



# BOREO

Q4/2023  
FINANCIAL STATEMENTS RELEASE

**February 29, 2024, at 9:00 EET**

## **Moderate profitability and strong cash flow in challenging markets during 2023**

### **October-December 2023**

- Net sales decreased by 18% to EUR 37.1 million (2022: 45.0).
- Operational EBIT declined by 6% to EUR 2.1 million (2022: 2.2) and accounted for 5.6% of net sales (2022: 4.9%).
- EBIT decreased by 26% to EUR 1.2 million (2022: 1.7).
- The profit for the period under review totaled EUR 0.3 million (2022: 0.9).
- Net cash flow from operating activities was EUR 2.1 million (2022: 3.7 including operations discontinued in 2022).
- Operational EPS was EUR 0.25 (2022: 0.32).
- EPS was EUR 0.00 (2022: 0.16).

### **January-December 2023**

- Net sales grew by 1% to EUR 161.3 million (2022: 160.4).
- Operational EBIT increased by 8% to EUR 9.5 million (2022: 8.7) and accounted for 5.9% of net sales (2022: 5.4%).
- EBIT decreased by 2% to EUR 6.3 million (2022: 6.5).
- Net cash flow from operating activities rose significantly to EUR 11.6 million (2022: 4.1 including operations discontinued in 2022).
- The profit for the period under review totaled EUR 2.8 million (2022: 4.4).
- Operational EPS was EUR 1.40 (2022: 1.82).
- EPS was EUR 0.47 (2022: 1.12).
- Net debt relative to operational EBIT of the previous 12 months was 2.5 (2022: 2.2 and 2.4 at the end of the previous quarter).
- Return on capital employed increased and was 11.0% (2022: 10.4% and 11.2% at the end of the previous quarter).

### **The Board of Directors' dividend distribution proposal**

The distributable assets of the parent company Boreo Plc on December 31, 2023, were EUR 17.5 million, of which the profit for 2023 is EUR 5.8 million.

Boreo's aim is to pay an annually increasing dividend per share, considering capital allocation priorities. In the short term, however, the company's objective is to strengthen its financial position and thus ensure the implementation of its growth strategy also going forward. As a result, the Board of Directors of the company proposes to the Annual General Meeting that no dividend will be paid for the financial year that ended on December 31, 2023.

### **Financial guidance and business model**

Boreo's primary objective is sustainable long-term profit generation. This is achieved with a business model that is based on the acquisition and ownership of great entrepreneurial companies with ability to generate sustainable long-term earnings growth and strong cash flows. The profits generated by the portfolio of companies are re-invested back to operations or to acquisitions with attractive expected returns on capital.

The decentralized operating structure promoting culture of ownership and release of entrepreneurial energy is a core pillar of the firm's business concept and sustainable earnings growth is ensured through the support and coaching of companies and the personnel.

Boreo's focus is on earnings growth with attractive return on capital. The company's long-term strategic financial targets are:

- Minimum 15% average annual operational EBIT growth
- Minimum 15% Return on Capital Employed (ROCE)
- Net debt to operational EBITDA between 2 and 3 (including acquired businesses as if they had been held for 12 months at the reporting date)

Boreo's dividend policy is to pay an annually increasing dividend per share, considering capital allocation priorities.

The above-mentioned strategic financial objectives still serve as the company's financial guidelines. In line with its guidance policy, the company does not give separate short-term financial guidance.

In August 2022, Boreo sold its entire 90% holding in the electronics component distribution business in Russia. For 2023, all figures in this report relate to continuing operations, unless otherwise stated. In the income statement, the comparison periods have also been adjusted for continuing operations, while the data in the cash flow statement have not been adjusted in the comparison period and include discontinued operations. The December 31, 2022 balance sheet no longer includes discontinued operations. Other than that, the accounting principles of this review do not include any changes that affect comparability and the underlying financial statements figures have been audited. The comparison figures in brackets refer to the corresponding period of the previous year, unless otherwise specified.



## **Q4/2023 - CEO Kari Nerg:**

### **Year 2023: Moderate profitability and strong cash flow in challenging markets**

In year 2023, we continued to take good steps in improving the quality of our company portfolio and in the development of Boreo's long-term value creation playbook. The three new companies welcomed to the Group (Filterit, Lamox and Delfin Technologies) showcase our target and ability to acquire companies with prospects to generate sustainable profit growth and high returns. The launch of version 1.0 of our operating manual – the Boreo Book – was an important milestone to further root the core principles of Boreo Way to our organization. This continued the systematic development of our operating structure and the actions completed in 2022 (introduction of Boreo Clock, the Game Plan concept and profit & return related KPIs). Furthermore, the introduction of our approach on sustainability and the definition of focus areas & KPIs was an important step in supporting the development of our companies.

Financially, the year was challenging as market conditions deteriorated from Q223 onwards. Sales in 2023 increased only by 1% to EUR 161 million due to negative organic growth of EUR 12 million. We defended operational result throughout the year by exiting the low-margin SANY business in Finland and Sweden, focusing on improving sales margins and reducing fixed costs. The Group's operational EBIT increased by 8% to EUR 9.5 million. Operational EBIT margin improved from 5.4% to 5.9%. In addition to the improvement of profitability, we succeeded well in our attempts to reduce working capital and generate cash flow. Operational net cash flow improved from EUR 4.1 million to EUR 11.6 million and operative cash conversion was 129%. Because of the growth of earnings and the strong cash flow, Return on Capital Employed (ROCE) improved from 10.4% to 11%. Return on Trade Working Capital (ROTWC) improved from 26.7% to 30.3%. In line with the recent history, the financial position remained stable, net debt was at EUR 36 million and leverage at 2.5x (2.4x in Q323).

Excluding the Finnish and Swedish SANY businesses of which we made an exit in H123, the Group's ROTWC was at 32.3% and ROCE at 11.3%.

### **Q4 2023: Challenging end for year 2023, cost optimization actions of at least EUR 1 million completed**

The last quarter of 2023 was operationally challenging and net sales decreased from EUR 45 million to EUR 37 million. In particular, the weak market conditions impacted our electronic component distribution and construction related businesses. As during the entire 2023, we defended gross margins and operational result successfully and operational EBIT margin improved from 4.9% to 5.6%. Operational net cash flow for the quarter was at a good EUR 2.1 million level and operative cash conversion was 73%.

We expect market conditions to remain challenging in the first half of 2024 and, in accordance with our communication in Q3 2023, our short-term priority is on ensuring profitability, cash flow generation and strengthening the Group's financial position. In the second half of 2023 and in the beginning of 2024, we have completed cost optimization actions which target annual fixed costs net savings of at least EUR 1 million. The actions include both the reduction of costs at Boreo HQ, its Business Areas and the companies. The run-rate impact of the actions is expected to be achieved from the second half of 2024 onwards.

### **Strategic review: updated playbook to achieve profit growth and improve returns**

As continuation to the development work done on the operating structure, we have during the last quarters carried out a strategic review of our companies. The focus of the review has been on the evaluation of prospects of our companies to create long-term sustainable profit growth and return on capital that exceeds ROTWC of 50%. Given the capital light nature of our businesses, ROTWC greatly drives the Group-level returns (ROCE). Hence, it is a KPI we use in the steering of our companies and that we have set as a minimum mid- to long-term target group-wide in 2023.

