



BOREO

Q1/2023
INTERIM REPORT

Boreo Plc, INTERIM REPORT JAN. 1 TO MAR. 31, 2023

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Strong growth of earnings

January-March 2023

- Net sales grew by 29% to EUR 41.0 million (2022: 31.7).
- Operational EBIT increased by 81% to EUR 2.1 million (5.1% of net sales) (2022: 1.2).
- EBIT grew clearly by 149% to EUR 1.4 million (2022: 0.6).
- Net cash flow from operating activities was EUR 0.8 million (2022: 1.5 including operations discontinued in 2022).
- The profit for the period under review totaled EUR 0.5 million (2022: EUR 0.3 million).
- Operational EPS was EUR 0.28 (2022: 0.23).
- EPS was EUR 0.07 (2022: 0.05).
- Net debt relative to operational EBIT of the previous 12 months was 2.4 (2022: 2.1 and 2.2 at the end of 2022)
- Return on capital employed was 11.3% (2022: 11.3% and 10.4% at the end of 2022)
- In January 2023, Boreo announced that it had agreed with SANY Europe GmbH to terminate the excavator dealership agreements in the Finnish and the Swedish markets following SANY's plans to reorganize its operations in the Nordic region and the updated strategy and related strategic financial targets of Boreo published in September 2022.

Financial guidance and business model

Boreo's business model is to own, acquire and develop operations in Northern Europe. Boreo focuses on value creation in the long term and its aim is to be the best home for its companies and personnel. The main focus areas of the strategy are: Acquisitions, Development and People & Culture.

Boreo's future 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 full 90% holding in the electronics component distribution business in Russia. For 2023, all figures in this interim 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. The comparison figures in brackets refer to the corresponding period of the previous year, unless otherwise specified.

Q1/2023 - CEO Kari Nerg:

Strong earnings growth contributed to improved capital efficiency

The first quarter of 2023 demonstrated a successful start for the year. Operational EBIT grew by 81% and was at EUR 2.1 million (5.1% of net sales). Acquisitions contributed to earnings growth by 58% and organic growth by 42%.

The uplift of ROCE from 2022 year end to 11.3% is the result of increased focus on capital efficiency and the process of rooting the 'earnings growth and return on capital' -mindset in the firm. Return on Trade Working Capital (ROTWC) used in the steering of the Group's businesses was at 28 %.

Cash conversion in the first quarter was at 35% (vs. rolling 12 month cash conversion of 44%) impacted by the slight accumulation of working capital in businesses preparing for the summer season. In Q223, cash flow will be impacted positively with divestment of inventories attached to the exited SANY business in Finland and Sweden.

All business areas had a steady start to the year, SANY exit a significant milestone for Heavy Machines

Performance in the first quarter was supported by the positive development of the Technical Trade business area which recorded an 8.8% operational EBIT, 51% up from previous year. Electronics business area continued to generate stable earnings and cash flow although Signal Solutions Nordic faced delivery delays to coming quarters.

The most significant event in Q1 for our Heavy Machines business area was the announced exit from the SANY excavator business in Finland and Sweden. The decision follows our resource and capital allocation approach and we expect to achieve better returns for the resources tied to the business elsewhere.

Filterit and Lamox joined the Group as new companies

During the quarter, we continued to execute acquisitions based on proprietary sourcing efforts and welcomed Filterit and Lamox to the family. Through the financial profile of both of the acquired companies, we continue to move towards our overall target of creating a firm with high profitability and returns on capital. In addition, the acquisitions contribute to our objective of increasing the share of predictable and stable cash flows in the portfolio.

Continued focus on developing the value creation playbook

During 2022 we made significant process in crystallizing the key pillars of our value creation playbook. I am extremely pleased of the fact that after the introduction of our new strategic targets and strategy revisions made in Q322, we have gradually moved towards successfully starting to root the earnings and return on capital approach both in developing of our existing companies as well as to acquisitions. In addition, I expect the increased focus on sustainability to open avenues for business development in the long run.

With the support of a stable financial position (leverage at 2.4x) we continue to focus resources on creating attractive acquisition and re-investment opportunities and allocating capital in the best interest of our shareholders.

