | 7,909 | 0 | 7,909 | -592 | -1,174 | -470 | 0 | 309 | -1,336 | 11,229 | 12,923 | 871 | | 75 |
| Oscar Software | 11,501 | 77 | 11,425 | -1,217 | 381 | -173 | 0 | 10 | 218 | 10,184 | 5,736 | 642 | | 132 |
| Others | 0 | 0 | 0 | -74 | -2,166 | 641 | -75 | 256 | -1,344 | 33,609 | 2,352 | 0 | 1,791 | 9 |
| Eliminations | | -90 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -11,606 | -11,606 | | | |
| **Group in total** | **136,274** | **0** | **136,184** | **-12,713** | **-1,109** | **-2,214** | **-953** | **633** | **-3,642** | **141,374** | **88,737** | **4,302** | **1,791** | **1,188** |

## BUSINESS SEGMENTS 2022

| 2022 (EUR 1,000) | Net sales total | Internal net sales | External net sales | Depreciations, amortizations and impairment | EBIT | Financial income and expenses | Share of associated company profits | Income tax | Profit/loss from continuing operations | Assets | Liabilities | Investments into tangible and intangible assets | Value of shares in associated companies | Employees at the end of the period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Grano | 111,498 | 10 | 111,489 | -12,178 | 8,682 | -1,462 | 0 | -153 | 7,067 | 98,673 | 72,811 | 3,959 | 811 | 922 |
| Hygga | 7,336 | 0 | 7,336 | -570 | -372 | -483 | | 1 | -855 | 5,494 | 11,386 | 172 | | 92 |
| CoreHW | 7,990 | 0 | 7,990 | -482 | -476 | -264 | | 63 | -678 | 9,010 | 9,376 | 112 | | 76 |
| Oscar Software | 11,197 | 82 | 11,115 | -1,265 | -493 | -15 | | 72 | -436 | 10,643 | 6,242 | 456 | | 147 |
| Others | 0 | 0 | 0 | -147 | -2,172 | 201 | 35 | 407 | -1,529 | 35,436 | 1,314 | 41 | 1,867 | 9 |
| Eliminations | | -92 | 0 | 0 | 0 | 0 | | 0 | 0 | -8,769 | -8,769 | | | |
| **Group in total** | **138,021** | **0** | **137,929** | **-14,642** | **5,169** | **-2,024** | **35** | **390** | **3,570** | **150,487** | **92,361** | **4,741** | **2,677** | **1,246** |

* In the reference year, the Other row includes the assets and liabilities of discontinued operations and their staff.

** The investments do not include investments in asset items.

## 6. ACQUIRED BUSINESSES

No subsidiary acquisitions were made in the financial period or reference period.

## 7. DIVESTMENTS OF SUBSIDIARIES AND BUSINESS OPERATIONS, AND DISCONTINUED OPERATIONS

### GRANO AS

Grano sold its Estonian subsidiary to the company's acting management in March. Grano Group recorded a sales profit of MEUR 0.1 from the transaction.

### DIVESTMENTS OF BUSINESS OPERATIONS IN THE 2022 FINANCIAL PERIOD

### SOKOPRO

In December 2021, Grano announced that it had signed an agreement on selling its SokoPro business operations to the international iBinder company. The sale price was roughly MEUR 45.5, which was paid in conjunction with the closing of the deal on February 8, 2022 as a one-time cash payment. The SokoPro deal will enable Grano to focus even more strongly on developing and commercializing value-added services for marketing communications, and the significantly strengthened financial position will make it possible to accelerate the implementation of the strategy. After the deal, Grano will continue as the exclusive SokoPro sales representative for Finland.

| Assets and liabilities related to divested business operations, MEUR | January 31, 2022 |
|---|---|
| Intangible assets | 3.0 |
| Goodwill | 32.6 |
| Current assets | 1.0 |
| Cash and cash equivalents | 0.2 |
| Current liabilities | -1.0 |
| **Net assets, total** | **35.9** |

| Impact of the divestment on the Group's cash flow, MEUR | January 31, 2022 |
|---|---|
| Consideration received as cash | 45.6 |
| Direct costs of the deal | -0.4 |
| Cash and cash equivalents of the divested business | -0.2 |
| **Impact on the Group's cash flow** | **45.0** |

| Impact of the divestment on the Group's profit/loss, MEUR | January 31, 2022 |
|---|---|
| Consideration received (net) | 45.3 |
| Net assets | -35.9 |
| **Sales profit** | **9.4** |

### ASSETS AND LIABILITIES RELATED TO DIVESTED BUSINESS OPERATIONS

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Profit/loss from sold and discontinued operations to minority shareholders | 0 | 0 |
| Profit/loss from sold and discontinued operations to parent company owners | 0 | 336 |
| **Profit/loss from sold and discontinued operations in total** | **0** | **336** |

## 8. DISPOSALS AND ACQUISITIONS OF SUBSIDIARY HOLDINGS WITHOUT CHANGE IN CONTROLLING INTEREST

### FINANCIAL PERIOD 2023

Oscar Software Holdings Oy claimed shares of minority shareholders and recorded them as its own shares. In addition to this, the company organized a share issue for employees. After this, Panostaja's shareholding in the Oscar group stands at 57.86%.

CoreHW Group Oy claimed the shares of a minority shareholder and conducted a share exchange with the shareholders of its subsidiary. CoreHW Group Oy provided new shares in exchange for a minority holding of the subsidiary. After the arrangement, Panostaja's shareholding in CoreHW Group Oy is 55.82%.

| (EUR 1,000) | 2023 |
|---|---|
| Divested or acquired minority shareholders' interest | 52 |
| Consideration received or paid | -195 |
| **Effect of the change in ownership on retained earnings** | **-143** |

### FINANCIAL PERIOD 2022

Oscar Software Holdings Oy divested some of its shares to minority shareholders. After this, Panostaja's shareholding in the Oscar group stands at 56.2%.

| (EUR 1,000) | 2022 |
|---|---|
| Divested or acquired minority shareholders' interest | -117 |
| Consideration received or paid | 244 |
| **Effect of the change in ownership on retained earnings** | **127** |

## 9. OTHER OPERATING INCOME

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Sales profits from fixed asset shares | 111 | 9,364 |
| Sales profits on tangible assets | 116 | 1,067 |
| Received allowances | 167 | 152 |
| Other income | 485 | 1,774 |
| **Total** | **879** | **12,357** |

## 10. SHARE OF ASSOCIATED COMPANY PROFITS

Details of the company's associated companies are given in Note 20. Investments in associated companies.

## 11. EMPLOYEE BENEFIT EXPENSES

The Group has payment-based pension schemes, the payments of which are recorded in the income statement in the relevant period.

Details of the employee benefits, including share-based payments, of management considered related parties are given in Note 35. Related party disclosures.

During the financial year, the Group employed an average of 1,217 (1,324) people. At the end of the financial period, it employed 1,188 (1,246) persons.

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Salaries and bonuses | 55,752 | 55,417 |
| Pension costs - payment-based arrangements | 9,338 | 9,692 |
| Other social security expenses | 2,160 | 2,063 |
| **Total** | **67,251** | **67,172** |

## 12. DEPRECIATIONS, AMORTIZATIONS AND IMPAIRMENT

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| **Depreciation by asset group:** | | |
| Property, plant and equipment | | |
| Buildings and structures | 6,566 | 6,130 |
| Machinery and equipment | 3,630 | 3,833 |
| Other tangible assets | 0 | 13 |
| Intangible assets | | |
| Development expenses | 1,173 | 1,253 |
| Intangible rights | 352 | 831 |
| Other capitalized long-term expenditure | 993 | 1,307 |
| **Total** | **12,713** | **13,366** |

| | | |
|---|---|---|
| **Impairments by asset group:** | | |
| Property, plant and equipment | | |
| Buildings and structures | 0 | 191 |
| Machinery and equipment | 0 | 0 |
| Other tangible assets | | |
| Intangible assets | | |
| Goodwill | 0 | 0 |
| Development expenses | 0 | -1,467 |
| Intangible rights | 0 | |
| Other capitalized long-term expenditure | | |
| **Total** | **0** | **-1,276** |

| | | |
|---|---|---|
| **Total depreciations, amortizations and impairment by asset group:** | | |
| Property, plant and equipment | | |
| Buildings and structures | 6,566 | 5,939 |
| Machinery and equipment | 3,630 | 3,833 |
| Other tangible assets | 0 | 13 |
| Intangible assets | | |
| Development expenses | 1,173 | 2,720 |
| Intangible rights | 352 | 831 |
| Other capitalized long-term expenditure | 993 | 1,307 |
| **Total** | **12,713** | **14,642** |

## 13. OTHER OPERATING EXPENSES

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Rental costs | 556 | 281 |
| External services | 7,835 | 8,949 |
| Other expense items | 8,732 | 8,827 |
| **Total** | **17,123** | **18,057** |

| | | |
|---|---|---|
| Auditing fees | 149 | 150 |
| Other fees | 11 | 6 |
| Fees paid to auditors total, continuing operations | 160 | 156 |

## 14. FINANCIAL INCOME

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Financial income from associated companies | 5 | 2 |
| Interest earned | 244 | 234 |
| Changes in fair value from financial assets recorded at fair value through profit and loss | | |
| - interest derivatives, not in hedge accounting | 0 | 0 |
| - from financial assets that are managed based on fair value | 0 | 0 |
| **Total** | **250** | 236 |

## 15. FINANCIAL EXPENSES

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Foreign exchange losses | 16 | 1 |
| Impairment losses from loan receivables | -57 | 120 |
| Interest expenses for finance lease liabilities | 906 | 814 |
| Interest expenses for other financial liabilities | 1,598 | 1,325 |
| **Total** | **2,463** | **2,260** |

## 16. INCOME TAXES

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Direct tax | -128 | -152 |
| Taxes in previous periods | 0 | 2 |
| Deferred taxes | | |
| Incurred and resolved temporary taxes | 761 | 540 |
| **Income taxes total** | **633** | **390** |
| | | |

Balancing statement between the tax expense in the income statement and the taxes calculated using the Finnish tax rate of 20.0%

| | | |
|---|---|---|
| Profit before taxes | -4,276 | 3,180 |
| Income tax on Group income at the tax rate in Finland before taxes | 855 | -636 |
| Non-taxable income | | 2,540 |
| Non-deductible expenses | -503 | -871 |
| Unrecognized deferred tax assets from tax losses | -21 | -1,188 |
| Share of associated company profits | 43 | 7 |
| Incurred and resolved temporary differences in deferred tax assets and liabilities | 136 | 540 |
| Taxes for previous periods | | -2 |
| **Taxes in the income statement** | **633** | **390** |

The figures for discontinued operations are not distinguishable in the information for the reference year.

