



# Leading growth platform for small and medium-sized companies

Proposed combination | 29 September 2021

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**BOREO** 



**Sievi Capital**

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This presentation includes estimates relating to the synergy benefits expected to arise from the merger and the combination of the business operations of Sievi Capital and Boreo as well as the related integration costs, which have been prepared by Sievi Capital and Boreo and are based on a number of assumptions and judgments. Such estimates present the expected future impact of the merger and the combination of the business operations of Sievi Capital and Boreo on the combined company’s business, financial condition and results of operations. The assumptions relating to the estimated synergy benefits and related integration costs are inherently uncertain and are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause the actual synergy benefits from the merger and the combination of the business operations of Sievi Capital and Boreo, if any, and related integration costs to differ materially from the estimates in this presentation. Further, there can be no certainty that the merger will be completed in the manner and timeframe described in this presentation, or at all.



## 1. Summary of the combination

*Lennart Simonsen, Sievi Capital, Chair of the Board of Directors*



## 2. Strategic grounds for the combination

*Jouni Grönroos, Boreo, Board member and Chairman of the Independent Committee*



## 3. The Future Company and strategy

*Kari Nerg, Boreo, CEO*



## 4. Schedule and process

*Jussi Majamaa, Sievi Capital, CEO*



## 5. Q&A

*Lennart Simonsen, Sievi Capital, Chair of the Board of Directors*

# 1 Summary of the combination

I.

The combination will create one of the leading growth platforms for small and medium-sized companies on the Nasdaq Helsinki Stock Exchange



II.

Stronger financial position and prerequisites for the Future Company's acquisition-driven growth



III.

Improved and stronger conditions for the growth and development of independent business operations and personnel





## 2. Strategic grounds for the combination

**Jouni Grönroos**

Boreo's Board member and Chair of the committee independent from the main owner

# We create the leading growth platform for small and medium-sized companies

## Leading growth platform

- Leading growth platform for small and medium-sized companies
- Decentralised entrepreneurial operating model enables scalability
- Together a clear forerunner

## Scale and critical mass

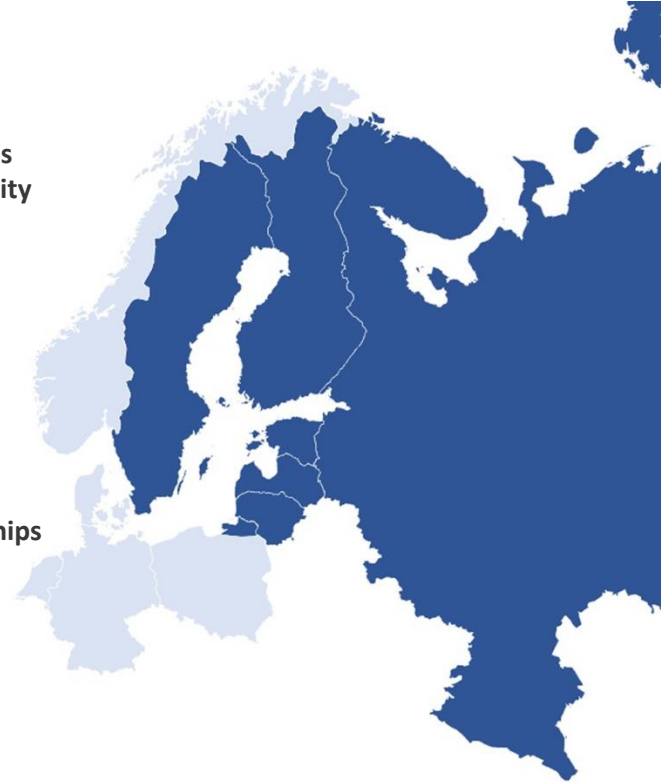
- Companies grow significantly in size
- Together stronger than alone

## Decentralised business operations

- Business operations diversified among various industries
- Low dependence on individual supplier and customer relationships
- Together greater diversification than alone