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

EUR million	Q1 2023	Q1 2022	Change	2022
Net sales	41.0	31.7	29%	160.4
Operational EBIT	2.1	1.2	81%	8.7
<i>relative to the net sales %</i>	5.1%	3.6%	-	5.4%
EBIT	1.4	0.6	149%	6.5
Profit before taxes	0.7	0.4	89%	5.5
Profit for the period, continuing operations	0.5	0.3	77%	4.4
Profit for the period, discontinued operations	0.0	0.7	-103%	-4.7
Operational net cash flow	0.8	1.5***	-50%	4.1***
Cash conversion, %	35%	84%***	-	51%***
Equity ratio, %	36.1%	35.9%	-	35.4%
Interest-bearing net debt	36.0	27.1	33%	30.9
Interest-bearing net debt relative to operational EBITDA of the previous 12 months*	2.4	2.1	-	2.2
Return on Capital Employed (ROCE %), R12	11.3%	11.3%	-	10.4%
Return on Trade Working Capital (ROTWC %), R12	28.4%	28.9%	-	26.7%
Return on equity (ROE %), R12	12.3%	13.7%	-	12.1%
Personnel at end of the period	329	287	15%	327
Operational EPS, EUR**	0.28	0.23	23%	1.82
EPS, EUR**	0.07	0.05	40%	1.12
EPS, EUR, discontinued operations	0.00	0.25	-100%	-1.56
Operational net cash flow per share, EUR	0.28	0.57	-51%	0.82

* 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 Q1 2023, this net effect was EUR 0.12 per share and in Q1 2022 EUR 0.07 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 first quarter of the year, the Group's net sales increased 29 % to EUR 41.0 million (2022: 31.7). Of the net sales growth, EUR 5.4 million was inorganic and EUR 3.9 million organic. The companies acquired during the first quarter (Filterit Oy ja Lamox Oy) accounted for EUR 0.7 million of the Group's net sales growth. At comparable exchange rates, net sales would have been around EUR 41.4 million, mainly due to the weakening Swedish krona. Net sales of the Electronics business area grew by EUR 4.2 million (36%) year-on-year to EUR 15.9 million. Net sales of the Technical Trade business area increased by EUR 2.4 million (22%) to EUR 13.2 million. Net sales of the Heavy Machines business area grew by EUR 2.4 million (30%) and totaled EUR 10.6 million. Net sales of Other Operations rose slightly from one year back to EUR 1.2 million.

Net sales, business areas Q1

EUR million	Q1 2023	Q1 2022	Change	2022
Electronics	15.9	11.7	36%	61.5
Technical Trade	13.2	10.8	22%	52.8
Heavy Machines	10.6	8.2	30%	41.4
Other Operations	1.2	1.0	21%	4.6
Total	41.0	31.7	29%	160.4

The geographical distribution of the Group's net sales during the first quarter was: net sales in Finland increased by 30% mainly as a result of the SSN, Pronius and Infradex acquisitions and totaled EUR 27.5 million. Sweden's net sales totaled EUR 6.2 million and grew by 42%. Net sales of Baltic operations increased by 12% to EUR 6.8 million supported by the strong development of the electronics component distribution business. Net sales to the United States consist of the company acquired in the US in connection with the Signal Solutions acquisition in the second quarter of 2022.

Net Sales by geographic area, Q1

EUR million	Q1 2023	Q1 2022	Change	2022
Finland	27.5	21.3	30%	110.6
Sweden	6.2	4.4	42%	22.6
Baltic countries	6.8	6.1	12%	26.4
United States	0.4	0.0	-	0.7
Total	41.0	31.7	29%	160.4

In the first quarter, the Group's operational EBIT increased by 81% to EUR 2.1 million (2022: 1.2). Operational EBIT margin was 5.1% (2022: 3.6%). Operational EBIT was supported by a cost reimbursement of EUR 0.2 million related to the exit from SANY operations in Finland and Sweden. Operational EBIT excluding the cost reimbursement was EUR 1.9 million (4.7%). Changes in exchange rates did not have a significant impact on the Group's EBIT. Operational EBIT of the Electronics business area was EUR 0.9 million (2022: 0.7). Operational EBIT of the Technical Trade business area was EUR 1.2 million (2022: 0.8). EBIT was strengthened especially by acquisitions. Operational EBIT of the Heavy Machines business area increased to EUR 0.4 million (2022: 0.1). Operational EBIT of Other Operations was EUR -0.4 million (2022: (-0.4) consisting of EUR 0.2 million in EBIT from ESKP and Vesterbacka Transport, and EUR 0.6 million (2022: 0.5) in Group costs not allocated to business areas.