## 17. EARNINGS PER SHARE

Undiluted earnings per share (EPS) are calculated by dividing the profit for the period attributable to the parent company shareholders by the weighted average of the number of shares outstanding during the period. The fair value of a share is based on the average price of a share for the financial year.

| | 2023 | 2022 |
|---|---|---|
| Continuing operations | -2,875 | 965 |
| Discontinued operations | 0 | 366 |
| Profit for the financial period attributable to parent company shareholders (EUR 1,000), | -2,875 | 1,331 |
| **Profit used when calculating profit per share** | -2,875 | 1,331 |
| | | |
| **Profit used when calculating profit per share adjusted with the diluting effect** | **-2,875** | **1,331** |
| | | |
| Number of shares outstanding at the end of the financial period | 53,333 | 53,333 |
| of which held by company | 587 | 688 |
| Weighted average number of shares outstanding, 1,000 pcs | 52,717 | 52,620 |
| Share-based payments, 1,000 pcs | 10 | 34 |
| Diluted weighted average number of shares outstanding, 1,000 pcs | 52,727 | 52,654 |
| | | |
| **Earnings per share calculated from the profit belonging to the shareholders of the parent company:** | | |
| Earnings per share from continuing operations, EUR | | |
| Undiluted | -0.055 | 0.018 |
| Diluted | -0.055 | 0.018 |
| Earnings per share from sold and discontinued operations, EUR | | |
| Undiluted | 0.000 | 0.007 |
| Diluted | 0.000 | 0.007 |
| Earnings per share on continuing and discontinued operations, EUR | | |
| Undiluted | -0.055 | 0.025 |
| Diluted | -0.055 | 0.025 |

## 18. INTANGIBLE ASSETS

| (EUR 1,000) | Goodwill | Intangible rights | Development expenses | Other intangible assets | Total |
|---|---|---|---|---|---|
| **Acquisition cost as of November 1, 2022** | **59,968** | **24,160** | **11,451** | **13,859** | **109,437** |
| Additions | | 55 | 2,116 | 893 | 3,064 |
| Deduction | | -2 | | | -2 |
| Effect of company acquisition | | | | | 0 |
| Effect of the company sale or discontinuation | -174 | | | -34 | -208 |
| Effect of held-for-sale business operations | | | | | 0 |
| Asset deal | | | | | 0 |
| Transfer merger | | | | | 0 |
| Transfer between balance sheet groups | | | | 118 | 118 |
| Exchange rate differences | | | | | 0 |
| **Acquisition cost October 31, 2023** | **59,794** | **24,213** | **13,567** | **14,836** | **112,409** |
| | | | | | |
| **Accumulated depreciations, amortizations and impairment November 1, 2022** | **-12,474** | **-23,623** | **-7,126** | **-11,772** | **-54,995** |
| Depreciations, amortizations and impairment for the period | | | | | 0 |
| Depreciations in the financial period | | -352 | -1,173 | -993 | -2,518 |
| Deductions | | | | | |
| Effect of company acquisition | | | | | |
| Effect of the company sale or discontinuation | | | | 33 | 33 |
| **Accumulated depreciations, amortizations and impairment October 31, 2023** | **-12,474** | **-23,975** | **-8,299** | **-12,732** | **-57,480** |
| | | | | | |
| **Book value as of October 31, 2023** | **47,319** | **237** | **5,268** | **2,105** | **54,929** |
| | | | | | |
| **Acquisition cost as of November 1, 2021** | **92,607** | **24,001** | **12,865** | **12,551** | **142,023** |
| Additions | | 165 | 1,569 | 516 | 2,250 |
| Deduction | | -6 | -3 | -100 | -109 |
| Effect of company acquisition | | | | | 0 |
| Effect of the company sale or discontinuation | -32,639 | | -2,911 | | -35,550 |
| Effect of held-for-sale business operations | | | | | 0 |
| Asset deal | | | | | 0 |
| Transfer merger | | | | | 0 |
| Transfer between balance sheet groups | | | -69 | 892 | 823 |
| Exchange rate differences | | | | | 0 |
| **Acquisition cost October 31, 2022** | **59,968** | **24,160** | **11,451** | **13,859** | **109,437** |
| | | | | | |
| Accumulated depreciations, amortizations and impairment November 1, 2021 | -12,474 | -22,792 | -5,873 | -10,465 | -51,604 |
| Depreciations, amortizations and impairment for the period | | | | | 0 |
| Depreciations in the financial period | | -831 | -1,253 | -1,307 | -3,391 |
| Deductions | | | | | 0 |
| **Accumulated depreciations, amortizations and impairment October 31, 2022** | **-12,474** | **-23,623** | **-7,126** | **-11,772** | **-54,995** |
| | | | | | |
| **Book value as of October 31, 2022** | **47,493** | **537** | **4,325** | **2,088** | **54,442** |

### GOODWILL IMPAIRMENT TEST

Goodwill has been allocated to the following cash-flow generating units (or groups within units)

| MEUR | 2023 | 2022 |
|---|---|---|
| Grano | 34.1 | 34.3 |
| Oscar Software | 7.1 | 7.1 |
| CoreHW | 3.4 | 3.4 |
| Hygga | 2.6 | 2.6 |
| **Total** | **47.3** | **47.5** |

During the financial period, the goodwill impairment test was conducted based on the situation on September 30, 2023. The monetary amounts recoverable from the business operations of Panostaja's cash-flow-generating units have been defined in the impairment testing based on the service value calculated using the discounted cash flow method. The cash flow forecasts used in calculating the recoverable amounts are based on financial plans approved by the management, which cover a three-year forecast period. The cash flow forecasts used in the calculations were derived from the strategy figures of the cash flow generating units, but their growth and profitability goals were significantly lowered according to the relevant cautionary principles. After the forecast period, a terminal value has been calculated using a 2% growth estimate, which represents average long-term growth in the operating environments of the units. The key variables used in calculating service value are forecasted net sales, forecasted operating profit and the discount rate used.

The service value determined with the test of Panostaja's cash-flow-generating units that have been analyzed through continuous testing has been greater than their book value in all units. A sensitivity analysis was prepared for the cash flow forecasts used in the calculation to ensure that moderate changes to the key assumptions of the financial plans cannot lead to the book value of the asset items to exceed the monetary amounts that can be recovered from them.

## GRANO

In calculating service value, Grano's net sales are expected to remain stable overall and only see slight growth. Traditional printing and paper printing for construction are expected to decline, whereas clear growth is expected in packaging and label printing as well as large-scale printing business. Digital services are also expected to continue growing. The cornerstone of the growth is formed by the company's extensive product and service portfolio and its productization into full customer solutions in the focus areas. Grano's EBIT is expected to improve substantially from the 2023 levelas a result of streamlining measures regarding procurement, pricing, production and other activities. The cost efficiency impacts achieved as a result of the change negotiations that closed at the end of 2023 are expected to improve EBIT in the coming financial periods. The MEUR -0.2 change in Grano's goodwill is due to the divestment of the company's subsidiary in Estonia.

The key parameters of the forecast scenario used in the impairment testing are presented in the following table.

| | 2023 | 2022 |
|---|---|---|
| Average net sales growth in the forecast period, % | 1.0% | 0.3% |
| Net sales growth after the forecast period, % | 2.0% | 2.0% |
| Average profit margin in the forecast period, % | 5.2% | 4.8% |
| Profit margin after the forecast period, % | 5.4% | 6.5% |
| Pre-tax WACC, % | 9.5% | 11.0% |

**Sensitivity analysis of the forecast parameters**

The table below presents the parameters values of the two key forecast parameters that would provide a service value equal to the book value (when all other parameters remain unchanged).

| | 2023 |
|---|---|
| Average profit margin, weighted average, % | 3,5 % |
| Pre-Tax WACC, % | 13,6 % |

## HYGGA

Net sales are expected to increase substantially for the review period in the calculation of Hygga's service value. Only moderate growth is expected with regard to the clinic business, based on the annual net sales according to the level at the end of 2023. As regards the Hygga Flow software business, growth is expected to improve both in Finland and abroad. In Finland, growth is expected in health care and basic health care solutions, whereas abroad the focus of growth is on oral health care. Net sales growth is expected particularly in software business with the continuously invoiced software services of customers increasing each year.

The key parameters of the forecast scenario used in the impairment testing are presented in the following table.

| | 2023 | 2022 |
|---|---|---|
| Average net sales growth in the forecast period, % | 10.2% | 13.6% |
| Net sales growth after the forecast period, % | 2.0% | 2.0% |
| Average profit margin in the forecast period, % | 4.9% | 8.7% |
| Profit margin after the forecast period, % | 10.0% | 12.7% |
| Pre-tax WACC, % | 8.9% | 10.3% |

**Sensitivity analysis of the forecast parameters**

The table below presents the parameters values of the two key forecast parameters that would provide a service value equal to the book value (when all other parameters remain unchanged).

| | 2023 |
|---|---|
| Average profit margin, weighted average, % | 1.3% |
| Pre-tax WACC, % | 37.3% |

## COREHW

The calculation of CoreHW's service value has taken into account the growth forecast for the net sales of the design business. The growth is based on the continuity of the achieved good order book and wider potential of the customer base (automotive industry operators, for example). In 2023, the design services were plagued by poor project profitability, which is expected to be normalized in calculation in 2024. Projects with lower profitability are expected to be completed in early 2024, and an initiative involving several measures to improve project profitability has been initiated. This will most likely improve profitability significantly. The goodwill calculation does not account for the growth plan for CoreHW's product business.

The key parameters of the forecast scenario used in the impairment testing are presented in the following table.

| | 2023 | 2022 |
|---|---|---|
| Average net sales growth in the forecast period, % | 10.0% | 11.9% |
| Net sales growth after the forecast period, % | 2.0% | 2.0% |
| Average profit margin in the forecast period, % | 14.0% | 10.7% |
| Profit margin after the forecast period, % | 14.8% | 10.3% |
| Pre-tax WACC, % | 13.4% | 14.6% |

**Sensitivity analysis of the forecast parameters**

The table below presents the parameters values of the two key forecast parameters that would provide a service value equal to the book value (when all other parameters remain unchanged).

| | 2023 |
|---|---|
| Average profit margin, weighted average, % | 7.5% |
| Pre-tax WACC, % | 24.4% |

### OSCAR SOFTWARE

In Oscar Software's goodwill calculation, net sales are expected to improve and its profitability is predicted to improve steadily during the forecast period. The increase in net sales is primarily based on the increased value of the contracts for annually recurring revenue (ARR) ERP software, but the net sales for expert work will also increase. Alongside the growth in ARR software, the increased efficiency of delivery and customer development projects will improve profitability.

The key parameters of the forecast scenario used in the impairment testing are presented in the following table.

| | 2023 | 2022 |
|---|---|---|
| Average net sales growth in the forecast period, % | 8.0% | 8.0% |
| Net sales growth after the forecast period, % | 2.0% | 2.0% |
| Average profit margin in the forecast period, % | 10.0% | 7.1% |
| Profit margin after the forecast period, % | 11.7% | 12.0% |
| Pre-tax WACC, % | 12.7% | 13.5% |

**Sensitivity analysis of the forecast parameters**

The table below presents the parameters values of the two key forecast parameters that would provide a service value equal to the book value (when all other parameters remain unchanged).

| | 2023 |
|---|---|
| Average profit margin, weighted average, % | 4.1% |
| Pre-tax WACC, % | 27.8% |

## 19. PROPERTY, PLANT AND EQUIPMENT

| (EUR 1,000) | Buildings and premises | Machinery and equipment | Other tangible assets | Advance payments fixed assets | Total |
|---|---|---|---|---|---|
| **Acquisition cost as of November 1, 2022** | | | | | |
| Additions | | 917 | | 321 | 1,238 |
| Additions to asset items | 4,639 | 1,191 | | | 5,830 |
| Effect of the company sale or discontinuation | | -433 | | -10 | -443 |
| Deductions | -70 | -557 | | | -627 |
| Transfers between balance sheet groups | | 235 | | -353 | -118 |
| **Acquisition cost October 31, 2023** | **48,459** | **52,770** | **282** | **947** | **102,458** |
| | | | | | |
| **Accumulated depreciations, amortizations and impairment November 1, 2022** | **-18,235** | **-39,902** | **-221** | **-947** | **-59,305** |
| Depreciations in the financial period | -6,566 | -3,630 | | | -10,196 |
| Effect of the company sale or discontinuation | | 407 | | | 407 |
| **Accumulated depreciations, amortizations and impairment October 31, 2023** | **-24,801** | **-43,125** | **-221** | **-947** | **-69,094** |
| | | | | | |
| **Book value as of October 31, 2023** | **23,657** | **9,646** | **61** | **0** | **33,364** |
| | | | | | |
| **Acquisition cost as of November 1, 2021** | **28,449** | **45,089** | **282** | **1,913** | **75,733** |
| Additions | | 855 | | 1,640 | 2,495 |
| Additions to asset items | 15,441 | 5,695 | | | 21,136 |
| Deductions | | -474 | | -1,470 | -1,944 |
| Transfers between balance sheet groups | | 252 | | -1,094 | -842 |
| Exchange rate differences | | | | | 0 |
| **Acquisition cost October 31, 2022** | **43,890** | **51,417** | **282** | **989** | **96,578** |
| | | | | | |
| **Accumulated depreciations, amortizations and impairment November 1, 2021** | **-12,106** | **-36,069** | **-208** | **-947** | **-49,330** |
| Depreciations in the financial period | -6,130 | -3,833 | -13 | | -9,976 |
| **Accumulated depreciations, amortizations and impairment October 31, 2022** | **-18,235** | **-39,902** | **-221** | **-947** | **-59,306** |
| | | | | | |
| **Book value as of October 31, 2022** | **25,655** | **11,515** | **61** | **42** | **37,272** |

