

Boreo Plc, FINANCIAL STATEMENTS BULLETIN JANUARY 1 - DECEMBER 31, 2022

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Stable results and strong cash flow

October-December 2022 (continuing operations)

- Net sales grew by 15% to EUR 45.0 million (2021: 39.2).
- Operational EBIT increased by 15% to EUR 2.2 million (4.9% of net sales) (2021: 1.9). Operational EBIT was weakened by a write-down of EUR 0.3 million from the exit from SANY operations in Finland and Sweden. Operational EBIT excluding the write-down was EUR 2.5 million (5.6% of net sales).
- EBIT rose clearly to EUR 1.7 million (2021: 1.0).
- Free cash flow (before acquisitions) strengthened clearly and was EUR 3.2 million (2021: 0.2 including operations discontinued in 2022). Net cash flow from operating activities rose to EUR 3.7 million (2021: 0.6 including operations discontinued in 2022). Cash flow was strengthened by the release of working capital from inventories by EUR 1.0 million.
- The profit for continuing operations amounted to EUR 0.9 million (2021: EUR 0.6 million).
- Operational EPS was EUR 0.32 (2021: 0.45).
- EPS was EUR 0.16 (2021: 0.14).
- In December, Boreo announced that it strengthened its Technical Trade business area by acquiring J-Matic Oy, J-Matic Rent Oy and Filterit Oy.
- In December, Boreo announced that the subsidiary, ESKP, reported under Other Operations, strengthened its position as a specialized logistics provider by acquiring the business of Basti Oy.
- 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 strategic financial targets of Boreo published in September 2022.

January-December 2022 (continuing operations)

- Net sales grew by 31% to EUR 160.4 million (2021: 122.0).
- Operational EBIT increased by 21% to EUR 8.7 million (5.4% of net sales) (2021: 7.2). Operational EBIT was weakened by a write-down of EUR 0.3 million from the exit from SANY operations in Finland and Sweden. Operational EBIT excluding the write-down was EUR 9.0 million (5.6% of net sales).
- EBIT amounted to EUR 6.5 million (2021: 5.8). EBIT for the comparison period was significantly affected by a non-recurring EUR 0.8 million sales gain from the Espoo headquarters.
- Free cash flow (before acquisitions, including discontinued operations) strengthened and was EUR 2.2 million (2021: 1.1). Net cash flow from operating activities rose to EUR 4.1 million (2021: 2.0)
- The profit for continuing operations amounted to EUR 4.4 million (2021: EUR 3.9 million).
- The profit for discontinued operations amounted to EUR -4.7 million (2021: EUR 1.6 million). The result was negatively affected by the write-down of some EUR 5.9 million in Russian operations in the second quarter.
- Operational EPS was EUR 1.82 (2021: 1.86).
- EPS was EUR 1.12 (2021: 1.40).

The Board of Directors' dividend distribution proposal

- The distributable assets of the parent company Boreo Plc on December 31, 2022 were EUR 13.9 million, of which the profit for the financial period is EUR 4.6 million. The Board of Directors proposes to the

Annual General Meeting that a dividend of EUR 0.22 per share to be paid for the ended financial period by decision of the Annual General Meeting, and in addition, the Annual General Meeting would authorize the Board of Directors to decide later, at its discretion, on the distribution of another dividend of up to EUR 0.22 per share later during 2023.

Classification of Russian operations as discontinued operations

On August 9, 2022, Boreo announced that it had sold its 90% holding in the electronics component distribution business in Russia (YE Russia). Unless otherwise stated, all figures in this financial statements bulletin relate to continuing operations. 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 and include discontinued operations. The December 31, 2022 balance sheet no longer includes discontinued operations. Discontinued operations also include the subsidiary of the Russian operations located in Turkey.

Financial guidance and business model

On September 27, 2022, Boreo announced its updated strategy and strategic financial targets and presented them in its CMD on that day. 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 2-3 (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.

As of the Q1 2022 interim report, Boreo has changed the accounting principle of operational EBIT so that operational EBIT no longer includes the impact of the allocation of acquisition costs. The impact of the allocation of acquisition costs arises from the depreciation of fair value allocations at the time of acquisition based on IFRS during their useful life. The company feels that operational EBIT before allocation of acquisition costs better reflects the profitability of its operations. The change has an impact on operational EBIT and operational EPS. The figures for the comparison period have been adjusted to reflect the same principle to maintain comparability. 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.

Key figures, continuing operations

EUR million	Q4 2022	Q4 2021	Change	Q1-Q4 2022	Q1-Q4 2021	Change
Net Sales	45.0	39.2	15%	160.4	122.0	31%
Operational EBIT*	2.2	1.9	15%	8.7	7.2	21%
relative to net sales %	4.9 %	5.0 %	-	5.4%	5.9%	-
EBIT	1.7	1.0	68%	6.5	5.8	12%
Profit before taxes	1.2	0.7	63%	5.5	4.6	19%
Profit for the period, continuing operations	0.9	0.6	47%	4.4	3.9	14%
Profit for the period, discontinued operations	0.5	0.5	-2%	-4.7	1.6	-
Return on capital employed (ROCE %), R12	10.4%	13.4%	-	10.4%	13.4%	-
Free Cash flow**	3.2	0.2	1490%	2.2	1.1	102%

*The impact of the change in calculation due to the allocation of acquisition costs is taken into account in Q4 2022, Q1-Q4 2022, Q4 2021 and Q1-Q4 2021. The elimination of the effects improved Q4 2022 operational EBIT by EUR 0.5 million, Q1-Q4 2022 operational EBIT by EUR 1.7 million, Q4 2021 operational EBIT by EUR 0.2 million, and Q1-Q4 2021 operational EBIT by EUR 0.8 million.

** Cash flow includes discontinued operations.

Q4/2022 - CEO Kari Nerg:

The company's ability to generate attractive return on capital improved significantly

Year 2022 for Boreo will go down in history as a year characterized by the significant steps taken in the development of the company's operating model and the disciplined execution of our long-term value creation playbook. The turmoil in the global operating environment led us to exit from the Russian market.

In September 2022, we updated our strategy and strategic financial targets to further emphasize our focus on creating earnings growth with attractive returns on capital. The update was based on experiences gathered in 2020-2022, operating as a serial acquirer while building a strong foundation for our long-term value creation work.