Operational EBIT, business areas Q1

EUR million	Q1 2023	Q1 2022	Change	2022
Electronics	0.9	0.7	27%	4.2
Technical Trade	1.2	0.8	51%	5.3
Heavy Machines	0.4	0.1	173%	1.0
Other Operations	-0.4	-0.4	-9%	-1.8
Total	2.1	1.2	81%	8.7

Capital efficiency

Boreo's primary objective is long-term value creation, which 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 capital return, the financial performance of the Group companies is assessed and developed using the operational EBIT and return on working capital indicators. The positive development of these indicators directly affects the development of Group-level return on capital employed (ROCE).

In the Group's decentralized organization and control model, it is essential to monitor key indicators of business performance and linking them to remuneration schemes for key personnel and the wider organization. The above-described indicators measuring earnings growth and capital return were incorporated into the remuneration of the Group's management and companies' key personnel in 2023. This measure has an important role in implementing the capital return approach and aligning main drivers of shareholders' value creation with the interests of key personnel.

In addition to Group-level return on capital employed, Boreo reports the development of the return on working capital at both Group level and in the business areas starting from the first quarter of 2023. At the end of the first quarter, the Group-level ROTWC was 28% and the return on working capital of the business areas were: Electronics 44% (2022: 42%), Technical Trade 43% (2022: 49%) and Heavy Machines 12% (2022: 19%). Due to good organic performance and the high profitability and capital return levels of new acquired companies, the capital efficiency of the Electronics and Technical Trade business areas has improved considerably since 2020. In the Heavy Machines business area, return on capital has developed unfavorably due to working capital investments in the ramp-up of SANY operations and their negative result. In addition, supply chain disruptions and impact on the delivery capacity of Putzmeister businesses and FNB have weakened capital efficiency. Group-level ROTWC and ROCE indicators have been reduced by annual cost and resource increases of some EUR 1.8 million (2020 vs. 2022) in the Group platform.

At the end of the first quarter, return on capital employed (ROCE) was 11.3% (2022: 11.3% and Q4/22: 10.4%) and return on equity (ROE) was 12.3% (2022: 13.7% and Q4/22: 12.1%). Return on capital employed improved from the end of 2022 as a result of the increased EBIT. In addition, the stabilizing capital impact of the EUR 20 million hybrid bond raised in February 2022 had a positive effect on the indicator.

Return on Trade Working Capital (ROTWC %), R12

Percent	Q1 2023	Q1 2022	2022
Electronics	43,6 %	42,1 %	43,5 %
Technical Trade	43,0 %	48,6 %	42,8 %
Heavy Machines	11,9 %	18,7 %	9,6 %
Other Operations	-	-	-
Group	28,4 %	28,9 %	26,7 %

Financial position

At the end of the first quarter of 2023, the Group's interest-bearing net debt amounted to EUR 36.0 million (2022: 29.3 and 30.9 at the end of 2022). Net debt was increased especially by acquisitions. The share of IFRS 16 liabilities in net debt was EUR 6.2 million (2022: 6.5). The Group's financial position remained stable, although net debt relative to the 12-month operational EBIT rose to 2.4 from 2.2 at the end of 2022.

Shareholders' equity was EUR 40.9 million (2022: 40.4). The equity ratio was 36.1% (2022: 35.9% and 35.4% at the end of 2022) and consolidated balance sheet total EUR 121.7 million (121.3 at the end of 2022).

Cash flow

Net cash flow from operating activities was EUR 0.8 million in the first quarter (2022: 1.5). Net cash flow from operating activities was seasonally affected by working capital commitment of EUR 1.1 million. The positive working capital effect of the exit from SANY operations in Finland and Sweden is expected to strengthen the Group's cash flow in the second quarter of the year. Net cash flow from operating activities was EUR 0.28 per share (2022: 0.57).

During the first quarter of the year, the company continued to carry out acquisitions based on targeted work to identify acquisition targets. Filterit Oy, a new platform for the Technical Trade business area was acquired, and Lamox Oy strengthened additionally the position of Muottikolmio in the value chain of repair construction. The cash flow effect of the acquisitions (including additional purchase price payments for earlier acquisitions) in the first quarter was approximately EUR 3.8 million.

Cash flow after investments was EUR -3.2 million (2022: -5.1). The cash flow figures for the comparison period include discontinued operations.

At the end of the first quarter, the Group's cash and cash equivalents totaled EUR 7.4 million (13.2 at the end of 2022).