Following the review, we have today communicated that our existing long-term strategic targets remain unchanged. As an update to what we have previously communicated, we plan to achieve our profit growth targets and the minimum ROCE of 15% using the following playbook:

- We acquire great entrepreneurial companies with the ability to generate sustainable earnings growth, strong cash flows and high return on capital,
- We invest in the growth of our companies which already exceed the 50% ROTWC target and can grow with an attractive return profile, and
- We carry out short- to medium-term transformation and reorganization programs in companies operating below the 50% ROTWC-threshold.

If we are not convinced of the companies' ability to achieve the targets by 2026-2027, we are ready to consider structural actions for the companies.

The now communicated update to our ownership philosophy and our strategy to steer the group towards our long-term targets is an important refinement of our thinking about responsible long-term ownership and capital allocation. We view high margins and returns on capital as a necessity in building a decentralized owner and acquirer of entrepreneurial companies and are committed to take firm action to improve the quality of the firm. Many of our companies already meet our targets and with decisive implementation of needed actions in companies below target levels, the returns of the Group can be improved significantly. We are convinced of both the long-term value creation potential of our business model and our ability to develop the company towards our goals even in a more challenging market environment.

## **Alternative Performance Measures**

The guidelines of the European Securities and Markets Authority (ESMA) defines alternative performance measures as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. For Boreo, the IFRS standards as adopted in the EU in accordance with Regulation (EC) No 1606/2002 form the reporting framework.

Boreo provides certain financial indicators that are not based on IFRS (alternative performance measures). Alternative performance measures do not include certain non-recurring items affecting comparability and are intended to describe the financial development of the business and improve comparability between reporting periods. Alternative performance measures should not be considered as a substitute for key figures in accordance with IFRS accounting principles. Since the first interim report in 2023, the company has reported cash conversion, net cash flow from operating activities and return on working capital as new alternative performance measures.

Boreo feels that comparable indicators better reflect the company's operational performance by removing the earnings impact of items and business transactions outside normal operations. The reconciliation statements and the formulas for key IFRS indicators and alternative performance measures are presented later in this report.

## Group's key figures

### Key figures, continuing operations

EUR million	Q4 2023	Q4 2022	Change	Q1-Q4 2023	Q1-Q4 2022	Change
Net sales	37.1	45.0	-18%	161.3	160.4	1%
Operational EBIT	2.1	2.2	-6%	9.5	8.7	8%
<i>relative to the net sales %</i>	5.6%	4.9%	-	5.9%	5.4%	-
EBIT	1.2	1.7	-26%	6.3	6.5	-2%
Profit before taxes	0.3	1.1	-72%	3.5	5.5	-36%
Profit for the period, continuing operations	0.3	0.9	-67%	2.8	4.4	-35%
Profit for the period, discontinued operations	0.0	0.5	-	0.0	-4.7	-
Operational net cash flow***	2.1	3.7	-41%	11.6	4.1	186%
Cash conversion, %***	73%	171%	-	129%	51%	-
Equity ratio,%	36.2%	35.4%	-	36.2%	35.4%	-
Interest-bearing net debt	36.0	30.9	16%	36.0	30.9	16%
Interest-bearing net debt relative to operational EBITDA of the previous 12 months*	2.5	2.2	-	2.5	2.2	-
Return on Capital Employed (ROCE %), R12	11.0%	10.4%	-	11.0%	10.4%	-
Return on Trade Working Capital (ROTWC %), R12	30.3%	26.7%	-	30.3%	26.7%	-
Return on equity (ROE %), R12	6.7%	12.1%	-	6.7%	12.1%	-
Personnel at end of the period	341	327	4%	341	327	4%
Operational EPS, EUR**	0.25	0.32	-22%	1.40	1.82	-23%
EPS, EUR**	0.00	0.16	-100%	0.47	1.12	-58%
EPS, EUR, discontinued operations	0.00	0.18	-	0.00	-1.56	-
Operational net cash flow per share, EUR***	0.85	1.37	-38%	4.40	1.54	186%

\* Calculated in accordance with the calculation principles established with financiers. The formula for calculating the indicator is presented later in this report.

\*\*The effect of the interest rate of the hybrid bond recorded in equity adjusted by the tax effect is considered in the calculation of the EPS starting from Q1 2022. In Q4 2023, this net effect was EUR 0.12 per share, in Q1-Q4 2023, the net effect was EUR 0.48 per share, in Q4 2022, the net effect was EUR 0.12 per share, and in Q1-Q4 2022, it was EUR 0.44 per share.

\*\*\*Cash flow for comparison periods includes discontinued operations. The formula for calculating the indicator is presented later in this report.

## Group's financial performance

In the last quarter of the year, the Group's net sales declined by 18% to EUR 37.1 million (2022: 45.0). Organic net sales decreased by EUR 10.0 million and acquisitions increased net sales by EUR 2.1 million. The discontinued SANY operations in Finland and Sweden accounted for EUR 1.0 million of the decrease in organic net sales. The companies acquired during the year (Filterit, Lamox and Delfin) accounted for EUR 1.7 million of the Group's net sales growth in the last quarter. At comparable exchange rates, net sales would have been around EUR 37.3 million, mainly due to the weakening of Swedish krona.

During 2023, the Group's net sales increased by 1% to EUR 161.3 million (2022: 160.4). Organic net sales decreased by EUR 12.8 million and inorganic net sales grew by EUR 13.7 million. The companies acquired during the year accounted for EUR 5.4 million of the Group's net sales growth. The weaker Swedish krona

decreased net sales by about EUR 1.6 million and net sales at comparable exchange rates would have been around EUR 162.9 million.

### Net sales, business areas Q4 and Q1-Q4

EUR million	Q4 2023	Q4 2022	Change	Q1-Q4 2023	Q1-Q4 2022	Change
Electronics	15.1	18.6	-19%	62.4	61.5	1%
Technical Trade	14.7	15.8	-7%	58.3	52.8	10%
Heavy Machines	6.0	9.4	-36%	35.8	41.4	-14%
Other Operations	1.2	1.2	3%	4.9	4.6	6%
<b>Total</b>	<b>37.1</b>	<b>45.0</b>	<b>-18%</b>	<b>161.3</b>	<b>160.4</b>	<b>1%</b>

The geographical distribution of the Group's net sales during the last quarter was as follows: net sales in Finland decreased by 12% mainly due to the exit from SANY operations and the drop in SSN's net sales and amounted to EUR 27.2 million. Sweden's net sales were EUR 4.9 million, down 21% on the comparison period. This was due to the exit from the SANY operations and the lower deliveries of Putzmeister machines during the quarter. In addition, the weakening of the Swedish krona lowered net sales by EUR 0.2 million. Net sales of the Baltic operations decreased by 37% to EUR 4.7 million, in particular due to decreased net sales of the electronics component distribution business in Latvia and the excavator business in Estonia. Net sales elsewhere consist of a company acquired in the United States in connection with the Signal Solutions acquisition in the second quarter of 2022 and a company acquired in England in connection with the Delfin Technologies acquisition at the beginning of the third quarter of 2023.

In January-December, Finland's net sales were EUR 112.8 million, up by EUR 2.2 million (2%). Despite the weakening of the Swedish krona, which decreased net sales by some EUR 1.6 million, Sweden's net sales increased by EUR 0.2 million (1%) to EUR 22.8 million. In the Baltics, net sales dropped to EUR 24.6 million (-7%).