During the year, we made significant progress in all of our strategic focus areas and our ability to generate attractive return on capital improved significantly:

- Acquisitions: We acquired 9 new companies with an average EBITDA of around 15% and with strong cash flow generation. The companies were acquired at reasonable valuation levels, and we expect to achieve attractive return on the capital deployed to the acquisitions.
- Development: We took significant steps in improving our decentralized operating structure by introducing the Boreo Clock, the Game Plan concept, used to steer the future direction of our companies and the Group. In addition, we learned to better operate in an organization striving to promote managerial responsibility and unleash entrepreneurial spirit.
- People & Culture: The personnel share issue carried out in summer, where the company's personnel invested a total of EUR 1.5 million in the company's shares and the Boreo Academy, launched in spring, were the key achievements within our People & Culture strategy.

Stable financial performance continued in Q4 2022

The last quarter of 2022 demonstrated a successful and stable ending to the year. Operational EBIT (excluding the announced SANY write-off of EUR 0.3 million) grew by 25% and was EUR 2.5 million (5.6% of net sales). We started to see positive impacts from the work done in improving capital efficiency and reached EUR 3.8 million operating cash flow before taxes and financing costs, after investments, driven by the release of working capital in the companies. Strong cash flow contributed to deleveraging and our net debt relative to the 12-month EBITDA fell to 2.2 (vs. 2.5 in Q3 2022 and strategic target range of 2-3).

Group level return indicators were on expected moderate levels at the end of the year (ROCE 10.4% and ROE 12.1%) as the hybrid bond raised in February 2022 continued to increase its weight on the rolling 12 month capital employed and the positive development on working capital will kick-in to impact KPIs in the coming quarters.

For the full year 2022, we recorded net sales of EUR 160 million (+31%), operational EBIT of EUR 8.7 million (+21%) and operating cash flow before taxes and financing costs, after investments (excluding the impact of discontinued operations) of EUR 5.7 million. Operational earnings per share was EUR 1.82. Both operating margin levels and capital efficiency are below our target levels and we continue to steer the firm towards our long-term targets.

Electronics and Technical Trade drove profitability while challenges continued for Heavy Machines

The growth of earnings during Q4 2022 was driven by the strong development of our Electronics and Technical Trade business areas. In both business areas demand for our products and services remained at a good level and in spite of uncertainties in the general operating environment concrete signs of a potential slow-down continue to be limited.

For our Heavy Machines business area Q4 marked an end for a challenging year due to supply chain delivery issues as well as an unsuccessful ramp-up of SANY operations in Finland and Sweden. The decision to exit from the excavator business follows our resource and capital allocation thinking and we expect not only to be able to generate better returns on capital elsewhere but also to enable improved focus on the rest of our businesses within the Heavy Machines business area. The strong order books in Putzmeister operations and FNB provide a good basis for our ambition to steer the business area back to historical profitability levels.

We welcomed three new companies to the Boreo family

During Q4 2022 we successfully completed three strategic acquisitions and welcomed Filterit, J-Matic and Basti to the Group. The acquisitions of Filterit and J-Matic both open new interesting growth and capital allocation opportunities in sectors which we consider to be sources of possible growth for Boreo in the future. In addition, the acquisitions contribute to our objective of increasing the share of predictable and stable cash flows and exposure to process industries.

Continued focus on building a company that creates long-term value

While I am proud and satisfied of many of our achievements in 2022, I am confident of our ability to continue on the track of transforming the company towards higher operating margins, higher returns on capital and further strengthening long-term value creation. In 2023, we will focus on instilling the capital efficiency thinking in our organization, growing the universe for capital allocation opportunities and developing the Boreo Way.

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.

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 2022	Q4 2021	Change	Q1-Q4 2022	Q1-Q4 2021	Change
Net sales	45.0	39.2	15%	160.4	122.0	31%
Operational EBIT	2.2	1.9	15%	8.7	7.2	21%
<i>relative to net sales, %</i>	4.9%	5.0%	-	5.4%	5.9%	-
EBIT	1.7	1.0	68%	6.5	5.8	12%
Profit before taxes	1.1	0.7	61%	5.5	4.6	19%
Profit for the period, continuing operations	0.9	0.6	47%	4.4	3.9	14%
Profit for the period, discontinued operations	0.5	0.5	-2%	-4.7	1.6	-
Free Cash flow***	3.2	0.2	1490%	2.2	1.1	102%
Equity ratio, %	35.4%	23.8%	-	35.4%	23.8%	-
Interest-bearing net debt	30.9	41.0	-25%	30.9	41.0	-25%
Interest-bearing net debt relative to operational EBITDA of the previous 12 months*	2.2	3.8	-	2.2	3.8	-
Return on Capital Employed (ROCE %), R12	10.4%	13.4%	-	10.4%	13.4%	-
Return on equity (ROE %), R12	12.1%	28.6%	-	12.1%	28.6%	-
Personnel at end of the period	327	271	21%	327	271	21%
Operational EPS, EUR	0.32	0.45	-29%	1.82	1.86	-2%
EPS, EUR	0.16	0.14	14%	1.12	1.40	-20%
EPS, EUR, discontinued operations**	0.18	0.26	-31%	-1.56	0.59	-
Free cash flow per share, EUR***	1.21	0.08	1414%	0.82	0.42	98%

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

**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, this net effect was EUR 0.13 per share and EUR 0.44 per share in Q1-Q4.

*** Cash flow includes discontinued operations.

Group's financial performance

In the last quarter of the year, the Group's net sales increased to EUR 45.0 million (2021: 39.2). The companies acquired during 2022 accounted for EUR 7.9 million of the Group's net sales growth (inorganic). Mainly due to Heavy Machines business area's deliveries moving forward and the strong comparison period, organic growth in the business area was EUR -2.1 million. At comparable exchange rates, net sales would have been around EUR 45.5 million, mainly due to the weakening Swedish krona. Net sales of the Electronics business area grew by EUR 5.3 million (40%) from the previous year to EUR 18.6 million. Net sales of the Technical Trade business area in the fourth quarter increased by EUR 2.4 million (18%) to EUR 15.8 million. Net sales of the Heavy Machines business area increased by EUR 2.0 million (-18%) in the fourth quarter and totaled EUR 9.4 million. Net sales of Other Operations rose slightly from one year back to EUR 1.2 million.