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 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. The relevant rent payments have been discounted based on the Group's estimated extra credit interest.

| Property, plant and equipment | Premises | Machinery and equipment | 2023 Total |
|---|---|---|---|
| **Acquisition cost Nov 1** | **43,890** | **26,408** | **70,298** |
| Additions during the financial period | 4,639 | 1,191 | 5,830 |
| Deductions during the financial period | -70 | -541 | -611 |
| **Acquisition cost Oct 31** | **48,459** | **27,058** | **75,517** |
| Accrued depreciations Nov 1 | -18,236 | -17,214 | -35,450 |
| Depreciations, amortizations and impairment | -6,566 | -2,660 | -9,226 |
| **Accrued depreciations October 31** | **-24,802** | **-19,874** | **-44,676** |
| **Book value as of October 31** | **23,657** | **7,185** | **30,842** |
| **Book value as of November 1** | **25,655** | **9,194** | **34,849** |

| Property, plant and equipment | Premises | Machinery and equipment | 2022 Total |
|---|---|---|---|
| **Acquisition cost Nov 1** | **28,449** | **21,048** | **49,497** |
| Additions during the financial period | 15,441 | 5,695 | 21,136 |
| Deductions during the financial period | | -335 | -335 |
| **Acquisition cost Oct 31** | **43,890** | **26,408** | **70,298** |
| Accrued depreciations Nov 1 | -12,106 | -14,546 | -26,652 |
| Depreciations, amortizations and impairment | -6,130 | -2,668 | -8,798 |
| Deductions during the financial period | | | 0 |
| **Accrued depreciations October 31** | **-18,236** | **-17,214** | **-35,450** |
| **Book value as of October 31** | **25,655** | **9,194** | **34,849** |
| **Book value as of November 1** | **16,343** | **6,502** | **22,845** |

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Income statement amounts included in rental agreements | | |
| Depreciations | -9,225 | -8,797 |
| Amortizations | 0 | 191 |
| Interest expenses for lease liabilities | -906 | -814 |
| Other operating cost items, rent | -556 | -316 |
| Payments of lease liabilities | -9,164 | -8,684 |
| Items recorded in the income statement, excluding depreciations | -1,462 | -1,130 |

## 20. INVESTMENTS IN ASSOCIATED COMPANIES

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Book value as of November 1 | 2,677 | 2,642 |
| Share of the profit of the financial period | -75 | 35 |
| Additions | 0 | 0 |
| Deductions | -811 | |
| **Book value as of October 31** | **1,791** | **2,677** |

### Associated company

| October 31, 2023 | Registered office | Share-holding | Assets | Equity | Liabilities | Net sales | Profit/loss |
|---|---|---|---|---|---|---|---|
| Gugguu Oy | Oulu | 43.0% | 6,825 | 4,137 | 2,688 | 3,442 | -175 |

Gugguu designs and manufactures first-rate children's clothing from ecological high-quality materials. The company's products include indoor and outdoor clothing for children as well as children's accesories. Panostaja's shareholding in the company stands at 43%.

Grano relinquished its holding in Maker 3D during the financial period, and the group recorded a loss of MEUR -0.9.

## 21. OTHER NON-CURRENT ASSETS

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Loan receivable | 3,810 | 3,769 |
| Held-for-sale investments | 93 | 93 |
| Other receivables | 703 | 721 |
| **Total** | **4,606** | **4,583** |

Under other receivables, Panostaja Oyj has a receivable of MEUR 0.4 from the Group's Senior Management Team in relation to the reward scheme. There are more details concerning the reward scheme in Note 35. Related party disclosures.

### HELD-FOR-SALE INVESTMENTS

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Investments in unquoted shares: | | |
| At the start of the financial period, November 1 | 93 | 216 |
| Additions caused by the merging of businesses | 0 | 0 |
| Additions | 0 | 0 |
| Deductions | 0 | -123 |
| **At the end of the financial period, October 31** | **93** | **93** |

## 22. FINANCIAL ASSETS RECORDED AT FAIR VALUE THROUGH PROFIT AND LOSS

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| At the start of the financial period, November 1 | 10,126 | 5,968 |
| Changes in fair value | | |
| - realized | 6 | -19 |
| - unrealized | 61 | -61 |
| Additions | 300 | 10,646 |
| Deductions | -4,150 | -6,408 |
| **At the end of the financial period, October 31** | **6,343** | **10,126** |

The financial assets recorded at fair value through profit and loss include an investment in the S-Pankki Lyhyt Korko investment fund. The fund mainly consists of short-term interest bond funds and investments in company loan funds. The fund is low-risk and the investment can be withdrawn at any time. At the end of the financial year, the fund held MEUR 6.3 in investments. The item is included in the balance sheet liquid assets (Note 26).

## 23. DEFERRED TAX ASSETS AND LIABILITIES

| **Deferred tax assets:** | Losses confirmed or to be confirmed in taxation | Other items | Total |
|---|---|---|---|
| **November 1, 2021** | **2,612** | **5,450** | **8,062** |
| Recorded in the income statement | 408 | 35 | 443 |
| Items of the extensive income statement | | | |
| Acquired business operations | | | |
| Discontinued operations | | 45 | 45 |
| Adjustment from changes in the tax rate | | | |
| Losses confirmed or to be confirmed in taxation | | | |
| Exchange rate differences | | | |
| Recognized directly in equity | | | |
| **October 31, 2022** | **3,020** | **5,530** | **8,550** |
| Recorded in the income statement | 572 | 87 | 659 |
| Items of the extensive income statement | | | |
| Acquired business operations | | | |
| Discontinued operations | | | 0 |
| Adjustment from changes in the tax rate | | | |
| Losses confirmed or to be confirmed in taxation | | -17 | |
| Exchange rate differences | | | |
| Recognized directly in equity | | 45 | 45 |
| **October 31, 2023** | **3,592** | **5,600** | **9,192** |

A tax receivable in the amount of MEUR 3.6 has been recognized for Group company losses that have been or will be confirmed. Deferred tax receivables have not been recognized for the MEUR 3.2 in total confirmed losses of companies. As regards losses to be confirmed for the financial period, the recoverability of the deferred tax assets is based on Panostaja Oyj's coming sales profits, on which the management has prepared a written estimate that indicates the recoverability to be likely. The unused tax losses will expire between 2025 and 2032.

| **Deferred tax liabilities:** | Fair value allocations | Varying tax depreciations | Discontinued operations | Other items | Total |
|---|---|---|---|---|---|
| **November 1, 2021** | **1,045** | **5,561** | **-288** | **0** | **6,318** |
| Recorded in the income statement | -169 | 250 | | 16 | 97 |
| Discontinued operations | -70 | | | | -70 |
| Other change | -174 | | | | -174 |
| Adjustment from changes in the tax rate | | | -75 | | |
| **October 31, 2022** | **632** | **5,811** | **-288** | **16** | **6,171** |
| Recorded in the income statement | -48 | -53 | | | -101 |
| Discontinued operations | | | | | |
| Losses confirmed or to be confirmed in taxation | | | | | |
| Other change | | | | -16 | |
| Recognized directly in equity | | | | | |
| **October 31, 2023** | **584** | **5,758** | **-288** | **0** | **6,054** |

## 24. STOCKS

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Materials and supplies | 3,068 | 3,407 |
| Unfinished products | 1,599 | 1,872 |
| Finished products and goods | 642 | 644 |
| Other stocks | 0 | 3 |
| **Total** | **5,309** | **5,925** |

The Group did not record stock impairments for the 2023 financial year or the reference period.

## 25. TRADE AND OTHER RECEIVABLES

The book value of trade receivables and other receivables corresponds to the maximum amount for the credit risk associated with them on the balance sheet date.

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Trade receivables | 17,202 | 18,078 |
| Loans receivable | 302 | 397 |
| Accrued income | 3,405 | 3,552 |
| Receivables from associated companies | 222 | 2 |
| Tax assets based on taxable income for the period | 10 | 10 |
| Other receivables | 620 | 637 |
| **Total** | **21,762** | **22,690** |

### Aging of trade receivables

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Not past due | 15,356 | 16,502 |
| Past due 1–30 days | 1,380 | 1,042 |
| Past due 31–180 days | 463 | 473 |
| Past due 181–360 days | 26 | 87 |
| Past due over a year | 69 | 14 |
| Credit loss provision and ECL in total | -93 | -39 |
| **Balance sheet value of trade receivables** | **17,202** | **18,078** |

Impairment losses were not recorded for sales receivables in the financial period (EUR 38,000 in 2022). The amortizations have affected invoices over a year past due as well as receivables from companies with a bankruptcy or corporate restructuring decision.

In defining the credit loss provision, the Group applies the simplified method permitted by IFRS 9, in which the pending credit loss is recorded to match the total credit losses anticipated for the entire validity period. The model for assumed credit losses is based on the amount of historical losses and the payment behavior of customers. The credit risk in the sales receivables is estimated (mainly due to the receivables that are more than 360 days overdue) to be, on average, 10 times the actual credit losses arising from net sales.

The Group has recorded a credit loss provision of EUR 93,000 in accordance with IFRS 9 (EUR 39,000 in 2022).

| October 31, 2023 (EUR 1,000) | Not matured | 1-30 | 31-180 | 181-360 | Over 360 | Total |
|---|---|---|---|---|---|---|
| Gross book value | 15,356 | 1,380 | 463 | 26 | 69 | 17,295 |
| Expected credit losses (ECL) | 0.05% | 0.10% | 5.00% | 10.00% | 100.00% | |
| Deductible item regarding the loss | 8 | 1 | 11 | 3 | 69 | 93 |

The balance sheet value of receivables is essentially the equivalent of their fair value.

### Material items contained in accrued income

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Salaries and social charges | 1 | 5 |
| Advances | 1,265 | 1,438 |
| Non-invoiced sales | 1,111 | 843 |
| Others | 1,028 | 1,266 |
| **Total** | **3,405** | **3,552** |

## 26. CASH AND CASH EQUIVALENTS

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Financial assets S-Pankki Korko investment fund | 6,343 | 10,126 |
| Bank accounts | 4,076 | 4,219 |
| **Total** | **10,419** | **14,344** |

## 27. NOTES ON EQUITY

At the end of the financial period, Panostaja Oyj's share capital was EUR 5,568,681.60 and the number of shares was 53,333,110.

### SHARE PREMIUM ACCOUNT

The maximum amount paid by the shareholders in connection with share issues that exceeds the nominal value of the shares has been recorded in the share premium account. The amounts recorded in the share premium account relate to the share issues under the former Finnish Limited Liability Companies Act (734/1978), which was in force until August 31, 2006.

In cases where option rights were decided when the old Companies Act was in force, the cash payments received from share subscriptions based on the options are recognized in accordance with the terms and conditions of the arrangement for share capital and the share premium account.

### INVESTED UNRESTRICTED EQUITY FUND

The invested unrestricted equity fund consists of investments of the nature of equity and the amount paid by shareholders in connection with share issues decided upon following the entry-into-force on September 1, 2006 of the new Limited Liability Companies Act (624/2006), where it is not recognized in the share capital in accordance with an express decision. The invested unrestricted equity fund also contains a convertible bond loan equity component.

### SHARE ISSUE

No paid share issues were carried out in either the 2023 financial period or the 2022 reference period.

### SHARE SUBSCRIPTION

Share subscriptions were not carried out in the 2023 financial period or the 2022 reference period.

### OWN SHARES

The purchase price of bought shares and their transaction costs are given as a deduction under invested unrestricted capital.

In accordance with the decisions by the General Meeting and the Board on February 7, 2022, Panostaja Oy relinquished a total of 33,773 individual shares as share bonuses to the company management on December 16, 2022. On December 16, 2022, the company relinquished to the Board members a total of 31,746 shares as meeting compensation. In accordance with the Board decision of February 7, 2023, Panostaja transferred a total of 35,088 shares as meeting compensation on June 5, 2023.

