



BOREO

ANNUAL REPORT
2023



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A dramatic sunset scene over a large body of water. The sun is low on the horizon, creating a bright orange and red glow that reflects on the water's surface. The sky is filled with dark, heavy clouds, some of which are illuminated from below by the setting sun. In the foreground, a rocky shoreline is covered with dark stones and patches of green grass. A small, white lighthouse with a black lantern room and a black railing stands on the rocks. The overall mood is serene and atmospheric.

BOREO 2023



BOREO IN BRIEF

BOREO IS A LONG-TERM OWNER OF GREAT ENTREPRENEURIAL COMPANIES



341 EMPLOYEES



21 COMPANIES IN THE PORTFOLIO



161 M€ NET SALES 2023



9.5 M€ OPERATIONAL EBIT 2023



2.5X NET DEBT / OPERATIONAL EBITDA Q423

In 2023, the Group consisted of 21 industrial companies with 341 professionals in 7 countries. The companies are specialized in value-add distribution, light manufacturing & assembly and manufacturing of proprietary products, and as from January 1, 2024 onwards they are organized into two business areas: Electronics and Technical Trade.



Map excluding USA



2023 HIGHLIGHTS

KEY FINANCIALS

+8%

ANNUAL AVERAGE OPERATIONAL EBIT GROWTH
(minimum 15%*)

11.0%

RETURN ON CAPITAL EMPLOYED
(minimum 15%*)

2.5X

NET DEBT / OPERATIONAL EBITDA
(2-3X*)

*Strategic financial targets

ACQUISITIONS IN 2023



FILTERIT



LAMOX



DELFIN TECHNOLOGIES

DEVELOPMENT HIGHLIGHTS



LAUNCHING THE VERSION 1.0 OF OUR VALUE CREATION PLAYBOOK

STRONG FINANCIAL PERFORMANCE

HEALTHY ENVIRONMENT

ENGAGED PEOPLE

SOUND BUSINESS PRACTICES

INTRODUCTION OF OUR APPROACH ON SUSTAINABILITY

CEO'S REVIEW

Dear Business Partners,

I look back at 2023 as a year when we fought against weak markets and achieved a lot in building a stronger company for the future. In the recent years we have diversified the Group industrially and geographically, shaped the company portfolio towards higher margins and returns on capital and taken great steps in the development of the Group's operating model. While I am proud of these achievements, the financially challenging year 2023 demonstrates that we continue to have work to do to improve the quality of our business portfolio and the Group's resiliency overall.

Finalization of our first **operating manual** crystallizing the sustainable long-term profit generation -strategy (Boreo Book) in 2023 and the completion of a strategic review in February 2024, were important milestones for the company. I am pleased of the clarity that these processes have brought to the principles which we use to steer the firm toward its long-term targets. It is pleasing to see that day-by-day, we work better in line with our desired way of operating, i.e. Boreo Way. I trust that after many years we can return to these writings and note that we created something of 'built-to-last' -nature and the principles have been in a central role in creating an extraordinary firm known for its great companies, great people and an operating structure that provides an environment where companies and people can reach their full potential.

I am also pleased with the progress we have made in the development of **leadership** over the past few years. This is a result of systematic work with entrepreneurs who have decided to sell their life's work to Boreo and the capable individuals who courageously have jumped into new roles as managing directors and other key roles in our companies. The management by objectives -steering model and the roles and responsibilities in the Group are also clearer than ever making it possible for all of us to succeed in our roles better. Today's leadership in our companies – both financial and non-financial – better and better represent what we expect the Boreo Way to be in the future.

While we have work to do to reach our strategic targets, I am confident that we have a **clear playbook to increase profits and improve returns**. By acquiring companies such as Delfin Technologies and Filterit in 2023, we have showcased our ability to shape the portfolio towards high

her margins and returns on capital. Many of our companies have capabilities to create sustainable profit growth and we continue to create value by investing in the growth of these companies. With decisive implementation of actions in companies below our financial thresholds, both the quality of our business portfolio and the returns of the Group can be improved significantly.

Our goal and the required actions to achieve our goals are clear. We view high margins and returns on capital being a necessity in building a decentralized owner of entrepreneurial companies and we will take decisive action to reach our long-term targets. We continue to steer the ship with great dedication and are excited of the opportunities that lay ahead of us.

Yours sincerely,

Kari Nerg
CEO



Kari Nerg, CEO



SUSTAINABLE LONG-TERM PROFIT GENERATION

BUSINESS MODEL



Boreo owns and acquires great entrepreneurial companies which are able to generate sustainable earnings growth and cash flows. The profits generated by the portfolio of companies are re-invested back to operations or to acquisitions with attractive expected returns on capital. The decentralized operating structure promoting culture of ownership and release of entrepreneurial energy is a core pillar of the firm’s business concept and sustainable earnings growth is ensured through the support and coaching of companies and the personnel.



OUR PHILOSOPHY - BOREO WAY

DECENTRALIZATION

Culture of ownership and release of entrepreneurial energy

Aligned interest of shareholders and employees

Sharing best practices

CAPITAL ALLOCATION

Focus on earnings and capital efficiency

Broad universe of investment opportunities – discipline in capital allocation decisions

LONG-TERM VIEW

Supportive long-term owner of SMEs

Focus on small incremental improvements and continuous learning

BOREO
WAY

Since the establishment of the Group's new business model in 2020, Boreo has systematically developed its operating model. The company has created a well-functioning organizational design for its companies including for example structures for board of directors' work, quarterly and monthly performance reviews and a Game Plan - concept for establishing a clear direction for the future. Furthermore, the KPIs used in incentives and benchmarking and a clear framework of common requirements for governance create a basis for non-bureaucratic and agile entrepreneurial operations. Our capital allocation framework focuses on high margins, cash flow generation and returns and the thresholds set for investments steer the Group toward its long-term strategic targets. On the back of creating a sound financial framework, a simple governance structure and promoting 'trust, accountability, and respect', the culture of the Group has been systematically developed towards the principles of the Boreo Way.

Decentralized organization

The Group operates in a decentralized operating structure promoting culture of ownership and local decision-making. Companies and their local management conduct operations independently within the framework of financial and non-financial targets set by the Group. Each company has a long-term strategic plan in place that establishes the common view of future development of the companies and creates the basis for autonomous

local operations. The Group is steered based on setting targets for key performance indicators and a systematic follow-up and benchmarking of companies on a monthly, quarterly and annual basis. The local management has a high level of freedom in the way of managing the companies towards the strategic goals.

Boreo pays great attention to aligning interests of its employees with those of its shareholders. At the end of year 2023, key employees hold approximately 6% of the share capital of the Group. Company-level incentives in line with the Group's long-term strategic targets are in a key role in the steering model of the Group. The incentives of local management are based on Return on Trade Working Capital (minimum mid- to long-term target level of 50%) and on a company-by-company basis set target for earnings growth. Given the capital light nature of Boreo's business operations, the earnings growth and operative return developments drive the Group level returns. Going forward and considering the increasing importance of sustainability matters, the management by objectives -framework will be complemented with sustainability KPIs.

Benchmarking and sharing of best practices are key processes in Boreo for driving long-term performance and promoting a healthy competitive spirit in the Group. The key employees of the Group for example gather annually for seminars and workshops that are focused on sharing experiences and learning from each other.



GROUP

CAPITAL ALLOCATION
Resource and capital allocation - strategic steering of the Group

SETTING KPIS, TARGETS AND STANDARDS FOR GOVERNANCE
Developing the rules and practices to maintain entrepreneurial spirit

BENCHMARKING & BEST-PRACTICE SHARING
Creating structures and forums to enable learning from each other

BUSINESS AREAS

SUPPORTING OPERATIONAL PERFORMANCE WITHIN THE BUSINESS AREA
Support and coach Managing Directors

DRIVING M&A WITHIN THE BUSINESS AREA
Search for new companies and execute acquisitions

STRATEGIC DEVELOPMENT OF THE BUSINESS AREA
Business and people development

COMPANIES

STRATEGIC, OPERATIONAL AND FINANCIAL RESPONSIBILITY OF A COMPANY
Autonomy within the steering & governance framework

BUSINESS AND PEOPLE DEVELOPMENT
With the support of BAs and Group, as need be

BOREO WAY OF OPERATING
Ensuring that common rules are met

Responsibilities in Boreo's decentralized organization

Capital allocation philosophy

Boreo's capital allocation mindset and criteria define the financial profile of companies Boreo owns in the long-term, the key principles along which the companies are managed, and the process & principles used in allocating capital to maximize shareholder returns.

In Boreo's capital allocation philosophy acquisitions and organic investments are of equal importance and for example thresholds for acquisitions and organic investments are the same. In achieving great long-term results, acquisitions play an integral role as Boreo's companies are often small, operate in industrial niches and allocating incremental amounts of capital to such businesses is often challenging. Hence, acquisitions completed with reasonable valuation levels (average of 5x EV/ EBITDA in 10/2020-2023) are an important source of long-term returns for the company.

Boreo's strategic targets (minimum 15% average annual operational EBIT growth, minimum ROCE of 15% and leverage 2-3x) reflect the Group's focus on profits, cash flows, returns and financial stability. To reach its long-term targets, Boreo acquires companies with ability to generate earnings growth and high returns on capital. In working with its portfolio, Boreo invests in the growth of its companies which generate a high return on capital (minimum 50% ROTWC) and can continue to grow with an attractive return profile. In addition, in companies which operate below the minimum 50% ROTWC-threshold, the parent company & business areas support its companies

to complete short- to medium-term transformation and reorganization programs. Actions in such situations might include exits from low margin businesses (such as the SANY excavator business exit in Finland and in Sweden in 2023) providing an opportunity to achieve better returns for the resources tied into such operations.

Large amount of allocation opportunities and thresholds for investments have an important role in Boreo achieving the best possible return for the capital deployed to new ventures. To create a broad range of investment opportunities, Boreo works together with its key employees, wider organization and external stakeholders in opportunity sourcing and development of internal capabilities. The more opportunities Boreo has in its allocation funnel, the better the ultimate capital allocation end-result at Group level will be.

Long-term view

Boreo views a long-term approach to be a key component of its value proposition as an owner of small and medium sized companies. The approach of appreciating the long-standing work done by entrepreneurs, the local knowledge and the ability to take a long-term view is one of the key differentiating factors against other forms of ownership. The long-term view is an overarching principle that impacts both the company's long-term strategic decisions and day-to-day activities.

WHAT'S IN IT FOR THE COMPANIES?

A key aspect in Boreo's success is the Group's ability to positively contribute to the development of the companies it acquires. Given the Group's decentralized operating structure, the company focuses on the creation of added value in building the best possible conditions for the companies and their key employees to perform well.

As a long-term owner Boreo provides companies joining the Group with continuity and stability. The size, stock-listed nature and financial resources of the Group increases the companies' credibility and creates business opportunities with their long-term stakeholders. Boreo as an owner provides the employees in the companies with development opportunities and the improved employer image has resulted in the group companies' ability to attract great talent to the Group in the recent years.

The non-bureaucratic governance structure allowing for the companies to focus on business operations is a core component of Boreo's value proposition. The building blocks created in 2021-2023 include for example the Boreo Clock, the Game Plan -concept and the standardized Board of Directors forums.

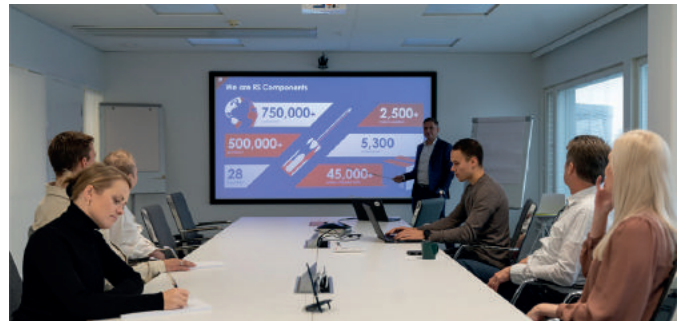
In addition to strong financial performance, Boreo places a great attention to the leadership of its companies. Leadership in line with the principles of the Boreo Way is ensured through motivating incentives, forums for learning and best practice sharing (e.g. Boreo Academy) and the support provided to key employees by the seasoned professionals in the Group.



A LONG-TERM OWNER



EMPLOYEES



BUSINESS DEVELOPMENT



LEADERSHIP DEVELOPMENT

A photograph of a fern frond in a forest. The frond is the central focus, showing its pinnate structure with many small leaflets. The background is a blurred forest with sunlight filtering through the trees. A dark blue circular graphic is on the left side, containing the word 'SUSTAINABILITY' in white, bold, uppercase letters.

SUSTAINABILITY



SUSTAINABILITY

In 2023, Boreo continued the sustainability development work initiated in 2022 and defined the Group's approach to sustainability, its focus areas as well as targets and KPIs. The sustainability team established in 2022 led the development of sustainability work and completed materiality analysis, stakeholder survey and company interviews. In 2024, Boreo's companies will develop their sustainability focus programs with the support of the Group. In addition, Boreo will continue with the preparations to adjust its reporting to be aligned with the increasing regulation requirements.

APPROACH ON SUSTAINABILITY

Sustainability is an integral part of Boreo's DNA and normal business practices. Boreo is on the journey of building a Group that is 'built-to-last' by nature and its primary objective is sustainable long-term profit generation. Respectively, sustainability is a prerequisite for solid long-term business performance.

Boreo is a home for companies with prospects to generate sustainable long-term profit growth and sets a high standard for the sustainability of its operations. The company targets its companies to demonstrate strong financial performance, take good care of their employees, contribute to mitigating climate impacts and ensure sound business practices – the four focus areas of Boreo with regards to sustainability.

Industrial nature of Boreo's companies. Currently, Boreo's companies are specialized in value-add distribution, light manufacturing & assembly and manufacturing of proprietary products. The majority of companies act as distributors of international manufacturers in their target markets. Due to this positioning in the value chain and the capital light nature, Boreo's sustainability is greatly influenced by the activities of its stakeholders. For example, own greenhouse gas emissions of Boreo's companies account only for a minor share of the total GHG emissions incurred throughout the value chain.

Positive contribution to companies' sustainability. Boreo has an important role in improving the sustainability of its small and medium-sized companies by way of setting standards for sustainability and supporting its companies to improve in the different areas of sustainability. From a resource allocation point of view, our current portfolio of companies consists of companies which as such have a direct positive contribution to sustainability through their operations (for example Delfin Technologies or Filterit) and others which can significantly contribute to for example mitigating climate impacts through working with world class suppliers in their field (for example the co-operation with the world leading suppliers Putzmeister regarding concrete industry products and Cummins on engines).



BETTER CHOICES & INCREMENTAL DEVELOPMENT

Continuous improvement. The approach of Boreo in developing all areas of its businesses (including sustainability) is based on the principles of continuous development, incremental improvements and initiatives that have the most impact, i.e. prioritization.

Acquisitions. Boreo aims to own and acquire businesses which operate in a sustainable manner. As part of ensuring the sustainability of potential acquisition candidates, the company seeks to acquire businesses with sustainable earnings and strong cash flows, a strong market position in their niche, high-quality products or services and long-standing relationships with their customers and suppliers. To achieve this, a company must, among other things, treat their employees well, operate in a transparent fashion and have a high standard of ethics in addition to complying with applicable laws and regulations.

During the acquisition process, Boreo carefully reviews the business and its operations for any possible violations or ongoing disputes considering working conditions, business ethics, tax issues, environmental risks and human rights. Also considerable time is spent in discussion with the company's owners and leaders to ensure cultural fit, make site-visits to the premises to review working conditions, and study the businesses' history, accounts and contracts to ensure the business operates sustainably, both financially and in relation to all stakeholders. During the acquisition process a view is formed of whether the business meets Boreo's criteria and if Boreo is the right owner to sustainably develop and own the business in the long-term.