At the end of 2022, return on capital employed (ROCE) was 10.4% (2021: 13.4% and Q3/22: 10.8%) and return on equity (ROE) was 12.1% (2021: 28.6% and Q3/22: 13.1%). Return on capital was affected by the full impact on capital employed and equity of the hybrid bond, issued in February 2022. The Group's financial position strengthened and its net debt relative to the 12 month operational EBITDA fell to 2.2 from 2.5 in Q3 supported by operational EBIT and strong cash flow.

During 2022, the Group's net sales increased by 31% to EUR 160.4 million. (2021: 122.0). Inorganic net sales growth from acquisitions carried out in 2021 and 2022 was EUR 26.5 million and organic growth EUR 11.9 million. At comparable exchange rates, net sales was about EUR 161.5 million. By business area, net sales of Electronics grew by EUR 18.2 million (42%) and net sales of Technical Trade increased by EUR 7.2 million (16%) from the comparison period. The growth of both business areas was mainly boosted by acquisitions. The net sales of the Heavy Machines business area grew by EUR 11.8 million (40%) and net sales of Other Operations increased by EUR 1.2 million (36%) from the comparison period.

Net sales, business areas Q4 and Q1-Q4

EUR million	Q4 2022	Q4 2021	Change	Q1-Q4 2022	Q1-Q4 2021	Change
Electronics	18.6	13.3	40%	61.5	43.3	42%
Technical Trade	15.8	13.4	18%	52.8	45.6	16%
Heavy Machines	9.4	11.4	-18%	41.4	29.7	40%
Other Operations	1.2	1.1	8%	4.6	3.4	36%
Total	45.0	39.2	15%	160.4	122.0	31%

The geographical distribution of the Group's net sales during the last quarter was: net sales in Finland increased by 16% mainly as a result of the SSN, Pronius and Infradex acquisitions and totaled EUR 31.0 million. In January-December, Finland's net sales were EUR 110.6 million, up by EUR 20.2 million (22%). Sweden's net sales in the fourth quarter totaled EUR 6.2 million and decreased by EUR 1.6 million from the corresponding period in 2021. In January-December, Sweden's net sales were EUR 22.6 million, up by EUR 7.0 million (45%) on the previous year. Net sales of Baltic operations increased by 61% reaching EUR 7.5 million in the fourth quarter thanks to organic growth in the electronics component distribution business and in the SANY and Putzmeister businesses (EUR 2.9 million). In the full year, growth amounted to EUR 10.4 million (65%). Net sales to the United States consist of the company acquired in the US in connection with the Signal Solutions acquisition during Q2.

Net sales by geographic area, Q4 and Q1-Q4

EUR million	Q4 2022	Q4 2021	Change	Q1-Q4 2022	Q1-Q4 2021	Change
Finland	31.0	26.8	16%	110.6	90.4	22%
Sweden	6.2	7.8	-21%	22.6	15.6	45%
Baltic countries	7.5	4.6	61%	26.4	16.0	65%
United States	0.3	0.0	-	0.7	0.0	-
Total	45.0	39.2	15%	160.4	122.0	31%

In the fourth quarter, the Group's operational EBIT increased by 15% to EUR 2.2 million (2021: 1.9). Operational EBIT margin was 4.9% (2021: 5.0%). Operational EBIT was weakened by a write-down of EUR 0.3 million from the exit from SANY operations in Finland and Sweden. Operational EBIT excluding the write-down was EUR 2.5 million (5.6%). The companies acquired during 2022 accounted for EUR 1.1 million of the Group's EBIT. The Group's reported EBIT increased and amounted to EUR 1.7 million (2021: 1.0). Reported EBIT included non-recurring costs of EUR 0.6 million that affect comparability related to corporate and structural arrangements. These were primarily related to implemented acquisitions and depreciation related to allocation of acquisition costs. Changes in exchange rates did not have a significant impact on the Group's EBIT. Operational EBIT of the Electronics business area was EUR 1.5 million in the last quarter (2021: 0.7). Operational EBIT of the Technical Trade business area was EUR 1.4 million (2021: 1.2). EBIT increased especially by the Pronius acquisition. Operational EBIT of the Heavy Machines business area decreased to EUR -0.1 million (2021: 0.7). The decrease in EBIT was affected by the EUR 0.3 million write-down in the Sany business and moved deliveries. Operational EBIT of Other Operations was EUR -0.6 million (2021: -0.5) consisting of EUR 0.0 million in EBIT from ESKP and Vesterbacka Transport, and EUR 0.6 million (2021: 0.6) in Group costs not allocated to business areas.

In January-December, the Group's operational EBIT was EUR 8.7 million (2021: 7.2), with 21% growth from the year before. The companies acquired during 2022 accounted for EUR 3.3 million of the Group's EBIT. The Group's reported EBIT amounted to EUR 6.5 million (2021: 5.8). The reported EBIT in 2021 was affected by a non-recurring sales gain of EUR 0.8 million. The reported EBIT includes items affecting comparability totaling EUR 2.2 million in net, consisting mainly of expenses and allocations related to acquisitions. EBIT in Electronics and Technical Trade was EUR 4.2 million (2021: 2.7) and EUR 5.3 million (2021: 4.2) increased from the previous year. Operational EBIT of the Heavy Machines business area decreased to EUR 1.0 million from EUR 1.7 million in the previous year. Operational EBIT of Other Operations was EUR -1.8 million, of which the operational EBIT of ESKP and Vesterbacka was EUR 0.5 million (2021: 0.5) and Group costs not allocated to business areas totaled EUR -2.3 million (2021: -1.8).

Operational EBIT, business areas Q4 and Q1-Q4

EUR million	Q4 2022	Q4 2021	Change	Q1-Q4 2022	Q1-Q4 2021	Change
Electronics	1.5	0.7	137%	4.2	2.7	58%
Technical Trade	1.4	1.2	21%	5.3	4.2	27%
Heavy Machines	-0.1	0.7	-	1.0	1.7	-43%
Other Operations	-0.6	-0.5	-24%	-1.8	-1.3	-36%
Total	2.2	1.9	15%	8.7	7.2	21%

Financial position

At the end of 2022, the Group's interest-bearing net debt amounted to EUR 30.9 million (2021: 41.0). The share of IFRS 16 liabilities in net debt was EUR 6.5 million (2021: 5.1). Net debt relative to operational EBITDA of the previous 12 months fell to 2.2 from 2.5 at the end the third quarter (2021: 3.8) mainly due to strong cash flow.