### DIVIDENDS

The dividend paid for the 2022 financial period stood at MEUR 1.6 in total (EUR 0.03 per share). MEUR 0.1 in dividends was paid to minority shareholders in subsidiaries.

In the 2021 financial period, the company paid a dividend of MEUR 1.6 in total (EUR 0.03 per share) as well as an additional dividend of MEUR 2.6 (EUR 0.05 per share). MEUR 9.7 in capital repayments was paid to the minority shareholders of subsidiaries.

| Dividends paid to minority shareholders | 2023 | 2022 |
|---|---|---|
| Grano Group Oy | 0 | 9,407 |
| Grano Diesel Oy | 147 | 245 |
| **Total** | **147** | **9,652** |

## 28. FINANCIAL LIABILITIES

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Non-current financial liabilities valued at acquisition cost | | |
| Loans from financial institutions | 15,261 | 15,754 |
| Other loans from financial institutions | 1,995 | 1,995 |
| Other interest-bearing liabilities | 429 | 829 |
| Lease liabilities | 23,772 | 27,458 |
| Other loans | 1,318 | 446 |
| **Total** | **42,775** | **46,328** |
| | | |
| Current financial liabilities valued at acquisition cost | | |
| Installments on non-current financial loans | 4,141 | 4,154 |
| Other loans from financial institutions | 1,993 | 2,080 |
| Other interest-bearing liabilities | 225 | 269 |
| Lease liabilities | 8,270 | 8,268 |
| **Total** | **14,630** | **14,772** |

The fair value of liabilities is presented in Note 32. The fair values of financial assets and liabilities.

The weighted average of interest rates on October 31, 2023 was 6.49% (October 31, 2022: 3.48%). At the time of closing the books, loans from financial institutions and other loans from financial institutions stood at MEUR 23.390 (MEUR 23.830). The other loans from financial institutions include the account limits and factoring liabilities in use. The loans are variable-interest loans. Interest-bearing non-current and current liabilities are in euros.

### ARRANGEMENTS CONCERNING LIABILITIES AND BREACHES OF CONTRACT

CoreHW Group Oy's MEUR 0.3 loans involve a covenant term on equity ratio and key figure on interest-bearing net liabilities / operating margin. At the time of closing the books, the company did not meet the required covenant term. However, the financier has, before the end of the financial period, consented to not maturing the liabilities in question due to a breach of covenant.

Oscar Software Holdings Oy's loan covenant term was broken during the financial period, and this was consented to by the financier. The covenant terms have been fulfilled at the closure of the financial period.

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### Maturity analysis of non-current liabilities

| | Loans from financial institutions | | Lease liabilities | | Other loans | |
|---|---|---|---|---|---|---|
| Repayments including interest (EUR 1,000) | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| < 1 year | 5,227 | 4,419 | 9,083 | 8,462 | 2,293 | 54 |
| 1–2 years | 3,659 | 4,260 | 4,765 | 5,585 | 233 | 446 |
| 2–3 years | 5,259 | 12,885 | 4,765 | 5,585 | 1,392 | 0 |
| 3–4 years | 3,103 | 336 | 4,765 | 5,585 | 73 | 0 |
| 4–5 years | 4,864 | 12 | 4,765 | 5,585 | 1,270 | 0 |
| > 5 years | 391 | 1,139 | 6,366 | 8,057 | 798 | |
| | **22,503** | **23,051** | **34,510** | **38,858** | **6,059** | **500** |

## 29. TRADE PAYABLES AND OTHER LIABILITIES

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Advances received | 927 | 1,832 |
| Trade payables | 8,972 | 8,124 |
| Accruals and deferred income | 11,103 | 10,700 |
| Other current liabilities | 4,276 | 4,432 |
| **Total** | **25,278** | **25,088** |

### Material items contained in accruals and deferred income

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Annual holiday pay and social costs | 8,225 | 8,117 |
| Accrued wages and salaries | 812 | 586 |
| Accrued interest | 1 | 56 |
| Accrued employee pension | 1,332 | 1,359 |
| Tax liabilities | 34 | 121 |
| Other items | 699 | 461 |
| **Total** | **11,103** | **10,700** |

## 30. PROVISIONS

The Group did not have loss-making contracts or guarantee provisions in the financial period or reference period.

## 31. MATURITIES OF LEASE LIABILITIES

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| **Gross amount of lease liabilities – minimum rents by maturity date:** | | |
| In one year | 9,083 | 9,268 |
| Between one and five years | 19,061 | 23,968 |
| In over five years | 6,366 | 8,726 |
| **Total** | **34,510** | **41,962** |
| | | |
| Current value of lease liabilities including financial costs | 32,043 | 38,858 |
| Future financial costs of lease liabilities | -2,468 | -3,132 |
| **Current value of lease liabilities** | **29,575** | **35,726** |
| | | |
| **The current value of the lease liabilities will mature as follows (incl. financial costs)** | | |
| In one year | 8,350 | 8,462 |
| Between one and five years | 17,704 | 22,339 |
| In over five years | 5,989 | 8,057 |
| **Total** | **32,043** | **38,858** |

The property, plant and equipment listing includes asset items acquired using lease liabilities.

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 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. Rent payments are discounted at the estimated interest of additional credit.

## 32. FAIR VALUES FOR FINANCIAL ASSETS AND LIABILITIES

### 2023 Balance sheet item

| (EUR 1,000) | Notes | At fair value through profit and loss | At allocated acquisition cost | Book values of balance sheet items | Fair value |
|---|---|---|---|---|---|
| Non-current financial assets | | | | | |
| Other non-current assets | 21 | | 4,513 | 4,513 | 4,427 |
| Held-for-sale investments | 21 | 93 | | 93 | 93 |
| **Current financial assets** | | | | | |
| Short-term investments | 22 | 6,343 | | 6,343 | 6,343 |
| **Financial assets total** | | **6,436** | **4,513** | **10,949** | **10,863** |
| | | | | | |
| **Non-current financial liabilities** | | | | | |
| Loans from financial institutions | 28 | | 15,261 | 15,261 | 15,261 |
| Other interest-bearing liabilities | | | 2,154 | 2,154 | 2,154 |
| Lease liabilities | 28 | | 23,772 | 23,772 | 23,772 |
| Other non-current liabilities | 28 | | 1,318 | 1,318 | 1,318 |
| **Current liabilities** | | | | | |
| Installments on non-current financial loans | 28 | | 4,141 | 4,141 | 4,141 |
| Other interest-bearing liabilities | | | 2,218 | 2,218 | 2,218 |
| Lease liabilities | | | 8,270 | 8,270 | 8,270 |
| **Financial liabilities total** | | **0** | **57,135** | **57,135** | **57,135** |

### 2022 Balance sheet item

| (EUR 1,000) | Notes | At fair value through profit and loss | At allocated acquisition cost | Book values of balance sheet items | Fair value |
|---|---|---|---|---|---|
| Non-current financial assets | | | | | |
| Other non-current assets | 21 | | 4,490 | 4,490 | 4,469 |
| Held-for-sale investments | | 93 | | 93 | 93 |
| **Current financial assets** | | | | | |
| Trade and other receivables | 25 | 74 | | 74 | 74 |
| Short-term investments | 22 | 10,126 | , | 10,126 | 10,126 |
| **Financial assets total** | | **10,293** | **4,490** | **14,783** | **14,762** |
| | | | | | |
| **Non-current financial liabilities** | | | | | |
| Loans from financial institutions | 28 | | 15,754 | 15,754 | 15,743 |
| Other interest-bearing liabilities | 28 | | 2,671 | 2,671 | 2,671 |
| Lease liabilities | 28 | | 27,458 | 27,458 | 27,458 |
| Other non-current liabilities | | | 446 | 446 | 446 |
| **Current liabilities** | | | | | |
| Installments on non-current financial loans | 28 | | 4,154 | 4,154 | 4,154 |
| Other interest-bearing liabilities | | | 2,349 | 2,349 | 2,349 |
| Lease liabilities | | | 8,268 | 8,268 | 8,268 |
| **Financial liabilities total** | | **0** | **61,100** | **61,100** | **61,089** |

The fair values of trade receivables, other current receivables, trade payables and other current liabilities correspond to their book value, because the effect of discounting is not essential, taking into account the maturity of the receivables. Their fair value is therefore not specified in the Notes.

The fair values of other receivables and liabilities valued at allocated acquisition cost are set by discounting their future cash flows on the balance sheet day using market interest rates, at which the company would get a similar loan on the date of the closing of the books or, with regard to receivables, market interest rates at which the company could grant a loan to a counterparty on the date of the closing of the books.

The process of determining the fair value of items valued at fair value on the balance sheet is explained in Note 33.

## 33. THE FAIR VALUE HIERARCHY FOR FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE

| | Fair values at the end of the period under review October 31, 2023 | | |
|---|---|---|---|
| (EUR 1,000) | Level 1 | Level 2 | Level 3 |
| **Financial assets recorded at fair value through profit and loss** | | | |
| Interest rate swaps | | 0 | |
| Interest rate fund shares | | | |
| **Held-for-sale investments** | | | |
| Short-term investments | 6,343 | 0 | |
| Investments in unquoted shares | | | 93 |
| **Total** | **6,343** | **0** | **93** |
| | | | |
| **Financial liabilities recorded at fair value through profit and loss** | | | |
| Interest rate swaps | | | |
| **Total** | **0** | **0** | **0** |

| | Fair values at the end of the period under review October 31, 2022 | | |
|---|---|---|---|
| (EUR 1,000) | Level 1 | Level 2 | Level 3 |
| Financial assets recorded at fair value through profit and loss | | | |
| Interest rate swaps | | 74 | |
| Interest rate fund shares | | | |
| **Held-for-sale investments** | | | |
| Short-term investments | 10,126 | | |
| Investments in unquoted shares | | | 93 |
| **Total** | **10,126** | **74** | **93** |
| | | | |
| **Financial liabilities recorded at fair value through profit and loss** | | | |
| Interest rate swaps | | 0 | |
| **Total** | **0** | **0** | **0** |

The fair values under Level 1 in the hierarchy are based completely on the quoted prices for the same asset items or liabilities on existing markets.

Level 2 fair values are based on input data other than the quoted prices contained in Level 1, yet on information that is verifiable either directly or indirectly for the asset item or liability concerned. Fund investments are valued based on the valuation reports of fund management companies. Derivatives are valued using the discounted cash flow method.

Level 3 fair values are based on a price other than that available on the market, and they might contain assessments made by management.

### HELD-FOR-SALE NON-CURRENT FINANCIAL ASSETS

Held-for-sale non-current financial assets are all investments in unquoted shares. The fair value does not substantially differ from the acquisition cost.

## 34. GUARANTEES AND CONTINGENCIES

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Guarantees given on behalf of Group companies | | |
| Enterprise mortgages given by subsidiaries | 161,067 | 168,053 |
| Pledges given | 80,124 | 58,204 |
| Other liabilities | 1,154 | 1,172 |

The pledges given include subsidiary shares pledged by the companies worth MEUR 80.0. The nominal or book value of a collateral has been used as the value of liabilities.

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Other rental agreements | | |
| In one year | 2,308 | 2,186 |
| In over one year but within five years maximum | 3,924 | 239 |
| In over five years | 1,871 | 1,891 |
| **Total** | **8,103** | **4,316** |
| | | |
| Total for loans from institutions incl. credit limit and factoring liability | 23,390 | 23,830 |

The Group currently has a factoring arrangement in place, and the resulting liabilities are MEUR 1.993 at the time of closing the books. The loan is guaranteed with the sales receivables covered by the factoring arrangement.

## 35. RELATED PARTY DISCLOSURES

The Group's related parties include the parent company as well as the subsidiaries, associated companies and joint ventures. Alongside companies with control and significant influence, corresponding power is exercised by natural persons. In addition to any persons exercising control and significant influence, the company's related parties include key persons in the management of the company and its parent company.