Major events during the first quarter

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.

Business Areas

Boreo's business operations are organized into three business areas:

The Electronics business area consists of businesses that distribute and assemble professional electronic components. 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 brands of the business area are Yleiselektroniikka, YE International, Noretron Komponentit, Milcon, Infradex and Signal Solutions Nordic (SSN).

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 brands 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 brands of the business area are PM Nordic, Tornokone, HM Nordic, Floby Nya Bilverkstad (FNB) and Lackmästarn.

In addition to the above-mentioned business areas, Boreo's organization includes Etelä-Suomen Kuriiripalvelut Oy and Vesterbacka Transport Oy that provide logistics and courier services, and operate under Other Operations. The companies operate in the Finnish and Baltic markets.

Electronics business area

In the first quarter of the year, net sales of the Electronics business area grew by 36% to EUR 15.9 million (2022: 11.7). The growth in net sales of the businesses in the Electronics business area were affected by the Infradex and SSN acquisitions and by the steady development of other companies. Net sales from the Milcon and Baltic businesses increased, while the net sales of Noretron decreased from the comparison period. Yleiselektroniikka's net sales were at the level of the comparison period. SSN's net sales were weaker than expected due to postponed sales and Infradex performed as expected.

Operational EBIT of the business area was EUR 0.9 million in the first quarter (2022: 0.7) and operational EBIT margin was slightly lower than in the comparison period at 5.9%. Operational EBIT improved due to the improved results of the Baltic operations and Noretron, as well as Infradex's good performance. Yleiselektroniikka's EBIT was at the level of the comparison period. Milcon's and SSN's result was below expectations. The ROTWC was at a good level of 44%.

The order intake of the companies is still strong due to stable demand and longer delivery times than normal. There have been signs of delivery times shortening, but these have not yet had a significant impact on the company's order book.

Key figures Electronics

EUR million	Q1 2023	Q1 2022	Change	2022
Net sales	15.9	11.7	36%	61.5
Operational EBIT	0.9	0.7	27%	4.2
<i>relative to net sales, %</i>	5.9%	6.3%	-	6.9%
EBIT	0.8	0.5	59%	3.7
Return on Trade Working Capital (ROTWC %), R12	44%	42%	-	43%
Capital expenditure	0.0	0.1	-98%	0.5
Personnel at end of the period	124	115	8%	120

Technical Trade business area

Net sales of the Technical Trade business area in the first quarter totaled EUR 13.2 million (2022: 10.8). Net sales growth was caused by Pronius and J-Matic acquired last year, as well as Filterit acquired in January. Machinery's start of the year was stronger than expected. Within the company, the power business started the year nicely, but fell short of the strong comparison period. Metal machining continued to develop steadily, despite the prevailing investment uncertainty, as construction equipment exceeded the comparison period. The net sales of Muottikolmio and Pronius developed as expected. J-Matic's first full quarter as part of Technical Trade was better than planned, while Filterit's result was below expected despite good profitability.

Operational EBIT of the business area was EUR 1.2 million in the first quarter (2022: 0.8) and the operational EBIT margin was 8.8%. The operational EBIT was strengthened in particular by the result impact of Pronius,

J-Matic and Filterit, and the significant improvement in Machinery's metal machining business. The earnings level of businesses serving the construction industry also improved. The result of the power business was below the previous year. Overall, the performance of the business area was good, but longer delivery times and measures to safeguard delivery capacity continued to weigh heavily on capital efficiency. ROTWC was 43%, at the level of the end of 2022.

The outlook for the business area is still cautiously positive. The order backlog for businesses serving mechanical engineering is stable and the outlook of companies serving the process industry is good. In the construction industry, general market activity is expected to decline, but the effects on the businesses are expected to be moderate due to the positioning.

Key figures Technical Trade

EUR million	Q1 2023	Q1 2022	Change	2022
Net sales	13.2	10.8	22%	52.8
Operational EBIT	1.2	0.8	51%	5.3
<i>relative to net sales, %</i>	<i>8.8%</i>	<i>7.1%</i>	-	<i>10.1%</i>
EBIT	0.8	0.7	16%	4.6
Return on Trade Working Capital (ROTWC %), R12	43%	49%	-	43%
Capital expenditure	0.0	0.1	-93%	0.5
Personnel at end of the period	111	87	28%	108

Heavy Machines business area

Net sales of the Heavy Machines business area was EUR 10.6 million in the first quarter (2022: 8.2). Net sales increased in the Putzmeister operations in Finland and Sweden despite deliveries continuing to be postponed. In Estonia, the net sales of the Putzmeister business decreased but were in line with expectations. The weakening of the Swedish krona affected net sales by EUR -0.4 million. FNB's net sales were below the comparison period as the supply chain and material availability challenges still limited delivery capacity. In general, however, the order books of both Putzmeister and FNB businesses are at a good level.