SUSTAINABLE DEVELOPMENT GOALS

To enable transparency of Boreo’s sustainability approach and performance for its stakeholders and to provide possibilities for benchmarking, Boreo uses the Sustainable Development Goals (SDGs) of the United Nations in its sustainability work. Boreo is committed to the SDGs and the most material SDGs to which it contributes are:

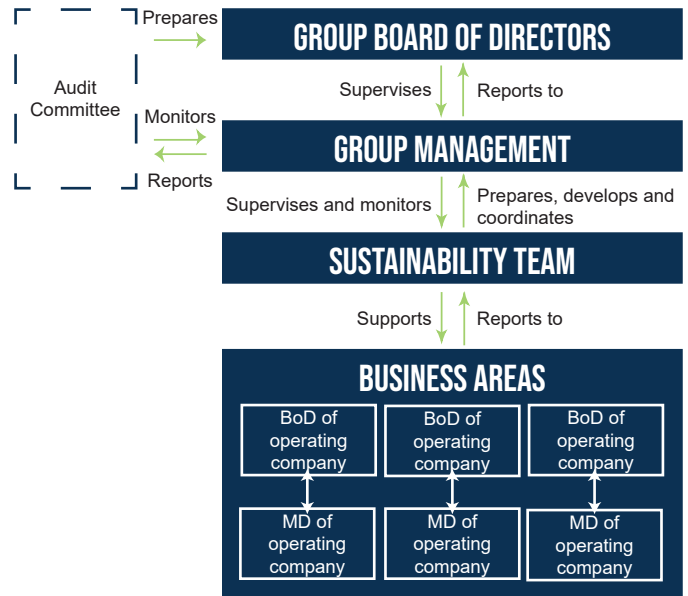
- Good health and well-being
- Quality education
- Gender equality
- Clean water and sanitation
- Affordable and clean energy
- Decent work and economic growth
- Industry, innovation and infrastructure
- Reduced inequalities
- Responsible consumption and production
- Climate action



MANAGEMENT OF SUSTAINABILITY

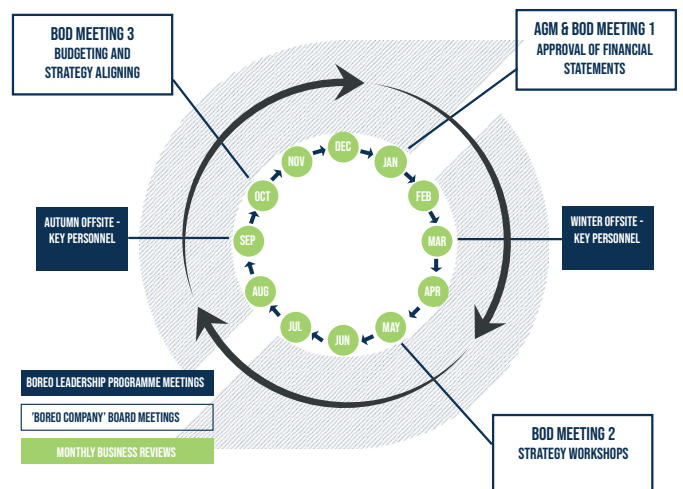
The Group’s Board of Directors is responsible for the decisions on sustainability-related strategic guidelines and sustainability approach including for example strategic focus areas, targets and KPI’s. In addition, the Board of Directors approves Group-level action plans, sustainability governance model, sustainability-related policies and monitors the quality and integrity of sustainability reporting. Starting from year 2024, the Audit Committee assists the Board of Directors in its oversight of matters related to sustainability reporting.

In Boreo’s Management team, the responsibility of sustainability is with SVP, People & Sustainability and the ultimate responsible person in the operative organization is the CEO. The sustainability team comprising at the end of year 2023 of two persons supports Group companies in developing and implementing their sustainability goals and initiatives and drives sustainability development at group level. Managing directors of Boreo’s companies ensure compliance of companies with Group policies and guidelines as well as management of sustainability matters.



Boreo Clock for companies

Boreo operates in a decentralized operating structure promoting culture of ownership and local decision-making. The parent company steers and governs the performance of its companies through various processes including the Boreo Clock that sets the structure of how companies operate in the Group. Sustainability aspects are part of the companies’ Game Plans, and the Board of Directors of companies approve company-specific strategies. Similarly to other business development topics, sustainability initiatives are reviewed and monitored in monthly business reviews.





FOCUS AREAS AND TARGETS

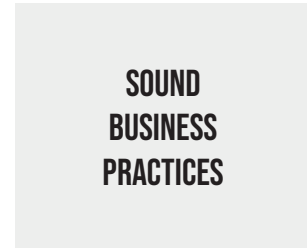
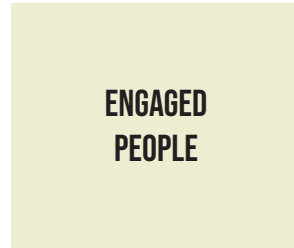
Boreo’s sustainability focus areas are:

- Strong financial performance
- Healthy environment
- Engaged people
- Sound business practices

The focus areas are set based on analyses conducted of material environmental, social and governance- themes affecting Boreo’s operations. The materiality analysis was carried out in 2022 and updated in 2023 in relation to companies acquired in 2023 using the double-materiality -principle. The analysis focused on identifying the impacts of Boreo on environment and society as well as risks imposed by the surrounding environment and society to the company. The assessment included internal workshops, interviews and a stakeholder survey. The most important stakeholders such as investors, financiers, clients, suppliers, employees and other relevant partners participated in the survey.

The assessment followed the EFRAG sustainability reporting standard drafts published in 2022. Business-specific material aspects were discussed whenever identified to be material. In addition, studies about global risks and megatrends, for example World Economic Forum global risk report, IPCC 6th assessment report, WEF gender equality report and UNEP human rights toolkit, were utilized to further assess material topics.

To gain better understanding of the status, material themes and relevant targets for each company, the Group companies were interviewed by the sustainability team. The team prepared analyses of sustainability topics for all companies.





SUSTAINABILITY DATA SUMMARY

Focus area	Target ⁵⁾	KPI	2023	2022
STRONG FINANCIAL PERFORMANCE	Significant sustainable profit growth (long-term target level 15%)	Growth of operational EBIT, %	8%	21%
	High capital efficiency contributing to efficient use of resources (long-term target level 15 %)	Return on Capital Employed (ROCE), %	11.0%	10.4%
	Strong balance sheet that can weather a storm and thereby enabling focus on long-term results (long-term target 2-3x)	Net debt / Operational EBITDA, x	2.5	2.2
HEALTHY ENVIRONMENT	We lower our carbon footprint every year	GHG emissions scope 1 & 2 (tCO ₂ e)	1669.0	1359.3
		GHG emissions scope 1 & 2 (tCO ₂ e) / revenue (MEUR)	10.3	8.5
ENGAGED PEOPLE	Our employees are engaged in their work	eNPS	25	16
		Employee turnover percentage ¹⁾	14.6%	-
	We value diverse compositions in decision making bodies and promote diversity	Percentage of female representatives in the Group BoD	50%	33%
		Percentage of female representatives in the Group management team	17%	14%
		Percentage of female representatives of key employees ²⁾	10%	-
		Our workplaces are safe and the employees have risk-free working conditions	Lost-time injury frequency rate ³⁾	13.7
We can offer interesting career opportunities for our employees	Percentage of in-house appointments to key employee positions ²⁾ ⁴⁾	78%	-	
SOUND BUSINESS PRACTICES	We have a solid governance model in place	Boreo Clock in place	95%	-
		Boreo governance requirements met	95%	-

1) Including both voluntary and involuntary employee turnover. Summer interns excluded from the calculations

2) Key employees include Group management team, managing directors and other key employees that are participants of Leadership Program

3) Lost-time injury frequency rate refers to the amount or number of lost time injuries per 1,000,000 hours worked. Finnish standard weekly worktime and weeks at work were used in calculations

4) Total of 9 key employee appointments in 2023

5) Target levels for all KPIs will be set in the following sustainability reports

**STRONG
FINANCIAL
PERFORMANCE**



STRONG FINANCIAL PERFORMANCE

Strong financial performance is a core consideration in Boreo’s sustainability thinking – sustainability and financial performance go hand in hand. The company’s three financial strategic focus areas – profit growth, capital efficiency and financial stability – all are key considerations of any enterprise positively contributing to its stakeholders and society. Sustainable profit growth enables investments, employment, new and more advanced products and services and creates possibilities for growth. The Group’s emphasis on returns and capital efficiency reflects the focus on efficient and sustainable use of resources. The more economic or non-economic prosperity is generated with less resources, the more sustain-

nable the company is. Finally, Boreo considers financial stability – measured in terms of financial indebtedness – to be crucial for sustainable long-term operations. A strong balance sheet is a source of stability, it provides the required room for action and enables focus on long-term performance.

In recent history Boreo has created significant profit growth and maintained a stable financial position. With regards to returns, the company has not met its objectives and the focus is on improving the return profile of the Group and hence improving resource efficiency.

Focus area	Target	KPI	2023	2022
STRONG FINANCIAL PERFORMANCE	Significant sustainable profit growth (long-term target level 15%)	Growth of operational EBIT	8%	21%
	High capital efficiency contributing to efficient use of resources (long-term target level 15%)	Return on Capital Employed (ROCE), %	11.0%	10.4%
	Strong balance sheet that can weather a storm and thereby enabling focus on long-term results (long-term target level 2-3x)	Net debt / Operational EBITDA, x	2.5	2.2

HEALTHY ENVIRONMENT



HEALTHY ENVIRONMENT

Boreo strives to actively participate in climate change mitigation efforts and identifies opportunities in industries transitioning towards more eco-friendly processes. Boreo owns both companies which as such have a direct positive contribution to sustainability through their operations and companies which can significantly contribute to, for example, mitigating climate impacts through working with world class suppliers in their field.

Most of Boreo's companies operate in technical distribution business without own manufacturing. This type of business is characterized by low levels of pollution. Out of the 21 companies, four companies have own transportation and industrial manufacturing. These companies account for 72% of all scope 1 and scope 2 GHG emissions in 2023.

Boreo does not have production sites in sensitive regions. Hence, Boreo's operations do not carry significant direct environmental risks. Boreo addresses the importance of identifying possible environmental risks in the due diligence of acquisition processes.

Despite the minor environmental impact of Boreo's own operations, Boreo considers itself to have an important role in contributing to the mitigation of climate impacts

in the supply chains of its companies. The production and the transportation of products in upstream activities are often energy-intensive processes and produce emissions. Boreo's companies develop the sustainability aspects together with their key partners and suppliers to ensure continuous improvement towards environmental sustainability.

The Group companies prefer suppliers, who hold a portfolio of high-quality products and who have the ability to respond to the rules and development requirements related to responsible use of environmental resources. The companies can positively contribute on their clients' environmental footprint by offering lasting, high-quality products and by helping clients prolong the use of machines with professional maintenance services. With regards to logistics, Boreo's companies have deep knowledge on how to transfer the products to the client in the most effective and environmentally friendly way.



Focus area	Target	KPI	2023	2022
HEALTHY ENVIRONMENT	We lower our carbon footprint every year	GHG emissions scope 1 & 2 (tCO ₂ e)	1669.0	1359.3
		Scope 1 emissions (tCO ₂ e)	1267.1	1027.1
		Scope 2 emissions (tCO ₂ e)	401.9	332.2
		GHG emissions scope 1 & 2 (tCO ₂ e) / revenue (MEUR)	10.3	8.5

In 2023, Boreo's scope 1 and 2 GHG emissions were in total 1669 tCO₂e. Compared to 2022, the amount of the emissions grew by 23%. Scope 1 and 2 emissions in relation to revenue increased by 22% mainly due to the acquisitions of Lackmästarn, Vesterbacka and Basti in 2022. Boreo has set a target of lowering carbon footprint

and strives to actively continue to find ways to reduce GHG emissions in the supply chains. During 2024-2025, Boreo will start preparations for reporting of scope 3 GHG emissions. As the visibility into emission sources increases, gradual efforts will be made to reduce emissions in scope 1, 2, and 3.

CASE: FILTERIT OY

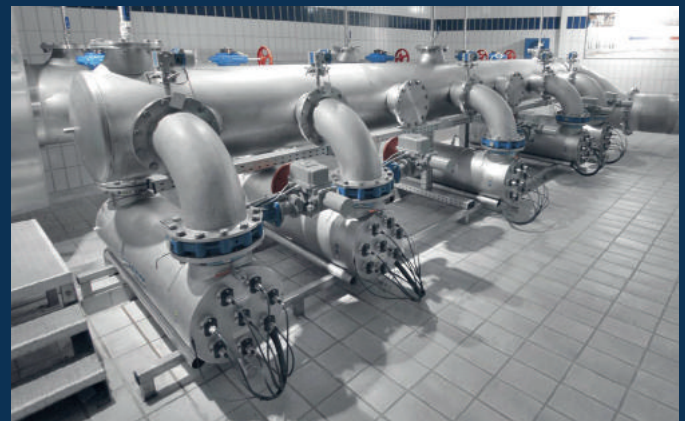
THE FORERUNNER OF FILTRATION, UV DISINFECTION AND WATER TREATMENT BUSINESS

Finnish filtration company Filterit, part of Boreo's Technical Trade business area, is a great example of a company with exposure to customer industries with tailwinds. The company has a strong track record in providing its clients with products that improve the usage and quality of materials, liquids and gases in wide variety of different industries and in the municipal sector.

Filterit is specialized in distribution of products in three categories: filtration, UV disinfection and water treatment. The company has a positive contribution to environment and to the use of natural resources. Especially, the demand for the products that enhance the quality and cleanness of water has increased significantly during 2023.

One product used in water treatment processes is called reverse osmosis (RO) unit. The product is based on reverse osmosis process that uses a semi-permeable membrane to separate water molecules from other substances. The RO unit can be used for example in

making drinking water out of sea water. This product has positive effects also in people's health as it purifies the drinking water when used for example at households, workplaces and public real estates. Thus, RO unit is an excellent example of how Boreo can – through its companies – positively impact in preserving natural resources and using resources more efficiently.



FILTERIT®

Method of calculating the climate impact

Inventory of Scope 1 and 2 greenhouse gas (GHG) emissions is the basis for complying with stakeholder demands on climate change related disclosure. Boreo's GHG calculation is done according to the GHG Protocol that supplies the world's most widely used greenhouse gas accounting standards.

The GHG Protocol divides greenhouse gas emissions into direct emissions (scope 1), indirect emissions from purchased energy (scope 2) and broader indirect emissions in the value chain (scope 3). Scope 3 emissions were left out of the assessment scope in 2022 and 2023 calculation.

The calculation was performed using measured data and emission factors to the extent that data was available. Emission factors are obtained from trustworthy sources

that are used widely in carbon footprint calculations (e.g. sources from Department for Energy Security and Net Zero (UK) and IPCC reports).

The coverage of data in 2022 was 95% (19/20 business units) and in 2023 100% (22/22 business units).

CASE: PM NORDIC

CO-OPERATION WITH PARTNERS TO PROMOTE SUSTAINABILITY AND INNOVATION

PM Nordic has significantly contributed to mitigating climate impacts in concrete industry with tight co-operation with customers and suppliers. Addressing the demand for less-polluting solutions in industrial operations, the company together with its customer Swerock and supplier Putzmeister developed the environmentally friendly iOntron concrete pump product family.

The iOntron concrete pumps can be run at construction sites with electricity instead of diesel. Compared to concrete pumps driven with diesel, electric pumps **produce 28.5 % (7.8 kg) less CO2 emissions per hour, cause 8 dB less noise and 10.2 litres of diesel is being saved hourly** when using these new generation products in concrete pumping.

When designing the iOntron product family, in addition to the environmental aspects, also the user experience was heavily focused and developed, so that the usability of the product would be as good as possible.

In 2024, Putzmeister continues to be the most advanced concrete pump manufacturer to offer hybrid solutions which has been a great success for PM Nordic. Approximately 40% of all truck mounted concrete pumps sold in Sweden during 2022-2023 were iOntrons, and we predict this trend to continue.



ENGAGED PEOPLE



ENGAGED PEOPLE

Boreo considers its ability to attract and retain capable, engaged employees to be one of the key factors determining the long-term success of the Group.

In Boreo's decentralized organization, local management has a high level of freedom in the way of managing the companies towards the strategic goals. Local management has also a key role in influencing the culture of the companies. Hence, it is crucial that the key people have the capability to lead the companies autonomously. Furthermore, for the purpose of ensuring a desired way of leadership and treatment of employees, it is critical that the key employees share a common view of the key pillars of the Boreo Way.

Boreo focuses on supporting the managing directors in various aspects such as business planning, financial management, human resource themes and sustainability development. The incentivization of the managing directors is structured to encourage value creation and profit generation with high returns, and to engage the managing directors in the Group in the long-term through share-based incentives.

Leadership development and talent management

Boreo aims to be the best place for its people to Grow and Prosper, and the processes of developing capable leaders and talent are one of the key processes in the Group. For this purpose, Boreo has in the recent years created initiatives such as the Boreo Academy, with a goal of developing the Group's key employees' leadership capabilities, providing future talents growth opportunities inside the Group and creating a forum for key employees for benchmarking and sharing best practices.

In the period of 2022-2023, Boreo Academy consisted of two programs: Leadership program for key employees and Talent program for high potentials.

In the Talent program, the participants develop their skills by attending trainings and seminars, participating in job rotation activities, excursions and applying the learnings in their daily work. The participants are also provided with a personal mentor from the Group Management Team who support the participants throughout the 2-year program.