## Geographical coverage

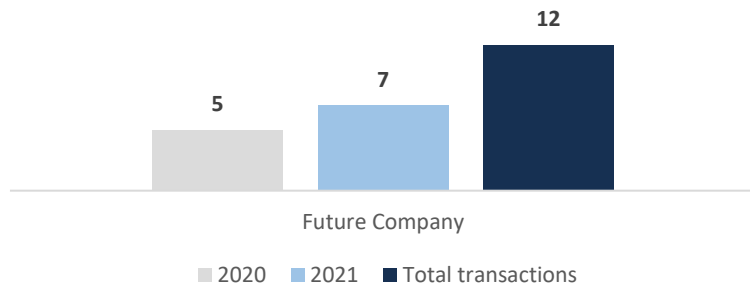
- Geographically wider in Northern Europe
- Business operations e.g. in Finland, Sweden, Baltics and Russia
- Together greater diversification than alone



# Good financial position and strong prerequisites for the Future Company's acquisition-driven growth

## Acquisition history<sup>1)</sup>

### Acquisitions 2020-2021



*The companies have strong evidence of value creation in recent years. A total of 12 acquisitions in 2020–2021*

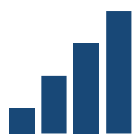
## Strong financial position of the Future Company<sup>2)</sup>

**€59m** Combined adjusted EBITDA (2020)

**12.6%** Combined adjusted EBITDA% (2020)

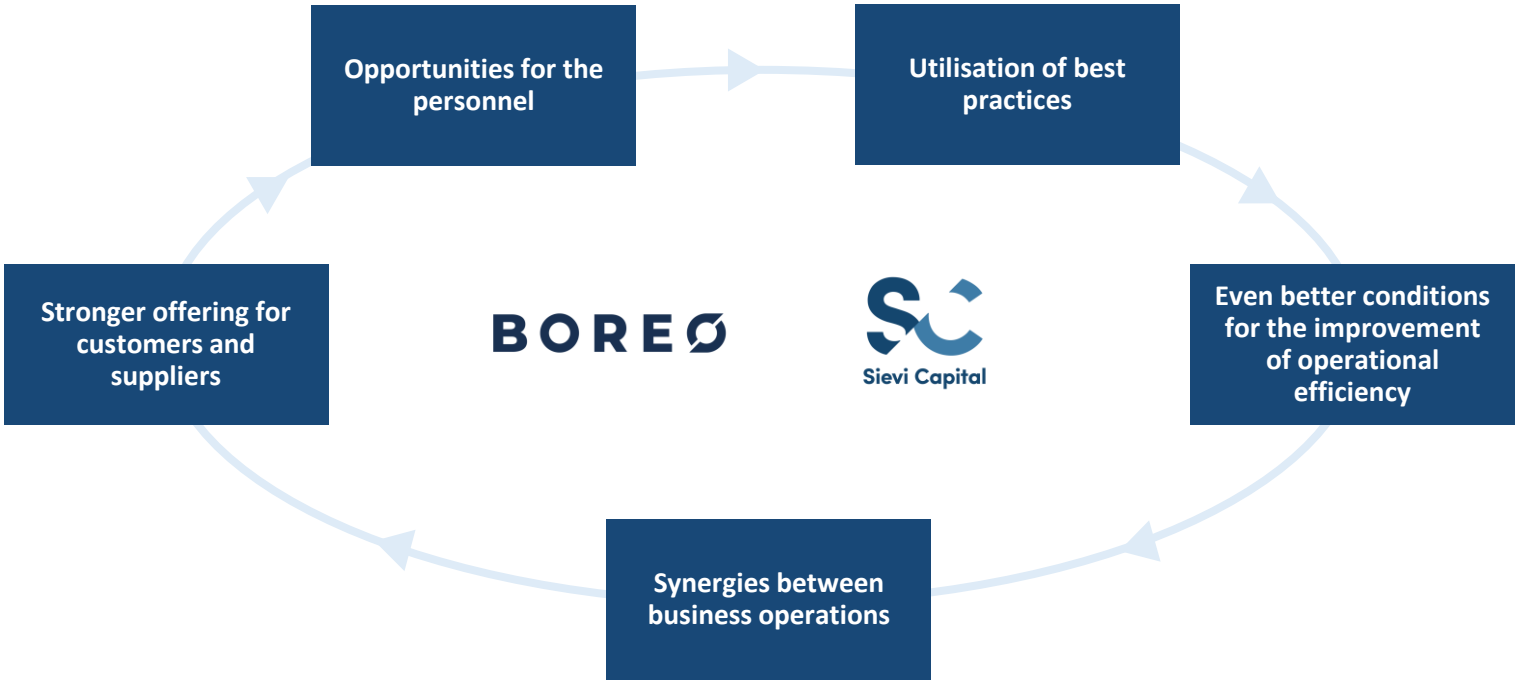
**3.1x** Interest-bearing net debt (30 June 2021) / adjusted EBITDA (2020)  
(does not fully take into account the EBITDA effect of acquisitions during the past year)