On January 16, 2023, Boreo announced that it had agreed with SANY Europe GmbH to terminate the excavator dealership agreements in Finland and Sweden. The decision followed SANY's plans to reorganize its operations in the Nordic region and the updated strategy and strategic financial targets of Boreo published in September 2022. The exit from business operations has progressed as expected and this is expected to have a positive impact on cash flow in the second quarter of the year.

Operational EBIT of the business area rose from the comparison period and was EUR 0.4 million (2022: 0.1). Operational EBIT was supported by a cost reimbursement of EUR 0.2 million related to the exit from SANY operations in Finland and Sweden. Profitability was negatively affected by deliveries in the Putzmeister business being postponed and the weak profitability of FNB.

ROTWC of the business area was below targets at a weak level of 12%. Capital efficiency is expected to develop cautiously with positive performance outlook and the positive earnings effect from the SANY exit, as well as measures to improve return on capital.

Key figures Heavy Machines

EUR million	Q1 2023	Q1 2022	Change	2022
Net sales	10.6	8.2	30%	41.4
Operational EBIT	0.4	0.1	173%	1.0
<i>relative to net sales, %</i>	3.6%	1.7%	-	2.4%
EBIT	0.3	0.0	598%	0.6
Return on Trade Working Capital (ROTCW %), R12	12%	19%	-	10%
Capital expenditure	0.0	0.0	-95%	0.2
Personnel at end of the period	63	53	19%	63

Other Operations

The net sales of ESKP and Vesterbacka Transport specialized in transport services and reported under Other Operations were EUR 1.2 million in the first quarter, increasing slightly from the comparison period (2022: 1.0). Net sales were positively affected by the Vesterbacka Transport acquisition carried out in March 2022 and the Basti Oy business acquisition in December 2022. The demand for ESKP's and Vesterbacka Transport's services remained at a reasonable level in the first quarter but increased cost pressures had a negative impact on EBIT. The companies' EBIT was EUR 0.2 million and the EBIT margin was 13%. Operational EBIT from Other Operations was EUR -0.4 million (2022: -0.4).

In addition to ESKP's and Vesterbacka's operational EBIT, the operational EBIT of Other Operations included EUR 0.6 million of Group administration costs (2022: 0.5). The costs of Group administration relative to the Group's net sales remained on par with 2022 at about 1.5%

Key figures Other operations

EUR million	Q1 2023	Q1 2022	Change	2022
Net sales	1.2	1.0	21%	4.6
Operational EBIT	-0.4	-0.4	-9%	-1.8
<i>relative to net sales, %</i>	-33%	-44%	-	-39%
EBIT	-0.5	-0.7	-23%	-2.4
Capital expenditure	0.3	0.3	15%	0.6
Personnel at end of the period	31	32	-3%	31

Group personnel

Boreo Group's number of personnel totaled 329 at the end of the first quarter (2022: 287) and was divided into business areas as follows: Electronics 124 (2022: 115), Technical Trade 111 (2022: 87), Heavy Machines 63 (2022: 53), Other Operations 31 (2022: 32), of which the personnel of ESKP and Vesterbacka was 25 (2022: 24) and Group administration 6 (2022: 8).

Employment related expenses for the first quarter totaled EUR 5.8 million (2022: 4.7).

Managers' transactions

During the first quarter of 2023, Boreo Plc received one notification concerning Managers' transactions under Article 19 of MAR.

On March 8, 2023, Boreo Plc notified that Tomi Sundberg had acquired 150 shares at an average price of EUR 39.64 per share.

Shares and share capital

At the end of the first quarter, Boreo Plc's share capital was EUR 2,483,836 and the number of shares was 2,701,353. The company held 15,236 shares at the end of the first quarter (0.6% of the share capital).