### Net Sales by geographic area, Q4 and Q1-Q4

EUR million	Q4 2023	Q4 2022	Change	Q1-Q4 2023	Q1-Q4 2022	Change
Finland	27.2	31.0	-12%	112.8	110.6	2%
Sweden	4.9	6.2	-21%	22.8	22.6	1%
Baltic countries	4.7	7.5	-37%	24.6	26.4	-7%
Other	0.2	0.3	-20%	1.1	0.7	53%
<b>Total</b>	<b>37.1</b>	<b>45.0</b>	<b>-18%</b>	<b>161.3</b>	<b>160.4</b>	<b>1%</b>

In the last quarter, the Group's operational EBIT was EUR 2.1 million (2022: 2.2). Operating EBIT margin improved to 5.6% (2022: 4.9%). The Group's reported EBIT amounted to EUR 1.2 million (2022: 1.7). The reported EBIT included items affecting comparability totaling EUR 0.9 million in net, consisting mainly of expenses and allocations related to acquisitions. Operational EBIT was depressed by the decreased net sales of the businesses in Electronics business area and the weak performance of SSN. Operational EBIT of the Heavy Machines business area remained at a low level but increased from the comparison period, supported by the Putzmeister maintenance and aftermarket business and the profitability of FNB. Changes in exchange rates did not have a significant impact on the Group's EBIT.

The Group's full-year operational EBIT increased by 8% to EUR 9.5 million (2022: 8.7). The Group's reported EBIT amounted to EUR 6.3 million (2022: 6.5). The reported EBIT included EUR 3.1 million in items affecting comparability in net.

## Operational EBIT, business areas Q4 and Q1-Q4

EUR million	Q4 2023	Q4 2022	Change	Q1-Q4 2023	Q1-Q4 2022	Change
Electronics	1.1	1.5	-26%	4.1	4.2	-4%
Technical Trade	1.3	1.4	-3%	5.9	5.3	12%
Heavy Machines	0.2	-0.1	-	1.1	1.0	10%
Other Operations	-0.6	-0.6	-7%	-1.6	-1.8	-11%
<b>Total</b>	<b>2.1</b>	<b>2.2</b>	<b>-6%</b>	<b>9.5</b>	<b>8.7</b>	<b>8%</b>

## Capital efficiency

Boreo's primary objective, i.e. long-term sustainable earnings growth, is assessed from a financial viewpoint through the achievement of the company's strategic objectives – minimum 15% average operational EBIT growth and minimum 15% return on capital employed.

Due to Boreo's long-term objectives and focus on owning profitable, capital-light companies that generate high return on capital, the financial performance of the Group companies is assessed and developed using the operational EBIT and return on working capital indicators. The development of these indicators directly affects the development of Group-level return on capital employed. In 2023, Boreo set a minimum medium- and long-term return on working capital target of 50% for its companies.

In the Group's decentralized organization and governance model, it is essential to monitor key indicators of business performance and linking them to incentives for key personnel and the wider organization. The above-described indicators measuring earnings growth and return on capital are an important part of the remuneration of the Group's management and companies' key personnel. This plays an important role in implementing the return on capital approach and aligning main drivers of shareholders' value creation with the interests of key personnel.

At the end of the last quarter in 2023, Group-level ROWTC was 30.3% (2022: 26.7%) and by business area, the ROWTC was: Electronics 46.0% (2022: 43.5%), Technical Trade 43.8% (2022: 42.8%) and Heavy Machines 12.7% (2022: 9.6%). Without the divested SANY businesses, the Group's ROTWC would be 32.3% and the ROCE in the Heavy Machines business area would be 14.9%.

At the end of the last quarter, ROCE was 11.0% (2022: 10.4% and Q3/23: 11.2%). Without the divested SANY businesses, ROCE would be 11.3%. Return on equity (ROE) was 6.7% (2022: 12.1% and Q3/23: 8.4%).

## Return on Trade Working Capital (ROTWC %), R12

Percent	Q4 2023	Q4 2022	Q1-Q4 2023	Q1-Q4 2022
Electronics	46.0%	43.5%	46.0%	43.5%
Technical Trade	43.8%	42.8%	43.8%	42.8%
Heavy Machines	12.7%	9.6%	12.7%	9.6%
Other Operations	-	-	-	-
<b>Group</b>	<b>30.3%</b>	<b>26.7%</b>	<b>30.3%</b>	<b>26.7%</b>



## Financial position

At the end of the last quarter of 2023, the Group's interest-bearing net debt amounted to EUR 36.0 million (2022: 30.9 and 36.5 at the end of the third quarter ). The share of IFRS 16 liabilities in net debt was EUR 8.0 million (2022: 6.5). Net debt relative to the 12-month operational EBITDA was 2.5 (2022: 2.2 and at the end of the third quarter 2.4).

Shareholders' equity was EUR 41.1 million (2022: 40.4). The equity ratio was 36.2% (2022: 35.4% and at the end of the third quarter 34.9%) and the consolidated balance sheet total was EUR 119.6 million.

## Cash flow

Net cash flow from operating activities was EUR 2.1 million in the last quarter (2022: 3.7). Net cash flow from operating activities was affected by working capital increase of EUR 0.7 million. Net cash flow from operating activities was EUR 0.85 per share (2022: 1.37). Cash flow after investments was EUR 1.3 million (2022: 2.6). The cash flow figures for the comparison period include discontinued operations.

For the full-year, net cash flow from operations was strong and increased significantly from the previous year to EUR 11.6 million (2022: 4.1). The release of working capital by approximately EUR 2.9 million strengthened the cash flow. Net cash flow from operating activities was EUR 4.40 per share (2022: 1.54). Cash flow after investments was EUR 0.9 million (2022: -8.9), of which the net impact of acquisitions was EUR -9.2 million.

At the end of the last quarter, the Group's cash and cash equivalents totaled EUR 6.5 million (7.1 at the end of the previous quarter).

## Material events in 2023

### Annual General Meeting and Board authorizations

Boreo Plc's Annual General Meeting was held on April 19, 2023, at the company's headquarters at Ansatie 5, Vantaa. The Annual General Meeting adopted Boreo Plc's consolidated financial statements and the parent company's financial statements for 2022. The members of the Board of Directors and the CEO were discharged from liability for the financial year 2022.

In accordance with the Board of Directors' proposal, a dividend of EUR 0.22 per share was decided to be distributed for the financial year 2022. The dividend was paid to shareholders who were registered as shareholders in the list maintained by Euroclear Finland Oy on the dividend record date, April 21, 2023. The dividend was paid on May 4, 2023. In addition, it was resolved to authorize the Board of Directors to decide on a second dividend of max. EUR 0.22 per share during 2023. The Board of Directors was also authorized to decide on other conditions related to the payment of dividends, such as the dividend record date. The Board of Directors of Boreo Plc decided in a meeting held on November 1, 2023, on the amount and record date of a second dividend installment based on an authorization granted by the Annual General Meeting on April 19, 2023. The second dividend installment is EUR 0.22 per share, and it was paid to shareholders who were registered as shareholders in the list maintained by Euroclear Finland Oy on the dividend record date, November 9, 2023. The dividend was paid on November 17, 2023.

The General Meeting also discussed the remuneration report of governing bodies. An advisory decision to approve the remuneration report was made.

It was resolved that six (6) members are elected to the Board of Directors. Simon Hallqvist, Ralf Holmlund, Jouni Grönroos, Camilla Grönholm and Michaela von Wendt were re-elected as Board members. Noora Neilimo-Kontio was elected as a new Member of the Board. Juhani Mykkänen left the Board.