The Leadership program includes annual or bi-annual



Focus area	Target	KPI	2023	2022
ENGAGED PEOPLE	Our employees are engaged in their work	eNPS	25	16
		Employee turnover percentage ¹⁾	14.6 %	-
	We value diverse compositions in decision making bodies and promote diversity	Percentage of female representatives in the Group BoD	50%	33%
		Percentage of female representatives in the Group management team	17%	14%
		Percentage of female representatives of key employees ²⁾	10%	-
		Percentage of in-house appointments to key employee positions ²⁾ 4)	78%	-
	Our workplaces are safe and the employees have risk-free working conditions	Lost-time injury frequency ³⁾	13.7	-
		Total number of accidents	8	-
Fatal accidents		0	0	

1) Including both voluntary and involuntary employee turnover. Summer interns excluded from the calculations

2) Key employees include Group management team, managing directors and other key employees that are participants of Leadership Program

3) Lost-time injury frequency rate refers to the amount or number of lost time injuries per 1,000,000 hours worked. Finnish standard weekly worktime and weeks at work were used in calculations

4) Total of 9 key employee appointments in 2023

offsites as well as online seminars on specific topics. During the offsites, the focus is on topics relevant group-wide, networking and benchmarking. During 2023, the offsites have focused on deepening the understanding of Boreo's operating model and management philosophy. In addition, workshops have been arranged with a focus on sustainability and culture development. The offsites have also included stories presented by entrepreneurs who have joined the Group, reflecting on experiences they've had since selling their life's work to Boreo and the transition into their new roles.

Going forward and to reflect the target of creating more autonomous clusters based on industries, the Leadership Program is planned to comprise of one annual Summit for all the Group's key employees, Business Area and company-specific learning forums and online courses.

In addition, a Managing Director school will be launched to ensure that capable managing director candidates are continuously growing within the Group. Instead of a group-driven Talent Program, the development and support of the high potentials will in the future take place in the respective companies, with a more customized approach tailored to the specific needs and growth plans of each talented individual.

Riku Karppinen, Talent program participant:

"The Talent program has provided a wide range of skills for the future. The program included a lot of interesting

workshops and training sessions on topics related to management, financials, strategy implementation and change management. Especially, the sustainability themes have been eye-opening and their importance and potential for business development is huge: not only in terms of environmental or climate sustainability, but more importantly in terms of employee well-being and sustainable culture in the companies. After all, they are ultimately important for our Group."

Boreo strives to be a workplace that offers interesting career paths and development opportunities for high-performing individuals and for the Group's key employees with capabilities to grow. With systematic succession planning and acknowledging the career goals of individuals, Boreo continuously develops key employees to be able to grow towards critical roles in Boreo's companies. In addition, by providing capable key employees with interesting career opportunities, Boreo mitigates the risk of losing key employees. In 2023, internal appointments accounted for 78% of the key employee roles filled.

Well-being, work safety and DEI

The Employee Net Promoter Score (eNPS) has been measured in the Group since 2021. The group-level eNPS improved from 16 in 2022 to 25 in 2023, which represents a good basic level overall. However, there is variation in the scores between the companies. Out of 22 companies, six companies' score was over 60 whereas the score in three companies was under zero. All compa-



nies' results are analysed and action plans agreed based on the root causes. The proceeding with the action plans is regularly monitored in the Board of Directors of each operating company.

Boreo operates in countries and business sectors, where there is a relatively low risk for most common breaches of any human rights or labor standards applicable to workforce (e.g. UNEP). Furthermore, equality metrics between men and women on major market areas are among the best in the world (WEF). Yet, having long and complicated supply chains with multiple partners and stakeholders involved, mitigating the risk of violations on workers in value chain is an area where Boreo pays close attention. A Supplier Code of Conduct (or materially similar of the Group companies' stakeholders as the case may be) will be taken into use group-wide in 2024. It sets various requirements for Boreo's partners regarding e.g. how the workers in the value chain must be treated and how work safety should be managed.

No significant health and safety risks covering the whole group were identified in the materiality assessment. However, ensuring safe workplaces and risk-free working conditions is important for Boreo. The results in 2023 show, that there were 13.7 accidents per million working hours in the Group. No fatal accidents occurred in the

Group in 2023 nor in 2022. In 2023, the operating companies of Boreo focused on ensuring that contemporary workplace risk and danger assessments, along with associated action plans, were in effect. Emphasis was placed on safety instructions within operational companies, particularly those involving extensive manual procedures or physically demanding tasks. In future, Boreo strives to reduce the number of accidents per working hours.

Boreo pursues to increase diversity among the employees, and values diverse compositions in decision making bodies. Boreo considers it important to emphasize diversity from various perspectives including gender, cultures, capabilities and other characteristics. In Boreo, the decisions regarding the selection of employees are made based on the capabilities and suitability of the person for the role in question. In most of the industries where Boreo companies operate, male gender is predominant. Accordingly, in most Group companies male is the prevalent gender which is also reflected in the percentage of female of key employees (Group management team, managing directors and other key employees) that was 10% in 2023. Meanwhile the gender distribution in Boreo's Board of Directors as the main decision-making body is balanced with female representation being 50% of the total composition in 2023. The percentage of female representatives in Group management team in 2023 was 17%.

CASE: CAREER PATHS IN BOREO

HEAD OF DEPARTMENT, MACHINERY, FINLAND

"I started working at Machinery as a sales and purchasing assistant in 2012. Today, I am responsible for the machining tools business. My career in Machinery has progressed steadily and I have incrementally gained more responsibility as my skills have grown. I feel that my current role is very versatile.

My development has been supported in many ways during my working career. A couple of years ago, I was able to participate in Machinery's leadership training and last year I enrolled Boreo Academy's Talent program. The contents of the trainings have always been very interesting and given a lot to think about in daily work and management.

What truly motivates me in my work is when we come up with a solution to a challenging customer situation with the team and are able keep the customer satisfied. We also have a great, cooperative team in the machining tools industry. In general, I feel very good about having been given opportunities to develop and that good performances have been noticed.



Recently, a lot has been done in Machinery that takes the company to the right direction. I look forward to the future with confidence. I am also excited about the plan of separating Machinery's machining tools business to be an independent company during 2024. In connection with this change, I have been offered a possibility to take the position of Managing Director of this new company which I am very grateful of".

SOUND BUSINESS PRACTICES



SOUND BUSINESS PRACTICES

Boreo emphasizes the importance of sound business practices in all its operations and systematically improves the governance of small and medium-sized companies joining the Group. Ensuring solid business conduct is one of the key priorities of the Group management and it is high on the agenda at all levels of the Group. Whereas the measurement and monitoring of business conduct related matters is conducted via formal processes in place (Boreo Clock, Boreo governance requirements), the fundamental thinking with regards to business conduct is ensured through leadership development.

In 2023, 95% of the companies fulfilled the requirements set in the Boreo Clock and met the Group's governance requirements. Going forward, the goal is to ensure that in all the Group companies the KPIs are fully met. In addition, the goal is to take the Group's Supplier Code of Conduct (or materially similar of the Group companies' stakeholders as the case may be) into use in all companies to ensure compliance and sustainable business conduct in supply chains and partnerships with whom Boreo's companies are involved in. The compliance of this code by the major suppliers will be measured and reported as a group-level key performance indicator from 2024 onwards.

Common requirements for solid governance and internal control

To ensure solid level of compliance and sound business conduct, Boreo has a set of common requirements its companies comply with. The finance requirements relate to for example how financial reporting, financing and cash management are conducted. Because the availability of cash at the parent company is essential for Boreo's business model and the pooled financing arrangements are a source of synergies, all Group companies work with banking partners approved by the Group. In addition, the Group approves external bookkeeping parties used by the companies and all Companies work with either common auditors or auditors approved by the Group.

On the people and governance side, all companies participate in annual personnel survey and for example complete the Group's Code of Conduct e-learning course and comply with both Group's guidelines and policies (for example decision-making matrix) as well as with international and local legislation. The managing directors of Group companies confirm annually compliance with the common requirements.



Focus area	Target	KPI	2023
SOUND BUSINESS PRACTICES	We have a solid governance model in place	Boreo Clock in place	95%
		Boreo governance requirements met	95%

Code of Conduct

Boreo's Code of Conduct specifies the Group's commitment to conducting business in a responsible and ethical manner, aiming to earn and maintain the trust of its stakeholders. It is designed to help employees to make the right decisions in their daily work environment. The Code of Conduct sets out the conduct expected of Boreo employees and all Boreo companies, while also addressing behavior that is not tolerated. The Code of Conduct applies throughout Boreo, including all companies, branches and other entities where Boreo exercises management control.

Boreo's business conduct is based on integrity, trust, respect and accountability. This is not only what Boreo's customers and business partners expect, but it is also how a good work environment is created for everyone at the Group.

Boreo's Code of Conduct covers the following topics:

- Compliance with laws and rules of society
- Work environment (including e.g. non-discrimination, safety and health, inappropriate behaviour and sexual harassment, and child of forced labour)
- Fair competition
- Environment and sustainability
- Sales and marketing of products and services
- Risks and conflicts (including e.g. conflict of interest, improper payments or benefits, business gifts and corporate hospitality, and anti-fraud)
- Handling of information (including e.g. data protection and inside information and securities trading)
- Business partners

Every employee starting their employment in the Group is obliged to complete and pass Boreo's Code of Conduct e-learning course. To ensure group-wide understanding of ethical guidelines, the percentage of employees who have completed the course is one of the KPI's that Boreo measures. In 2023, 89% of the Group's employees had completed the course by the end of the year. In seven out of 22 companies, all employees have completed the course. Going forward, the goal is to achieve full completion percentage group-wide.

For Boreo and its companies, choosing the right business partners is one of the most important strategic areas from sustainability perspective. As most of the Group companies are distributors by nature, ensuring relationships with reliable suppliers who have the ability to produce high quality products and operate in a sustainable way

is critical to Boreo. Boreo insists on transparency of the whole value chain from the suppliers to make sure that all the operations Boreo is involved in are ethical and run with high standards.

Internal control and risk management

Boreo's risk management policy defines the goals, principles, roles, responsibilities, and practices of risk management. The aim is that risk management is an integral part of strategy work, internal processes and business management. The governance of Boreo's risk management is described in Boreo's Corporate Governance Statement. The company reports key risks and uncertainties in the Board of Directors' report.

To manage the risks of Boreo's financial reporting process, various control measures are set at all levels of the organization. These control measures include, for example, approval procedures, reconciliations, guidelines and ongoing operational control. Ongoing monitoring activities include actions such as monitoring of companies' monthly financial reports relative to objectives and forecasts, preparing budgets and overseeing their implementation, reviewing new business plans and developing internal financial processes.

Boreo has a whistleblowing channel in place that allows both internal and external stakeholders to inform Boreo of any suspicions of abuse or unethical behaviour in the Group. The channel is available at Boreo's website www.boreo.com. During 2023, there were two whistleblowing cases which both were investigated and processed according to Boreo's Whistleblowing policy.

During 2023, Boreo paid special attention to data protection activities. Boreo raised awareness of the topic by stressing the importance of privacy, data protection and data security topics for the management of its companies. A Boreo Data Protection Handbook was launched and implemented to help all managing directors of Group companies to manage their data protection processes coherently. Furthermore, more detailed data protection update projects were implemented in the biggest companies of the Group during 2023. In 2024, Boreo will launch an e-learning course regarding data protection to help employees to process data in an ethical manner and to prevent unnecessary risk taking.

A scenic view of a rocky coastline. A narrow inlet of water flows between dark, layered rock formations, leading to the open ocean. The sun is low on the horizon, creating a warm, golden glow and reflecting off the water's surface. The sky is a mix of light blue and orange. The overall mood is serene and natural.

REPORT OF THE BOARD OF DIRECTORS



REPORT OF THE BOARD OF DIRECTORS JAN. 1. - DEC. 31, 2023

2023 IN BRIEF

In 2023, Boreo took systematic steps to improve the quality of the Group's company portfolio, as well as develop the value creation playbook and sustainability topics.

Financially, the year was challenging mainly due to the weakening of the market environment starting in spring 2023. The Group's net sales grew only 1% to EUR 161 million, while organic net sales decreased by EUR 12 million. Acquisitions carried out in 2022 and 2023 increased net sales by EUR 14 million. During the year, the company successfully defended its operational result by exiting the low-margin SANY-business in Finland and Sweden, focusing on improving sales margins and reducing fixed costs. Operational EBIT increased by 8% to EUR 9.5 million and the EBIT margin 5.9% (2022: 5.4 %).

In addition to improving profitability, the company successfully released working capital and generated cash flow. Operational net cash flow rose from EUR 4.1 million to EUR 11.6 million. Because of the growth of earnings and strong cash flow, the company's return on capital employed increased to 11% (2022: 10.4 %). The Group's financial position remained stable and net debt relative to the 12-month operational EBITDA was 2.5x at the end of 2023.

Business model. The company has systematically developed its business and operating model since 2020. As a continuation of the new business model launched in 2021 and the Boreo Clock and Game Plan concepts introduced in 2022, the company launched the first version of the Boreo Book, which summarizes its value creation playbook and ownership philosophy in 2023. The Boreo Book crystallizes the cornerstones of the company's strategy – sustainable long-term earnings growth: a decentralized organizational model, capital allocation and long-term view. Its completion is a significant milestone on the company's path, as its contents simplify the core of the company's value creation playbook, which provides a solid foundation for the company's future development.

During 2023, the company also took important steps in establishing its earnings and return on capital thinking in the organization, of which, for example, the company's strong cash flow and ability to react to the weakened market situation serve as good examples.

Acquisitions. During the year, the company made three acquisitions and welcomed Filterit Oy, Delfin Technologies Oy and Lamox Oy into the family. All three acquisitions are excellent examples of the company's target profile updated in 2022. In addition to a long history of profitable and high return on capital, the companies are strongly positioned in their industries and have good preconditions to create long-term sustainable profit growth.

During 2023, the company implemented its strategy by exiting from the SANY excavator businesses in Finland and Sweden. The decision to divest the businesses is in line with the company's capital allocation philosophy, based on which its group companies must be able to generate a return on trade working capital that exceeds 50% in the medium term and sufficiently high profitability. A more attractive return can be achieved on the capital released from the exit in the company's other businesses or acquisition activities.

Sustainability. Sustainable business is part of Boreo's DNA and its 'Sustainable long-term profit growth' strategy. During 2023, the company clarified its sustainability approach and systematized the way that responsibility is part of the company's business model going forward. Based on materiality analysis, stakeholder survey and sustainability interviews conducted in 2022 and 2023, Boreo identified its focus areas for sustainability: *Strong financial performance, engaged people, healthy environment, and sound business practices*. As part of its annual report for 2023, the company published its first sustainability report, which describes, in addition to the focus areas and sustainability KPIs, the company's approach on sustainability as part of the core of its business model. During 2024, the Group will continue to develop and advance sustainability topics together with the Group companies' customers and suppliers, as well as develop reporting following the requirements of the Corporate Sustainability Reporting Directive.

A simplified organizational structure from 2024 onwards. In December 2023, Boreo announced that it would simplify its organizational structure and combine the Technical Trade and Heavy Machines business areas into one new Technical Trade business area as of January 1, 2024. The combined technical Trade business area improves the organization's capability to grow and broadens the capital allocation opportunities in the technical trade sector in Finland, Sweden and Estonia and is, therefore, better aligned with the company's business



model, which is based on the acquisition and long-term ownership of companies with ability to generate sustainable long-term earnings growth and strong cash flows.

OPERATING ENVIRONMENT AND BUSINESS DEVELOPMENT

In 2023, the operating environment of the Group's companies was significantly affected by price increases of components, equipment and machinery, as well as a decrease in customers' willingness to invest due to higher interest rates and a weaker economic outlook. The availability challenges and long delivery times experienced in 2021 and 2022 eased during 2023 and by 2024, the delivery times are at pre-COVID-19 levels.

The demand for products and services of companies in the Electronics Business area weakened significantly in the second half of 2023, and the companies' performance was at a low level compared to recent history. Among the companies in the business area, SSN experienced the biggest challenges during the year, as the product development activities of the company's largest customer decreased starting from the first quarter of the year. The weakened demand outlook toward the end of the year affected the performance of companies involved in electronics component trading – Yleiselektroniikka, YE International companies, Noretron and Infradex. Milcon's business, in turn, developed positively during the year as a result of premise changes completed in autumn 2022 and the good demand outlook in the defense industry. The operations of Delfin, which joined the Group in summer 2023, as part of the Group took off as expected and the company continued its investment program aimed at updating the product portfolio and technology platform during the year.

For companies in the Technical Trade business area 2023 was a successful year, although demand for products and services weakened toward the end of the year. The performance of Machinery's power business was strong due to the continued strong demand for Finnish equipment manufacturers and engineering products and the positive tune in the backup power business. The energy crisis and the strengthening of security of supply aspects helped support the demand for backup power solutions. Pronius, serving customers in the metal and mechanical engineering industry, had a successful year, although customer investments decreased in the second half of the year. Machinery's machine tools business which also serves customers in the metal industry, improved its profitability from 2022, when the war in Ukraine

caused a significant slowdown in investments in the metal industry subcontracting chain. The year progressed as expected for J-Matic and Filterit, who joined the Group as new companies at the turn of 2022–2023, and both companies implemented measures and investments aimed at future growth. For construction businesses (Muottikolmio and Machinery's Construction equipment) the year was challenging as construction activity collapsed. The Lamo acquisition by Muottikolmio was successful and the demand for Termokenkä and Isodrän products used in renovation was good.