**Strong financial position of the Future Company creates the foundation for the implementation of the acquisition-driven strategy and significant growth**



1) Boreo's PM Nordic AB + Sany Nordic AB acquisitions 01/2021 accounted for as one transaction. Sievi Capital's Logistikas Ltd and Logistikas Hankkinta Ltd acquisitions accounted for as one transaction. Sievi Capital's Saurus Oy and Vema Lift Oy (=NRG) acquisitions accounted for as one transaction. Sievi Capital's Piccolo Packing Oy and Piccolo Solutions Oy acquisitions accounted for as one transaction. Sievi Capital's sales of Suvanto Trucks was not included in the calculations. 2) The illustrative combined financial information has been compiled by summing the financial information of Boreo and Sievi's parent company and subsidiaries' sub-groups for the financial period ended on 31 December 2020. Minority illustrative share of adjusted EBITDA approximately €21m. Further information in Stock Exchange Release published on 29 September 2021.

# Improved and stronger conditions for the growth and development of independent business operations and personnel







# 3. The Future Company and strategy

Kari Nerg  
CEO, Boreo

€474m\*

Combined net sales  
2020

€59m\*

Combined adjusted  
EBITDA 2020

12.6%\*

Combined adjusted  
EBITDA%

1712

Employees



Market value of the companies  
(27 September 2021)

MACHINERY

pm nordic

ESKP

MUOTTIKOLMIO

TORNO

SANY nordic

Yleiselektronikka

Poly-Net

noretron

YEInternational

NRG

Nordic Rescue Group

KH  
KH-KONEET

MILCON

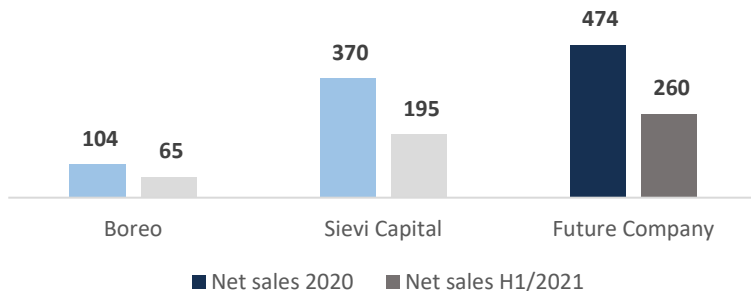
INDOOR  
GROUP

HTJ

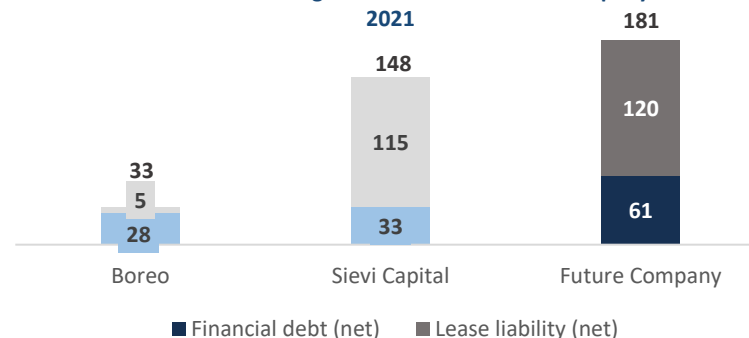
\* The aforementioned illustrative combined financial information has been compiled by summing the financial information of Boreo and Sievi's parent company and subsidiaries' sub-groups for the financial period ended on 31 December 2020. Minority illustrative share of adjusted EBITDA approximately €21m. Further information in Stock Exchange Release published on 29 September 2021.