It was resolved that the Chairman of the Board be paid EUR 4,000 per month as Board remuneration and the members of the Board of Directors EUR 2,000 per month as Board remuneration. In addition, it was resolved to pay a meeting fee of EUR 500 for each meeting of the Board and the Committee to the members of the Board of Directors and the Committee. The Chairman of the Audit Committee will receive a Chairman remuneration of EUR 1,000 per month in addition to the Board remuneration and the Chairman of the Remuneration and Nomination Committee will receive a Chairman remuneration of EUR 500 per month in addition to the Board. It was resolved that 60% of the Board remuneration will be paid in cash and 40% in company shares. The remuneration of an indirect majority shareholder is not paid in company shares, because it is not in the company's interest to increase the shareholding of an indirect majority shareholder with board remuneration.

Moore Rewinet Oy was elected as the auditors with APA Jari Paloniemi as the responsible auditor. It was resolved that remuneration be paid to the auditor according to a reasonable invoice.

The Annual General Meeting decided to amend Section 9 of the Articles of Association as follows:

The notice of the General Meeting and all other notifications to the shareholders shall be delivered no earlier than three (3) months and no later than three (3) weeks before the General Meeting, but always at least nine (9) days before the record date of the General Meeting in a published stock exchange release. To be allowed to attend a General Meeting, the shareholders shall register at the company not later than on the date given in the invitation which cannot be earlier than ten (10) days before the meeting.

The General Meeting can be held in Vantaa, Helsinki or Espoo. In addition, the Board of Directors may decide that the General Meeting is held without a meeting venue so that the shareholders exercise their decision-making power during the meeting in full and in real-time through a telecommunications connection and a technical aid.

Otherwise, the Articles of Association remained unchanged.

The Board of Directors was authorized to decide on rights issues or bonus issues and on the granting of special rights entitling to shares in one or more installments under the terms and conditions in Chapter 10, section 1 of the Limited Liability Companies Act as follows:

The authorization includes the right to resolve to issue new shares or to transfer own shares possibly held by the company either against payment or without payment. The number of shares issued under the authorization may not exceed 540,000 shares, which corresponds to approximately 20% of all the shares in the company at the date of the notice of the meeting. New shares, as well as stock options and other special rights entitling to shares, may be issued and the company's treasury shares may be transferred in deviation from the shareholders' pre-emptive rights in a directed manner, provided that there is a weighty financial reason for the company or, in the case of a share issue free of charge, a weighty financial reason for the company considering the interests of all shareholders. The Board of Directors was authorized to decide on all other terms and conditions relating to the share issue and other special rights entitling to shares. The share issue authorization can be used, e.g., for employee engagement, implementation of share-based incentive schemes, business development, development of the capital structure, expansion of the ownership base, execution of M&A transactions or financing, when the company acquires assets related to the business or for other projects. The authorization to issue stock options and special rights entitling to shares may be exercised to the same extent as the share issue authorization, excluding the use of the authorization to engage personnel and to implement share-based incentive schemes. The Board's authorization to issue shares and stock options and other special rights entitling to shares, as well as to transfer own shares shall be valid until the end of the next Annual General Meeting, however expiring at the latest on June 30, 2024.

The authorization shall not affect decisions or authorizations relating to other special rights entitling to share issues, options or other shares of the company.

In addition, the Annual General Meeting decided to authorize the Board of Directors to resolve on the repurchase of own shares in one or several tranches using the company's unrestricted shareholders' equity as follows:

The number of shares purchased under the authorization may not exceed 270,000 shares, which corresponds to approximately 10% of all the shares in the company at the date of the notice of the meeting. However, the decision to repurchase own shares may not be taken in such a way that the aggregate number of own shares held or pledged by the company would exceed one-tenth of all company shares. The shares may be repurchased to develop the company's capital structure, finance or implement M&A transactions, implement share-based incentive schemes, pay Board remuneration or otherwise be transferred or canceled.

The minimum consideration payable for the shares to be purchased shall be the lowest quoted market price in public trading and the maximum amount shall be the highest quoted market price in public trading during the period of validity of the authorization. The purchase of own shares may be carried out in deviation from the shareholders' pre-emptive rights if there is a weighty financial reason for the company to do so. The authorization of the Board of Directors to decide on the purchase of the company's own shares is valid until the end of the next Annual General Meeting, however expiring at the latest on June 30, 2024.

In the organizing meeting arranged after the General Meeting the Board elected Simon Hallqvist as its Chairman. The Board also elected members to its committees. Jouni Grönroos (Chairman), Noora Neilimo-Kontio and Ralf Holmlund were elected as members of the Audit Committee. Camilla Grönholm (Chairman), Simon Hallqvist and Michaela von Wendt were elected members of the Remuneration and Nomination Committee.

## **Other key events in 2023**

On January 2, 2023, Boreo announced that it had completed the Filterit Oy acquisition and will execute a directed share issue to the sellers Olli Säynevirta and Jouni Maavuori.

On January 16, 2023, Boreo announced that it is executing its capital efficiency-focused strategy by exiting from SANY excavator business in Finland and Sweden.

On March 3, 2023, Boreo announced that its subsidiary Muottikolmio had acquired the share capital of Lamox Oy.

On June 8, 2023, Boreo announced that it had acquired the health technology company Delfin Technologies Oy.

On July 3, 2023, Boreo Plc announced that it had completed the acquisition of Delfin Technologies Oy and had agreed on an increase of EUR 8 million to parent company's credit facility and loan agreement.

On December 14, 2023, Boreo announced that it would simplify its organizational structure and merge the Technical Trade and Heavy Machines business areas into a single Technical Trade business area as of January 1, 2024. In connection with the change in the organizational structure, the number of members of Boreo's Management Team decreased from seven to six. As of the beginning of 2024, Jesse Petäjä, SVP, Head of M&A, and Richard Karlsson, SVP, former Head of Heavy Machines BA will act together as heads of the new Technical Trade business area.

## Business Areas

Boreo's business operations were organized into three business areas at the end of 2023.

The Electronics business area consists of businesses that distribute, manufacture and assemble professional electronic components and own products. Its companies act as representatives of the world's leading principals in Northern Europe, Poland and the United States. The companies offer storage and logistics services, as well as technical sales services for principals and customers. The companies of the business area are Yleiselektroniikka, YE International, Noretron Komponentit, Milcon, Infradex, Signal Solutions Nordic and Delfin Technologies.

The Technical Trade business area consists of businesses involved in technical trade. The companies represent well-known principals in, for example, engineering, construction and process industries. The companies of the business area are Machinery, Muottikolmio, Pronius, J-Matic, and Filterit.

The Heavy Machines business area consists of Putzmeister dealerships in Finland, Sweden and Estonia. In addition, the business includes a SANY dealership in Estonia and the design, equipment, painting and construction of timber bodies in Sweden. The businesses serve customers in the concrete, construction and forest industry in Finland, Sweden and Estonia. The companies of the business area are PM Nordic, Tornokone, HM Nordic, Floby Nya Bilverkstad (FNB) and Lackmästarn.

In addition to the above-mentioned business areas, the Group's 'Other operations' consist of Etelä-Suomen Kuriiripalvelut's and Vesterbacka Transport's businesses providing logistics and courier services in Finland and the Baltic region, and Group administration operations.

### Electronics business area

Operational EBIT of the business area was at a weak EUR 1.1 million level in the fourth quarter considering the recent level (2022: 1.5). The decrease in operational EBIT was a result of a significant decrease in net sales, but the companies were able to defend profitability well and the operational EBIT margin remained at a reasonable level of 7.5%.

The demand outlook for companies trading electronics components weakened significantly in the second half of 2023 and the companies' net sales decreased in the fourth quarter. As a result, the operating results of Yleiselektroniikka and the Baltic businesses, as well as Noretron and Infradex, decreased from the comparison period. SSN's result was below the comparison period because the product development activity of its largest customer still remained lower than expected. In addition, the result of SSN Sweden's operations were below the level of the comparison period.