Individuals with rights and responsibilities relating to the planning, management and control of the activities of the corporation in question are regarded as key persons. Examples of key persons are members of the Board and Senior Management Team as well as the chief executive officer and senior vice president.

Close family members of key persons (and persons exercising control/influence) are also considered to be related parties. Marital or common law spouses and the children or other dependents of the person or their spouse, for example, are regarded as family members. In addition to family members (and persons exercising control/influence) the company's circle of related parties includes companies in which a key person or their spouse, individually or together, exercises control or significant influence.

## REMUNERATION

The Board of Directors of Panostaja Oyj decides on the principles underlying the reward scheme for the CEO and members of the Senior Management Team. The management's reward and commitment schemes consist of salary, employee benefits and share rewards. The retirement pension is determined in accordance with the Employees Pensions Act (TyEL).

Panostaja Oyj's Annual General Meeting decides on rewards to members of the Board on an annual basis. Rewards to Board members are based on an annual proposal submitted by the largest shareholders (at least 10%) to the General Meeting, which then decides the annual reward level.

According to the share remuneration scheme, a total of 9,619 Panostaja shares will be issued to members of the Senior Management Team in December 2023. A potential bonus may also be paid in cash to cover the taxes and tax-like payments arising from the bonus.

At the time of closing the books on October 31, 2023, the members of the Senior Management Team held in their personal ownership, or in the ownership of a company where they have a controlling interest, 500,000 Panostaja shares related to the remuneration system that they have undertaken to retain in their ownership for the duration of the system's period of validity. The Management's share ownership within the incentive and commitment scheme is distributed as follows:

| | |
|---|---|
| Comito Oy (Tapio Tommila) | 300,000 pcs |
| Minna Telanne | 200,000 pcs |
| **Total** | **500,000 pcs** |

The members of the Senior Management Team have financed their investments themselves, in part, and through company loans, in part, and they bear the genuine corporate risk with respect to the investment they have made in the scheme.

## LOANS TO RELATED PARTIES

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| At the start of the financial period | 425 | 450 |
| Loans granted during the financial period | 0 | 0 |
| Loans repaid and amortizations | -10 | -25 |
| Transfer of loans to external receivables | 0 | 0 |
| Debited interest | 12 | 1 |
| Interest payments received during the financial period | -12 | -1 |
| **At the end of the financial year** | **415** | **425** |

The loan conditions for key management personnel are as follows:

| Name | Amount of loan | Conditions of repayment | Interest |
|---|---|---|---|
| Comito Oy (Tapio Tommila) | 283 | Repayment in full at the end of the loan period | 2.94 |
| Minna Telanne | 132 | Repayment in full at the end of the loan period | 2.94 |
| **Total** | **415** | | |

On October 31, 2023, company shares with a fair value of MEUR 0.2 represented the collateral on loans granted.

Shareholdings of key management at the time of closing the books:

| | |
|---|---|
| Tapio Tommila / Comito Oy | 432,072 |
| Minna Telanne | 292,701 |
| Niko Skyttä | 26,327 |
| Antti Kauppila | 7,110 |
| **Total, pcs** | **758,210** |

## MANAGEMENT TEAM'S SALARIES AND BONUSES

| (EUR 1,000) | 2023 | 2022 |
|---|---|---|
| Salaries and other current employee benefits | 641 | 660 |
| Share-based benefits | 21 | 26 |
| **Total** | **662** | **686** |
| **Salaries and bonuses** | | |
| CEO Tapio Tommila | 219 | 244 |
| CEO's performance-based employer's statutory pension expenditure | 40 | 46 |
| **Members of the Board of Directors** | | |
| Ala-Mello Jukka | 40 | 30 |
| Eriksson Eero | 20 | 15 |
| Juusela Tommi | 20 | 15 |
| Pääkkönen Tarja | 20 | 15 |
| Koskenkorva Mikko | 20 | 17 |

It was resolved at Panostaja Oyj's General Meeting on February 7, 2023, regarding payment of meeting compensation, 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 1% of the company's shares on the date of the General Meeting. If the holding of a Board member on the date of the General Meeting is over one percent of all company shares, the compensation will be paid in full in monetary form. In addition, the Board of Directors of Panostaja Oyj decided at an organizing meeting held immediately after the General Meeting to implement the decision taken at the General Meeting regarding the compensation of the Board members as regards shares, so that the compensation is always sent twice a year on the day following publication of a six-month review/financial statements for the year.

By unanimous decisions on April 23, 2020 and October 12, 2023, the shareholders of Panostaja subsidiary CoreHW Group authorized the Board of Directors to decide on the granting of an option right to subscribe to no more than 200,000 new company shares, as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act. The option rights have been granted for a weighty financial reason, as referred to in Chapter 10.1, Section 1 of the Limited Liability Companies Act. The aim of the measures is to engage the company's key personnel in the long-term development of the company's operations and the efforts combine the goals of the management and shareholders. The option rights do not provide any rights regarding later share issues, options or rights, when company assets are distributed as specified in Chapter 13, Section 1.1 of the Limited Liability Companies Act, in the event of a merger or division of the company, or in the context of minority shareholder redemption, as described in Chapter 18 of the Limited Liability Companies Act.

## 36. SUBSIDIARIES AS OF OCTOBER 31, 2023

### Relations between the Group parent company and subsidiaries

| | Registered office | Share of voting power | Group's share-holding % |
|---|---|---|---|
| **Parent company** | | | |
| Panostaja Oyj | Tampere | | |
| **Subsidiaries** | | | |
| CoreHW Group Oy | Tampere | 55.8 | 55.8 |
| CoreHW Oy | Tampere | 55.8 | 55.8 |
| CoreHW Semiconductor Oy | Tampere | 55.8 | 55.8 |
| Grano Group Oy | Helsinki | 55.2 | 55.2 |
| Grano Oy | Helsinki | 55.2 | 55.2 |
| Grano Diesel Oy | Helsinki | 55.2 | 55.2 |
| Copynet Finland Oy | Helsinki | 55.2 | 55.2 |
| Suomen Arkistovoima Oy | Turku | 55.2 | 55.2 |
| Hygga Group Oy | Helsinki | 79.8 | 79.8 |
| Hygga Oy | Helsinki | 79.8 | 79.8 |
| Extech | Helsinki | 79.8 | 79.8 |
| Hygga Sverige AB | Stockholm, Sweden | 79.8 | 79.8 |
| Oscar Software Holdings Oy | Tampere | 57.9 | 57.9 |
| Oscar Software Oy | Tampere | 57.9 | 57.9 |
| Allim Group Oy | Tampere | 100 | 100 |
| Aaltosen Tehtaat Oy | Tampere | 100 | 100 |
| Lakalaivan Autotalo Oy | Tampere | 100 | 100 |
| Panostuskapitaali Ky | Tampere | 100 | 100 |

The subgroup subsidiary holdings are presented in the table in accordance with the holding of the Panostaja subgroup's parent company. More specific information on relationships of ownership of subgroup subsidiaries can be found in the financial statements of each respective subgroup.

## 37. JUDICIAL EVENTS

A value-added tax inspection was conducted within the Panostaja parent company concerning the financial periods 2018–2019, based on which the Tax Administration decided in 2020 on the partial limitation of the right to deduct value-added taxes and demanded the payment of an approximate amount of MEUR 0.6 in value-added taxes deducted during the years under review with interest. The decision was appealed, and the Tax Administration refunded MEUR 0.4 of paid taxes in the previous financial period. The legal proceedings are ongoing, and the aim is to recover the entire sum paid.

## 38. EVENTS AFTER THE FINANCIAL PERIOD

There are no major events to report after the review period.

## PARENT COMPANY INCOME STATEMENT

### INCOME STATEMENT

| (EUR) | Note | Nov 1, 2022– Oct 31, 2023 | Nov 1, 2021– Oct 31, 2022 |
|---|---|---|---|
| Other operating income | 1.1. | **175,318.86** | **754,551.10** |
| Staff expenses | 1.2. | -1,223,244.57 | -1,269,387.51 |
| Depreciations, amortiza-tions and impairment | 1.3. | -12,818.79 | -17,888.95 |
| Other operating expenses | 1.4. | -1,837,340.24 | -1,632,163.86 |
| | | | |
| **OPERATING PROFIT/LOSS** | | **-2,898,084.74** | **-2,164,889.22** |
| | | | |
| Financial income and costs | 1.5. | 686,215.45 | 11,837,756.11 |
| | | | |
| **PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES** | | **-2,211,869.29** | **9,672,866.89** |
| | | | |
| **PROFIT/LOSS FOR THE FINANCIAL PERIOD** | | **-2,211,869.29** | **9,672,866.89** |

## BALANCE SHEET

### ASSETS

| (EUR) | Note | October 31, 2023 | October 31, 2022 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Intangible assets | 2.1. | 33,028.05 | 40,988.94 |
| Tangible assets | 2.2. | 39,283.47 | 44,141.37 |
| Investments | 2.3. | 34,812,855.71 | 35,577,176.66 |
| **NON-CURRENT ASSETS TOTAL** | | **34,885,167.23** | **35,662,306.97** |
| | | | |
| **CURRENT ASSETS** | | | |
| Non-current receivables | 2.4. | 14,749,093.01 | 11,819,741.32, |
| Current receivables | 2.5. | 1,614,523.22 | 1,681,596.65 |
| Short-term investments | 2.6. | 6,342,655.21 | 10,125,536.69 |
| Cash and cash at bank | | 259,992.73 | 599,740.26 |
| **CURRENT ASSETS TOTAL** | | **22,966,264.17** | **24,226,614.92** |
| | | | |
| **TOTAL ASSETS** | | **57,851,431.40** | **59,888,921.89** |

### LIABILITIES

| (EUR) | Note | October 31, 2023 | October 31, 2022 |
|---|---|---|---|
| **EQUITY** | 2.7 | | |
| Share capital | | 5,568,681.60 | 5,568,681.60 |
| Share premium account | | 4,691,406.88 | 4,691,406.88 |
| Invested unrestricted equity fund | | 17,084,760.69 | 17,024,464.14 |
| Profit/loss for the previous financial periods | | 30,578,010.36 | 22,486,468.40 |
| Profit/loss for the financial period | | -2,211,869.29 | 9,672,866.89 |
| **EQUITY TOTAL** | | **55,710,990.24** | **59,443,887.91** |
| | | | |
| **LIABILITIES** | 2.8 | | |
| Non-current | | 1,842,142.98 | 42,142.98 |
| Current | | 298,298.18 | 402,891.00 |
| **LIABILITIES TOTAL** | | **2,140,441.16** | **445,033.98** |
| | | | |
| **TOTAL LIABILITIES** | | **57,851,431.40** | **59,888,921.89** |