# Illustrative key figures and financing of the Future Company

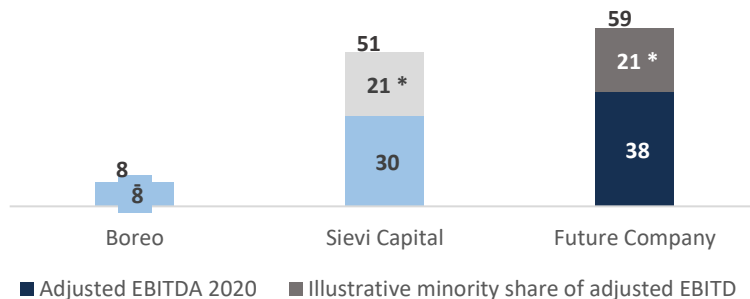
### Illustrative net sales of the Future Company 2020 & H1/2021



### Illustrative interest-bearing net debt of the Future Company 30 June 2021



### Illustrative EBITDA of the Future Company 2020



### The Future Company's financing

- Boreo has obtained approvals for its current loan facilities, according to which the company's main financier OP Yrityspankki Oyj has approved the combination
- Similarly, Sievi has obtained approvals for the combination in terms of the Group's current loan facilities from its main financiers Nordea Bank Oyj and OP Yrityspankki Oyj
- In addition, Boreo has entered into loan and guarantee schemes with OP Yrityspankki Oyj and Preato Capital AB to finance possible cash redemptions of Sievi's shares

\* The aforementioned illustrative combined financial information has been compiled by summing the financial information of Boreo and Sievi's parent company and subsidiaries' sub-groups for the financial period ended on 31 December 2020 and for the six-month period ended on 30 June 2021. Further information in Stock Exchange Release published on 29 September 2021.

# The Future Company's strategy will be prepared based on Boreo's strategy

The Future Company serves as a growth platform for its companies and employees, creates growth through acquisitions and organically and focuses on creating operative efficiencies and shareholder value in the long term

## Acquisitions

- Growth and expansion to new areas and industries through platform acquisitions
- Acquisitions of independent business operations that strengthen the whole
- Current business operations will be strengthened by add-on acquisitions

## Operative efficiency

- The Future Company will develop a systematic way to improve operative efficiency and give a better basis for improving organic growth and profitability

## People & Culture

- Developing employees and providing opportunities for people is at the heart of the value creation model
- The entrepreneurial approach of Boreo and Sievi creates a strong foundation for the development of culture in the combined company

*The Future Company develops business operations in the long term and without an intent to divest them*

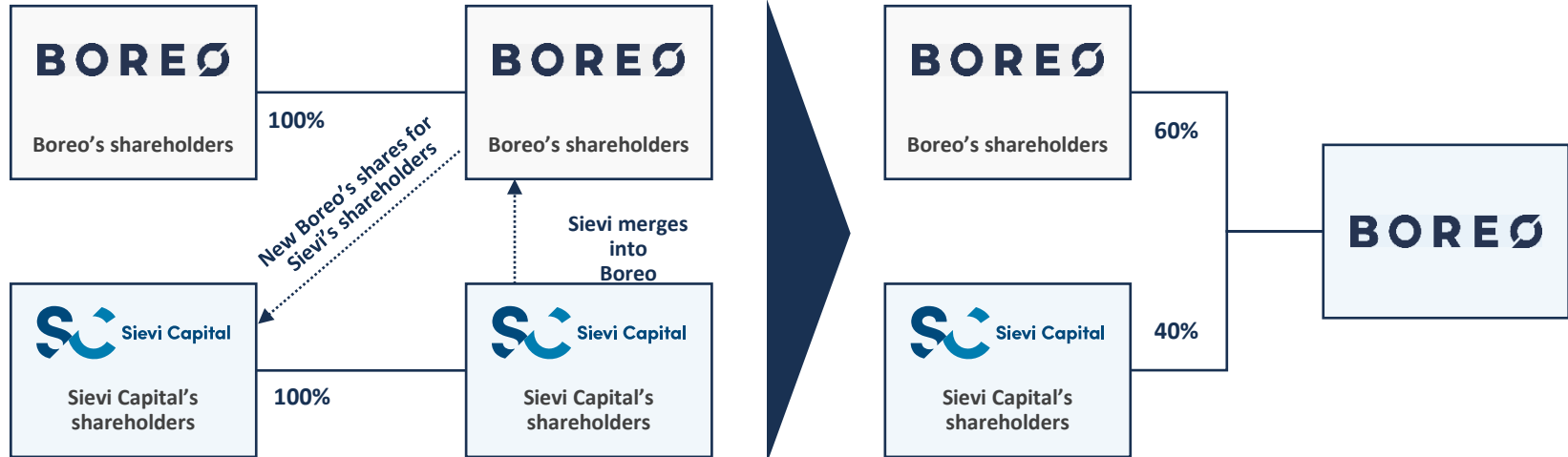
<b>Decentralised entrepreneurial operating model</b>	<ul style="list-style-type: none"> <li>• Efficient and scalable business model</li> <li>• The business operations of the Future Company will remain independent</li> </ul>
<b>Long-term value creation at the core</b>	<ul style="list-style-type: none"> <li>• Companies are owned and acquired without intent to sell them</li> <li>• Personnel development and the provision of attractive career opportunities play a key role</li> </ul>
<b>Predictability, cash flow and efficient use of capital</b>	<ul style="list-style-type: none"> <li>• Focus on predictability, cash flow and efficiency of capital use</li> <li>• Aiming at an efficient allocation of capital</li> </ul>
<b>Strong evidence of identifying attractive acquisition targets</b>	<ul style="list-style-type: none"> <li>• New acquisition targets from the M&amp;A organisation and business operations</li> <li>• Attractive operating model for company owners</li> </ul>
<b>Enabler of development</b>	<ul style="list-style-type: none"> <li>• Support for strategy planning and implementation, acquisitions, investment and growth</li> <li>• Utilisation of best practices throughout the Group</li> <li>• Enabling synergies between Group companies</li> </ul>
<b>Synergies from financing activities</b>	<ul style="list-style-type: none"> <li>• Funding at the Group level enables synergies</li> <li>• The aim is to harmonise the ownership structures of the Companies in order to enable operational development</li> </ul>