At the end of 2022, shareholders' equity was EUR 40.4 million (2021: 21.4), where the effect of directed share issues carried out during the review period was around EUR 3.1 million. The equity ratio was 35.4% (2021: 23.8%) and the consolidated balance sheet total was EUR 121.4 million (2021: 97.4).

Cash flow

Net cash flow from operating activities, i.e. cash flow before investments in intangible and tangible assets, strengthened clearly in the fourth quarter and was EUR 3.7 million (2021: 0.6). Net cash flow from operating activities was strengthened by the release of working capital of EUR 1.0 million, especially from inventories. Free cash flow, i.e. operational net cash flow excluding investments in intangible and tangible assets, also strengthened clearly and was EUR 3.2 million (2021: 0.2). Free cash flow per share increased to EUR 1.21 (2021: 0.08). Cash flow after investments was EUR 2.6 million (2021: 0.8) including EUR 1.1 million in payment from the sale of Russian businesses. The cash flow figures for the comparison period include discontinued operations.

In January-December, the Group's net cash flow from operating activities was EUR 4.1 million (2021: 2.0). Free cash flow was EUR 2.2 million (2021: 1.1) and free cash flow per share was EUR 0.82 (2021: 0.42). Cash flow after investments was EUR -8.9 million (2021: -9.9), of which the net impact of acquisitions and divestments was EUR -11.4 million. The cash flow figures for the whole year include discontinued operations.

The Group's cash and cash equivalents at the end of the reporting period totaled EUR 13.2 million (2021: 2.7).

Material events during the year 2022

Annual General Meeting and Board authorizations

Boreo Plc's Annual General Meeting was held on April 19, 2022 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 2021.

In accordance with the Board of Directors' proposal a dividend of EUR 0.21 per share was decided to be distributed for the financial year 2021. The dividend was paid to shareholders that were registered as shareholders in the list maintained by Euroclear Finland Oy on the dividend record date, April 21, 2022. The dividend was paid on April 29, 2022. In addition, it was resolved to authorize the Board of Directors to decide on a second dividend of max. EUR 0.21 per share during 2022. 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 January 2, 2022 on the amount and record date of a second dividend installment based on an authorization granted by the Annual General Meeting on April 19, 2022. The second dividend installment is EUR 0.21 per share, and it was paid to shareholders that were registered as shareholders in the list maintained by Euroclear Finland Oy on the dividend record date, November 9, 2022. The dividend was paid on November 17, 2022.

The General Meeting also discussed the remuneration policy of governing bodies and the remuneration report. It was resolved to support the remuneration policy and to adopt the remuneration report.

It was resolved that six 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. Juhani Mykkänen was elected as a new Member of the Board of Directors. Martti Yrjö-Koskinen 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 that 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. However, the Board remuneration paid to Simon Hallqvist will be paid fully in cash because it is not in the company's interest to increase Simon Hallqvist's holding with the 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 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 525,000 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, 2023.

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 262,000 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, 2023.

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), Camilla Grönholm 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 material events in 2022

On January 27, 2022, Boreo announced that it would strengthen its Technical Trade business by acquiring Pronius Oy and organize a directed share issue for the company owner Kari Lehtomaa as part of the acquisition. The transaction was completed on March 1, 2022.

On January 28, 2022, Boreo announced that it considered issuing a hybrid loan of EUR 20 million and that it had made a preliminary agreement on a financing arrangement of EUR 55 million with OP Corporate Bank plc.

On February 2, 2022, Boreo announced the launch of a EUR 20 million hybrid loan.

On February 25, 2022, Boreo announced that it had signed a EUR 55 million credit facility with OP Corporate Bank plc, which will replace the company's previous credit facilities totaling EUR 39.5 million.

On March 1, 2022, Boreo announced that it had completed the acquisition of Pronius Oy and implemented the planned directed share issue in connection with the transaction to the owner of the company, Kari Lehtomaa. On the same day, the company also announced that it would implement two add-on acquisitions in line with its strategy by acquiring Infradex Oy and Vesterbacka Transport Oy. As part of the Vesterbacka

Transport Oy acquisition, Boreo Plc organized a directed share issue for Jari Vesterbacka, the owner of the company.

On April 19, 2022, Boreo announced that the Board of Directors had approved the company's disclosure policy updated based on which the company publishes its financial reports and other regulated information both in Finnish and English in the future. The updated disclosure policy entered into force on May 5, 2022.

On May 3, 2022, Boreo announced it had acquired the entire share capital of Signal Solutions Nordic Oy from the company's CEO Tony Aaltonen and a company owned by Lassi Kuosmanen and that it will arrange a directed share issue for the company's sellers as part of the payment of the purchase price.

On June 1, 2022, Boreo Plc announced that it had completed the acquisition of Signal Solutions Nordic Oy and had carried out the directed share issue planned in connection with the transaction.

On June 10, 2022, Boreo announced that the Board of Directors had resolved on personnel share issue and matching share plan. A maximum total of 35,000 new shares in the company will, in deviation from the shareholders' pre-emptive subscription rights, be offered for subscription by the personnel of the company and its subsidiaries, excluding the personnel to whom the share issue cannot be directed due to the economic sanctions imposed to Russia by EU. In case of oversubscription, the Board has the right to increase the number of the new shares offered, up to a maximum total of 40,000 new shares. The subscription price is EUR 37.56 per share. The Board of Directors also resolved on a Matching Share Plan directed to the company's key employees in which the participants are entitled to receive matching shares gratuitously after the three-year (3) matching period. The maximum amount of gross reward to be paid on the basis of the Matching Share Plan will not exceed the value of 15,000 Boreo shares, including also the cash proportion intended for covering the tax withholding obligation and matching shares for separately approved new key employees fulfilling the share subscription requirement after the share issue subscription window.

On June 30, 2022, Boreo announced the results of the personnel share issue. The Board of Directors resolved to increase the number of the new shares offered up to a total of 40,000 shares. The total subscription price of the new shares is EUR 1,502,400. The shares subscribed for in the personnel share issue together represent approximately 1.5% of shares and votes in the company. Subscriptions were made by a total of 41 employees of the group.

On August 9, 2022, Boreo announced that it had sold its 90% holding in the electronics component distribution business in Russia (YE Russia). The buyers were companies controlled by Mr. Yrjö Pönni, current General Director and 10% shareholder of YE Russia.