# FINANCIAL STATEMENT OF PARENT COMPANY

## OPERATING CASH FLOW

| (EUR) | Nov 1, 2022– Oct 31, 2023 | Nov 1, 2021– Oct 31, 2022 |
|---|---|---|
| **OPERATING CASH FLOW** | | |
| **Profit/loss for the financial period before appropriations and taxes** | **-2,211,869.29** | **9,672,866.89** |
| **Adjustments:** | **-528,457.01** | **-11,523,532.51** |
| Planned depreciations | 12,818.79 | 17,888.95 |
| Sales profits | 0.00 | -1.00 |
| Sales losses | 729,087.45 | 5,692.40 |
| Financial income and expenses (+/-) | -684,381.20 | -11,601,989.66 |
| Other earnings and expenses with no payment attached | -585,982.05 | 54,876.80 |
| **Cash flow before change in working capital** | **-2,740,326.30** | **-1,850,665.62** |
| | | |
| Change in working capital: | | |
| Change in current non-interest-bearing operating receivables | -119,727.44 | 322,355.29 |
| Increase (+) / decrease (-) in current non-interest-bearing liabilities | -112,675.22 | -212,426.51 |
| **Operating cash flow before financial items and taxes:** | **-2,972,728.96** | **-1,740,736.84** |
| | | |
| Interests and payments for other financial costs of business operations | -108,136.17 | -93,960.29 |
| Interests and other earnings from business operations | 289,683.55 | 129,765.11 |
| Cash flow before appropriations | -2,791,181.58 | -1,704,932.02 |
| **OPERATING CASH FLOW** | **-2,791,181.58** | **-1,704,932.02** |
| | | |
| **INVESTMENT CASH FLOW** | | |
| Investments in tangible and intangible assets | 0.00 | -41,322.37 |
| Capital gains from the disposal of tangible and intangible assets | 0.00 | 21,750.00 |
| Capital gains from the disposal of associated companies | 0.00 | 1.00 |
| Capital gains from the disposal of other shares | 0.00 | -1,709.00 |
| Loans granted | -2,000,000.00 | -1,423,600.00 |
| Loans receivable repaid | 9,429.00 | 349,444.00 |
| Paid dividends | 30.00 | 11,592,397.92 |
| **INVESTMENT CASH FLOW** | **-1,990,541.00** | **10,496,961.55** |
| | | |
| **FINANCIAL CASH FLOW** | | |
| Share issue | | |
| Change in current internal receivables | -250,000.00 | 0.00 |
| Change in current interest-bearing liabilities | 44,139.40 | 0.00 |
| Loans drawn | 1,800,000.00 | 0.00 |
| Dividends paid | -1,581,324.93 | -4,210,657.22 |
| Other financial cash flow | | |
| **FINANCIAL CASH FLOW** | **12,814.47** | **-4,210,657.22** |
| | | |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | **-4,768,908.11** | **4,581,372.31** |
| | | |
| **Cash and cash equivalents at the beginning of the financial period** | **10,725,276.95** | **6,143,904.64** |
| **CHANGE IN LIQUID ASSETS** | **-4,768,908.11** | **4,581,372.31** |
| **Change in liquid assets due to changes in group structure** | **646,278.60** | **0.00** |
| **Cash and cash equivalents at the end of the financial period** | **6,602,647.44** | **10,725,276.95** |

# NOTES TO THE FINANCIAL STATEMENTS, OCTOBER 31, 2023

Panostaja Group's parent company is Panostaja Oyj, registered office in Tampere, Finland.

The Group's consolidated financial statements can be obtained at Kalevantie 2, 33100 Tampere, Finland.

## VALUATION PRINCIPLES

Current fixed assets are entered in acquisition costs in the balance sheet with planned depreciations deducted.

Fixed asset shares are valued at their acquisition price with possible impairments deducted.

## PENSIONS

Statutory pension insurance for staff is managed by an external pension insurance company.

Pension costs are entered as a cost in the year of accrual.

## DEPRECIATIONS

Planned depreciations from permanent assets are calculated based on probable operating life from the original purchase price.

Planned depreciation periods are:

| | |
|---|---|
| Intangible rights | 3 y |
| Goodwill | 5–10 y |
| Other capitalized long-term expenditure | 5–10 y |
| Buildings | 20–40 y |
| Machinery and equipment | 3–10 y |
| Other tangible assets | 3–10 y |

## NOTES TO THE INCOME STATEMENT 1.1.–1.5.

### 1.1. Other operating income

| (EUR) | 2023 | 2022 |
|---|---|---|
| Profits from sale of fixed assets | 0.00 | 1.00 |
| Others | 175,318.86 | 754,550.10 |
| | **175,318.86** | **754,551.10** |

### 1.2. Staff expenses

| (EUR) | 2023 | 2022 |
|---|---|---|
| Salaries and bonuses | 1,025,026.02 | 1,048,607.81 |
| Pension costs | 152,171.00 | 172,843.16 |
| Other social security expenses | 46,047.55 | 47,936.54 |
| | **1,223,244.57** | **1,269,387.51** |
| | | |
| During the financial period, the company employed on average | | |
| Clerical staff | 9 | 10 |

The compensations of the CEO and Board as well as loans to related parties are itemized in Note 35 to the consolidated financial statements.

### 1.3. Depreciations, amortizations and impairment

| (EUR) | 2023 | 2022 |
|---|---|---|
| Planned depreciations | | |
| Other capitalized long-term expenditure | 7,960.89 | 13,103.61 |
| Machinery and equipment | 4,857.90 | 4,785.34 |
| | **12 818,79** | **17 888,95** |

### 1.4. Other operating expenses

| (EUR) | 2023 | 2022 |
|---|---|---|
| Other operating expenses internal | 85,846.52 | 84,587.20 |
| Other operating expenses | 409,248.65 | 316,824.39 |
| Marketing costs | 111,110.03 | 117,741.23 |
| Data management costs | 112,911.45 | 112,568.02 |
| Costs for expert services | 308,952.79 | 872,410.36 |
| Loss on disposal of fixed assets | 0.00 | 3,983.40 |
| Loss on disposal of fixed asset shares | 729,087.45 | 1,709.00 |
| Rental costs | 80,183.35 | 122,340.26 |
| **Other operating expenditure total** | **1,837,340.24** | **1,632,163.86** |
| | | |
| Auditor's fees | | |
| auditing fees | 46,276.95 | 52,903.50 |
| other services | 2,000.00 | 24,050.00 |
| | **48,276.95** | **76,953.50** |

### 1.5. Financial income and costs

| (EUR) | 2023 | 2022 |
|---|---|---|
| **Dividend yields** | | |
| From companies in the same Group | 0.00 | 11,592,397.92 |
| From others | | |
| **Dividend yields total** | **30.00** | **11,592,397.92** |
| | | |
| **Other interest yields** | | |
| From companies in the same Group | 696,438.19 | 481,198.63 |
| From associated companies | 5,124.59 | 1,541.33 |
| From others | 199,773.60 | 180,991.40 |
| **Other interest yields total** | **901,336.38** | **663,731.36** |
| | | |
| **Other financial income** | | |
| From companies in the same Group | 7,875.00 | 7,875.00 |
| From others | 9,870.14 | 0.00, |
| **Other financial income total** | **17,745.14** | **7,875.00** |
| | | |
| **Other interest and financial yields total** | **919,081.52** | **671,606.36** |
| | | |
| **Interest expenses** | | |
| For others | 50.669.72 | 2,064.98 |
| **Interest expenses total** | **50,669.72** | **2,064.98** |
| | | |
| **Other financial expenses** | | |
| For others | 239.447.35 | 317.744.76 |
| **Other financial expenses** | **239,447.35** | **317,744.76** |
| | | |
| **Interest costs and other financial costs total** | **290.117.07** | **319.809.74** |
| Short-term investment amortizations | -60.597.25 | 0.00 |
| Credit losses from group receivables | 3.376.25 | 438.43 |
| Impairment of stocks and shares | 0.00 | 106.000.00 |
| **Financial income and costs total** | **686,215.45** | **11,837,756.11** |

## NOTES TO THE BALANCE SHEET 2.1–2.8.

### 2.1. Intangible assets

| (EUR) | 2023 | 2022 |
|---|---|---|
| Intangible rights | | |
| Acquisition cost Nov 1 | 59,385.00 | 59,385.00 |
| Acquisition cost Oct 31 | 59,385.00 | 59,385.00 |
| Accrued planned depreciations | -54,385.00 | -54,385.00 |
| **Book value as of Oct 31** | **5,000.00** | **5,000.00** |
| | | |
| Other capitalized long-term expenditure | | |
| Acquisition cost Nov 1 | 442,963.34 | 408,408.34 |
| Additions Nov 1–Oct 31 | 0.00 | 34,555.00 |
| Acquisition cost Oct 31 | 442,963.34 | 442,963.34 |
| Accrued planned depreciations Nov 1 | -406,974.40 | -393,870.79 |
| Planned depreciations Nov 1–Oct 31 | -7,960.89 | -13,103.61 |
| **Book value as of Oct 31** | **28,028.05** | **35,988.94** |
| | | |
| Intangible assets total | | |
| Acquisition cost Nov 1 | 502,348.34 | 467,793.34 |
| Additions Nov 1–Oct 31 | 0.00 | 34,555.00 |
| Acquisition cost Oct 31 | 502,348.34 | 502,348.34 |
| Accrued planned depreciations Nov 1 | -461,359.40 | -448,255.79 |
| Planned depreciations Nov 1–Oct 31 | -7,960.89 | -13,103.61 |
| **Book value as of Oct 31** | **33,028.05** | **40,988.94** |

### 2.2 Tangible assets

| (EUR) | 2023 | 2022 |
|---|---|---|
| Machinery and equipment | | |
| Acquisition cost Nov 1 | 801,378.84 | 820,344.87 |
| Additions Nov 1–Oct 31 | 0.00 | 6,767.37 |
| Deductions Nov 1–Oct 31 | 0.00 | -25,733.40 |
| Acquisition cost Oct 31 | 801,378.84 | 801,378.84 |
| Accrued planned depreciations Nov 1 | -791,219.84 | -786,434.50 |
| Planned depreciations Nov 1–Oct 31 | -4,857.90 | -4,785.34 |
| **Book value as of Oct 31** | **5,301.10** | **10,159.00** |
| | | |
| Other tangible assets | | |
| Acquisition cost Nov 1 | 33,982.37 | 33,982.37 |
| Acquisition cost Oct 31 | 33,982.37 | 33,982.37 |
| **Book value as of Oct 31** | **33,982.37** | **33,982.37** |
| | | |
| Tangible assets total | | |
| Acquisition cost Nov 1 | 835,361.21 | 854,327.24 |
| Additions Nov 1–Oct 31 | 0.00 | 6,767.37 |
| Deductions Nov 1–Oct 31 | 0.00 | -25,733.40 |
| Acquisition cost Oct 31 | 835,361.21 | 835,361.21 |
| Accrued planned depreciations Nov 1 | -791,219.84 | -786,434.50 |
| Planned depreciations Nov 1–Oct 31 | -4,857.90 | -4,785.34 |
| **Book value as of Oct 31** | **39,283.47** | **44,141.37** |

### 2.3. Investments

| (EUR) | 2023 | 2022 |
|---|---|---|
| Interests in companies in the same Group | | |
| Acquisition cost Nov 1 | 34,058,757.28 | 34,058,757.28 |
| Deductions Nov 1–Oct 31 | -764,320.95 | 0.00 |
| **Acquisition cost Oct 31** | **33,294,436.33** | **34,058,757.28** |
| | | |
| Interests in associated companies | | |
| Acquisition cost Nov 1 | 1,505,000.00 | 1,505,000.00 |
| **Acquisition cost Oct 31** | **1,505,000.00** | **1,505,000.00** |
| | | |
| Other shares and interests | | |
| Acquisition cost Nov 1 | 13,419.38 | 121,129.38 |
| Deductions Nov 1–Oct 31 | 0.00 | -107,710.00 |
| **Acquisition cost Oct 31** | **13,419.38** | **13,419.38** |
| | | |
| Investments total | | |
| Acquisition cost Nov 1 | 35,577,176.66 | 35,684,886.66 |
| Deductions Nov 1–Oct 31 | -764,320.95 | -107,710.00 |
| **Acquisition cost Oct 31** | **34,812,855.71** | **35,577,176.66** |

Panostaja Oyj's holdings in other companies on October 31, 2023 are itemized in Note 36 to the consolidated financial statements.