# 4. Administration and the combination process

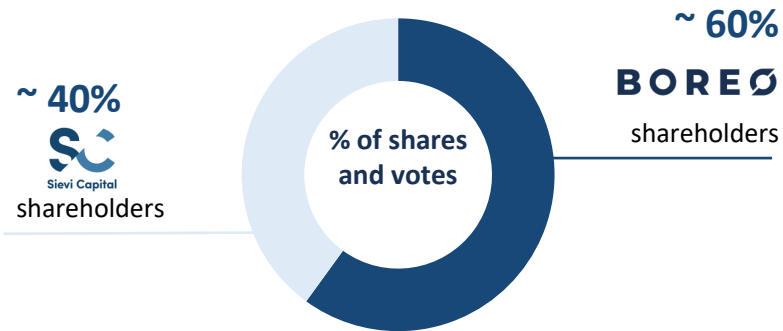
**Jussi Majamaa**  
CEO, Sievi Capital

# Sievi merges into Boreo



- The proposed combination will be implemented as a statutory absorption merger whereby Sievi Capital will merge into Boreo
- Before the combination, Boreo's shareholders will be given new shares free of charge in proportion to their holdings, with 14 new Boreo's shares per share (split of shares)
- Upon implementation, Sievi Capital's shareholders will receive 0.4492 new Boreo's shares per each Sievi's share held on the record date as merger consideration
- Preato Capital AB, the majority shareholder of Boreo and Sievi Capital, representing approximately 72.91% of Boreo's shares and approximately 23.23% of Sievi Capital's shares, has irrevocably undertaken to vote in favour of the combination under certain normal terms and conditions.

## The ownership structure of the Future Company



## Largest registered shareholders after the transaction <sup>1)</sup>

	% of shares and votes
Preato Capital AB	53.2%
Laakkonen, Mikko Kalervo	2.5%
Takanen, Martti Tapio	1.3%
AK Capital Oy	0.8%
Sulin, Ari W	0.6%
Moilanen, Mikko Petteri	0.6%
Sirviö, Kari Simo Tapani	0.5%
Määttä, Mikko Olavi	0.5%
Silvennoinen, Janne	0.5%
Rumpunen, Aku Väinämö	0.5%
<b>10 largest together</b>	<b>61.0%</b>
<b>Other shareholders</b>	<b>39.0%</b>
<b>Total</b>	<b>100.0%</b>

1) The table above shows the 10 largest shareholders of the Future Company (15 September 2021), assuming that all shareholders of Boreo and Sievi Capital are shareholders with the same shareholding even at the time of the merger (excluding treasury shares and after the Boreo's share has been divided before or in connection with the implementation, so that 1 Boreo's share is divided into 15 shares).