On September 19, 2022, Boreo announced that its subsidiary Floby Nya Bilverkstad acquired the shares of Lackmästar'n i Håkantorp AB.

On September 27, 2022, Boreo announced its updated strategy and strategic financial targets and presented them in its CMD on that day.

On October 3, 2022, Boreo announced that its subsidiary Floby Nya Bilverkstad AB had completed the acquisition of Lackmästar'n i Håkantorp AB from the company's owner Anders Karlsson.

On November 7, 2022, Boreo announced that SEB had started monitoring Boreo.

On November 22, 2022, Boreo announced that Nordea had started monitoring Boreo.

On December 1, 2022, Boreo announced that it strengthened its Technical Trade business area by acquiring J-Matic Oy and J-Matic Rent Oy.

On December 15, 2022, Boreo announced that its subsidiary ESKP strengthened its position as a specialized logistics provider by acquiring the business of Basti Oy.

On December 20, 2022, Boreo announced that it strengthened its Technical Trade business area by acquiring Filterit 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 Yleiselektronikka, YE International, Noretron Komponentit, Milcon, Infradex and Signal Solutions Nordic (SSN). The figures of the Electronics business area do not include Russian operations divested on August 9, 2022.

The Technical Trade business area consists of businesses involved in technical trade that represent well-known principals in power, metal machines, construction and welding technique products and system solutions in Finland. The brands of the business area are Machinery, Muottikolmio, Pronius, J-Matic and Filterit acquired at the beginning of 2023.

At the end of 2022, the Heavy Machines business area consisted of Putzmeister and Sany dealerships in Finland, Sweden (on Jan. 16, 2022, the company announced that it would abandon its Sany dealerships in Finland and Sweden) and 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, Sany Nordic, Floby Nya Bilverkstad (FNB) and Lackmästarn from the beginning of October 2022.

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

Electronics business area (continuing operations)

In the last quarter of the year, net sales of the Electronics business area grew by 40% to EUR 18.6 million (2021: 13.3). 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. Yleiselektronikka's and Milcon's net sales decreased slightly from the comparison period, while the net sales of Noretron and all Baltic businesses increased relative to the comparison period. SSN's net sales were clearly better than expected and Infradex performed as expected in the last quarter of the year.

Operational EBIT of the business area was EUR 1.5 million in the fourth quarter (2021: 0.7) and the operational EBIT margin was 8.3% clearly exceeding the comparison period. Operational EBIT improved from the comparison period especially due to the improved results of the Baltic operations and Noretron, as well as the earnings impact of SSN and Infradex. Yleiselektronikka's EBIT weakened slightly from the corresponding period last year and Milcon's EBIT was also below the comparison period.

The order intake of the companies is still strong due to stable demand and longer delivery times than normal. There have been some signs of delivery times shortening, but these have not yet had a significant impact on the company's order book. The outlook for the companies in the business area is currently stable, although overall economic activity is expected to weaken. The measures taken in the fourth quarter to improve working capital efficiency generated promising results in the first months.

Key figures Electronics

EUR million	Q4 2022	Q4 2021	Change	Q1-Q4 2022	Q1-Q4 2021	Change
Net sales	18.6	13.3	40%	61.5	43.3	42%
Operational EBIT	1.5	0.7	137%	4.2	2.7	58%
<i>relative to net sales, %</i>	8.3%	4.8%	-	6.9%	6.2%	-
EBIT	1.4	0.5	175%	3.7	2.5	50%
Capital expenditure	0.1	0.0	-	0.5	0.1	437%
Personnel at end of the period	120	110	18%	120	110	9%

Technical Trade business area

Net sales of the Technical Trade business area in the last quarter totaled EUR 15.8 million (2021: 13.4). Net sales growth derived from the Pronius acquisition in March, the J-Matic acquisition in December and the stable development of other businesses. The performance of Machinery, the largest company in the business area, was mixed during the review period. Investment uncertainty, which burdened metal working throughout the year, continued and net sales were clearly below the comparison period, while the net sales in power and construction equipment exceeded the comparison period. Net sales of Muottikolmio developed slightly and that of Pronius' welding business clearly better than we expected. J-Matic's first month as part of Technical Trade progressed as planned.

Operational EBIT of the business area was EUR 1.4 million in the last quarter (2021: 1.2) and the operational EBIT margin was 8.8%. Operational EBIT was strengthened by the earnings impact of Pronius and the excellent performance of Machinery's power business. The earnings level of businesses serving the construction industry remained stable as the metal working business was weaker than in the previous year as expected. The performance of the companies in the business area is still good, but higher than normal working capital depressed both its return on capital and cash flow.

The outlook for the companies in the business area is currently cautiously positive. The order book for businesses serving mechanical engineering is stable and the positioning is expected to ensure reasonable opportunities also in the construction industry despite declining market activity. The Filterit acquisition made in January expanded operations to new industries that are cycle resistant, process filtration and water treatment, where the relative position and market outlook of the business area are favorable.

Key figures Technical Trade

EUR million	Q4 2022	Q4 2021	Change	Q1-Q4 2022	Q1-Q4 2021	Change
Net sales	15.8	13.4	18%	52.8	45.6	16%
Operational EBIT	1.4	1.2	21%	5.3	4.2	27%
<i>relative to net sales, %</i>	8.8%	8.6%	-	10.1%	9.2%	-
EBIT	1.2	1.1	8%	4.6	4.0	14%
Capital expenditure	0.1	0.1	25%	0.5	0.2	173%
Personnel at end of the period	108	80	34%	108	80	34%

Heavy Machines business area

Net sales of the Heavy Machines business area were EUR 9.4 million in the fourth quarter and fell from the comparison period (2021: 11.4). The net sales decline was especially affected by deliveries from Putzmeister businesses moving forward in Finland and Sweden. In Estonia, however, the net sales of the Putzmeister business increased from the comparison period. The weakening of the Swedish krona affected net sales by EUR -0.5 million. FNB's performance was modest as supply chain challenges still limited delivery capacity. The first quarter of Lackmästarn, acquired by FNB in the last quarter of the year, as part of the Group progressed as expected. The SANY business, in turn, was weaker than expected with the exception of Estonia. 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 termination of the agreement will have no effect on the operations of HM Nordic OÜ, a Boreo Group company that acts as the distributor of SANY excavators in Estonia. The decision to terminate the excavator dealership agreements in Finland and Sweden 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.