### 2.4. Non-current receivables

| (EUR) | 2023 | 2022 |
|---|---|---|
| Subordinated loans receivable from companies in the same Group | 10,150,538.00 | 5,553,291.16 |
| Loans receivable from companies in the same Group | 850,000.00 | 2,443,196.21 |
| Loans receivable from associated companies | 0.00 | 115,600.00 |
| Loans receivable | 3,748,555.01 | 3,707,653.95 |
| | **14,749,093.01** | **11,819,741.32** |

### 2.5. Current receivables

| (EUR) | 2023 | 2022 |
|---|---|---|
| Trade receivables from companies in the same Group | 228,816.81 | 182,687.25 |
| Trade receivables | 10,569.56 | 45,970.36 |
| Loans receivable from companies in the same Group | 250,000.00 | 500,000.00 |
| Loan receivables of companies in the same Group | 215,600.00 | 0.00 |
| Other receivables | 50,298.31 | 52,389.80 |
| Other loans receivable | 302,360.43 | 396,830.39 |
| Interest receivables from companies in the same Group | 125,239.54 | 89,139.79 |
| Interest receivables from associated companies | 6,665.92 | 1,541.33 |
| Accrued income | 424,972.65 | 413,037.73 |
| | **1,614,523.22** | **1,681,596.65** |
| Accrued income essential items | | |
| Interest receivables from insider loans | 0.00 | 34.70 |
| Interest receivables from other loans receivable | 116,951.17 | 110,947.13 |
| Passed-on costs | 241,604.06 | 219,869.06 |
| Other accrued income | 0.00 | 1,482.80 |
| Cost scheduling | 66,417.42 | 80,704.04 |
| | **424,972.65** | **413,037.73** |

### 2.6. Short-term investments

| (EUR) | 2023 | 2022 |
|---|---|---|
| Other shares and interests | | |
| Investment fund shares | 6,342,655.21 | 10,125,536.69 |

### 2.7. Equity

| (EUR) | 2023 | 2022 |
|---|---|---|
| Share capital Nov 1 | 5,568,681.60 | 5,568,681.60 |
| **Share capital Oct 31** | **5,568,681.60** | **5,568,681.60** |
| | | |
| Share premium account Nov 1 = Oct 31 | 4,691,406.88 | 4,691,406.88 |
| | | |
| Invested unrestricted equity fund Nov 1 | 17,024,464.14 | 16,969,587.34 |
| Rewards to Senior Management Team as own shares | 20,936.55 | 25,356.80 |
| Board bonuses as own shares | 39,360.00 | 29,520.00 |
| **Invested unrestricted equity fund Oct 31** | **17,084,760.69** | **17,024,464.14** |
| | | |
| Retained earnings/loss Nov 1 | 32,159,335.29 | 26,311,970.19 |
| Tax audit on value-added taxes 2018-2019 | 0.00 | 385,155.43 |
| Dividend distribution | -1,581,324.93 | -4,210,657.22 |
| **Retained earnings/loss Oct 31** | **30,578,010.36** | **22,486,468.40** |
| | | |
| Profit/loss for the financial period | -2,211,869.29 | 9,672,866.89 |
| | | |
| **Equity total** | **55,710,990.24** | **59,443,887.91** |
| | | |
| **Distributable unrestricted equity Oct 31** | **45,450,901.76** | **49,183,799.43** |

The company has one type of share. The company's shares are included in the joint book-entry system. The total number of shares is 53,333,110.

## 2.8. Liabilities

| (EUR) | 2023 | 2022 |
|---|---|---|
| **2.8.1. Non-current liabilities** | | |
| Loans from financial institutions | 1,800,000.00 | 0.00 |
| Other non-current liabilities | 3,471.21 | 3,471.21 |
| | **1,803,471.21** | **3,471.21** |
| **Liabilities owed to companies in the same Group** | | |
| Other liabilities | 38,671.77 | 38,671.77 |
| | **38,671.77** | **38,671.77** |
| | | |
| **Non-current liabilities total** | **1,842,142.98** | **42,142.98** |
| | | |
| **2.8.2 Current liabilities** | | |
| Trade payables | 38,182.72 | 130,905.25 |
| Other liabilities | 26,793.26 | 26,732.50 |
| Accruals and deferred income | 231,794.69 | 244,745.93 |
| | **296,770.67** | **402,383.68** |
| **Liabilities owed to companies in the same Group** | | |
| Trade payables | 1,527.51 | 507.32 |
| | **1,527.51** | **507.32** |
| **Material items contained in accruals and deferred income** | | |
| Annual holiday salaries and social costs | 143,041.44 | 136,494.31 |
| Scheduling of non-wage labor costs | 25,470.85 | 25,538.12 |
| Bonus allocation | 27,700.00 | 41,700.00 |
| Scheduled trade payables | 15,000.00 | 28,513.50 |
| Accrued interest | 231,794.69 | 12,500.00 |
| | **231,794.69,** | **244,745.93,** |
| | | |
| **Current liabilities total** | **298,298.18** | **402,891.00** |

## OTHER NOTES

| (EUR) | 2023 | 2022 |
|---|---|---|
| **Pledges given** | | |
| Subsidiary shares pledged to cover own liabilities | 21,649,572.47 | 0.00 |
| | | |
| **On behalf of Group companies** | | |
| Guarantees given | 525,000.00 | 525,000.00 |
| | | |
| **Rental liabilities** | | |
| In one year | 32,450.28 | 29,379.06 |
| More than one and within 5 years | 0.00 | 0.00 |
| In over five years | 0.00 | 0.00 |
| | | |
| **Leasing liabilities** | | |
| In one year | 749.65 | 0.00 |
| More than one and within 5 years | 1,249.42 | 0.00 |
| In over five years | 0.00 | 0.00 |
| | | |
| **Other pledges given** | | |
| As security for own liabilities | 1,316.00 | 1,316.00 |

## Proposal by the Board of the parent company on the processing of the result and distribution of profits of the financial period

Panostaja Oyj's distributable assets, including the profit for the current and past financial periods of EUR 28,366,141.07 and EUR 17,084,760.69 in the invested unrestricted equity fund, amount to EUR 45,450,901.76.

The Board of Directors proposes to the Annual General meeting that no dividends be paid to shareholders for the financial period.

The Board also proposes that the General Meeting authorize the Board of Directors 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.

It is proposed that the authorization include the right of the Board to decide on all other terms and conditions relating to said asset distribution. It is also proposed that the authorization remain valid until the start of the next Annual General Meeting.

**Tampere, December 14, 2023**

Jukka Ala-Mello
Chairman of the Board

Mikko Koskenkorva

Eero Eriksson

Tarja Pääkkönen

Tommi Juusela

Tapio Tommila
CEO

### FINANCIAL STATEMENT ENTRY

A report has today been issued about the audit performed.
**Tampere, December 14, 2023**

Deloitte Oy
Audit firm

Hannu Mattila
AUTHORIZED PUBLIC ACCOUNTANT

# Audit Report

## For Panostaja Oyj's Annual General Meeting

### REPORT

We have audited Panostaja Oyj's (business ID 0585148-8) financial statements for the financial period November 1, 2022–October 31, 2023. The financial statements contain the Group's income statement, extensive income statement, balance sheet, cash flow statement, calculation of changes in equity and notes, including a summary of the most important principles for preparing financial statements, as well as the parent company's income statement, balance sheet, financial statement and notes.

As our report, we submit that

- the consolidated financial statements provide accurate and sufficient information on the Group's financial position as well as the results of its operations and its cash flows in conformity with the International Financial Reporting Standards (IFRS) approved for use in the European Union; and
- the financial statements provide accurate and sufficient information on the parent company's financial position and the results of its operations in conformity with the regulations currently in effect in Finland regarding the preparation of financial statements, and they meet the statutory requirements.

Our report is consistent with the additional report submitted to the Board.

### GROUNDS FOR THE REPORT

We performed the audit in conformity with the good auditing practice enforced in Finland. Our obligations under this good auditing practice are described in more detail in the section 'Duties of the auditor in auditing financial statements.'

We are independent of the parent company and the companies in the Group in accordance with the ethical requirements observed in Finland which pertain to the audit we have performed, and we have fulfilled our other ethical obligations under these requirements.

To the best of our knowledge and understanding, all non-audit services which we have provided to the parent company and the Group's companies are in compliance with the regulations enforced in Finland regarding such services, and we have not provided any prohibited non-audit services within the meaning of paragraph 1 of Article 5 of Regulation (EU) No 537/2014. The non-audit services we have provided are presented in Note 13 to the financial statements.

It is our view that we have obtained the required amount of appropriate auditing evidence for establishing a foundation for our report.

### KEY FACTORS FOR THE AUDIT

Key factors for the audit are factors which, according to our professional discretion, were the most significant in the audit of the financial period in question. These factors were taken into account in our audit of the financial statements as a whole and in the preparation of our report on this audit. We will not provide a separate report on these factors.

We have taken the risk of the management ignoring controls into account in our auditing. This has included an assessment of whether there are any indications of the management having a tendentious attitude which poses a risk of material inaccuracy as a result of misconduct..

| Key factor for the audit | How the factor has been considered in the audit |
|---|---|
| **Goodwill impairment test** | |
| See Note 18 ‘Goodwill impairment test’ to Panostaja Oyj’s consolidated financial statement.<br><br>The amount of goodwill in the consolidated balance sheet is MEUR 47.3 (MEUR 47.5). The goodwill is distributed among the Group’s cash-generating units as follows: MEUR 34.1 (MEUR 34.3) is formed by the goodwill allocated to Grano Group, and the goodwill of other cash-generating units totals MEUR 13.1 (MEUR 13.1).<br><br>The management assesses the need for impairment on an annual basis. The impairment test prepared by the management did not indicate impairment.<br><br>Significant management estimates are related to impairment testing, with regard to business development, cash flows and discount rate.<br><br>This factor is regarded as a risk of material misstatement, as referred to in the EU regulation 537/2014, Article 10, Section 2c. | In our audit, we have assessed the impairment models prepared by the management and approved by the Board and assessed the controls related to impairment testing for each cash-generating unit.<br><br>In impairment testing, the cash sum recoverable from the business operations of a cash-generating unit is based on service value calculations. The cash flows anticipated in these calculations are based on the financial plans approved by the management, which cover a period of three years. The key assumptions of the plans are the cash-generating unit’s growth forecasts, EBIT development forecast and the discount rate used.<br><br>We have checked the accuracy of the service value calculation model used by the company by comparing it against the requirements of the standard IAS 36 Impairment of Assets. In this context, we assessed the key assumptions for each cash-generating unit:<br>• We compared the estimates used in the calculation against confirmed budgets and strategic plans.<br>• We compared the discount rates used against information from external sources.<br>• We tested the appropriateness of the calculation methods used in the impairment test calculation.<br>• We compared the growth and profitability assumptions against historical development.<br><br>We also assessed the notes provided on impairment testing. |
| **Valuation of subsidiary shares in Panostaja Oyj’s financial statements** | |
| See the parent company’s financial statements Note 2.3 ‘Investments and accounting principles for the financial statements, Valuation principles.’<br><br>In the parent company’s balance sheet, interests in companies in the same Group stand at MEUR 33.3 (MEUR 34.1). Based on the accounting principles for the financial statements, the company’s fixed asset shares are valued at their acquisition price with possible impairments deducted.<br><br>Significant estimates by the management are related to the impairment testing.<br><br>The management estimates the impairment need of subsidiary shares on an annual basis, and the estimation did not indicate impairment.<br><br>This factor is regarded as a risk of material misstatement, as referred to in the EU regulation 537/2014, Article 10, Section 2c. | In our audit, we assessed the impairment models prepared by the management and approved by the Board and assessed the controls related to impairment testing.<br><br>We also assessed the significant assumptions in the service value calculations prepared by the management:<br>• We compared the growth and profitability assumptions against historical development.<br>• We compared the net sales and EBIT estimates used in the calculation against confirmed budgets and strategic plans.<br>• We compared the discount rates used against information from external sources.<br>• We tested the appropriateness of the calculation methods used in the impairment test calculation. |

## OBLIGATIONS OF THE BOARD OF DIRECTORS AND CEO REGARDING THE FINANCIAL STATEMENTS

The board of directors and CEO are in charge of preparing the financial statements so that the consolidated financial statements provide an accurate and sufficient picture in accordance with the International Financial Reporting Standards (IFRS) approved for use in the European Union and so that the financial statements provide an accurate and sufficient picture in accordance with the regulations currently in effect in Finland regarding the preparation of financial statements and meet the statutory requirements. The board of directors and CEO are also in charge of the type of internal control which they consider to be necessary in order to prepare the financial statements without any material inaccuracies resulting from misconduct or errors.

When preparing the financial statements, the board of directors and CEO are obligated to assess the ability of the parent company and Group to continue their operation and, as applicable, present the factors that are related to the continuity of the operations and the fact that the financial statements are prepared based on this continuity. The financial statements are prepared based on the continuity of operations except if the parent company or Group is planned to be dissolved or the operations discontinued or there are no other realistic alternatives available.