For the Heavy Machines business area, 2023 was two-fold. The exit from the SANY excavator business in Finland and Sweden at the beginning of the year strengthened the cash flow and capital efficiency of the business area, but the operational result was weakened by write-downs caused by the exit. The year was challenging for the Putzmeister businesses considering the market situation, and profitability and return on capital of both Finnish and Swedish operations were at a reasonable level. FNB's year 2023 was challenging due to challenges in the implementation of ERP system taking longer than expected, investments in production processes and resulting delivery difficulties. However, the successful implementation of the action plan drawn up in the summer of 2023 pushed the company toward delivery volumes and profitability in line with recent history. For the Estonian SANY businesses, the year was challenging due to a significant drop in machine deliveries compared to 2022.

The demand for ESKP and Vesterbacka Transport services, which are reported in other operations, was negatively affected by lower trunk and express transport volumes, and profitability was weakened by cost pressures that continued from 2022.

FINANCIAL DEVELOPMENT

In August 2022, Boreo sold its entire 90% holding in the electronics component distribution business in Russia. For 2023, all figures in this report relate to continuing operations, unless otherwise stated. In the income statement, the comparison periods have also been adjusted for continuing operations, while the data in the cash flow statement have not been adjusted in the comparison period and include discontinued operations. The December 31, 2022 balance sheet no longer includes discontinued operations either.

Net sales and profitability

During 2023, the Group's net sales increased by 1% to EUR 161.3 million (2022: 160.4). Organic net sales decreased by EUR 12.8 million and inorganic net sales grew by EUR 13.7 million. The companies acquired during the year accounted for EUR 5.4 million of the Group's net sales growth. The weaker Swedish krona depressed net sales by about EUR 1.6 million and net sales at comparable exchange rates would have been around EUR 162.9 million.

The net sales of the Electronics business area grew to EUR 62.4 million (1%) from the previous year. Net sales of the Technical Trade business area grew to EUR 58.3 million (16%) year-on-year. The net sales of the Heavy Machines business area decreased to EUR 35.8 million (-14%) from the year before, mainly due to the divestment of the SANY business.

During 2023, the Group's operational EBIT was EUR 9.5 million (2022: 8.7), with 8 % growth from the year before. The Group's reported EBIT decreased by 2% to EUR 6.3 million from EUR 6.5 million. The reported EBIT includes items affecting comparability totaling EUR 3.1 million in net, consisting mainly of expenses and allocations related to acquisitions. Operational EBIT of Technical Trade was EUR 5.9 million (2022: 5.3) and operational EBIT of Heavy Machines was EUR 1.1 million (2022: 1.0) and increased from the previous year. Operational EBIT of the Electronics business area decreased to EUR 4.1 million from EUR 4.2 million in the previous year. Operational EBIT of Other Operations was EUR -1.6 million, of which the operational EBIT of ESKP and Vesterbacka was EUR 0.4 million (2022: 0.5) and costs related to Group administration totaled EUR -2.1 million (2022: -2.3).

Profit before tax amounted to EUR 3.5 million (2022: 5.5) and profit for the period amounted to EUR 2.8 million (2022: 4.4).

**Key figures**

EUR million	2023	2022	Change
Net sales	161.3	160.4	1 %
Operational EBIT	9.5	8.7	8 %
relative to net sales, %	5.9 %	5.4 %	-
EBIT	6.3	6.5	-2 %
Profit before taxes	3.5	5.5	-36 %
Profit for the period, continuing operations	2.8	4.4	-35 %
Profit for the period, discontinued operations	0.0	-4.7	-
Net cash flow from operating activities**	11.6	4.1	186 %
Cash conversion, %***	129 %	51 %	-
Equity ratio, %	36.2 %	35.4 %	-
Net debt	36.0	30.9	16 %
Interest-bearing net debt relative to operational EBITDA of the previous 12 months*	2.5	2.2	-
Return on capital employed (ROCE %), R12	11.0 %	10.4 %	-
Return on working capital (ROTWC %), R12	30.3 %	26.7 %	-
Return on equity (ROE %), R12	6.7 %	12.1 %	-
Personnel at end of the period	341	327	4 %
Operational EPS, EUR**	1.40	1.82	-23 %
EPS, EUR**	0.47	1.12	-58 %
EPS, discontinued operations	0.00	-1.56	-
Net cash flow from operating activities per share, EUR***	4.40	1.54	186 %

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

**The effect of the interest rate of the hybrid bond recorded in equity adjusted by the tax effect is considered in the calculation of the EPS starting from Q1 2022 and the net effect in 2023 was EUR 0.48 per share and EUR 0.44 per share in 2022

***Cash flow for comparison periods includes discontinued operations.

Financial position

At the end of 2023, the Group's interest-bearing net debt amounted to EUR 36.0 million (2022: 30.9). The share of IFRS 16 liabilities in net debt was EUR 8.3 million (2022: 6.5). Net debt relative to the 12-month operational EBITDA was 2.5 (2022: 2.2).

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

Investments and cash flow

For the full-year net cash flow from operations was strong and increased significantly from the previous year to EUR 11.6 million (2022: 4.1). The release of working capital by

approximately EUR 2.9 million strengthened the cash flow. Net cash flow from operating activities was EUR 4.40 per share (2022: 1.54). Cash flow after investments was EUR 0.9 million (2022: -8.9), of which the net impact of acquisitions was EUR -9.2 million.

The Group's cash and cash equivalents at the end of the year totaled EUR 6.5 million (2022: 13.2).

The Group's capital expenditure for the financial year amounted to EUR 2.3 million (2022: 1.9). Most of the investments consist of IT system development costs and equipment purchases.



GROUP STRUCTURE AND BUSINESS AREAS

At the end of 2023, Boreo Group consisted of three business areas: Electronics, Technical Trade and Heavy Machines.

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 companies of the business area are Yleiselektroniikka, YE International, Noretron Komponentit, Milcon, Infradex, Signal Solutions Nordic and Delfin Technologies.

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

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

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

At the end of 2023, the company had operations in eight countries: Finland, Sweden, Estonia, Latvia, Lithuania, Poland, Great Britain and the United States.

On December 14, 2023, Boreo announced that it would combine the Technical Trade and Heavy Machines business areas into one new Technical Trade business area as of January 1, 2024. Etelä-Suomen Kuriiripalvelu and Vesterbacka Transport reported in Other Operations in 2023 will be combined with the new business area. As a result, 'Other Operations' will in future only cover the group activities of the parent company Boreo, and the reporting unit will henceforth be called 'Group functions'.

MATERIAL EVENTS IN 2023

Annual General Meeting and Board authorizations

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

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

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

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

It was resolved that the Chairman of the Board be paid EUR 4,000 per month as Board remuneration and the members of the Board of Directors EUR 2,000 per month as Board remuneration. In addition, it was resolved to pay a meeting fee of EUR 500 for each meeting of the Board and the Committee to the members of the Board of Directors and the Committee. The Chairman of the Audit Committee will receive a Chairman remuneration of EUR 1,000 per month in addition to the Board remuneration



and 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. The remuneration of an indirect majority shareholder is not paid in company shares, because it is not in the company's interest to increase the shareholding of an indirect majority shareholder with board remuneration.

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

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

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

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

Otherwise, the Articles of Association remained unchanged.

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

The authorization includes the right to resolve to issue new shares or to transfer own shares possibly held by the company either against payment or without payment. The number of shares issued under the authorization may not exceed 540,000 shares, which corresponds to approximately 20% of all the shares in the company at the date of the notice of the meeting. New shares, as well as stock options and other special rights entitling to shares, may

be issued and the company's treasury shares may be transferred in deviation from the shareholders' pre-emptive rights in a directed manner, provided that there is a weighty financial reason for the company or, in the case of a share issue free of charge, a weighty financial reason for the company considering the interests of all shareholders. The Board of Directors was authorized to decide on all other terms and conditions relating to the share issue and other special rights entitling to shares. The share issue authorization can be used, e.g., for employee engagement, implementation of share-based incentive schemes, business development, development of the capital structure, expansion of the ownership base, execution of M&A transactions or financing, when the company acquires assets related to the business or for other projects. The authorization to issue stock options and special rights entitling to shares may be exercised to the same extent as the share issue authorization, excluding the use of the authorization to engage personnel and to implement share-based incentive schemes. The Board's authorization to issue shares and stock options and other special rights entitling to shares, as well as to transfer own shares shall be valid until the end of the next Annual General Meeting, however expiring at the latest on June 30, 2024.

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

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

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

The minimum consideration payable for the shares to be purchased shall be the lowest quoted market price in public trading and the maximum amount shall be the highest quoted market price in public trading during the period of validity of the authorization. The purchase of own shares may be carried out in deviation from the shareholders'



pre-emptive rights if there is a weighty financial reason for the company to do so. The authorization of the Board of Directors to decide on the purchase of the company's own shares is valid until the end of the next Annual General Meeting, however expiring at the latest on June 30, 2024.

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

Other material events

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 Särevirta and Jouni Maavuori.

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

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

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

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

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

PERSONNEL

Boreo Group's number of personnel totaled 341 at the end of 2023 (2022: 327) and was divided into business areas as follows: Electronics 137 (2022: 120), Technical Trade 114 (2022: 108), Heavy Machines 63 (2022: 63), Other Operations 27 (2022: 36), of which the personnel of ESKP and Vesterbacka was 27 (2022: 23) and Group administration 6 (2022: 9).

Employment related expenses in 2023 totaled EUR 23.0 million (2022: 20.2).

SHARES AND SHARE CAPITAL

At the end of 2023, Boreo Plc's share capital was EUR 2,483,836 and the number of shares was 2,701,353. The company held 14,011 shares at the end of the year (0.5 % of the share capital). A total of 98,797 Boreo Plc shares were traded on Nasdaq Helsinki, with a total value of EUR 3,314,833. Net sales as a proportion of the number of shares was 4 %. The price of the shares was at its highest in May 2023, at EUR 43.00. The lowest quotation was EUR 24.00 in December 2023. At the end of the financial year, on December 31, 2023, the share price was EUR 28.70. The average share price for the financial year 2023 was EUR 34.42.

INCENTIVE PLANS

Since 2022, Boreo has had a long-term incentive plan for key employees, which can be paid either in the form of equity instruments or cash. To qualify for the reward under the scheme, the subscriber must have subscribed for shares in the company in an employee share issue within the limits predetermined by the Board of Directors. If the subscriber's shareholding requirement has been met and his or her employment or service with the Group company has not been terminated by the date of payment of the bonus, the subscriber will receive additional shares in the company free of charge in the proportion decided by the Board of Directors. If the performance were to take place on the reporting date, it would result in the issue of 11,380 shares.

RELATED PARTY TRANSACTIONS

Boreo has a lease agreement with a controlling entity of one of the members of the management team. The lease is at market conditions and the rent paid in the financial



year 2023 was approximately EUR 0.2 million. Otherwise, there were no material transactions with related parties.

MANAGEMENT AND AUDITORS

As of January 1, 2020, Boreo Group complies with the 2020 Finnish Corporate Governance Code issued by the Securities Market Association. The Corporate Governance Statement and the Remuneration Report for 2023 issued by Boreo Plc's Board of Directors, are issued as separate reports and published together with the financial statements and Board of Directors' report on the company's website www.boreo.com.

Board of Directors

The Board of Directors elected by the Annual general meeting on 19th April 2023, convened 9 times. The Audit Committee convened 6 times and the Remuneration and Nomination Committee convened 4 times.

On April 19, 2023, the Annual General Meeting elected Moore Idman Oy as the auditors with APA Jari Paloniemi as the responsible auditor. The subsidiaries have their own auditors.

Management

Boreo Plc has a Management Team, the Chairman of which is the Group CEO. The current CEO Kari Nerg started in this position on May 4, 2020. At the end of 2022, the company's management team comprised in addition to the CEO, Aku Rumpunen, CFO, Mari Katara, SVP, People & Sustainability, Tomi Sundberg, SVP, Head of Electronics BA, and Richard Karlsson and Jesse Petäjä, SVP, Heads of Technical Trade BA. Petäjä is also responsible for the Group's acquisitions.

ASSESSMENT OF RISKS AND 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, e.g., in demand for products and services, supply chains for products and components, security of supply and delivery times, as well as prices. The general tightening of the inflation environment creates pressure on, e.g., personnel expenses and fuel prices, which are directly reflected in logistics costs.

Growth through acquisitions: The Group's strategic goal is to grow through acquisitions. The main risks associated with acquisitions may include the availability of potential acquisition targets, appropriate timing, the acquisition process, integration of the acquired business, commitment of key personnel, or reaching set targets.

Customer demand and cyclicity: A significant part of the Group's net sales comes from customers whose businesses are cyclical 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.

SUSTAINABILITY

Sustainable business is part of Boreo's DNA and its 'Sustainable long-term profit growth' strategy. During 2023, the company clarified its sustainability approach and systematized the way that responsibility is part of the company's business model going forward. Based on materiality analysis, stakeholder survey and sustainability interviews conducted in 2022 and 2023, Boreo identified its focus areas for sustainability: *Strong financial performance, engaged people, healthy environment, and sound business practices*. As part of its annual report for 2023, the company published its first sustainability report, which describes, in addition to the focus areas and sustainability KPIs, the company's approach on sustainability as part of the core of its business model. During 2024, the Group will continue to develop and advance sustainability topics together with the Group companies' customers and suppliers, as well as develop reporting following the requirements of the Corporate Sustainability Reporting Directive.

FINANCIAL GUIDANCE

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

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

- Minimum 15% average annual operational EBIT growth
- Minimum 15% Return on Capital Employed (ROCE)
- Net debt to operational EBITDA between 2-3x (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.

BOARD'S PROPOSAL FOR THE DISTRIBUTION OF PROFITS

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

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

Vantaa, February 28, 2024
Boreo Plc
Board of Directors

An aerial photograph of a large flock of white birds, likely swans or geese, flying over a dark blue body of water. The birds are scattered across the frame, with some in the foreground and others further away. The water has a textured, rippled appearance. A dark blue circular graphic element is positioned on the left side of the image, partially overlapping the text.