In the last quarter, general business development was still affected by the significantly longer delivery times and delivery shifts in chassis deliveries of concrete industry machinery, in components used to equip earth excavators and in cranes (FNB). The order books of the Putzmeister businesses are at a good level in all countries.

Operational EBIT for the last quarter was clearly below the comparison period (EUR 0.7 million) and was EUR -0.1 million. Putzmeister business' deliveries being moved forward, the weak profitability of the SANY business and a EUR 0.3 million write-down in the SANY business had a negative impact on profitability. The preconditions for the performance of the Putzmeister business and SANY's business in Estonia remain stable in the near future, supported by strong order books, although long delivery times will continue to affect the timing of deliveries. In addition, price increases and inflation put pressure on the profitability of the companies. The Lackmästarn acquisition completed in the fourth quarter supports FNB's growth plans and enables a wider and more efficient supply to the company's customers.

Key figures Heavy Machines

EUR million	Q4 2022	Q4 2021	Change	Q1-Q4 2022	Q1-Q4 2021	Change
Net sales	9.4	11.4	-18%	41.4	29.7	40%
Operational EBIT	-0.1	0.7	-	1.0	1.7	-43%
<i>relative to net sales, %</i>	<i>-0.8%</i>	<i>5.7%</i>	<i>-</i>	<i>2.4%</i>	<i>5.8%</i>	<i>-</i>
EBIT	-0.2	0.6	-	0.6	1.2	-51%
Capital expenditure	0.0	0.1	-57%	0.2	0.1	104%
Personnel at end of the period	63	49	29%	63	49	29%

Other Operations

The net sales of ESKP and Vesterbacka Transport that are reported under Other Operations were EUR 1.2 million in the fourth quarter, increasing slightly from the comparison period (2021: 1.1). The acquisition of Vesterbacka Transport in March 2022 had a positive impact on net sales. The demand for ESKP's and Vesterbacka Transport's services remained at a reasonable level in the last quarter but increased cost pressures had a negative impact on EBIT. The companies' EBIT was EUR 0.0 million and the EBIT margin was 4%. Operational EBIT from Other Operations was EUR -0.6 million in the fourth quarter (2021: -0.5). 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 (2021: 0.6).

In 2022, Group costs amounted to EUR 2.3 million (2021: EUR 1.8 million). Costs increased as a result of the recruitment according to plan to strengthen the Group platform and the cost allocation of the personnel share issue. For 2023, costs are expected to increase further due to additional strategic recruitments and investments, for example, in the development of ESG matters. However, cost growth is expected to slow significantly from 2020-2022 and this will support the Group's profitability development in the coming years.

Key figures Other Operations

EUR million	Q4 2022	Q4 2021	Change	Q1-Q4 2022	Q1-Q4 2021	Change
Net sales	1.2	1.1	8%	4.6	3.4	35%
Operational EBIT	-0.6	-0.5	-24%	-1.8	-1.3	-36%
<i>relative to net sales, %</i>	-53.2%	-46.1%	-	-39.7%	-39.4%	-
EBIT	-0.7	-1.2	39%	-2.4	-1.9	-28%
Capital expenditure	0.2	0.0	-	0.6	0.2	214%
Personnel at end of the period	36	32	13%	36	32	13%

Group personnel

Boreo Group's number of personnel totaled 327 at the end of 2022 (2021: 271) and was divided into business areas as follows: Electronics 120 (2021: 110), Technical Trade 108 (2021: 80), Heavy Machines 63 (2021: 49), Other Operations 36 (2021: 32), of which the personnel of ESKP and Vesterbacka was 27 (2021: 22) and Group administration 9 (2021: 8).

Employment related expenses for the fourth quarter totaled EUR 5.7 million (2021: 5.0).

Managers' transactions

During the last quarter of 2022, Boreo Plc didn't receive any notifications concerning Managers' transactions under Article 19 of MAR.

Shares and share capital

On 31 December 2022, the company's registered share capital was EUR 2,483,836 and the number of shares recorded in the trade register 2,691,708. Boreo owned 15,236 of its own shares (0.6% of total shares).

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.

Material events after the fourth 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.

Reconciliation statements of key indicators

Reconciliation, operational EBIT

EUR million	Q4 2022	Q4 2021	Q1-Q4 2022	Q1-Q4 2021
EBIT	1.7	1.0	6.5	5.8
ITEMS AFFECTING COMPARABILITY				
Electronics				
Structural arrangements	0.0	0.0	0.0	-0.1
Costs related to acquisitions	0.0	0.0	0.0	0.0
Sale of real estate	0.0	0.0	0.0	0.0
Depreciation related to allocation of acquisition costs	-0.2	0.0	-0.5	-0.1
Technical Trade				
Structural arrangements	0.0	-0.1	-0.1	-0.1
Costs related to acquisitions	0.0	0.0	0.0	0.0
Depreciation related to allocation of acquisition costs	-0.2	0.0	-0.7	-0.2
Heavy Machines				
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	-0.4	-0.4
Other Operations				
Structural arrangements	0.0	0.0	-0.1	0.0
Costs related to acquisitions	-0.1	-0.7	-0.3	-1.2
Sale of real estate	0.0	0.0	0.0	0.8
Depreciation related to allocation of acquisition costs	0.0	0.0	-0.1	-0.1
TOTAL ITEMS AFFECTING COMPARABILITY	-0.6	-0.9	-2.2	-1.4
OPERATIONAL EBIT	2.2	1.9	8.7	7.2

Operational EPS

EUR million	Q4 2022	Q4 2021	Q1-Q4 2022	Q1-Q4 2021
Profit for the review period to shareholders	0.4	0.4	3.0	3.7
Items affecting comparability	0.4	0.7	1.8	1.1
Operational profit for the review period to shareholders	0.9	1.2	4.8	4.8
Average number of outstanding shares, thousand	2,673	2,609	2,644	2,590
Operational EPS*	0.32	0.45	1.82	1.86

*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	Q4 2022	Q4 2021	Q4 2022	Q4 2021
Long-term financial liabilities	34.1	34.3	34.1	34.3
Short-term financial liabilities	10.0	9.4	10.0	9.4
Cash and cash equivalents	13.2	2.7	13.2	2.7
Interest-bearing net debt	30.9	41.0	30.9	41.0