Milcon's result, in turn, improved clearly from the comparison period, driven by the continued strong momentum of the defense industry. The result of Delfin acquired in the third quarter of 2023 supported the business area's result in the fourth quarter of the year.

In terms of working capital management, the companies in the Electronics business area have been successful during the latest quarters and the amount of working capital employed has been moderately declining. As a result, operating cash flow was strong although the result decreased from the comparison period. The return on working capital in the last quarter was 46%, decreasing slightly from the previous quarter, but exceeding the 43% level of the comparison period. The return on working capital is burdened by SSN's poor performance throughout the year.

The outlook for companies in the business area is expected to remain challenging in early 2024 and to improve as 2024 progresses. The order backlog has declined from the peak in recent years, but is still at a good level. Several companies in the business area are undergoing measures to improve profitability and working capital efficiency, the most significant of which is the organizational restructuring in Yleiselektroniikka.

## Key figures Electronics

EUR million	Q4 2023	Q4 2022	Change	Q1-Q4 2023	Q1-Q4 2022	Change
Net sales	15.1	18.6	-19%	62.4	61.5	1%
Operational EBIT	1.1	1.5	-26%	4.1	4.2	-4%
<i>relative to net sales, %</i>	7.5%	8.3%	-	6.5%	6.9%	-
EBIT	0.9	1.4	-35%	3.3	3.7	-13%
Return on Trade Working Capital (ROTWC %), R12	46%	43%	-	46%	43%	-
Capital expenditure	0.3	0.1	106%	0.4	0.5	-23%
Personnel at end of the period	137	120	14%	137	120	14%

## Technical Trade business area

Operational EBIT of the Technical Trade business area totaled EUR 1.3 million in the last quarter (2022: 1.4) with an operational EBIT margin of 9.1% (8.8%). Profitability remained at an accustomed good level in most of the business area's companies, but EBIT was affected by decreased net sales in all companies. Operational EBIT was supported, as in the previous quarters, by the earnings effects of the J-Matic and Filterit acquisitions, as well as the strong performance of Machinery's power business. In turn, the performance of construction businesses was very weak.

In 2023, the working capital of the business area was stable at 44% (43%). The measures to improve working capital efficiency progressed as planned, and Machinery in particular was able to release considerable working capital in late 2023 compared to the situation in the first half of the year.

The outlook for the business area is decent as a whole, but differs significantly from company to company. The overall outlook of our companies serving maintenance and repair operations in the process industry and engineering is decent. The outlook for our companies dependent on investments in the engineering industry, remains moderate. Activity in the construction industry continues to be low, and so far there are no signs of a improvement in the market. To support profitability, all companies will focus on cost control and significant cost optimization measures will be implemented in construction businesses.

## Key figures Technical Trade

EUR million	Q4 2023	Q4 2022	Change	Q1-Q4 2023	Q1-Q4 2022	Change
Net sales	14.7	15.8	-7%	58.3	52.8	10%
Operational EBIT	1.3	1.4	-3%	5.9	5.3	12%
<i>relative to net sales, %</i>	9.1%	8.8%	-	10.2%	10.1%	-
EBIT	0.9	1.2	-27%	4.4	4.6	-3%
Return on Trade Working Capital (ROTWC %), R12	44%	43%	-	44%	43%	-
Capital expenditure	0.2	0.1	32%	0.3	0.5	-39%
Personnel at end of the period	114	108	6%	114	108	6%

## Heavy Machines business area

Net sales of the Heavy Machines business area were EUR 6.0 million in the last quarter (2022: 9.4). The weakening of the Swedish krona weakened net sales by EUR 0.2 million. Net sales were also reduced by the exit from the SANY operations in Finland and Sweden (EUR 1.0 million) and by the lower machine deliveries of the Swedish and Finnish Putzmeister operations than in the comparison period. FNB's net sales increased from the comparison period. Operational EBIT of the business area was EUR 0.2 million (2022: -0.1). The earnings of the Swedish Putzmeister operations improved, supported by the maintenance and aftermarket business, despite a decrease in the volume of machine deliveries. On the other hand, the quarter was challenging for the Finnish Putzmeister operations due to the weak market situation. FNB's delivery volumes and earnings returned to their historical level after the implementation and delivery challenges of the ERP



system that continued in early 2023. The improved availability of materials also had a positive impact on the company's performance. The market outlook for Putzmeister operations is reasonable in Sweden, where construction market activity has remained moderate. The Finnish market environment is expected to remain weak at least in the coming months. The order backlog of Putzmeister operations is lower than last year, on the other hand, our good inventory situation allows us to react quickly when market demand picks up. FNB's order backlog remained at the level of the previous quarter, extending to the second half of the year.

The business area's capital efficiency (13%) developed positively in the last quarter due to the good profitability development in the Swedish businesses and the impact of the exit from SANY. However, absolute return levels are well below target and companies focus on improving both profitability and capital efficiency. The companies in the business area have implemented preparedness measures related to adapting to the market situation during the second half of 2023 and at the beginning of 2024. These measures support profitability in the prevailing weak market situation.

### Key figures Heavy Machines

EUR million	Q4 2023	Q4 2022	Change	Q1-Q4 2023	Q1-Q4 2022	Change
Net sales	6.0	9.4	-36%	35.8	41.4	-14%
Operational EBIT	0.2	-0.1	-	1.1	1.0	10%
<i>relative to net sales, %</i>	3.2%	-0.8%	-	3.0%	2.4%	-
EBIT	0.1	-0.2	-	0.7	0.6	24%
Return on Trade Working Capital (ROTWC %), R12	13%	10%	-	13%	10%	-
Capital expenditure	0.7	0.0	1,556%	0.8	0.2	285%
Personnel at end of the period	63	63	0%	63	63	0%

### Other Operations

Net sales of other operations amounted to EUR 1.2 million in the fourth quarter, remaining at the level of the comparison period (2022: 1.2). In the last quarter of the year, ESKP's and Vesterbacka Transport's net sales were affected by declining volumes in express transport. In addition to weakening demand, cost pressures continued to affect the profitability of the companies. The companies' EBIT was EUR 0.0 million and the EBIT margin was 3%. Operational EBIT of Other Operations was EUR -0.6 million (2022: -0.6).

In addition to ESKP's and Vesterbacka Transport's operational EBIT, the operational EBIT of Other Operations included EUR 0.6 million of Group administration costs (2022: 0.6).

### Key figures Other operations

EUR million	Q4 2023	Q4 2022	Change	Q1-Q4 2023	Q1-Q4 2022	Change
Net sales	1.2	1.2	3%	4.9	4.6	6%
Operational EBIT	-0.6	-0.6	-7%	-1.6	-1.8	-11%
<i>relative to net sales, %</i>	-47.9%	-53.2%	-	-33.3%	-39.7%	-
EBIT	-0.6	-0.7	-	-2.1	-2.4	-15%
Capital expenditure	0.1	0.2	-68%	0.8	0.6	26%
Personnel at end of the period	27	36	-25%	27	36	-25%

## Group personnel

Boreo Group's number of personnel totaled 341 at the end of the fourth quarter (2022: 327) and was divided into business areas as follows: Electronics 137 (2022: 120), Technical Trade 114 (2022: 108), Heavy Machines 63 (2022: 63), Other Operations 27 (2022: 36), of which the personnel of ESKP and Vesterbacka was 27 (2022: 23) and Group administration 6 (2022: 9).