FINANCIAL STATEMENTS

**CONSOLIDATED COMPREHENSIVE INCOME STATEMENT**

EUR MILLION	JAN. 1–DEC. 31, 2023	JAN. 1–DEC. 31, 2022	Reference
Net sales	161.3	160.4	1
Other operating income	0.9	0.5	3
Materials and services	-117.5	-120.9	4
Employee benefit expenses	-23.0	-20.2	5
Depreciation, amortization and impairment losses	-5.4	-4.0	6
Other operating expenses	-10.3	-9.5	5
Profit/loss from associated companies	0.3	0.2	29
EBIT	6.3	6.5	
Financial income	0.2	0.7	7
Financial expenses	-3.0	-1.6	8
Profit before taxes	3.5	5.5	
Income taxes	-0.7	-1.1	9
Profit for the period, continuing operations	2.8	4.4	
Profit for the period, discontinued operations	0.0	-4.7	
Profit for the period	2.8	-0.3	
Attributable to shareholders of the parent company			
Profit for the period	2.6	5.2	
Minority interest	0.3	0.3	
	2.8	-0.3	
Earnings per share calculated on the profit attributable to owners of the parent company			
Undiluted earnings per share, continuing operations	0.47	1.12	10
Diluted earnings per share, continuing operations	0.47	1.12	10
Undiluted earnings per share, discontinued operations	0.00	-1.56	
Diluted earnings per share, discontinued operations	0.00	-1.56	
Items of comprehensive income			
Translation differences from foreign units	0.0	-1.1	
Other comprehensive income items after taxes in the review period	0.0	0.0	
Total comprehensive income for the period	2.9	-1.4	
Allocated to			
Shareholders of the parent company	2.6	-1.1	
Minorities	0.3	-0.3	

**CONSOLIDATED BALANCE SHEET**

EUR MILLION	12/31/2023	12/31/2022	Reference
ASSETS			
Non-current assets			
Intangible capital assets	10.0	7.0	13
Goodwill	42.4	35.5	14
Property, plant and equipment	10.7	9.2	13
Other financial assets	1.3	0.3	11
Investments in associates	1.0	0.9	29
Deferred tax assets	0.1	0.1	15
Total non-current assets	65.6	53.0	
Current assets			
Inventories	31.0	32.0	12
Accounts receivable and other receivables	16.4	23.2	16
Cash and cash equivalents	6.5	13.2	17
Total current assets	54.0	68.3	
Assets of discontinued operations	0.0	0.0	18
TOTAL ASSETS	119.6	121.4	
EQUITY AND LIABILITIES			
EQUITY			
Shareholders' equity capital and reserves			
Share capital	2.5	2.5	19
Other committed capital	0.1	0.1	
Hybrid loan	20.0	20.0	20
Reserve for invested unrestricted equity	5.1	4.7	
Retained earnings	11.0	13.1	
Profit for the period	2.6	0.0	
Total	41.1	40.4	
Minority interest	1.5	1.4	
Non-current liabilities			
Financial liabilities	34.0	34.1	22
Deferred tax liabilities	2.5	1.8	15
Trade payables and other liabilities	2.0	1.7	23
Total non-current liabilities	38.5	37.6	
Current liabilities			
Trade payables and other liabilities	28.8	31.9	24
Provisions	0.1	0.0	25
Financial liabilities	9.5	10.0	22
Total current liabilities	38.4	42.0	
Liabilities from discontinued operations	0.0	0.0	18
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	119.6	121.4	

**CONSOLIDATED CASH FLOW STATEMENT**

EUR MILLION	JAN. 1–DEC. 31, 2023	JAN. 1–DEC. 31, 2022
Cash flow from operating activities		
Profit before taxes	3.5	1.0
Non-cash transactions		
Depreciation, amortization and impairment losses	5.4	4.2
Net financial items	2.8	1.7
Share of associated companies' result, net	-0.1	0.0
Increase (-) / decrease (+) in inventories	2.6	-5.7
Increase (-) / decrease (+) in current assets	6.4	-0.3
Increase (+) / decrease (-) in current liabilities	-6.0	1.3
Net financial items	-2.6	-2.3
Paid taxes	-0.5	-1.2
Other adjustments	0.0	5.5
Operational net cash flow	11.6	4.1
Cash flow from investment activities		
Investments in intangible and tangible assets	-2.3	-1.9
Acquisition	-9.2	-9.7
Divestments	0.2	-1.6
Proceeds from sale of property, plant and equipment	0.5	0.3
Net cash flow from investments	-10.7	-13.0
Financial cash flow		
Share issue	0.0	1.4
Repayments of loans	-9.2	-40.1
Loan withdrawals	4.6	36.4
Transaction costs of share issue	0.0	-0.1
Withdrawal of hybrid loan	0.0	20.0
Interest rate and expenses on hybrid loan	-1.6	-0.4
Dividends paid	-1.4	-1.5
Net cash flow from financing	-7.6	15.8
Change in cash and cash equivalents	-6.7	6.9
Cash and cash equivalents Jan 1	13.2	6.2
Impact of exchange rate fluctuations and consolidation	0.0	0.0
Cash and cash equivalents, 31 Dec.	6.5	13.2

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

EUR MILLION

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						2.6	0.3	2.8
Translation differences		0.0		-0.0		0.0	0.0	-0.0
Share issue			0.4					0.4
Costs related to share issue								0.0
Share repurchases								0.0
Withdrawal of hybrid loan								0.0
Share rewards						0.1		0.1
Interest rate and borrowing costs of the hybrid loan						-1.3		-1.3
Dividends paid						-1.2	-0.2	-1.4
Other change						0.1		0.1
Equity								0.0
Dec. 31, 2023	2.5	0.1	5.1	-1.0	20.0	14.5	1.5	42.6

2022	Share capital	Contingency reserve	Reserve for invested unrestricted equity	Translation difference	Hybrid loan	Retained earnings	Minority interest	Total
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					-0.3
Withdrawal of hybrid loan					20.0			20.0
Share rewards						0.1		0.1
Interest rate and borrowing costs of the hybrid loan						-1.6		-1.6
Dividends paid						-1.2	-0.3	-1.5
Fair value allocation		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



ACCOUNTING PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARING THE FINANCIAL STATEMENTS

Boreo Plc's consolidated financial statements for 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the IAS and IFRS standards and SIC and IFRIC interpretations in force on December 31, 2023. International Financial Reporting Standards refer to the standards and their interpretations approved for application in the EU in accordance with the procedure stipulated in EU regulation (EC) No. 1606/2002 and embodied in Finnish accounting legislation and the decrees enacted under it. The notes to the consolidated financial statements also comply with complementary Finnish Accounting Standards based on Finnish accounting legislation and Community legislation.

The consolidated financial statements have been prepared based on original acquisition cost, with the exception of financial assets available for sale, financial assets and liabilities recognized at fair value through profit or loss, items hedged with market value hedges, cash, and share-based transactions that have been valued at fair value.

The Group has adopted new and renewed standards and interpretations that have come into force on January 1, 2023.

Preparation of financial statements in accordance with IFRS requires the Group management to make certain estimates and discretion in the application of accounting principles. Information on the discretion used by the management when applying the Group's accounting policies and that has the greatest impact on the figures presented in the financial statements is presented under 'ACCOUNTING PRINCIPLES REQUIRING MANAGEMENT DISCRETION AND KEY SOURCES OF ESTIMATION UNCERTAINTY'.

CHANGES IN ACCOUNTING POLICIES IN 2023

There have been no changes in the accounting policies in 2023.

CHANGES IN ACCOUNTING POLICIES IN 2022

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. For Q4/22, the balance sheet no longer includes discontinued operations. Discontinued operations also include the subsidiary of the Russian operations located in Turkey.

Discontinued operations are presented in Note 18.

Other than that, the accounting policies of Boreo have not changed in 2022.

CONSOLIDATION PRINCIPLES

Subsidiaries

The consolidated financial statements of Boreo Plc include the parent company Boreo Plc and all its subsidiaries. All companies of whose voting rights the parent owns more than 50 % directly or indirectly or otherwise has the right to determine the financial and operating policies of the company to benefit from its activities are considered subsidiaries.

The Group's mutual shareholdings have been eliminated using the acquisition cost method. Acquired subsidiaries are included in the consolidated financial statements from the date when the Group gains control over them and divested subsidiaries are included until the moment control is relinquished. All intra-Group transactions, receivables, liabilities and unrealized gains, as well as internal distribution of profits are eliminated in the consolidated financial statements.



Associated companies

Associated companies are companies in which the Group usually has 20-50% of the voting rights or in which the Group has significant influence but does not have control. Shares in associated companies are consolidated in the financial statements using the equity method considering existing agreements. If the Group's share of the associated company's loss exceeds the book value of the investment, the investment is recognized at zero unless the Group has undertaken to fulfill the associated company's obligations. Unrealized profits between the Group and associated companies are eliminated in accordance with the Group's ownership. The Group's share of the associated company includes goodwill arising from its acquisition.

Boreo Group had two associated companies on December 31, 2023, Signal Solutions Poland sp. z o.o. sp.k. and Signal Solutions Poland Sp. Z.o.o Spolka komandytowa, which were associated companies also in the financial statements of December 31, 2022.

Minority interest

In the balance sheet, the minority interest is presented separately from liabilities and equity attributable to owners of the parent company. It is also presented as a separate item in the Group's income statement. The minority interest in accumulated losses is recognized in the consolidated financial statements up to the amount of the investment.

CONVERSION OF ITEMS DENOMINATED IN A FOREIGN CURRENCY

The items included in the financial statements of each Group company are valued in the currency that is the currency of the main operating environment (functional currency) of the company in question. The consolidated financial statements are presented in euro, the parent company's operational and reporting currency.

The income and expense items in separate income statements of a foreign Group company have been translated into euros using the average exchange rate for the financial year and the balance sheets using the rates at the closing date of the reporting period.

The translation of the income and comprehensive income at different rates in the income statement and the comprehensive income statement and, on the other hand, in the balance sheet creates a translation difference recognized in equity, whose effect is recognized in other items of comprehensive income. The accumulated translation differences are recognized in profit or loss on disposal.

REVENUE RECOGNITION PRINCIPLE

The sales income of Boreo Group's companies consists mainly of goods and services sales. Sales income from customer contracts is recognized as income in the amount that Boreo expects to be entitled to for such products or services. Discounts and other variable considerations are deducted from the recognized transaction price. The recognition is made when the customer gains control over the good or service (performance obligation). In all of the Group's business areas, the revenue recognition principle is based on delivery terms, which means revenue recognition takes place at a point in time. During the financial year 2023, the Group had no contracts recognized as over time revenue. During 2022, the Group had one contract recognized over time, whose effect on the net sales of the financial year 2022 was approximately EUR 0.4 million and whose performance obligation was completed in full during the financial year 2022.

The Group has commission sales, which is recognized based on the IFRS 15 principal vs. agent rule. In this case, Boreo considers itself an agent. An entity acting as an agent does not have control over the goods or services provided by the other party before the goods or services in question are delivered to the customer. When an entity acting as an agent meets a performance obligation, it recognizes the fee or commission it expects to be entitled in exchange for arranging for the provision of goods or services by another party as sales income. In such cases, only the commission received is presented as net sales.



OPERATING PROFIT (EBIT)

Operating profit/loss is the result of adding other operating income to net sales and deducting purchase costs adjusted by changes in inventories, deducting employment related expenses, other operating expenses, and adding or subtracting the share of the profit or loss of associated companies.

Exchange rate differences related to business operations are included in operating profit and other exchange rate differences in financial items. Income statement items other than those mentioned above are presented under operating profit.

INCOME TAXES

The tax expense in the consolidated income statement consists of the tax based on the taxable income for the period, adjustment of taxes from previous financial periods and changes in deferred tax.

Deferred tax liabilities or assets are calculated from the temporary difference between accounting and taxation in accordance with the tax rate in force on the balance sheet date.

The largest temporary differences arise from the sale of tangible fixed assets, depreciation, unused tax losses and fair value measurements on acquisitions. No deferred taxes are recognized on undistributed profits of subsidiaries to the extent that the difference is unlikely to be dissolved in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that they will be available against taxable profit in future periods against which the deductible temporary difference can be utilized.

The Group's main operations are carried out in Finland. Tax based on the taxable income for the financial period are calculated at a 20% tax rate. Taxes based on current income of foreign subsidiaries are calculated at tax rates 0%-20.6%. In Estonia and Latvia, income tax is based on the dividend to be distributed.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The consideration given in business combinations is measured at fair value determined at the acquisition date as the sum of the fair values of the assets transferred from the Group on the acquisition date and the liabilities arising for the earlier owners of the acquired target. Contingent considerations from business combinations are measured at fair value and included in the total consideration. Acquisition-related costs are recognized in the income statement.

Identifiable acquired assets and liabilities assumed are recognized at fair value at the time of acquisition, except for deferred tax assets or liabilities that are measured in accordance with the principles of IAS 12. Goodwill is recognized in the amount by which the acquisition cost exceeds the net value of the acquired assets and liabilities at the time of acquisition.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. If a property, plant and equipment consist of several parts with different useful lives, each part is treated as a separate asset. In such cases, renewal expenditure is capitalized and any remaining book value at time of renewal is derecognized from the balance sheet. Otherwise, subsequent expenditure is included in the book value of property, plant and equipment only if it is probable that future economic benefits related to the asset will benefit the Group and the acquisition cost of the asset can be measured reliably. Other repair and maintenance costs are recognized through profit or loss when incurred.

Assets are depreciated over the estimated useful life. Land is not depreciated. The estimated useful lives are as follows:

- | | |
|-------------------------------|-------------|
| • Buildings and structures | 25-40 years |
| • Renovation rental dwellings | 5 years |
| • Machinery and equipment | 2-10 years |
| • Right-of-use assets | 4-10 years |

The machinery and equipment group consists of cars, office furniture and IT equipment.



The residual value and useful life of the asset are reviewed at least at the end of each financial period and adjusted if necessary to reflect changes in the expected economic benefits.

When a property, plant and equipment item is classified as available for sale in accordance with IFRS 5, the recording of depreciation stops.

Capital gains and losses arising from the decommissioning and disposal of property, plant and equipment are recognized through profit or loss and presented in other operating income or expenses. The sales gain is defined as the difference between the selling price and the remaining acquisition cost.

INTANGIBLE ASSETS

Goodwill and Other Intangible Assets

An intangible asset is initially recognized at acquisition cost in the balance sheet if the cost can be measured reliably and it is probable that the expected future economic benefits of the asset will benefit the Group.

Intangible assets with a limited useful life are amortized on a straight-line basis through profit or loss over their known or estimated useful life. Intangible rights are amortized on a straight-line basis in 3-5 years.

Goodwill is not amortized. Instead, it is tested for impairment annually and measured at original acquisition cost less impairment. In impairment testing, goodwill is allocated to cash-generating units.

Intangible assets acquired in business combinations that are recognized separately from goodwill are measured at fair value at the time of acquisition. After the initial valuation, intangible assets are recognized at original acquisition cost less cumulative amortization and impairment.

Assets are amortized over the estimated useful life. The estimated useful lives are as follows:

- Software 2-5 years
- Customer and principal contracts 4-10 years
- Intangible rights 3-5 years
- Development costs 10 years
- Other Intangible assets 4-10 years

Development costs

Costs arising during the research stage are recognized for the period in which they incur.

Development costs that are directly attributable to the design, testing and execution of identifiable assets controlled by the Group are recognized as intangible assets in the balance sheet if the following conditions are met: if the completion of the intangible asset is technically feasible, the Group intends to complete and exploit the intangible asset, it can be proven that the intangible asset will generate future economic benefits, the Group has sufficient resources to implement the asset, and the Group can reliably determine and measure the costs of the development phase.

Amortization will begin when the development work is completed and it begins to generate financial benefits for the Group. Amortization is made over the expected useful life of the asset.

LEASE AGREEMENTS

Group as lessee

As the lessee, the Group assesses whether the contract is a lease agreement or includes a lease at the time the agreement is concluded. The contract is a lease or includes a lease if the contract gives the right to control the use of an identified asset for a specified period of time in exchange for consideration. At the commencement of the contract, the lessee recognizes the right-of-use asset and the lease liability in the balance sheet. The amortization of the lease liability is divided into payment of principal and interest, and property, plant and equipment are depreciated in the income statement.



The exemptions of IFRS 16 are applied to short-term leases of less than 12 months and low-value leases and no property, plant and equipment nor leasing liability is recognized but they are recorded as expenses in the income statement.

The lease term is defined as the period during which the lease cannot be canceled. The lease term is extended to include the period included in any renewal or termination option if it is reasonably certain that the Group will exercise the renewal option and not exercise the termination option.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

On each reporting date, the Group assesses whether there are any indications that an asset item has been impaired. If there are any such indications, the recoverable amount of said asset item is estimated. The need for impairment is examined at the level of cash-generating units, i.e., to the lowest unit level that is primarily independent of other units and for which there are distinguishable cash flows that are largely independent of the cash flows of other similar units.

The recoverable amount is the fair value of the asset item less the cost of disposal or the value in use, whichever is greater. The value in use refers to the estimated net future cash flows from the asset or cash-generating unit that are discounted to their current value. The discount rate used is the pre-tax interest rate, which reflects the markets' position on the time value of money and special risks related to the asset. An impairment loss is recognized in the income statement if the asset's carrying value is higher than its recoverable amount. The impairment loss is recognized immediately through profit or loss. If the impairment loss is allocated to a cash-generating unit it is first recognized to reduce the goodwill allocated to the cash-generating unit and then by reducing the unit's other assets proportionately. Where an impairment loss is recognized for an asset subject to depreciation, the asset's useful economic life is re-estimated. An impairment loss recognized on other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

INVENTORIES

Inventories are measured at acquisition cost or probable net realizable value, whichever is lower. The acquisition cost is determined mainly using the weighted average price method. The acquisition cost of inventories includes all purchase costs and other costs incurred in bringing inventories to the location and condition it holds at the time of measuring. The net realization value is the estimated selling price in the ordinary course of business, less the costs necessary to complete the product and the costs of sales.

FINANCIAL ASSETS AND LIABILITIES

In accordance with IFRS 9, the Group's financial assets are classified in the following categories: financial assets recognized at fair value through profit or loss, financial assets recognized at fair value through other comprehensive income items or financial assets recognized at amortized cost. The classification is based on the purpose of the acquisition of financial assets upon initial acquisition. Financial assets recognized at fair value through profit or loss consist mainly of loan receivables that are initially recognized at fair value. Fair value is determined on the basis of public price quotations in an active market. Both unrealized and realized profits and losses arising from changes in fair value are recognized in the income statement during the period in which they occur. Financial assets recognized at amortized cost consist of accounts receivable and other receivables. Their measurement basis is amortized cost and by their nature, they are included in the balance sheet as current or non-current financial assets; the latter if they mature after more than 12 months.

Boreo Group did not have financial assets recognized at fair value through other comprehensive income items in 2022 or 2023. Financial assets are derecognized from the balance sheet when the rights to cash flows have ceased or have been transferred to another party, and the Group has transferred material risks and benefits associated with the ownership to the other party.