## DUTIES OF THE AUDITOR IN AUDITING FINANCIAL STATEMENTS

Our goal is to obtain reasonable assurance of whether the financial statements as a whole contain any material inaccuracies resulting from misconduct or errors and submit an audit report containing our statement. Reasonable assurance is a high level of assurance, but it is no guarantee that a material inaccuracy will always be recognized in audits in accordance with good auditing practice. Inaccuracies may be caused by misconduct or error, and they are considered to be material when they, alone or in combination, can be reasonably expected to impact financial decisions that are made by users based on the financial statements.

Audits that follow good auditing practice involve the use of professional discretion and retention of professional skepticism throughout the audit process. Additionally:

- We recognize and assess the risks of material inaccuracy arising from misconduct or errors, plan and carry out audit measures that respond to these risks and obtain the necessary amount of appropriate auditing evidence to base our report on. The risk of a material inaccuracy arising from misconduct being left unnoticed is greater than the risk of a material inaccuracy arising from an error being left unnoticed, as misconduct may involve joint action, falsification, deliberate omission of information or provision of incorrect information or ignorance of internal controls.
- We form an understanding of the internal controls that are relevant to the audit process in order to be able to plan audit measures that are appropriate for the situation but not with the intention of being able to provide a statement on the efficiency of the internal controls of the parent company or Group.
- We assess the adequacy of the accounting principles applied in the preparation of the financial statements and the reasonableness of the accounting estimates made by the management and the information presented on these estimates.
- We draw a conclusion of whether it was appropriate for the board of directors and CEO to prepare the financial statements based on an assumption of the continuity of operations, and, based on the auditing evidence we obtain, a conclusion of whether there is any material uncertainty related to events or conditions present which may provide significant reason to doubt the ability of the parent company or Group to continue its operations. If we conclude that material uncertainty does occur, we must draw the reader's attention to the information pertaining to the uncertainty that is presented in the financial statements in our report or, if the information pertaining to the uncertainty is insufficient, adapt our report. Our conclusions are based on auditing evidence obtained before the audit report's submission date. However, future events or conditions may lead to the parent company or Group being unable to continue its operations.
- We assess the financial statements, including all information presented therein, as well as the general presentation, structure and content of the financial statements and whether they reflect the business operations and events they are based on so as to provide an accurate and sufficient picture.
- We obtain a sufficient amount of appropriate auditing evidence from financial information pertaining to the companies or business operations belonging to the Group in order to be able to provide a report on the consolidated financial statements. We are responsible for controlling, monitoring and performing an audit of the Group. We alone are responsible for the audit report.

We communicate with administrative bodies regarding many matters, including the planned scope and timing of the audit and significant observations made during the audit, including possible considerable deficiencies in internal controls which we recognize during the audit.

We also confirm to the administrative bodies that we have complied with the relevant ethical requirements pertaining to independence and communicate with them regarding all relationships and other factors that may reasonably be considered to impact our independence and, as applicable, regarding relevant precautions.

We decide which of the factors communicated to the administrative bodies were the most significant in the audit of the financial period in question and therefore essential to the audit. We describe the factors in question in our audit report, unless a regulation or provision prevents the factor in question from being publicized or when, in extremely rare cases, we find that the factor in question will not be communicated in the audit report because its adverse impacts could be reasonably expected to be greater than the general benefits arising from such communication.

## Other reporting obligations

### INFORMATION CONCERNING THE AUDIT ASSIGNMENT

We have acted as the auditor chosen by the Annual General Meeting for three years without interruption, since February 5, 2021.

### OTHER INFORMATION

The board of directors and CEO are responsible for other information. Other information covers the operations review and the information contained in the annual report, but it does not contain the financial statements or our audit report thereof. We were provided with the operations review before this audit report's submission date and expect to be provided with the annual report after the date in question. Our report concerning the audit does not cover other information.

We are obligated to read the other information specified above in connection with the audit of the financial statements and simultaneously assess whether the other information is materially inconsistent with the financial statements or the knowledge we obtain while conducting the audit or whether it otherwise appears to be materially inaccurate. With regard to the operations review, we are also obligated to assess whether the review was prepared in accordance with the regulations applicable to its preparation.

As our report, we submit that the information in the operations review and financial statements is consistent and that the operations review was prepared in accordance with the regulations applicable to its preparation.

If, based on work focused on other information that we obtain before the audit report's submission date, we conclude that the other information in question contains a material inaccuracy, we must report this fact. Regarding this matter, we have nothing to report.

Tampere, December 14, 2023

**Deloitte Oy**
Audit firm

*Hannu Mattila*
*Authorized Public Accountant*

# INFORMATION ON SHARES

## 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 total number of shares is 53,333,110.

The total number of shares held by the company at the end of the review period was 587,191 (at the beginning of the financial period 687,798). The number of the company's own shares corresponded to 1.1% 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, 2022, Panostaja Oy relinquished a total of 33,773 individual shares as share bonuses to the company management on December 16, 2022. On December 16, 2022, the company relinquished to the Board members a total of 31,746 shares as meeting compensation. In accordance with the Board decision of February 7, 2023, Panostaja transferred a total of 35,088 shares as meeting compensation on June 5, 2023.

The company's shares have been publicly listed since 1989. Currently, its shares are quoted on the Nasdaq Helsinki stock exchange.

## ADMINISTRATION AND GENERAL MEETING

Panostaja Oyj's decision-making and administration adheres to the Finnish Limited Liability Companies Act, provisions concerning publicly listed companies, Panostaja Oyj's Articles of Association and Nasdaq Helsinki Oy's rules and guidelines.

In its operations and the organization of its administration, Panostaja Oyj complies with the Finnish Corporate Governance Code. The Code is available at the website maintained by the Securities Market Association at www.cgfinland.fi.

An account of Panostaja's management and control system is published annually on the company website at: https://panostaja.fi/en/investors/administration/

Panostaja Oyj's Annual General Meeting was held on February 7, 2023 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, 2021–October 31, 2022 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 confirmed the financial statements and consolidated financial statements presented for the financial year November 1, 2021–October 31, 2022 and resolved that the shareholders be paid EUR 0.03 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 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.

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 total number of shares issued on the basis of the authorization may not exceed 5,200,000. 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, 2022 to decide on the acquisition of the company's own shares is canceled by this authorization. The authorization will remain valid until August 6, 2024.

The General Meeting resolved to authorize the Board of Directors to decide on a share issue of no more than 5,200,000 shares as well as on the granting of rights of option and other special rights providing entitlement to shares. 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, 2022 to decide on share issues as well as the provision of

## SHARE TRADE AND RATES

| | Lowest, EUR | Highest, EUR | Share issue adjusted trading (no. of shares) | % of shares |
|---|---|---|---|---|
| 2023 | 0.48 | 0.72 | 2,724,126 | 5.2 |
| 2022 | 0.58 | 0.79 | 4,191,653 | 8.0 |
| 2021 | 0.67 | 0.99 | 8,254,582 | 15.7 |
| 2020 | 0.51 | 1.00 | 5,807,553 | 11.1 |
| 2019 | 0.77 | 1.16 | 9,489,880 | 18.1 |
| 2018 | 0.88 | 1.21 | 9,374,954 | 18.0 |
| 2017 | 0.82 | 0.98 | 7,863,788 | 15.1 |
| 2016 | 0.81 | 1.04 | 5,959,389 | 11.5 |
| 2015 | 0.77 | 0.94 | 6,508,111 | 12.7 |
| 2014 | 0.69 | 0.91 | 7,908,686 | 15.4 |
| 2013 | 0.66 | 0.86 | 3,814,701 | 7.4 |
| 2012 | 0.73 | 1.05 | 5,725,530 | 11.1 |
| 2011 | 0.97 | 1.51 | 3,841,477 | 7.7 |
| 2010 | 1.32 | 1.75 | 5,301,507 | 11.2 |
| 2009 | 0.89 | 1.4 | 8,108,040 | 17.5 |

special option rights and other rights to shares is canceled by this authorization. The authorization will remain valid until August 6, 2024.

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 PRICE DEVELOPMENT AND SHARE OWNERSHIP

Panostaja Oyj's share closing rate fluctuated between EUR 0.48 (lowest quotation) and EUR 0.72 (highest quotation) during the financial period. During the review period, a total of 2,724,126 shares were exchanged, which amounts to 5.2% of the average share capital for the financial period. The October 2023 share closing rate was EUR 0.50. The market value of the company's share capital at the end of October 2023 was MEUR 26.4 (MEUR 31.6). At the end of October 2023, the company had 4,832 shareholders (4,682).

# Largest shareholders

## 20 largest shareholders October 31, 2023

| | | pcs | % |
|---|---|---|---|
| 1 | Treindex Oy | 7,326,200 | 13.74% |
| 2 | Oy Koskenkorva Ab | 5,469,798 | 10.26% |
| 3 | Ilmarinen Mutual Pension Insurance Company | 3,701,332 | 6.94% |
| 4 | Mutual Insurance Company Fennia | 3,468,576 | 6.50% |
| 5 | Koskenkorva Mikko Matias | 1,506,055 | 2.82% |
| 6 | Koskenkorva Maija Kristiina | 1,347,542 | 2.53% |
| 7 | Nordea Henkivakuutus Suomi Oy | 1,218,000 | 2.28% |
| 8 | Malo Hanna Maria | 1,202,207 | 2.25% |
| 9 | Kumpu Minna Kristiina | 1,202,170 | 2.25% |
| 10 | Koskenkorva Matti Olavi | 1,158,903 | 2.17% |
| 11 | Koskenkorva Mauno Juhani | 1,040,769 | 1.95% |

| | | pcs | % |
|---|---|---|---|
| 12 | Johtopanostus Oy | 1,030,000 | 1.93% |
| 13 | Porkka Harri | 822,000 | 1.54% |
| 14 | Pravia Oy | 751,665 | 1.41% |
| 15 | Koskenkorva Pekka Juhani | 733,502 | 1.38% |
| 16 | LocalTapiola Mutual Insurance Company | 674,000 | 1.26% |
| 17 | Panostaja Oyj | 587,191 | 1.10% |
| 18 | Hietanen Reijo Tapio | 378,330 | 0.71% |
| 19 | Maxstar Oy | 369,001 | 0.69% |
| 20 | Määttä Mikko Olavi | 350,000 | 0.66% |
| | | **34,337,241** | **64.38%** |
| Other shareholders | | 18,995,869 | |
| **Total** | | **53,333,110** | |

## Distribution of share ownership by size October 31, 2023

| Number of shares | Shareholders pcs | % | Shares/votes pcs | % |
|---|---|---|---|---|
| 1-1000 | 2,959 | 61.35% | 998,297 | 1.87% |
| 1,001-10,000 | 1,516 | 31.43% | 5,025,158 | 9.42% |
| 10,001-100,000 | 300 | 6.22% | 7,495,896 | 14.05% |
| 100,001-500,000 | 31 | 0.64% | 6,573,849 | 12.33% |
| 500,001- | 17 | 0.35% | 33,239,910 | 62.33% |
| **Total** | **4,823** | **100.00%** | **53,333,110** | **100.00%** |
| of which nominee-registered | 8 | | 183,853 | 0.34% |
| | | | | |
| **Number of shares issued** | | | **53,333,110** | **100.00%** |

## Distribution of share ownership by sector October 31, 2023

| Sector class | Shareholders pcs | % | Shares/votes pcs | % |
|---|---|---|---|---|
| Companies | 125 | 2.59% | 16,877,205 | 31.64% |
| Financial and insurance institutions | 10 | 0.21% | 6,001,295 | 11.25% |
| Public bodies | 1 | 0.02% | 3,701,332 | 6.94% |
| Households | 4,659 | 96.60% | 26,406,937 | 49.51% |
| Non-profit organizations | 8 | 0.17% | 131,572 | 0.25% |
| Foreign | 20 | 0.41% | 30,916 | 0.06% |
| **Total** | **4,823** | **100.00%** | **53,149,257** | **99.66%** |
| of which nominee-registered | 8 | | 183,853 | 0.34% |
| | | | | |
| **Number of shares issued** | | | **53,333,110** | **100.00%** |

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# Annual Report 2023

vuosikertomus.panostaja.fi/en/2023