Employment-related expenses for the last quarter totaled EUR 6.2 million (2022: 5.6).

## Managers' transactions

During the last quarter of 2023, Boreo Plc received six notifications concerning Managers' transactions (Article 19 of MAR):

December 21, 2023, Boreo Plc notified that Preato Capital AB had acquired 250 shares at an average price of EUR 24.856 per share.

December 22, 2023, Boreo Plc notified that Preato Capital AB had acquired 395 shares at an average price of EUR 24.83671 per share.

December 27, 2023, Boreo Plc notified that Preato Capital AB had acquired 300 shares at an average price of EUR 25.76533 per share.

December 29, 2023, Boreo Plc notified that Preato Capital AB had acquired 280 shares at an average price of EUR 26.54071 per share.

December 29, 2023, Boreo Plc notified that Preato Capital AB had acquired 241 shares at an average price of EUR 26.59212 per share.

December 29, 2023, Boreo Plc notified that Preato Capital AB had acquired 1,120 shares at an average price of EUR 28.39196 per share.

## Shares and share capital

At the end of the fourth quarter, Boreo Plc's share capital was EUR 2,483,836 and the number of shares was 2,701,353. The company held 14,011 shares at the end of the last quarter (0.5% of the share capital).

## Main short-term risks and operational uncertainties

Boreo is exposed to various risks and opportunities arising from its own operations or from a changing business environment. The following are the main risks that, if realized, could have a negative impact on the Group's business, performance or financial position. However other risks not currently recognized may arise in the future or risks currently assessed as low may become significant.

General market risks: Key market risks are linked to general market and economic uncertainty caused by the crisis in Ukraine. This is reflected, for example., in demand for products and services, supply chains for products and components, security of supply and delivery times, as well as prices. The general tightening of the inflation environment creates pressure on, e.g., personnel expenses and fuel prices, which are directly reflected in logistics costs.

Growth through acquisitions: The Group's strategic goal is to grow through acquisitions. The main risks associated with acquisitions may include the availability of potential acquisition targets, appropriate timing,

the acquisition process, integration of the acquired business, commitment of key personnel, or reaching set targets.

**Customer demand and cyclicity:** A significant part of the Group's net sales comes from customers whose businesses are cyclical, project-like by nature and investment-driven, and thus often also susceptible to cyclical changes. From the Group's point of view, demand fluctuation and cyclicity are also emphasized by the fact that the order book of the Group's businesses is often rather short.

**Principal relationships:** Due to its earnings logic, the Group's competitiveness is highly correlated and dependent on the portfolio of principals, and consequently the loss of a significant principal weakens net sales development and performance. In addition, there is a risk that a key principal's own competitiveness and performance weaken, which may also be reflected in the attractiveness of the Group's offering.

**Position in the value chain:** The Group may encounter gradual difficulties in defending its sales margins in situations where sales prices of end products face clear downward pressure and/or supply prices face upward pressure.

**Personnel turnover:** Personnel is the Group's core asset. Replacement of human knowledge and skills resulting from personnel risks is difficult, expensive and slow. In addition, it is difficult to predict and quantify human risks in monetary terms.

**Trade agreement risks:** The Group's operations are subject to changes in trade agreements between continents and countries. If changes in trade agreements materialize, they may affect the Group's business negatively through disruptions in the supply chain and increased costs.

**Financing risks:** The Group's financial risks include interest rate, currency, liquidity and credit risks. Other risks include risks related to equity and impairment. The Group has continuing operations in seven countries and is, therefore, exposed to currency risks arising from intra-group trade, exports and imports and financing of foreign subsidiaries. The Group's main currency positions consist of items in US dollars and Swedish kronas. Currency risks arise mainly from translation differences (net investments in foreign subsidiaries and their equity) and foreign currency transactions. Changes in market interest rates impact the Group's net interest rates. Most of the Group's interest-bearing liabilities are euro-denominated liabilities of the parent company.

## **Major events after the fourth quarter**

On February 29, 2024, Boreo announced that it crystallizes its playbook to achieve sustainable profit growth and to improve return on capital.

## Reconciliation statements of key indicators

### Reconciliation, operational EBIT

EUR million	Q4 2023	Q4 2022	Q1-Q4 2023	Q1-Q4 2022
<b>EBIT</b>	1.2	1.7	6.3	6.5
<b>ITEMS AFFECTING COMPARABILITY</b>				
<b>Electronics</b>	0.0	0.0	0.0	0.0
Structural arrangements	0.0	0.0	-0.1	0.0
Costs related to acquisitions	0.0	0.0	0.0	0.0
Depreciation related to allocation of acquisition costs	-0.2	-0.2	-0.7	-0.5
<b>Technical Trade</b>				
Structural arrangements	-0.1	0.0	-0.1	-0.1
Costs related to acquisitions	0.0	0.0	0.0	0.0
Depreciation related to allocation of acquisition costs	-0.4	-0.2	-1.4	-0.7
<b>Heavy Machines</b>				
Structural arrangements	0.0	0.0	0.0	0.0
Costs related to acquisitions	0.0	0.0	0.0	0.0
Depreciation related to allocation of acquisition costs	-0.1	-0.1	-0.3	-0.4
<b>Other Operations</b>				
Structural arrangements	0.0	0.0	0.0	-0.1
Costs related to acquisitions	0.0	-0.1	-0.3	-0.3
Depreciation related to allocation of acquisition costs	0.0	0.0	-0.2	-0.1
<b>TOTAL ITEMS AFFECTING COMPARABILITY</b>	<b>-0.9</b>	<b>-0.6</b>	<b>-3.1</b>	<b>-2.2</b>
<b>OPERATIONAL EBIT</b>	<b>2.1</b>	<b>2.2</b>	<b>9.5</b>	<b>8.7</b>

### Operational EPS

EUR million	Q4 2023	Q4 2022	Q1-Q4 2023	Q1-Q4 2022
<b>Profit for the review period to shareholders</b>	0.0	0.4	1.3	3.0
Items affecting comparability	0.7	0.4	2.5	1.8
<b>Operational profit for the review period to shareholders</b>	<b>0.7</b>	<b>0.9</b>	<b>3.7</b>	<b>4.8</b>
Average number of outstanding shares, thousand	2,687	2,673	2,687	2,644
<b>Operational EPS</b>	<b>0.25</b>	<b>0.32</b>	<b>1.40</b>	<b>1.82</b>

\*The tax impact and non-controlling interests on comparability have been deducted when calculating the operational EPS.

\*\* The interest rate on the hybrid loan, considering the tax effect, has been deducted from the profit attributable to shareholders of the parent company.