The Group's financial liabilities are classified as financial liabilities recognized at amortized cost. Financial liabilities recognized at amortized cost include loans from financial institutions and installment and lease liabilities. They are recognized at the fair value of the consideration initially received. Transaction costs have been included in the original book value of financial liabilities. Subsequently, financial liabilities are measured at amortized cost using the effective



interest method. Financial liabilities are included in non-current and current liabilities and may be either interest-bearing or interest-free. Financial liabilities are classified as short-term unless the Group has an unconditional right to defer the payment of the liability at least 12 months from the balance sheet date.

A financial liability is derecognized from the balance sheet when the Group either pays the debt to the lender or is legally exempt from the principal debt obligation as a result of a legal process or by the lender.

In line with its financial policy, Boreo Group does not as a rule use currency derivatives, but exchange rate and interest rate risks arising from asset items and anticipated purchases and sales are hedged by currency clauses, payment terms and payment behavior in order to minimize the currency position. The Group does not apply hedge accounting. Boreo Group has hedged interest rate risk with an interest rate derivative whose fair value at the balance sheet date on December 31, 2023, was approximately EUR 0.4 million. The interest rate position hedged with interest rate derivatives covers just under half of Boreo's variable-rate bank loans.

CAPITAL ALLOCATION

The objective of capital allocation is to support the Group's business by ensuring normal operating conditions for business operations and increasing shareholder value. According to the Group's strategy, the capital structure is influenced by, e.g., share issues and dividend distribution. The company may also decide to sell assets to reduce liabilities. The capital managed is the equity shown in the consolidated balance sheet. The development of the Group's capital structure is monitored with the amount of net debt. At the end of 2023, the Group's interest-bearing net liabilities totaled EUR 36.0 million (EUR 30.9 million in 2022) and the equity ratio was 36.2 % (35.4 % in 2022).

TREASURY SHARES

When the company or its subsidiaries have acquired treasury shares, the company's equity is reduced by an amount equal to the consideration paid less transaction costs, net of tax, until the treasury shares are canceled. No profit or loss is recognized for the sale, issue or cancellation of treasury shares in the income statement, but the consideration received is recorded as a change in equity.

EMPLOYEE BENEFITS

Pension liabilities

Pension plans are generally classified as defined contribution and defined benefit plans. Payments towards defined-contribution pension schemes are recognized as expenses in the income statement during the relevant period.

The Group's foreign subsidiaries have different pension arrangements that comply with local regulations and practices in different countries. All major pension arrangements are defined contribution plans. The statutory pension cover of the employees of the Group's domestic companies is with a Finnish pension insurance company. The pension cover is a defined contribution plan. The pension arrangements of the CEO of the parent company, the members of the management team, and the CEOs of subsidiaries are based on country-specific legislation, based on which the retirement age varies from 60 to 65. These pension schemes are also defined contribution plans.

Share-based payments

Since 2022, Boreo has had a long-term engagement program for key personnel that can be carried out either as equity instruments or in cash. The benefits granted under these schemes are measured at fair value when they are granted and recognized in equity and as corresponding expenses in the income statement evenly over the period of transfer of the rights. The impact of the schemes on profit and loss is presented in the income statement as costs arising from employee benefits. To qualify for a reward under the scheme, the subscriber must have subscribed the company's shares in the personnel issue within the limits determined by the Board of Directors in advance. If the subscriber's share ownership condition has been fulfilled and their employment in the Group company has not been terminated by the date of payment of the reward, the subscriber will receive additional shares, free of charge, as remuneration from the Company in the proportion decided by the Board of Directors. If the payment were to take place on the reporting date, it would result in an issue of 11,380 shares. These shares are considered as potential ordinary shares with a dilutive effect on EPS. Share-based payments are presented in more detail in Note 21.



PROVISIONS

A provision is recognized when the Group incurs a legal or actual obligation as a consequence of a prior event, a payment obligation is likely to arise, and the amount of the obligation can be reliably determined. If it is possible to obtain compensation from a third party for part of the obligation, the compensation is recognized as an asset when there is practical certainty that compensation will be received.

Provisions are presented in Note 25 to the consolidated financial statements.

SEGMENT REPORTING

Segment information is reported to the senior operating decision maker as part of internal reporting. The Group's management team including the CEO, is the senior operating decision maker. The management team, considering its composition and active participation in key strategic and operational decision-making, is responsible for allocating resources and assessing performance. The performance of the operating segment is assessed based on the segment's net sales and operational EBIT.

Boreo's business operations are organized into three business areas or operating segments. Segment reporting is presented in more detail in Note 1.

ACCOUNTING PRINCIPLES REQUIRING MANAGEMENT DISCRETION AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When preparing financial statements assumptions and estimates have to be made concerning the future the outcome of which may differ from the assumptions and estimates made. In addition, discretion has to be used when applying accounting principles.

Sources of estimation uncertainty

The estimates made when preparing the financial statements are based on the management's best assessment at the end of the reporting period. Estimates are based on past experience and assumptions about the future, which are considered most likely on the balance sheet date, related, e.g., to the expected development of the Group's financial environment in terms of sales and cost levels. The Group regularly monitors the realization of estimates and assumptions, as well as changes in the underlying factors together with the business unit by applying several internal and external information sources. Possible changes in estimates and assumptions are entered in the accounts for the financial period in which the estimate or assumption is adjusted and for all periods thereafter.

Key assumptions concerning the future and the main uncertainties related to the estimates at the end of the reporting period that pose a significant risk of a material change in the book values of the Group's assets and liabilities during the following financial year are presented below. The Group's management has considered these aspects of the financial statements to be most relevant, as their accounting principles are the most complex in the Group's view and require use of most significant estimate and assumptions for example when measuring assets. In addition, the impacts of potential changes in the assumptions and estimates used in these areas of the financial statements are expected to be the greatest.

Impairment testing of goodwill

Goodwill is tested in the Group at least annually. In addition, at the end of each reporting period, indications of circumstances that could lead to more frequent impairment testing are assessed. The recoverable amounts of a cash-generating units are determined based on their value in use. These calculations require estimates of business growth, profitability, the discount rate and factors affecting these. More details on impairment testing of goodwill are given in Note 14.

Acquired businesses

In acquired businesses, management's discretion has been used to measure the fair value of intangible assets and to assess the useful life of the assets. Assumptions based on management's estimates have also been used to determine the possible additional purchase price. More details on impairment testing of goodwill are given in Note 2.



Valuation of accounts receivable

The estimated credit loss provisions under IFRS 9 are based on the management's best view, covering historical experience and forward-looking understanding of customers' payment behavior and financial situation. Assessing the likelihood of receiving payments related to customer contracts requires management discretion and may affect the timing and amount of income recognition.

Valuation of inventories

Assessing the marketability of inventories requires management discretion, in particular related to the assessment of the various product groups' net realization value. The value of inventories considers impairment caused by unsaleability based on management's estimate of the probable net realization value.

AMENDMENTS TO IFRS STANDARDS AND IFRIC INTERPRETATIONS

No new or revised published IFRS standards, amendments to standards, or interpretations are expected to have a significant impact on the Group's future financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Segment reporting

Segment information is reported to the senior operating decision maker as part of internal reporting. The Group's management team including the CEO, is the senior operating decision maker. The management team, considering its composition and active participation in key strategic and operational decision-making, is responsible for allocating resources and assessing performance. The performance of the operating segment is assessed based on the segment's net sales and operational EBIT.

Boreo's business operations were organized into three business areas or operating segments at the end of 2023:

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 companies of the business area are Yleiselektroniikka, YE International, Noretron Komponentit, Milcon, Infradex, Signal Solutions Nordic and Delfin Technologies.

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

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

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

The Group's management team estimates the segment's result based on net sales and operational EBIT adjusted with items affecting comparability. Segments' assets and liabilities are business items used by the segment in its operations. Investments consist of increases in property, plant and equipment and intangible assets that are used in more than one financial year.

SEGMENT INFORMATION (EUR million)

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



SEGMENT INFORMATION (EUR million)

1-12/2022	Electronics	Technical Trade	Heavy Machines	Other Operations	Intra segment	Total
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 associated companies' profit or loss	0.2	0.0	0.0	0.0		0.0
EBIT	3.7	4.6	0.6	-2.4		6.5
Financial income	0.7	0.0	0.0	0.4	-0.4	0.7
Financial expenses	-1.5	-0.5	0.0	-0.1	0.4	-1.6
Profit before taxes	2.9	4.5	0.5	-2.5		5.5
Balance sheet assets	51.3	45.7	32.0	5.0	-12.6	121.4
Balance sheet liabilities	54.5	22.1	13.6	2.0	-12.6	79.7
Investments*	0.5	0.5	0.2	0.6		1.9
Personnel at end of the period	120	108	63	36		327

Net sales by geographic area

EUR million	2023	2022
Finland	112.8	110.6
Sweden	22.8	22.6
Baltic countries	24.6	26.4
Others	1.1	0.7
Total	161.3	160.4

2. Acquisitions

2023 acquisitions

In 2023, Boreo Group carried out three acquisitions: Filterit Oy, Lamox Oy and Delfin Technologies Oy. Boreo considers that none of the acquisitions is material on its own.

Acquired unit	Business area	Acquisition type	Holding	Time of acquisition	Net sales, MEUR*	Employees	Country
Filterit Oy	Technical Trade	Share	100 %	01/02/2023	3.3	8	Finland
Lamox Oy	Technical Trade	Share	100 %	03/03/2023	0.6	0	Finland
Delfin Technologies Oy	Electronics	Share	100 %	07/01/2023	2.5	9	Finland

*Net sales for the financial year preceding the acquisition in accordance with local accounting rules.

Filterit Oy

Founded in 2005, Filterit supplies products and solutions required for process filtration. The company is positioned in filtering for liquids and gas, and its broad customer base consists of actors from several industries, as well as the public sector. Filterit employs eight people and has its offices in Helsinki, Finland. The company's net sales for the financial year ending on December 31, 2021 were some EUR 3.3 million and reported EBITDA was about EUR 0.4 million. Boreo has consolidated Filterit as part of the Group from January 1, 2023, which was the time of acquisition. Filterit is reported as part of the Technical Trade business area.

In addition to the cash consideration, Boreo has based on the authorization given by the Annual General Meeting paid part of the purchase price through a directed share issue of 9646 shares totaling approximately EUR 0.4 million to the seller the valuation of which is based on the volume-weighted average price of shares for 30 days. In addition to the consideration paid, part of the purchase price consists of a contingent consideration (max. EUR 1.0 million) based on the development of Filterit's business in 2023-2024. The additional purchase price shall be paid in cash.



The goodwill arising from the acquisition is mainly due to the fact that the Group acquired a suitable organization and operations to expand its operations to a new product group and strengthen its product offering. Goodwill consists mainly of staff skills and customer and principal relationships that are not considered to constitute an intangible asset.

Lamox Oy

Founded in 2013, Lamox manufactures patented Termotuote products which are used in hidden socle repairs. Termotuote has gained a strong position among building companies and constructors during its operating history. Lamox's office is located in Alajärvi, Finland. The company's net sales for the financial year ending on April 30, 2022, were some EUR 0.6 million and EBITDA was about EUR 0.1 million. Boreo has consolidated Lamox as part of the Group from April 1, 2023, which was the time of acquisition. Lamox is reported as part of the Technical Trade business area.

The goodwill arising from the acquisition is mainly due to Boreo Plc acquiring a suitable organization and operations to expand its operations horizontally more widely in the technical trade business area and to strengthen its product offering and position in the value chain. Goodwill consists mainly of the skills of the personnel and customer and principal relationships that are not considered to constitute an intangible asset.

Delfin Technologies Oy

Founded in 1998, Delfin Technologies is a health technology company that develops, produces and markets scientifically validated and specialized, hand-held skin and edema measurement instruments. Besides clinical use, Delfin's products are used in medical and dermatological research, as well as in R&D, safety and performance validation of cosmetics products. The company's medical devices have been approved for clinical use in the US and the EU. Delfin serves its customers through distributors in over 40 countries in selected geographies, the main markets are the US, China and Europe. Delfin Technologies Oy has a 65% owned subsidiary in the UK, Delfin Technologies UK Ltd. Boreo has consolidated Delfin as part of the Group from July 1, 2023, which was the time of acquisition. Delfin is reported as part of the Electronics business area.

Delfin employs nine people and has its offices in Kuopio, Finland. The company's net sales for the financial year ending on December 31, 2022, were some EUR 2.5 million and the reported operating result was about EUR 1.1 million.

The purchase price is paid in cash in two installments. About two-thirds at the time of the transaction and one-third one year after the transaction. Boreo financed the payment of the purchase price with its existing financial facilities.

The goodwill arising from the acquisition is mainly due to Boreo Plc acquiring a suitable organization and operations to expand horizontally in the Electronics business area and to strengthen its product offering and its position in the value chain. Goodwill consists mainly of skills of the personnel and customer and principal relationships that are not considered to constitute an intangible asset.



2023	Acquisitions
Consideration paid total	10.6
Contingent consideration total	3.5
Total consideration	14.1
Assets acquired and liabilities assumed	
Property, plant and equipment	0.1
Principal/customer contracts/technology	5.2
Shares in associated companies	0.0
Deferred tax receivable	0.0
Inventories	1.2
Current receivables	1.0
Cash and cash equivalents	2.1
Total assets	9.6
Non-current liabilities	1.1
Current liabilities	1.3
Minority interest	0.0
Total liabilities	2.4
Net assets	7.2
Goodwill	6.9
Cash flow statement	
Purchase price paid in cash	10.1
Cash assets obtained	-2.1
Payments for acquisitions in previous years	1.2
Cash flow effect	9.2

In total, Boreo has recorded a transaction-related expense of EUR 0.3 million from the asset transfer tax and fees related to advisory and other services. The expenses are included in the other operating expenses item in the consolidated income statement.

Allocation of intangible assets from acquisitions EUR 5.2 million relate to customer and principal relationships and acquired technology.

Since the acquisition date, acquisitions have generated approximately EUR 5.4 million in net sales and operational EBIT of about EUR 1.3 million. If the acquired companies had been consolidated into the Group as of January 1, 2023, management estimates that the net sales indicated by the consolidated income statement would have been about EUR 162.4 million and operational EBIT about EUR 9.8 million.



2022 acquisitions

In 2022, Boreo Group carried out nine acquisitions: Pronius Oy, Infradex Oy, Vesterbacka Transport Oy, Signal Solutions Nordic Oy, Läckmästar'n, J-Matic Oy, Led-Systems, GT Motor and Basti. Boreo considers that none of the acquisitions was material on its own.

Acquired unit	Business area	Acquisition type	Holding	Time of acquisition	Net sales, MEUR*	Employees	Country
Pronius Oy	Technical Trade	Share	100 %	03/01/2022	5.5	4	Finland
Infradex Oy	Electronics	Share	100 %	03/01/2022	2.0	4	Finland
Vesterbacka Transport Oy	Other Operations	Share	100 %	03/01/2022	0.5	2	Finland
Signal Solutions Nordic	Electronics	Share	100 %	06/01/2022	13.0	13	Finland
Läckmästar'n i Håkantorp AB	Heavy Machines	Share	100 %	10/01/2022	1.0	10	Sweden
J-Matic Oy and J-Matic Rent Oy	Technical Trade	Share	100 %	12/01/2022	2.3	20	Finland
Moottorikoneistus Ojala Oy	Technical Trade	Business	N/A	May 1, 2022	0.2	2	Finland
Led-Systems Oy	Electronics	Business	N/A	06/03/2022	0.3	0	Finland
Basti Oy	Other Operations	Business	N/A	12/15/2022	0.4	2	Finland

*Net sales for the financial year preceding the acquisition in accordance with local accounting rules.

Pronius Oy

Pronius established in 2009 is the official distributor of Fronius International GmbH's welding technology products and system solutions in Finland. The company acts as a partner for its customers during the life cycle of the products, and its service portfolio covers imports, storage, sales and distribution of new products, as well as maintenance and spare parts services. The company's key customers include Finnish companies operating in the engineering and manufacturing industries. Pronius employs 4 people and its operations are located in Tampere, Finland. The company's net sales for the financial year ending on August 31, 2021, were some EUR 5.5 million and FAS accordant EBITDA was about EUR 1.2 million. Boreo has consolidated Pronius as part of the Group from March 1, 2022, which was the time of acquisition. Pronius is reported as part of the Technical Trade business area.

In addition to the cash consideration, Boreo has based on the authorization given by the Annual General Meeting paid part of the purchase price through a directed share issue of 9,000 shares totaling approximately EUR 0.5 million to the seller the valuation of which is based on the volume-weighted average price of shares for 30 days. In addition to the consideration paid, part of the purchase price will consist of a contingent consideration based on the development of Pronius' business in 2022-2023. The additional purchase price shall be paid in cash.

The goodwill arising from the acquisition is mainly due to the fact that the Group acquired a suitable organization and operations to expand its operations to a new product group. Goodwill consists mainly of the skills of the personnel and future customer and principal relationships that are not considered to constitute an intangible asset. Acquired identifiable assets include a principal relationship recognized separately from goodwill.