Main short-term risks and operational uncertainties

Boreo Group 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 the crisis in Ukraine and, as a result, general market and economic uncertainty. 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 costs 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 and project-like by nature and 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 weakens, 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: Boreo 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 first quarter

Decisions of the Annual General Meeting

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, and discharged the Board of Directors and the CEO from liability for the financial year 2022. The Annual General Meeting also resolved on the distribution of profits indicated by the balance sheet and dividend payment, adoption of the institutions' remuneration report, the composition and remuneration of the Board of Directors, election of the auditor and their fee, and to authorize the Board of Directors to decide on share buybacks, to decide on the issuance of shares, option rights and other special rights entitling to shares, and the assignment of company shares. The Annual General Meeting also decided to amend the Articles of Association.

Six (6) members were elected to the company's Board of Directors. Simon Hallqvist, Jouni Grönroos, Ralf Holmlund, Camilla Grönholm and Michaela von Wendt, were re-elected as Board members. Noora Neilimo-Kontio was elected as a new Board member.

The Annual General Meeting decided to amend Section 9 of the Articles of Association to enable holding general meetings in addition to the company's domicile also in Helsinki or Espoo or remotely entirely without a physical meeting venue. Otherwise, the Articles of Association remained unchanged.

In the organizing meeting arranged after the General Meeting on April 19, 2023, 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.

The stock exchange release on the decisions of the Annual General Meeting was published on April 19, 2023, on the company's website at www.boreo.com.

Reconciliation statements of key indicators

Reconciliation, operational EBIT

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

Operational EPS

EUR million	Q1 2023	Q1 2022	2022
Profit for the review period to shareholders	0.2	0.1	3.0
Items affecting comparability	0.6	0.5	1.8
Operational profit for the review period to shareholders	0.8	0.6	4.8
Average number of outstanding shares, thousand	2,686	2,613	2,644
Operational EPS	0.28	0.23	1.82

*The tax impact and non-controlling interests have been deducted from items affecting comparability when calculating the operational EPS.

Interest-bearing net debt

EUR million	Q1 2023	Q1 2022	Q4 2022
Long-term financial liabilities	34.2	35.6	34.1
Short-term financial liabilities	9.2	8.4	10.0
Cash and cash equivalents	7.4	14.7	13.2
Interest-bearing net debt	36.0	29.3	30.9

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	=	$\frac{\text{Interest-bearing net debt}}{\text{Operational EBITDA for the previous 12 months}}$
Equity ratio, %	=	$\frac{\text{Total equity + minority interest}}{\text{Balance sheet total - advances received}} \times 100$
Operational net cash flow	=	$\frac{\text{Operational net cash flow}}{\text{Average number of outstanding shares}}$
Interest-bearing net debt	=	Interest-bearing liabilities - 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 Trade Working Capital (ROTWC %)	=	$\frac{\text{Operational EBIT for the previous 12 months}}{\text{Average working capital for the previous 12 months (Inventory + accounts receivables – accounts payable – advance payments received)}}$
Return on capital employed (ROCE %)	=	$\frac{\text{Operational EBIT for the previous 12 months}}{\text{Average balance sheet total for the previous 12 months - non-interest-bearing current liabilities for the previous 12 months}}$
Return on equity (ROE %)	=	$\frac{\text{Profit/loss for the review period for the previous 12 months}}{\text{Average equity for the previous 12 months}}$
Cash conversion, %	=	$\frac{\text{Operational net cash flow + paid interest – investments in intangible and tangible assets}}{\text{EBIT + depreciation, amortization and impairment losses – impact of right-of-use assets depreciation (IFRS 16)}}$

TABLES January 1 to March 31, 2023, Accounting principles of the interim report

This interim report is prepared in accordance with the IAS 34 Interim financial reporting standard and the accounting principles of the interim report are the same applied to the financial statements compiled on December 31, 2022. The figures of the interim report are unaudited.