### Interest-bearing net debt

EUR million	Q4 2023	Q4 2022	Q1-Q4 2023	Q1-Q4 2022
Long-term financial liabilities	34.0	34.1	34.0	34.1
Short-term financial liabilities	9.5	10.0	9.5	10.0
Interest-bearing receivables	1.0	0.0	1.0	0.0
Cash and cash equivalents	6.5	13.2	6.5	13.2
<b>Interest-bearing net debt</b>	<b>36.0</b>	<b>30.9</b>	<b>36.0</b>	<b>30.9</b>

## Formulas for calculating key indicators

Items affecting comparability	=	Non-recurring restructuring costs, acquisition and integration costs, capital gains/losses and +/- purchase price allocation items
Operational EBIT	=	EBIT +/- items affecting comparability
Operational EBITDA	=	Operational EBIT + depreciation, amortization and impairment
Interest-bearing net debt relative to operational EBITDA	=	$\frac{\text{Interest-bearing net debt}}{\text{Operational EBITDA of the previous 12 months (including acquired businesses as if they had been held for 12 months at the reporting date)}}$
Equity ratio, %	=	$\frac{\text{Total equity + minority interest}}{\text{Balance sheet total - advances received}} \times 100$
Net cash flow from operating activities per share	=	$\frac{\text{Net cash flow from operating activities}}{\text{Average number of outstanding shares}}$
Interest-bearing net debt	=	Interest-bearing liabilities - interest-bearing receivables - cash and cash equivalents
Earnings per share (EPS)	=	$\frac{\text{Profit for the review period to shareholders – the interest rate on the hybrid loan recorded in equity minus the tax effect}}{\text{Average number of outstanding shares}}$
Operational EPS	=	$\frac{\text{Profit for the review period to shareholders – the interest rate on the hybrid loan recorded in equity minus the tax effect +/- items affecting comparability}}{\text{Average number of outstanding shares}}$
Return on capital employed (ROCE %)	=	$\frac{\text{Operational EBIT for the previous 12 months}}{\text{Average balance sheet total for the previous 12 months - non-interest-bearing liabilities for the previous 12 months}}$
Return on working capital (ROTWC %)	=	$\frac{\text{Operational EBIT for the previous 12 months}}{\text{Average working capital for the previous 12 months (inventories + trade receivables – trade payables – advance payments received)}}$
Return on equity (ROE %)	=	$\frac{\text{Result for the review period for the previous 12 months}}{\text{Average equity for the previous 12 months}}$
Cash conversion, %	=	$\frac{\text{Net cash flow from operating activities + interest paid – investments in intangible and tangible assets}}{\text{EBIT + depreciation and impairment – effect of fixed asset depreciation (IFRS 16)}}$



## TABLES January 1 to December 31, 2023, Accounting principles of the financial statements

This Financial statements Bulletin has been prepared in accordance with IAS 34 Interim Financial reporting Standard and this Financial statements Bulletin follows the same accounting principles as the Financial statements prepared on December 31, 2022. The figures in the financial statements have been audited.

CONSOLIDATED INCOME STATEMENT (MEUR)	Q4 2023	Q4 2022	Q1-Q4 2023	Q1-Q4 2022
Net sales	37.1	45.0	161.3	160.4
Other operating income	0.5	0.1	0.9	0.5
Materials and services	-25.9	-34.2	-117.5	-120.9
Employee benefit expenses	-6.2	-5.6	-23.0	-20.2
Depreciation, amortization and impairment losses	-1.4	-1.0	-5.4	-4.0
Other operating expenses	-2.9	-2.7	-10.3	-9.5
Share of result from associates	0.1	0.1	0.3	0.2
<b>EBIT</b>	<b>1.2</b>	<b>1.7</b>	<b>6.3</b>	<b>6.5</b>
Financial income	0.0	0.0	0.2	0.7
Financial expenses	-0.9	-0.5	-3.0	-1.6
<b>Profit before taxes</b>	<b>0.3</b>	<b>1.1</b>	<b>3.5</b>	<b>5.5</b>
Income taxes	0.0	-0.3	-0.7	-1.1
<b>Profit for the period, continuing operations</b>	<b>0.3</b>	<b>0.9</b>	<b>2.8</b>	<b>4.4</b>
Profit for the period, discontinued operations	0.0	0.5	0.0	-4.7
<b>Profit for the period</b>	<b>0.3</b>	<b>1.4</b>	<b>2.8</b>	<b>-0.3</b>
Allocated to				
Shareholders of the parent company	0.3	1.2	2.6	0.0
Minorities	0.0	0.1	0.3	-0.3
EPS (undiluted) EUR, continuing operations	0.00	0.16	0.47	1.12
EPS (diluted) EUR, continuing operations	0.00	0.16	0.47	1.12
EPS (undiluted) EUR, discontinued operations	0.00	0.18	0.00	-1.56
EPS (diluted) EUR, discontinued operations	0.00	0.18	0.00	-1.56
Items of the comprehensive income statement (MEUR)				
Items that may be reclassified subsequently to profit or loss:				
Translation differences from foreign units	0.5	-0.5	0.0	-1.1
Other comprehensive income items after tax during the period	0.0	0.0	0.0	0.0
<b>Total comprehensive income for the period</b>	<b>0.8</b>	<b>0.9</b>	<b>2.9</b>	<b>-1.4</b>
Allocated to				
Shareholders of the parent company	0.8	0.9	2.6	-1.1
Minorities	0.0	0.1	0.3	-0.3
Number of outstanding shares (thousand)	2,687	2,673	2,687	2,644
Outstanding shares at the end of the period	2,687	2,676	2,687	2,676
Number of shares (thousand)	2,701	2,692	2,701	2,692

**CONSOLIDATED BALANCE SHEET (MEUR)****31.12.2023****31.12.2022****ASSETS**

## Non-current assets

Intangible capital assets	10.0	7.0
Goodwill	42.4	35.5
Property, plant and equipment	10.7	9.2
Other financial assets	1.3	0.3
Investments in associates	1.0	0.9
Deferred tax assets	0.1	0.1
<b>Total non-current assets</b>	<b>65.6</b>	<b>53.0</b>

## Current assets

Inventories	31.0	32.0
Accounts receivable and other receivables	16.4	23.2
Cash and cash equivalents	6.5	13.2
<b>Total current assets</b>	<b>54.0</b>	<b>68.3</b>

**TOTAL ASSETS****119.6****121.4****SHAREHOLDERS' EQUITY AND LIABILITIES****SHAREHOLDERS' EQUITY**

## Owner's equity

Share capital	2.5	2.5
Other committed capital	0.1	0.1
Hybrid loan	20.0	20.0
Reserve for invested unrestricted equity	5.1	4.7
Retained earnings	11.0	13.1
Profit for the period	2.6	0.0
<b>Total</b>	<b>41.1</b>	<b>40.4</b>

## Minority interest

1.5

1.4

## Non-current liabilities

Financial liabilities	34.0	34.1
Deferred tax liabilities	2.5	1.8
Provisions	0.0	0.0
Trade and other payables	2.0	1.7
<b>Total non-current assets</b>	<b>38.5</b>	<b>37.6</b>

## Current liabilities

Trade and other payables	28.8	31.9
Provisions	0.1	0.0
Financial liabilities	9.5	10.0
<b>Total current liabilities</b>	<b>38.4</b>	<b>42.0</b>

**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES****119.6****121.4**

**CONSOLIDATED CASH FLOW STATEMENT (MEUR)****1.1.-31.12.2023 1.1.-31.12.2022****Operational cash flow**

Profit before taxes	3.5	1.0
Non-cash transactions		
Depreciation, amortization and impairment losses	5.4	4.2
Net financial items	2.8	1.7
Share of associate companys' result, net	-0.1	0.0
Increase (-) / decrease (+) in inventories	2.6	-5.7
Increase (-) / decrease (+) in current assets	6.4	-0.3
Increase (+) / decrease (-) in current liabilities	-6,0	1.3
Net financial items	-2.6	-2.3
Taxes paid	-0.5	-1.2
Other adjustments	0.0	5.5

**Operational net cash flow****11.6 4.1****Cash flow from investments**

Investments in intangible and tangible assets	-2.3	-1.9
Acquisitions	-9.2	-9.7
Divestments	0.2	-1.6
Proceeds from sale of property, plant and equipment	0.5	0.3