Infradex Oy

Infradex is Finland's leading importer of thermal imaging systems, service center, and trainer of thermal imaging and infrared technology. The company specializes in the sale, import and maintenance of thermal imaging cameras and temperature detectors, and calibration of FLIR thermal imaging cameras and measuring instruments. The company also organizes thermal imaging training and seminars and offers technical support for the use of thermal imaging equipment and software. The company's key customers include nationwide distributors and wholesalers, as well as public administration. The company's main principal is Teledyne Flir. Infradex employs 4 people and its operations are located in Vantaa. The company's net sales for the financial year ending in January 2022 were some EUR 2.0 million and EBITDA was about EUR 0.5 million. Boreo has consolidated Infradex as part of the Group from March 1, 2022, which was the time of acquisition. Infradex is reported as part of the Electronics business area.

In addition to the consideration paid, part of the purchase price will consist of a contingent consideration based on the development of Infradex's business in 2022-2023. The additional purchase price shall be paid in cash.



The goodwill arising from the acquisition is mainly due to Boreo Plc acquiring a suitable organization and operations to expand horizontally in the electronics business area and to strengthen its product offering. Goodwill consists mainly of the skills of the personnel and future customer and principal relationships that are not considered to constitute an intangible asset. Acquired identifiable assets include a principal relationship recognized separately from goodwill.

Vesterbacka Transport Oy

Vesterbacka is a specialized transport service provider operating in Finland established in 2001. Vesterbacka employs 2 people and its operations are located in Tuusula. The company's net sales for the financial year ending on March 31, 2021, were approximately EUR 0.5 million. Boreo has consolidated Vesterbacka as part of the Group from March 1, 2022, which was the time of acquisition. Boreo reports Vesterbacka Transport as part of Other Operations.

In addition to the cash consideration, Boreo has based on the authorization given by the Annual General Meeting paid part of the purchase price through a directed share issue of 1,600 shares totaling approximately EUR 0.1 million to the seller the valuation of which is based on the volume-weighted average price of shares for 30 days.

The goodwill arising from the acquisition is mainly due to the Group acquiring a suitable organization and activities to expand its activities horizontally into an existing business area in accordance with the company's strategy to support its other business areas. Goodwill consists mainly of skills of the personnel and future customer relationships that are not considered to constitute an intangible asset. Acquired identifiable assets include a customer relationship recognized separately from goodwill.

Signal Solutions Nordic Oy

Established in 2013, SSN represents world-leading manufacturers and innovative products that enable high quality testing, measurement and R&D. Customers operate in many different areas, from defense, space, universities, telecommunications to industrial production. SSN employs 13 people and has offices in Finland, Sweden, Poland and the United States. SSN Group's net sales for the financial year ending on December 31, 2021, were some EUR 13.0 million and EBITDA was about EUR 1.1 million. The Group figures include the parent company Signal Solutions Nordic Oy, Signal Solutions Nordic AB of which it owns 51%, and Signal Solutions USA LLC of which it owns 51%. The figures for Signal Solutions Poland sp. z o.o. sp.k. of which Signal Solutions Nordic Oy owns 50 % have not been consolidated. The company's net sales was approximately EUR 4.2 million in the financial year ending on December 31, 2021, and EBITDA was approximately EUR 1.3 million. Boreo has consolidated SSN as part of the Group from June 1, 2022, which was the time of acquisition. SSN is reported as part of the Electronics business area.

In addition to the cash consideration, Boreo has based on the authorization given by the Annual General Meeting paid part of the purchase price through a directed share issue of 18,786 shares totaling approximately EUR 0.8 million to the seller the valuation of which is based on the closing price at the time of acquisition. In addition to the consideration paid, part of the purchase price will consist of a contingent consideration based on the development of SSN's business in 2022-2023. The additional purchase price shall be paid in cash.

As part of the acquisition of SSN, associated companies and companies with minorities became part of the Group. Shares in associated companies and minority interests are measured at fair value based on the companies' relative profitability based on the EBIT margin. The minority interest has been measured at fair value, i.e. the applied method is the full goodwill model.

The goodwill arising from the acquisition is mainly due to Boreo Plc acquiring a suitable organization and operations to expand horizontally in the electronics business area and to strengthen its product offering both on existing and new markets. Goodwill consists mainly of the skills of the personnel and future customer and principal relationships that are not considered to constitute an intangible asset. Acquired identifiable assets include a customer relationship recognized separately from goodwill.

Lackmästar'n i Håkantorp AB

Lackmästarn, established in 1982, is a company specializing in painting, surface treatment and varnishing of heavy vehicles. During its 40 years of operations, the company has achieved a loyal customer base among Swedish distributors, dealers, and operators of heavy vehicles, as well as in insurance companies' damage repairs. Lackmästarn employs 10 people and its office is located in Håkantorp, Sweden. The company's net sales for the financial year ending on June 30, 2021, were some SEK 10.4 million and EBITDA was about SEK 1.1 million. Boreo has consolidated Lackmästarn as part of the Group from October 1, 2022, which was the time of acquisition. Lackmästarn is reported as part of the Heavy Machines business area.

The goodwill arising from the acquisition is mainly due to the Group acquiring a suitable organization and activities to expand its activities horizontally into an existing business area in accordance with the company's strategy to support its other business areas. Goodwill consists mainly of skills of the personnel and future customer relationships and synergies that are not considered to constitute an intangible asset.

J-Matic Oy

J-Matic, established in 2005, is a contract manufacturer specialized in sub and final assemblies. The company delivers technically demanding total deliveries to leading customers in its own areas, typically containing mechanical, electronic, pneumatic and automation applications. J-Matic employs 20 people and has its offices in Lempäälä, Finland. The company's illustrative net sales for the financial year ending on December 31, 2021, were some EUR 2.3 million and EBITDA was about EUR 0.6 million. Boreo has consolidated J-Matic part of the Group from December 1, 2022, which was the time of acquisition. J-Matic is reported as part of the Technical Trade business area.

In addition to the cash consideration, Boreo has based on the authorization given by the Annual General Meeting paid part of the purchase price through a directed share issue of 5,000 shares totaling approximately EUR 0.2 million to the seller the valuation of which is based on the volume-weighted average price of shares for 30 days. In addition to the consideration paid, part of the purchase price will consist of a contingent consideration based on the development of J-Matic's business in 2022-2023. The additional purchase price shall be paid in cash.

The goodwill arising from the acquisition is mainly due to the fact that the Group acquired a suitable organization and operations to expand its operations in the technical trade business and value chain. Goodwill consists mainly of the skills of the personnel and future customer and principal relationships that are not considered to constitute an intangible asset. Acquired identifiable assets include a customer relationship recognized separately from goodwill.

Moottorikoneistus Ojala (GT Motor), Led-Systems and Basti

During the financial year 2022, Boreo carried out three business acquisitions where instead of companies existing businesses were acquired. These business acquisitions are separately irrelevant and therefore their information is consolidated.

Machinery Oy acquired Moottorikoneistus Ojala Oy's Helsinki machinery business ("GT Motor") on May 1, 2022. As part of the transaction, two GT Motor employees joined Machinery. GT Motor's net sales in 2021 were EUR 0.2 million.

On June 6, 2022, Boreo Plc signed a sales contract based on which it acquired the business of Led-Systems Oy. As a result of the transaction, Boreo's Yleiselektroniikka business strengthens its offering for components and circuit board connectors. Led-Systems Oy's net sales were approximately EUR 0.3 million in 2021.

Boreo's subsidiary Etelä-Suomen Kuriiripalvelu Oy ("ESKP") has signed a contract on December 15, 2022, under which it acquires the business of Basti Oy. Established in 1996, Blast Oy is a logistics company specialized in direct express transportations. The company's large customer base consists mainly of Finnish industrial companies. Basti employs 2 people in addition to which the company has an extensive subcontracting and cooperation network. Basti's office is located in Kärrby, Finland. The company's net sales for the financial year ending on September 30, 2021 were some EUR 0.4 million and EBITDA was about EUR 0.1 million.

2022	Acquisitions
Consideration paid total	14.6
Contingent consideration total	2.7
Total consideration	17.3
Assets acquired and liabilities assumed	
Property, plant and equipment	0.6
Fair value allocation of intangible assets	5.2
Shares in associated companies	0.9
Deferred tax receivable	0.0
Inventories	2.6
Current receivables	3.8
Cash and cash equivalents	3.3
Total assets	16.4
Non-current liabilities	1.3
Current liabilities	3.7
Minority interest	1.1
Total liabilities	6.1
Net assets	10.3
Goodwill	7.0
Cash flow statement	
Purchase price paid in cash	13.0
Cash assets obtained	-3.3
Cash flow effect	9.7

In total, Boreo has recorded a transaction-related expense of EUR 0.4 million from the asset transfer tax and fees related to advisory and other services. The expenses are included in the other operating expenses item in the consolidated income statement.

Allocation of intangible assets from acquisitions EUR 5.2 million relate to customer and principal relationships.

Since the acquisition date, acquisitions have generated approximately EUR 18.4 million in net sales and operational EBIT of about EUR 2.9 million. If the acquired companies had been consolidated into the Group as of January 1, 2022, management estimates that the net sales indicated by the consolidated income statement would have been about EUR 169.5 million and operational EBIT about EUR 9.5 million.



3. Other operating income

	2023	2022
Sales gains from property, plant and equipment	0.0	0.1
Other income	0.9	0.4
Total	0.9	0.5

4. Materials and services

	2023	2022
Materials and goods		
Purchases during the period	117.0	111.4
Change in inventories	-1.0	7.5
External services	1.5	2.0
Total	117.5	120.9

5. Employee benefit expenses and other operating expenses

	2023	2022
Salaries and fees	19.5	17.2
Pension costs	3.2	2.7
Other indirect employee costs	0.4	0.3
Total employee benefit expenses	23.0	20.2
Other operating expenses	10.3	9.5
Total operating expenses	33.4	29.7

Number of personnel at the end of the period

341 **327**

Other operating expenses in the income statement include some EUR 102,000 in auditing fees to Moore and some EUR 42,000 to other entities.

6. Depreciation, amortization and impairment

	2023	2022
Intangible assets		
Intangible assets	-2.5	-1.7
Tangible assets		
Buildings and structures	0.0	0.0
Machinery and equipment	-0.8	-0.6
Rented business premises	-1.6	-1.3
Leased machinery and equipment	-0.5	-0.4
Total	-5.4	-4.0

7. Financial income

	2023	2022
The change in the fair value of the interest derivative and realized cash flow	0.1	0.6
Other financial income	0.1	0.1
Total financial income	0.2	0.7



8. Financial expenses	2023	2022
Interest expenses	-2.8	-1.5
Other financial expenses	-0.2	-0.2
Total financial expenses	-3.0	-1.6

9. Income taxes	2023	2022
Taxes based on the profit/loss for the financial year	-1.0	-1.3
Taxes for the previous year	0.0	-0.1
Change in deferred taxes	0.3	0.3
Total income taxes	-0.7	-1.1

Income tax reconciliation

Profit before taxes	3.5	5.5
Taxes calculated at the parent company's 20% tax rate	-0.7	-1.1
Impact of foreign subsidiaries' differing tax rates	0.1	0.1
Share of associated companies' profit or loss	0.0	0.0
Impact of tax-free net sales and non-deductible expenses	-0.1	-0.2
Temporary difference between taxation and accounting depreciation	0.0	0.0
Unrecognized tax assets	0.0	0.0
Taxes for the previous year	0.0	0.1
Tax expense in the income statement	-0.7	-1.1

10. Earnings per share	2023	2022
Profit for the review period to shareholders	2,555 262	4,129 751
Impact of the interest rate on the hybrid loan adjusted by the tax effect	1,301 333	1,159 111
Weighted average number of shares during the period	2,686 780	2,644 440
Effect of share options	3,793	6,295
Earnings per share (EUR/share), diluted	0.47	1.12
Earnings per share (EUR/share), undiluted	0.47	1.12

Dividend

The dividend paid in 2023 was EUR 1,182,161 (EUR 0.44 per share) and the dividend paid in 2022 was EUR 1,111,113 (EUR 0.42 per share). Boreo's aim is to pay an annually increasing dividend per share, considering capital allocation priorities. In the short term, the company's objective is to strengthen its financial position and, as a result, the Board of Directors of the company proposes to the Annual General Meeting that no dividend will be paid for the financial year that ended on December 31.

11. Other financial assets and liabilities

Other non-current financial assets	2023	2022
Unquoted equity investments		
Acquisition cost, Jan. 1	0.3	0.4
Increases	1.2	0.0
Decreases	-0.2	0.0
Accumulated amortization and impairment, Jan. 1	-0.1	-0.1
Accumulated amortization and impairment, Dec. 31	-0.2	-0.1
Book value, Dec. 31	1.3	0.3
Investments held to maturity	0.0	0.0
Other non-current financial assets, total	1.3	0.3
Hierarchy of financial assets	Level 3	Level 3
Investments held to maturity	0.3	0.3
Other financial assets	1.0	0.0
Total	1.3	0.3

Contingent additional purchase price liabilities (level 3)

	2023	2022
Additional purchase liabilities and other contingent liabilities related to acquisitions Jan.1		
	3.0	0.2
Increases	3.5	2.6
Payments	-1.2	-0.2
Changes recognized through profit or loss	-0.1	0.4
Translation differences	0.0	0.0
Total Dec. 31	5.2	3.0

Contingent liabilities relate to additional transaction costs generated by acquisitions. Those recognized through profit or loss include fair value changes in estimates and additional purchase price liabilities recognized as personnel costs in accordance with IFRS 3, which are considered to be commitments and recognized through profit or loss.

12. Inventories	2023	2022
Inventories	31.0	32.0

During the period EUR 0.4 million was recognized as an expense to reduce the book value of inventories to correspond to its net realizable value (EUR 0.6 million in 2022).

Group companies have no material manufacturing activities.



13. Non-current assets

Intangible assets 2023

	Other intangible assets	Advances paid on intangible assets	Goodwill	Total
Acquisition cost, Dec. 31, 2023	11.6	0.1	35.5	47.2
Translation difference	0.0	0.0	0.0	0.0
Acquisitions	5.2	0.0	6.9	12.1
Increases	0.4	0.0	0.0	0.4
Divestments	0.0	0.0	0.0	0.0
Transfers between items	0.1	-0.1	0.0	0.0
Acquisition cost, Dec. 31, 2023	17.3	0.0	42.4	59.7
Accumulated amortization, Jan. 1, 2023	-4.6	0.0	0.0	-4.6
Translation difference	0.0	0.0	0.0	0.1
Accumulated amortization from divestments	0.0	0.0	0.0	0.0
Amortization for the period	-2.5	0.0	0.0	-2.5
Accumulated amortization, Dec. 31, 2023	-7.2	0.0	0.0	-7.2
Book value, Dec. 31, 2023	6.9	0.1	35.5	42.5
Book value, Dec. 31, 2023	10.0	0.0	42.4	52.5

Intangible assets 2022

	Other intangible assets	Advances paid on intangible assets	Goodwill	Total
Acquisition cost, Jan. 1, 2022	6.5	0.1	29.0	35.6
Translation difference	-0.1	0.0	-0.5	-0.6
Acquisitions	5.2	0.0	7.0	12.2
Increases	0.5	0.0	0.0	0.5
Divestments	-0.5	0.0	0.0	-0.5
Decreases	0.0	0.0	0.0	-0.0
Acquisition cost, Dec. 31, 2022	11.6	0.1	35.5	47.2
Accumulated amortization, Jan.1, 2022	-3.4	0.0	0.0	-3.4
Translation difference	-0.1	0.0	0.0	-0.1
Accumulated amortization from divestments	0.4	0.0	0.0	0.4
Amortization for the period	-1.7	0.0	0.0	-1.7
Accumulated amortization, Dec. 31, 2022	-4.6	0.0	0.0	-4.6
Book value, Jan. 1, 2022	3.2	0.1	29.0	32.2
Book value, Dec. 31, 2022	6.9	0.1	35.5	42.5

**Property, plant and equipment 2023**

	Buildings and structures	Machinery and equipment	Buildings and structures, right-of-use	Machinery and equipment, right-of-use	Advance payments and construction in progress	Total
Acquisition cost, Dec. 31, 2023	3.7	9.1	6.3	2.0	0.0	21.1
Translation difference	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.1	0.0	0.0	0.0	0.1
Increases	0.0	1.6	2.8	0.3	0.2	4.9
Divestments	0.0	0.0	0.0	0.0	0.0	0.0
Decreases	0.0	-0.5	0.0	-0.1	0.0	-0.7
Transfers between items	0.0	0.0	0.0	0.0	-0.1	-0.2
Acquisition cost, Dec. 31, 2023	3.7	10.3	9.1	2.1	0.1	25.3
Accumulated depreciation, Jan. 1, 2023	-3.1	-6.5	-1.7	-0.5	0.0	-11.8
Translation difference	0.0	0.0	0.0	0.0	0.0	0.0
Accumulated depreciation from divestments	0.0	0.0	0.0	0.0	0.0	0.0
Accumulated depreciation from decreases and transfers	0.0	0.1	0.0	0.0	0.0	0.2
Depreciation	0.0	-0.9	-1.6	-0.5	0.0	-2.9
Accumulated depreciation, Dec. 31, 2023	-3.1	-7.2	-3.3	-0.9	0.0	-14.4
Book value, Dec. 31, 2023	0.5	2.5	4.5	1.5	0.0	9.2
Book value, Dec. 31, 2023	0.5	3.0	5.8	1.3	0.0	10.7