## The Board of Directors of the Future Company

- Four (4) present members of the Board of Sievi Capital (Juha Karttunen, Kati Kivimäki, Taru Narvanmaa, Lennart Simonsen) and four (4) present members of the Board of Boreo (Camilla Grönholm, Jouni Grönroos, Ralf Holmlund, Michaela von Wendt) will be proposed to be appointed to the Board of Directors of the Future Company, as well as Simon Hallqvist who is a member of the Board of both companies.

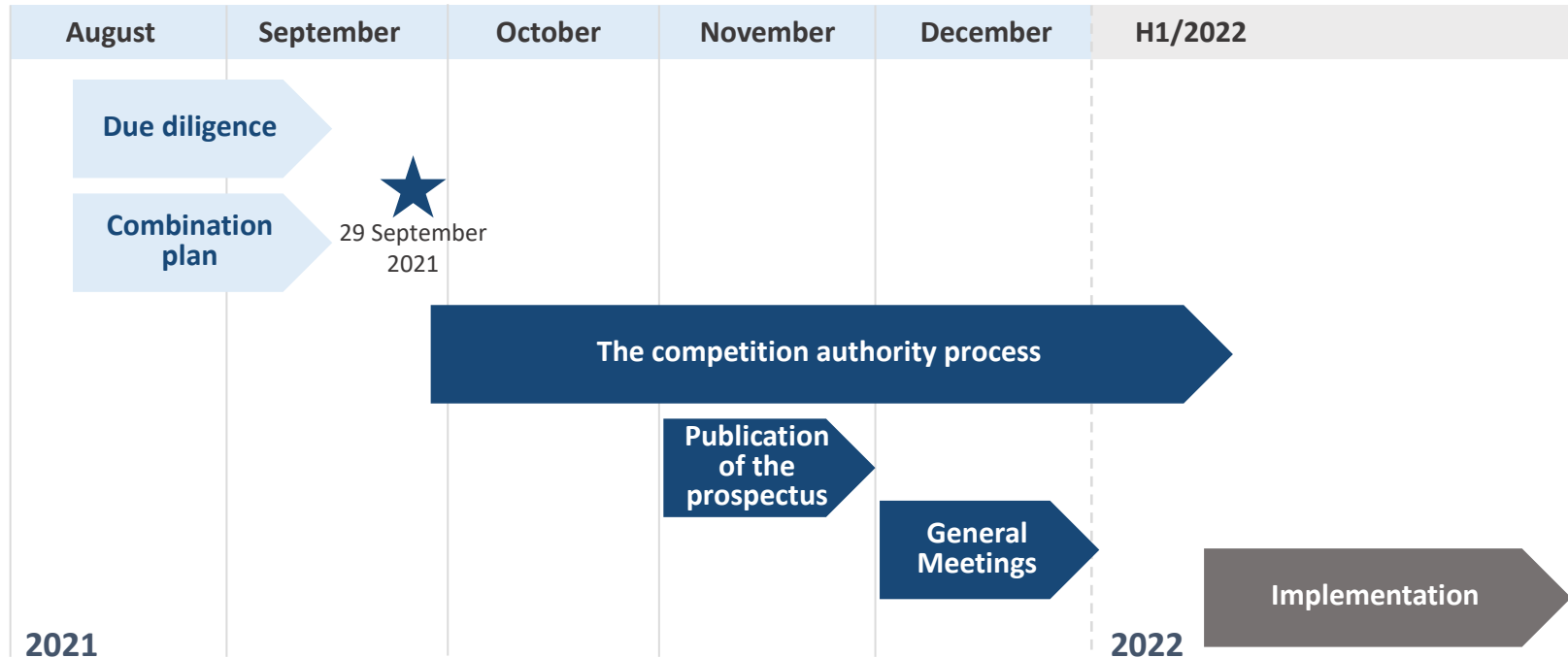
## Composition of the Board of Directors

- **Simon Hallqvist** is proposed as the Chair of the Board of Directors

## CEO of the Future Company

- The CEO of the Future Company will be Boreo's current CEO **Kari Nerg**

# 4 Schedule of the contemplated combination





# Q&A