**Net cash flow from investments****-10.7 -13.0****Cash flow from financing**

Share issue	0.0	1.4
Repayments of loans	-9.2	-40.1
Withdrawals of loans	4.6	36.4
Transaction costs of share issue	0.0	-0.1
Withdrawal of hybrid loan	0.0	20.0
Interest rate and expenses on hybrid loan	-1,6	-0.4
Dividends paid	-1.4	-1.5

**Net cash flow from financing****-7.6 15.8****Change in cash and cash equivalents****-6.7 6.9**

Cash and cash equivalents Jan 1	13.2	6.2
Impact of exchange rate fluctuations and consolidation	0.0	0.0

**Liquid funds Dec. 31****6.5 13.2**

**STATEMENT OF CHANGES IN SHAREHOLDERS'  
EQUITY (MEUR)**

2023	Share capital	Contingency reserve	Reserve for invested unrestricted equity	Translation difference	Hybrid loan	Retained earnings	Minority interest	Total
Equity								
<b>Dec.31, 2022</b>	<b>2.5</b>	<b>0.1</b>	<b>4.7</b>	<b>-1.0</b>	<b>20.0</b>	<b>14.1</b>	<b>1.4</b>	<b>41.8</b>
Profit/loss for the period						2.6	0.3	2.8
Translation differences				0.0		0.0	0.0	0.0
Share issue			0.4					0.4
Costs related to share issue								0.0
Share repurchases								0.0
Withdrawal of hybrid loan								0.0
Share incentives						0.1		0.1
Interest rate and borrowing costs of the hybrid loan						-1.3		-1.3
Dividend payment						-1.2	-0.2	-1.4
Other change						0.1		0.1
Equity								0.0
<b>Dec .31, 2023</b>	<b>2.5</b>	<b>0.1</b>	<b>5.1</b>	<b>-1.0</b>	<b>20.0</b>	<b>14.5</b>	<b>1.5</b>	<b>42.6</b>

  

2022	Share capital	Contingency reserve	Reserve for invested unrestricted equity	Translation difference	Hybrid loan	Retained earnings	Minority interest	Total
Equity								
<b>Dec. 31, 2021</b>	<b>2.5</b>	<b>0.1</b>	<b>2.0</b>	<b>0.0</b>	<b>0.0</b>	<b>16.9</b>	<b>1.0</b>	<b>22.4</b>
Profit/loss for the period						0.0	-0.3	-0.3
Translation differences				-0.9		-0.2	0.0	-1.1
Share issue			3.1					3.1
Costs related to share issue			-0.1					-0.1
Share repurchases			-0.3					-0.3
Withdrawal of hybrid loan					20.0			20.0
Share incentives						0.1		0.1
Interest rate and borrowing costs of the hybrid loan						-1.6		-1.6
Dividend payment						-1.2	-0.3	-1.5
Other change		0,0					1.1	1.1
Equity								0.0
<b>Dec. 31, 2022</b>	<b>2.5</b>	<b>0.1</b>	<b>4.7</b>	<b>-1.0</b>	<b>20.0</b>	<b>14.1</b>	<b>1.4</b>	<b>41.8</b>

## SEGMENT INFORMATION (MEUR)

1-12/2023	Electronics	Technical Trade	Heavy Machines	Other Operations	Inter Segment	Total
Revenue	62.4	58.3	35.8	4.9		161.3
Share of results of associates	0.3	0.0	0.0	0.0		0.3
Depreciation	-2.0	-1.7	-1.1	-0.7		-5.4
EBIT	3.3	4.4	0.7	-2.1		6.3
Financial income	0.1	0.0	0.0	0.6	-0.6	0.2
Financial expenses	-0.3	-0.6	-0.3	-2.4	0.6	-3.0
Profit before taxes	3.1	3.8	0.5	-3.9		3.5
Balance sheet assets	56.3	35.4	31.0	4.8	-7.9	119.6
Balance sheet liabilities	43.6	25.5	14.1	1.6	-7.9	-77.0
Investments	0.4	0.3	0.8	0.8		2.3
Personnel at end of the period	137	114	63	27		341

## SEGMENT INFORMATION (MEUR)

1-12/2022	Electronics	Technical Trade	Heavy Machines	Other Operations	Inter Segment	Total
Revenue	62.7	53.0	42.4	4.7	-2.4	160.4
Depreciation	-1.4	-0.9	-1.2	-0.5		-4.0
Share of results of associates	0.2	0.0	0.0	0.0		0.0
EBIT	3.7	4.6	0.6	-2.4		6.5
Financial income	0.7	0.0	0.0	0.4	-0.4	0.7
Financial expenses	-1.5	-0.5	0.0	-0.1	0.4	-1.6
Profit before taxes	2.9	4.5	0.5	-2.5		5.5
Balance sheet assets	51.3	45.7	32.0	5.0	-12.6	121.4
Balance sheet liabilities	54.5	22.1	13.6	2.0	-12.6	79.7
Investments*	1	1	0	1		2
Personnel at end of the period	120	108	63	36		327

\*Includes discontinued operations



**OFF-BALANCE SHEET CONTINGENT LIABILITIES (MEUR)****12/31/2023 12/31/2022**

<b>Liabilities</b>		
Unused overdraft limit	6.3	6.3
<b>Total liabilities</b>	<b>6.3</b>	<b>6.3</b>
<b>Collateral given</b>		
Real estate mortgages	0.0	0.0
Enterprise mortgages	71.5	71.5
Pledged securities	0.0	0.0
Guarantees	3.8	1.5
<b>Total guarantees</b>	<b>75.3</b>	<b>73.0</b>

The company has a derivative liability arising from interest rate hedging the fair value of which was EUR 0.4 million on December 31, 2023. The change in fair value has been recognized in financial items as profit or loss.

**Boreo Plc' financial reporting in 2024:**

Financial Statements Bulletin for 2023: February 29, 2024 at 9:00 EET The Financial Statements Bulletin is available on the company's website after publication at: [www.boreo.com/investors](http://www.boreo.com/investors).

A webcast where CEO Kari Nerg and CFO Aku Rumpunen present the Financial Statements Bulletin will be held today, February 29, 2024, at 11:00 EET. The presentation is in English and questions can be asked after the presentation. The presentation material is available before the webcast on Boreo's website: [www.boreo.com/investors](http://www.boreo.com/investors).

You can watch the webcast at: <https://boreo.videosync.fi/2023-q4-results>.

The event will be recorded and the recording will be available after the event at: [www.boreo.com/investors](http://www.boreo.com/investors).

Interim report 1-3/2024: April 30, 2024

Half-year report 1-6/2024: August 7, 2024

Interim report 1-9/2024: October 31, 2024

The Annual Report and the Financial Statements Jan. 1 - Dec. 31, 2023 will be published in week 10.

Vantaa, February 29, 2024

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**Boreo in brief:**

Boreo is a company listed on Nasdaq Helsinki that creates value by owning, acquiring and developing small and medium-sized companies in the long-term. Boreo's business operations are organized into two business areas: Electronics and Technical Trade.

Boreo's primary objective is sustainable long-term profit generation. This is achieved with a business model that is based on the acquisition and ownership of great entrepreneurial companies with ability to generate sustainable long-term earnings growth and strong cash flows. The profits generated by the portfolio of companies are re-invested back to operations or to acquisitions with attractive expected returns on capital. The decentralized operating structure promoting culture of ownership and release of entrepreneurial energy is a core pillar of the firm's business concept and sustainable earnings growth is ensured through the support and coaching of companies and the personnel.

The Group's net sales in 2023 were EUR 161 million and it employs over 300 people in seven countries. The company's headquarter is in Vantaa.