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 of the previous 12 months (including acquired businesses as if they had been held for 12 months at the reporting date)	= $\frac{\text{Interest-bearing net debt}}{\text{Operational EBITDA for the previous 12 months}}$
Equity ratio, %	= $\frac{\text{Total equity + minority interest}}{\text{Balance sheet total - advances received}} \times 100$
Free cash flow	= Net cash flow from operating activities - investments in fixed assets
Free cash flow per share	= $\frac{\text{Free cash flow}}{\text{Average number of outstanding shares}}$
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 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 %)	= $\frac{\text{Profit/loss for the review period for the previous 12 months}}{\text{Average equity for the previous 12 months}}$

TABLES January 1 to December 31, 2022, Accounting principles of the financial statements

The financial statements bulletin is prepared in accordance with the IAS 34 Interim financial reporting standard. The accounting principles of the financial statements bulletin are the same applied to the financial statements compiled on December 31, 2021. The figures in the financial statements have been audited.

CONSOLIDATED INCOME STATEMENT (MEUR)	Q4 2022	Q4 2021	Q1-Q4 2022	Q1-Q4 2021
Net sales	45.0	39.2	160.4	122.0
Other operating income	0.1	0.0	0.5	1.5
Materials and services	-34.2	-29.3	-120.9	-91.5
Employee benefit expenses	-5.7	-5.0	-20.2	-15.5
Depreciation, amortization and impairment losses	-1.0	-0.8	-4.0	-2.9
Other operating expenses	-2.7	-3.0	-9.5	-7.8
Share of result from associates	0.1	0.0	0.2	0.0
EBIT	1.7	1.0	6.5	5.8
Financial income	0.0	0.0	0.7	0.0
Financial expenses	-0.5	-0.4	-1.6	-1.2
Profit before taxes	1.2	0.7	5.5	4.6
Income taxes	-0.3	-0.1	-1.1	-0.7
Profit for the period, continuing operations	0.9	0.6	4.4	3.9
Profit for the period, discontinued operations	0.5	0.5	-4.7	1.6
Profit for the period	1.4	1.2	-0.3	5.5
Allocated to				
Shareholders of the parent company	1.2	2.3	0.0	5.2
Minorities	0.1	0.2	-0.3	0.3
EPS (undiluted) EUR, continuing operations	0.16	0.14	1.12	1.40
EPS (diluted) EUR, continuing operations	0.16	0.14	1.12	1.40
EPS (undiluted) EUR, discontinued operations	0.18	0.33	-1.56	0.59
EPS (diluted) EUR, discontinued operations	0.18	0.33	-1.56	0.59
Items of the comprehensive income statement (MEUR)				
Items that may be reclassified subsequently to profit or loss:				
Translation differences from foreign units	-0.5	-0.3	-1.1	0.3
Other comprehensive income items after tax during the period	0.0	0.0	0.0	0.0
Total comprehensive income for the period	0.9	0.8	-1.4	5.7
Allocated to				
Shareholders of the parent company	0.9	0.8	-1.1	5.5
Minorities	0.1	0.1	-0.3	0.3
Number of outstanding shares (thousand)	2,673	2,609	2,644	2,590
Outstanding shares at the end of the period	2,676	2,608	2,676	2,608
Number of shares (thousand)	2,692	2,617	2,692	2,617

CONSOLIDATED BALANCE SHEET (MEUR)	Dec. 31, 2022	Dec. 31, 2021
ASSETS		
Non-current assets		
Intangible capital assets	7.0	3.2
Goodwill	35.5	29.0
Property, plant and equipment	9.2	6.3
Other financial assets	0.3	0.3
Investments in associates	0.9	0.0
Deferred tax assets	0.1	0.1
Total non-current assets	53.0	38.9
Current assets		
Inventories	32.0	24.5
Accounts receivable and other receivables	23.2	20.0
Cash and cash equivalents	13.2	2.7
Total current assets	68.3	47.1
Assets of discontinued operations	0.0	11.4
TOTAL ASSETS	121.4	97.4
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	0.0
Reserve for invested unrestricted equity	4.7	2.0
Retained earnings	13.1	11.7
Profit for the period	0.0	5.2
Total	40.4	21.4
Minority interest	1.4	1.0
Non-current liabilities		
Financial liabilities	34.1	34.3
Deferred tax liabilities	1.8	1.0
Provisions	0.0	0.0
Trade and other payables	1.7	0.0
Total non-current assets	37.6	35.3
Current liabilities		
Trade and other payables	31.9	26.6
Provisions	0.0	0.1
Financial liabilities	10.0	9.4
Total current liabilities	42.0	36.1
Liabilities of discontinued operations	0.0	3.6
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	121.4	97.4

CONSOLIDATED CASH FLOW STATEMENT (MEUR)	Jan. 1 - Dec. 31 2022	Jan. 1 - Dec. 31 2021
Operational cash flow		
Profit before taxes	1.0	6.8
Non-cash transactions		
Depreciation, amortization and impairment losses	4.2	3.4
Net financial items	1.7	1.3
Share of associate companys' result	0.0	0.0
Increase (-) / decrease (+) in inventories	-5.7	-4.1
Increase (-) / decrease (+) in current assets	-0.3	-8.3
Increase (+) / decrease (-) in current liabilities	1.3	6.0
Operational cash flow before financing items and taxes	2.1	5.1
Net financial items	-2.3	-1.3
Taxes paid	-1.2	-0.9
Other adjustments	5.5	-0.9
Operational net cash flow	4.1	2.0
Investments in intangible and tangible assets	-1.9	-0.9
Acquisitions	-9.7	-13.2
Divestments	-1.6	0.0
Proceeds from sale of property, plant and equipment	0.3	2.2
Net cash flow from investments	-13.0	-11.9
Net cash flow from financing	-8.9	-9.9
Costs related to share issue	1.4	0,0
Repayments of loans	-40.1	-6.4
Withdrawals of loans	36.4	15,0
Osakeannin transaktiokulut	-0,1	0.0
Withdrawal of hybrid loan	20.0	0.0
Interest rate and expenses on hybrid loan	-0.4	0.0
Dividends paid	-1.5	-1.2
Net cash flow from financing	15.8	7.3
Change in cash and cash equivalents	6.9	-2.6
Cash and cash equivalents Jan 1	6.2	8.6
Impact of exchange rate fluctuations and consolidation	0.0	0.1
Liquid funds December 31	13.2	6.2