CONSOLIDATED INCOME STATEMENT (MEUR)	Q1 2023	Q1 2022	Q1-Q4 2022
Net sales	41.0	31.7	160.4
Other operating income	0.1	0.0	0.5
Materials and services	-30.3	-23.5	-120.9
Employee benefit expenses	-5.8	-4.7	-20.2
Depreciation, amortization and impairment losses	-1.3	-1.0	-4.0
Other operating expenses	-2.4	-2.1	-9.5
Share of result from associates	0.1	0.0	0.2
EBIT	1.4	0.6	6.5
Financial income	0.0	0.0	0.7
Financial expenses	-0.6	-0.2	-1.6
Profit before taxes	0.7	0.4	5.5
Income taxes	-0.2	-0.1	-1.1
Profit for the period, continuing operations	0.5	0.3	4.4
Profit for the period, discontinued operations	0.0	0.7	-4.7
Profit for the period	0.5	1.1	-0.3
Allocated to			
Shareholders of the parent company	0.5	1.0	0.0
Minorities	0.0	0.1	-0.3
EPS (undiluted) EUR, continuing operations	0.07	0.05	1.12
EPS (diluted) EUR, continuing operations	0.07	0.05	1.12
EPS (undiluted) EUR, discontinued operations	0.00	0.25	-1.56
EPS (diluted) EUR, discontinued operations	0.00	0.25	-1.56
Items of the comprehensive income statement (MEUR)			
Items that may be reclassified subsequently to profit or loss:			
Translation differences from foreign units	-0.2	-2.6	-0.2
Other comprehensive income items after tax during the period	0.0	0.0	0.0
Total comprehensive income for the period	0.4	-1.5	-0.4
Allocated to			
Shareholders of the parent company	0.3	-1.4	-0.1
Minorities	0.0	-0.1	-0.3
Number of outstanding shares (thousand)	2,686	2,613	2,644
Outstanding shares at the end of the period	2,686	2,620	2,676
Number of shares (thousand)	2,702	2,628	2,692

CONSOLIDATED BALANCE SHEET (MEUR)**Mar. 31, 2023****Dec. 31, 2022****ASSETS**

Non-current assets

Intangible capital assets 8.6 7.0

Goodwill 38.8 35.5

Property, plant and equipment 8.9 9.2

Other financial assets 0.3 0.3

Investments in associates 1.0 0.9

Deferred tax assets 0.0 0.1

Total non-current assets 57.6 53.0

Current assets

Inventories 33.2 32.0

Accounts receivable and other receivables 23.5 23.2

Cash and cash equivalents 7.4 13.2

Total current assets 64.1 68.3**TOTAL ASSETS 121.7 121.4****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 12.8 13.1

Profit for the period 0.5 0.0

Total 40.9 40.4

Minority interest 1.4 1.4

Non-current liabilities

Financial liabilities 34.2 34.1

Deferred tax liabilities 2.3 1.8

Provisions 0.0 0.0

Trade and other payables 2.0 1.7

Total non-current assets 38.5 37.6

Current liabilities

Trade and other payables 31.8 31.9

Provisions 0.0 0.0

Financial liabilities 9.2 10.0

Total current liabilities 40.9 42.0**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES 121.7 121.4**

CONSOLIDATED CASH FLOW STATEMENT (MEUR)
Jan. 1 - Mar. 31, 2023
Jan. 1 - Mar. 31, 2022
Operational cash flow

Profit before taxes	0.7	1.3
Non-cash transactions		
Depreciation, amortization and impairment losses	1.3	1.1
Net financial items	0.6	0.0
Share of associate companys' result	-0.1	0.0
Increase (-) / decrease (+) in inventories	-0.3	-1.5
Increase (-) / decrease (+) in current assets	0.0	2.8
Increase (+) / decrease (-) in current liabilities	-0.8	-1.6
Net financial items	-0.4	0.0
Taxes paid	-0.4	-0.6
Other adjustments	0.0	0,0
Operational net cash flow	0,8	1.5
Cash flow from investments		
Investments in intangible and tangible assets	-0.4	-0.6
Acquisitions	-3.8	-6.0
Divestments	0.2	0.0
Proceeds from sale of property, plant and equipment	0.1	0.0
Net cash flow from investments	-3,9	-6.5
Cash flow from financing		
Costs related to share issue	0.0	0,0
Repayments of loans	-4.2	-37.3
Withdrawals of loans	3.2	35.6
Transaction costs of share issue	0.0	0.0
Withdrawal of hybrid loan	0.0	20.0
Interest rate and expenses on hybrid loan	-1.6	-0.4
Dividends paid	0.0	-0.1
Net cash flow from financing	-2,6	17.8
Change in cash and cash equivalents	-5.8	12.7
Cash and cash equivalents Jan 1	13.2	6.2
Impact of exchange rate fluctuations and consolidation	0.0	-1.3
Liquid funds Mar. 31	7.4	17.6