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (MEUR)

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				-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			0.0	0.0	-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	-0.9	20.0	14.1	1.4	41.8
2021	Share capital	Contingency reserve	Reserve for invested unrestricted equity	Translation difference	Hybrid loan	Retained earnings	Minority interest	Total
Equity								
Dec. 31, 2020	2.5	0.1	0.0	-0.1		13.2	1.0	16.6
Profit/loss for the period						5.2	0.3	5.5
Translation differences				0.1		0.1	0.0	0.3
Share issue			2.0					2.0
Minority redemption						-0.1	-0.1	-0.2
Dividend payment						-1.0	-0.2	-1.2
Other change		0.0				-0.4		-0.4
Equity								0.0
Dec. 31, 2021	2.5	0.1	2.0	0.0		16.9	1.0	22.4

SEGMENT INFORMATION (MEUR)						
1-12/2022	Electronics	Technical Trade	Heavy Machines	Other Operations	Inter segment	Total
Profit						
Net sales	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						
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*	0,5	0,5	0,2	0,6		1,9
Personnel at end of the period	120	108	63	36		327

*Includes discontinued operations

SEGMENT INFORMATION (MEUR)						
1-12/2021	Electronics	Technical Trade	Heavy Machines	Other Operations	Inter segment	Total
Profit						
Net sales	44.2	46.9	29.2	3.4	-1.6	122.0
Depreciation	-0.9	-0.7	-1.0	-0.3		-2.9
Share of results of associates	0,0	0,0	0,0	0,0	0,0	0,0
EBIT	2.5	4.0	1.2	-1.9		5.8
Financial income	0.3	0.0	0.0	0.0	-0.3	0.0
Financial expenses	-1.1	-0.3	0.0	0.0	0.3	-1.2
Profit before taxes	1.7	3.7	1.2	-1.9		4.6
Balance sheet						
Balance sheet assets	26.6	30.1	33.0	4.1	-7.9	85.9
Balance sheet liabilities	48.2	16.7	13.8	0.6	-7.9	71.4
Investments*	0.3	0.1	0.1	0.3		0.9
Personnel at end of the period	110	80	49	32		271

*Includes discontinued operations

DISCONTINUED OPERATIONS

On August 9, 2022, Boreo announced that it had sold its Russian business operations to the operative management of the Russian companies. In addition to Russian companies, the discontinued operations included YE International Elektrik Turkey the fully owned subsidiary of YE. Boreo had previously as of the Q2 2022 half-year report classified Russian and Turkish operations as discontinued operations in accordance with IFRS 5. The tables below include the income statement of discontinued operations for the period January 1 to August 9, 2022, and the closing balance sheet on August 9, 2022.

INCOME STATEMENT (MEUR)	Q1-Q4 2022	Q1-Q4 2021
Net sales	12.2	24.6
Other operating income	0.0	0.0
Materials and services	-11.7	-18.0
Employee benefit expenses	-2.1	-3.1
Depreciation, amortization and impairment losses	-0.2	-0.5
Other operating expenses	-3.3	-0.5
EBIT	-5.2	2.5
Financial income	0.0	0,9
Financial expenses	-0.7	-1.1
Profit before taxes	-5.9	2.3
Income taxes	-0.2	-0,6
Profit after taxes	-6.0	1.7
Sales gain from discontinued operations	0.7	
Translation differences transferred to income statement	0.3	
Other items related to the transaction	0.2	
ASSETS		
Non-current assets		
Intangible capital assets	0.1	0.1
Goodwill	0.0	0,0
Property, plant and equipment	0.6	0.6
Other financial assets	0.0	0,0
Investments in associates	0.0	0.0
Deferred tax assets	0.0	0.1
Total non-current assets	0.7	0.8
Current assets		
Inventories	0.2	3.7
Accounts receivable and other receivables	0.8	3.3
Cash and cash equivalents	3.5	3.6
Total current assets	4.5	10.6
TOTAL ASSETS	5.1	11.4
Non-current liabilities		
Financial liabilities	0.2	0.3
Deferred tax liabilities	0.0	0.0
Provisions	0.0	0.0
Accounts payable and other liabilities	0.0	0.0
Total non-current liabilities	0.2	0.3
Current liabilities		
Trade and other payables	3.0	3.2
Provisions	0.0	0.0
Financial liabilities	0.2	0.2
Total current liabilities	3.3	3.4
TOTAL LIABILITIES	3.5	3.6
CASH FLOW FROM DISCONTINUED OPERATIONS		
Net cash flow from operating activities	0.2	1.7
Net cash flow from investments	-0.1	-0.1
Net cash flow from financing	-0.9	-1.0
Monetary consideration	2.6	

Divested net assets	-1.6
Other items related to the transaction	-0.3
SALES GAIN	0.7

CONTINGENT LIABILITIES

(MEUR)	31 Dec 2022	31 Dec 2021
Liabilities		
Overdraft facility	6.3	4.4
Total liabilities	6.3	4.4
Guarantees given		
Real estate mortgages	0.0	0.0
Corporate mortgages	71.5	38.5
Pledged securities	0.0	0.0
Guarantees	1.5	1.9
Total guarantees	73.0	40.4

The company has a derivative liability arising from interest rate hedging the fair value of which was EUR 0.7 million on December 31, 2022. The change in fair value has been recognized in financial items as profit or loss.

Boreo Plc's financial reporting in 2023:

Financial Statements Bulletin for 2022: March 3, 2023 at 09:00 EET. The release will be available after the publication on the company's website at: www.boreo.com/investors.

CEO Kari Nerg and CFO Aku Rumpunen will present the Financial Statements Report in a webcast on the same day at 11:00 EET. Webcast will be held in English and questions can be presented during the presentation.

Webcast can be followed at: <https://boreo.videosync.fi/2022-q4-results> and the recording will be available afterwards at: www.boreo.com/investors.

Interim report 1-3/2023: May 5, 2023

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

Interim report 1-9/2023: November 2, 2023

The Annual Report and the Financial Statements Jan. 1 - Dec. 31, 2022 will be published in week 10.

Vantaa, March 3, 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 160.4 million and it employs over 300 people in seven countries. The company's headquarter is in Vantaa.