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								
Dec.31, 2022	2.5	0.1	4.7	-1.0	20.0	14.1	1.4	41.8
Profit/loss for the period						0.5	0.0	0.5
Translation differences				-0.2		0.0	0.0	-0.2
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						0.0		0.0
Interest rate and borrowing costs of the hybrid loan						-0.3		-0.3
Dividend payment								0.0
Other change						0.1		0.1
Equity								0.0
Mar. 31, 2023	2.5	0.1	5.1	-1.1	20.0	14.4	1.4	42.3
2022								
	Share capital	Contingency reserve	Reserve for invested unrestricted equity	Translation difference	Hybrid loan	Retained earnings	Minority interest	Total
Equity								
Dec.31, 2021	2.5	0.1	2.0	0.0	0.0	16.9	1.0	22.4
Profit/loss for the period						0.0	-0.3	-0.3
Translation differences				-1.0		-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
Fair value consideration		0.0					1.1	1.1
Equity								0.0
Dec. 31, 2022	2.5	0.1	4.7	-1.0	20.0	14.1	1.4	41.8

SEGMENT INFORMATION (MEUR)						
1-3/2023	Electronics	Technical Trade	Heavy Machines	Other Operations	Inter segment	Total
Revenue	15.9	13.2	10.6	1.2	0,0	41.0
Share of results of associates	0.1	0.0	0.0	0.0	-	0.1
Depreciation	-0.5	-0.4	-0.3	-0.1	-	-1.3
EBIT	0.8	0.8	0.3	-0.5	-	1.4
Financial income	0.3	0.0	0.0	0.1	-0.4	0.0
Financial expenses	0.0	-0.1	0.0	-0.9	0.4	-0.6
Profit before taxes	1.1	0.7	0.2	-1.3		0.8
Balance sheet assets	57.3	39.4	32.7	4.6	-12.2	121.7
Balance sheet liabilities	-43.6	-30.1	-16.6	-1.2	12.2	-79.4
Investments	0.0	0.0	0.0	0.3	-	0.4
Personnel at end of the period	124	111	63	31	-	329

SEGMENT INFORMATION (MEUR)						
1-3/2022	Electronics	Technical Trade	Heavy Machines	Other Operations	Inter segment	Total
Revenue	11.9	10.8	8.2	1.0	0,0	31.7
Depreciation	-0.2	-0.3	-0.3	-0.1	-	-0.8
EBIT	0.6	0.7	0.0	-0.7	-	0.6
Financial income	0.1	0.0	0.0	0.0	-0.1	0.0
Financial expenses	0.0	-0.1	0.0	-0.3	0.1	-0.2
Profit before taxes	0.7	0.6	0.0	-1.0	-	0.3
Balance sheet assets	45.0	39.4	33.9	4.9	-7.5	110.9
Balance sheet liabilities	43.1	23.6	14.8	0.9	-7.5	75.0
Investments*	0.1	0.1	0.0	0.3	-	0.6
Personnel at end of the period	115	87	53	32	-	287

*Includes discontinued operations

CONTINGENT LIABILITIES (MEUR)	Mar, 31 2023	Mar, 31 2022
Liabilities		
Unused overdraft facility	5.9	6.4
Total liabilities	5.9	6.4
Collateral given		
Real estate mortgages	0.0	0.0
Corporate mortgages	71.5	71.5
Pledged securities	0.0	0.0
Guarantees	1.5	1.7
Total guarantees	73.0	73.2

The company has a derivative liability arising from interest rate hedging the fair value of which was EUR 0.6 million on March 31, 2023. The change in fair value has been recognized in financial items as profit or loss.

Briefing for investors, analysts and media

A webcast where CEO Kari Nerg and CFO Aku Rumpunen present the Q1 2023 interim report will be held today, May 5, 2023, at 11:00 am EEST. 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.

You can watch the webcast at: <https://boreo.videosync.fi/2023-q1-results>.

The event will be recorded and the recording will be available after the event at: www.boreo.com/investors.

Boreo Plc' financial reporting in 2023:

Half-year report 1-6/2023: August 10, 2023

Interim report 1-9/2023: November 11, 2023

Vantaa, May 5, 2023

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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 Northern Europe. Boreo's business operations are organized into three business areas: Electronics, Technical Trade and Heavy Machines.

Boreo's main objective is to create shareholder value in the long-term. It aims to achieve this with an acquisition-driven strategy, creating optimal conditions for its businesses to increase sales and improve profitability, and by being a best-in-class home for its companies and personnel.

The Group's net sales in 2022 were EUR 160 million and it employs over 300 people in seven countries. The company's headquarter is in Vantaa.