Property, plant and equipment 2022

	Buildings and structures	Machinery and equipment	Buildings and structures, right-of-use	Machinery and equipment, right-of-use	Advance payments and construction in progress	Total
Acquisition cost, Jan. 1, 2022	3.7	8.2	3.4	1.2	0.1	16.6
Translation difference	0.0	-0.1	-0.1	0.0	0.0	-0.2
Acquisitions	0.0	0.5	0.0	0.0	0.1	0.6
Increases	0.0	1.4	3.7	0.8	0.0	5.9
Divestments	0.0	-0.5	-0.8	0.0	0.0	-1.3
Decreases	0.0	-0.4	0.0	-0.1	-0.1	-0.5
Revaluation	0.0	0.0	0.0	0.0	0.0	0.0
Transfers between items	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition cost, Dec. 31, 2022	3.7	9.1	6.3	2.0	0.0	21.1
Accumulated depreciation, Jan. 1, 2022	-3.1	-6.3	-0.7	-0.2	0.0	-10.3
Translation difference	0.0	0.1	-0.1	0.1	0.0	0.1
Accumulated depreciation from divestments	0.0	0.2	0.4	0.0	0.0	0.6
Accumulated depreciation from decreases and transfers	0.0	0.1	0.0	0.0	0.0	0.1
Depreciation	0.0	-0.6	-1.3	-0.4	0.0	-2.3
Accumulated depreciation, Dec. 31, 2022	-3.1	-6.5	-1.7	-0.5	0.0	-11.8



Book value, Jan. 1, 2022	0.5	1.9	2.7	1.0	0.1	6.3
Book value, Dec. 31, 2022	0.5	2.5	4.5	1.5	0.0	9.2

14. Goodwill and impairment testing

From the acquisition date, goodwill is allocated for goodwill testing to those cash-generating units (CGUs) that are expected to benefit from the goodwill arising from the business combination. The Group's goodwill is allocated to cash-generating units as follows:

	2023	2022
Technical Trade	23.5	20.2
Electronics	6.7	3.3
Heavy Machines	10.0	10.0
Other Operations	2.1	2.1
Total	42.4	35.5

The recoverable amounts of cash-generating units are based on value-in-use calculations using discounted cash-flow projections. The estimates are based on the budget approved by the management and the Board of Directors for 2024 and on the best available information and a view of performance and market development in 2025-2028, which together constitute a forecast period.

Key assumptions used in the calculations are cash flow growth after the forecast period and the discount rate (WACC). The weighted average cost of capital is used as the discount rate in the calculations, the components of which are country-specific weighted risk-free interest rate, risk premiums, industry-specific beta, the cost of the Group's external debt, and the capital structure of the industry based on the average of selected peer companies. The growth in the cash flow after the forecast period is based on the company's conservative estimate of long-term growth, which corresponds to the European Central Bank's long-term target inflation rate of 2%. Profitability in the forecast period is based on the expected organic growth of the business in normal market conditions and steady profitability development and does not include future acquisitions.

The table below shows the main assumptions for impairment testing.

2023	Technical Trade	Electronics	Heavy Machines	Other Operations
Growth in cash flow after the forecast period	2%	2%	2%	2%
Profitability (EBIT %) in the terminal period	9.6%	7.4%	6.9%	11.7%
Discount rate (Pre-tax WACC)	10.1%	10.0%	9.7%	11.0%
Discount rate (Post-tax WACC)	9.4%	9.3%	9.0%	10.3%
2022	Technical Trade	Electronics	Heavy Machines	Other Operations
Growth in cash flow after the forecast period	2%	2%	2%	2%
Profitability (EBIT %) in the terminal period	9.0%	6.6%	4.6%	11.7%
Discount rate (Pre-tax WACC)	9.3%	9.6%	9.0%	8.2%
Discount rate (Post-tax WACC)	8.6%	8.9%	8.4%	7.3%



Based on the test calculations, goodwill is not subject to impairment. The recoverable amounts of all cash-generating units exceeded their book values. The table below shows the percentages with which the recoverable amounts exceed the book value of the tested asset items.

Technical Trade	Electronics	Heavy Machines	Other Operations
50–100%	50–100%	20–50%	20–50%

Sensitivity calculation

The Group has assessed the sensitivity of the goodwill impairment calculation through the changes in the key assumptions used in the calculation.

The table below shows the changes that should be met in the Technical Trade, Electronics, Heavy Machines and Other Operations in order for the recoverable amount to be below the book value. However, management estimates that a likely change in any of the key assumptions used would not lead to a situation where the recoverable amounts of cash-generating units would fall below their book value.

	Technical Trade	Electronics	Heavy Machines	Other Operations
Decrease in EBIT margin in the terminal year, percentage points	-1%	-3%	-1%	-2%
Growth in cash flow after the forecast period, percentage points	-4%	-5%	-1%	-1%
Discount rate increase, percentage points	1%	1%	1%	1%

15. Deferred tax assets and liabilities

	Jan. 1, 2023	Recognized in the income statement	Recognized in equity	M&A transactions	Dec. 31, 2023
Deferred tax assets					
Cost allocation difference	0.1	0.0	0.0	0.0	0.1
Total	0.1	0.0	0.0	0.0	0.1
	Jan. 1, 2022	Recognized in the income statement	Recognized in equity	M&A transactions	Dec. 31, 2022
Cost allocation difference	0.1	0.0	0.0	0.0	0.1
Total	0.1	0.0	0.0	0.0	0.1
Deferred tax liabilities	Jan. 1, 2023	Recognized in the income statement	Recognized in equity	M&A transactions	Dec. 31, 2023
Tangible and intangible fixed assets	1.8	-0.5	0.0	1.1	2.5
Total	1.8	-0.5	0.0	1.1	2.5
	Jan. 1, 2022	Recognized in the income statement	Recognized in equity	M&A transactions	Dec. 31, 2022
Tangible and intangible fixed assets	1.0	-0.3	0.0	1.2	1.8
Total	1.0	-0.3	0.0	1.2	1.8



16. Trade and other receivables

	2023	2022
Trade receivables	14.6	19.8
Loan receivables	0.0	0.0
Other receivables	0.7	0.3
Accrued income	1.2	3.0
Total assets at end of year	16.4	23.2

Age distribution of trade receivables and impairment losses

	Expected credit losses (IFRS 9)	2023	2022
Not overdue	0.0	11.8	16.8
Overdue 1-30 days	0.0	2.1	2.4
Overdue 31-89 days	0.0	0.2	0.4
Overdue over 90 days	0.0	0.5	0.4
Impairment losses	-0.1	-0.1	-0.1
Other credit loss provisions	-0.2	0.0	-0.1
Total at end of year	-0.3	14.6	19.8

The Group applies a simplified method for recording expected credit losses, whereby expected credit losses are recognized for all trade receivables and contractual assets over the entire period of validity. The percentages used in the calculation are based on historical credit losses, considering current financial circumstances and the Group's view of the financial conditions that will affect the trade receivables during their expected validity. In the Group's view, the balance sheet value of trade receivables best reflects the amount of money that is the maximum credit risk if the contracting parties fail to meet their obligations related to trade receivables.

A EUR 0.2 million other credit loss provision has been recognized in addition to the credit losses under IFRS 9, based on management's estimate of the recoverability of receivables.

17. Cash and cash equivalents

	2023	2022
Cash in hand and at banks	6.5	13.2
Total	6.5	13.2

18. 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. Discontinued operations have no impact on the income statement or balance sheet of 2023.



INCOME STATEMENT (EUR)	2022
Net sales	12.2
Other operating income	0.0
Materials and services	-11.7
Employment related expenses	-2.1
Depreciation, amortization and impairment losses	-0.2
Other operating expenses	-3.3
EBIT	-5.2
Financial income	0.0
Financial expenses	-0.7
Profit before taxes	-5.9
Income taxes	-0.2
Profit after taxes	-6.0
Sales gain from discontinued operations	0.7
Translation differences transferred to the income statement	0.3
Other items related to the transaction	0.2
ASSETS	
Non-current assets	
Intangible assets	0.1
Goodwill	0.0
Property, plant and equipment	0.6
Other financial assets	0.0
Investments in associates	0.0
Deferred tax assets	0.0
Total non-current assets	0.7
Current assets	
Inventories	0.2
Accounts receivable and other receivables	0.8
Cash and cash equivalents	3.5
Total current assets	4.5
TOTAL ASSETS	5.1
Non-current liabilities	
Financial liabilities	0.2
Deferred tax liabilities	0.0
Provisions	0.0
Trade payables and other liabilities	0.0
Total non-current liabilities	0.2
Current liabilities	
Trade payables and other liabilities	3.0
Provisions	0.0
Financial liabilities	0.2
Total current liabilities	3.3
TOTAL LIABILITIES	3.5

**CASH FLOWS FROM DISCONTINUED OPERATIONS**

Net cash flow from operating activities	0.2
Net cash flow from investments	-0.1
Net cash flow from financing	-0.9
Cash consideration	2.6
Sold net assets	-1.6
Other items related to the transaction	-0.3
SALES GAINS	0.7

19. Share capital

The total number of shares is 2,701,353 (2,691,708).

The Group's share capital is EUR 2,483,836 (EUR 2,483,836).

All issued shares have been paid in full.

Share class	Shares	Share	Share
	units	% of shares	% of votes
Shares	1 vote/share 2,701 353	100.00	100.00

The contingency reserve includes subsidiaries' contingency reserves that are made up of transfers of retained earnings to the contingency reserve recorded in accordance with local legislation. The company holds 14,011 treasury shares.

Share issues

Boreo's Board of Directors has used the authorizations granted by the Annual General Meetings for share issues in 2022 and 2023. The effects of the share issues on the number of shares in Boreo and the dates of the share issues are presented in the table below.

	2023		2022
01/01/2023	2,691,708	Jan. 1, 2022	2,617,322
01/05/2023	9,645	01/05/2022	9,000
12/31/2023	2,701,353	03/07/2022	1,600
		06/01/2022	18,786
		07/02/2022	40,000
		12/07/2022	5,000
		Dec. 31, 2022	2,691,708

20. Hybrid loan

Boreo issued a hybrid loan of EUR 20 million on February 9, 2022, which is treated as equity in the Group's IFRS financial statements. A hybrid loan is an equity-based bond that is weaker than other debt obligations. The loan holder does not have any shareholder rights and it does not dilute the holdings of existing shareholders. The coupon rate for the hybrid loan is fixed at 8.00% per annum until February 9, 2025. The hybrid loan does not have a specified maturity date, but the company is entitled to redeem the hybrid loan at its nominal value on the review date and thereafter on the subsequent interest payment dates. In addition, the company can redeem the hybrid loan at a price higher than the nominal value before the review date. A hybrid loan is initially recognized at fair value less transaction costs and subsequently measured at acquisition cost. The interest on the hybrid loan is recorded directly in equity net of tax benefits, in 2023 EUR 1.6 million of interest was recorded and in 2023, EUR 1.6 million of interest was paid. In accordance with IAS 33, interest accrued in local accounting has been included as an expense in the calculation of earnings per share, as shown in the formula for calculating key figures



21. Share-based payments

Since 2022, Boreo has had a long-term engagement program for key personnel that can be carried out either as equity instruments or in cash. The benefits granted under these schemes are measured at fair value when they are granted and recognized in equity and as corresponding expenses in the income statement evenly over the period of transfer of the rights. The impact of the schemes on profit and loss is presented in the income statement as costs arising from employee benefits. To qualify for a reward under the scheme, the subscriber must have subscribed the company's shares in the personnel issue within the limits determined by the Board of Directors in advance. If the subscriber's share ownership condition has been fulfilled and their employment in the Group company has not been terminated by the date of payment of the reward, the subscriber will receive additional shares, free of charge, as remuneration from the Company in the proportion decided by the Board of Directors. If the payment were to take place on the reporting date, it would result in an issue of 11,380 shares. These shares are considered as potential ordinary shares with a dilutive effect on EPS. The entire scheme is treated as an equity-based payment based on shares. The impact of the program on the result for the financial year was EUR 0.1 million (2022: EUR 0.1 million) and its total cost is estimated at EUR 0.4 million

Matching Share Plan for key personnel 2022–2025

	2023	2022
Date granted	06/29/2022	06/29/2022
Shares issued Jan. 1	12,590	0
Shares issued during the period	180	12,663
Shares lost	-1,390	-73
Shares issued Dec. 31	11,380	12,590
Fair value of the share at the time of issue	37.56	37.56
Earning criteria	Employment and employment has not been terminated	Employment and employment has not been terminated
Implementation	As shares and/or cash	As shares and/or cash
Estimated creation of right	07/31/2025	07/31/2025

22. Financial liabilities

	2023	2022
Interest-bearing liabilities		
Non-current liabilities		
Lease liabilities	6.1	4.5
Bank loans	27.9	29.0
Instalment payment liabilities	0.0	0.6
Total	34.0	34.1
Current liabilities		
Lease liabilities	2.2	2.0
Bank loans	7.3	7.5
Instalment payment liabilities	0.0	0.6
Total	9.5	10.0

Management has estimated that the book values of financial assets and liabilities are reasonably close to fair values



Long-term liabilities maturity	Instalment payment liabilities	Fixed-rate bank loans	Floating rate bank loans	Lease liabilities	Total
2025	0.0	0.0	5.3	2.6	7.9
2026	0.0	0.0	5.1	1.4	6.7
2027	0.0	0.0	17.6	1.2	18.8
Later	0.0	0.0	0.0	0.9	0.9
Total	0.0	0.0	27.9	6.1	34.0

Total interest payments based on contracts

2024	0.0	0.0	1.9	0.6	2.6
2025	0.0	0.0	1.2	0.3	1.5
2026	0.0	0.0	0.4	0.3	0.7
2027	0.0	0.0	0.0	0.0	0.0
Later	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	3.5	1.3	4.8

Variable-rate bank loans include loans raised on normal terms from financial institutions. Bank loans are secured by conventional corporate mortgages.

Maturity of lease liabilities

	2023	2022
Within one year	2.2	2.0
Over a year, but less than five years	6.1	4.4
After five years	0.0	0.0
Total	8.3	6.4
Financial expenses accumulated in the future	1.3	1.4
Current value of lease liabilities	9.6	7.8
Within 12 months	2.8	2.3
Over a year, but less than five years	6.8	5.5
After five years	0.0	0.0
Minimum rents, total	9.6	7.8

Reconciliation of net interest-bearing net debt

	2023	2022
Long-term financial liabilities	34.0	34.1
Current financial liabilities	9.5	10.0
Interest-bearing assets	1.0	0.0
Cash and cash equivalents	6.5	13.2
Interest-bearing net debt	36.0	30.9



23. Accounts payable and other non-current liabilities

	2023	2022
Accrued expenses and deferred income	2.0	1.7
Total	2.0	1.7

24. Accounts payable and other current liabilities

	2023	2022
Trade payables and other liabilities	13.5	15.0
Advance payments received	1.9	3.4
Accrued expenses and deferred income	10.4	10.4
Other short-term liabilities	3.1	3.0
Total	28.8	31.9

Material items included in deferred and other liabilities consist of salary provisions, VAT liabilities and additional purchase price liabilities.

25. Provisions

	2023	2022
Short-term provisions	0.1	0.0

Provisions consist of provisions related to restructuring.

26. Guarantees, commitments and other obligations

Liabilities	2023	2022
Overdraft facility	6.3	6.4
Total liabilities	6.3	6.4

Collateral given

Enterprise mortgages	71.5	71.5
Guarantees	3.8	3.1
	75.3	74.6

27. Financial risk management

The objective of financial risk management is to limit the uncertainty arising from currency risks, interest rate, credit and liquidity risks to cash flow, earnings and equity. The Group's management determines risk concentrations by assessing the impact of the risks on the Group under different circumstances. Financial risk management is centralized to Group Administration. Financial risk management is controlled and supervised by the Group's CFO.

Currency risk

The Group's financial risks include interest rate, currency, liquidity and credit risks. Other risks include risks related to equity and impairment. In 2023, the Group had 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. The largest net position risk is directed at Swedish companies. The Group does not apply hedge accounting. The translation difference was EUR 0.0 million in the financial year 2023.

The Group has no material derivatives that hedge foreign currency risk.

Sensitivity analysis of the impact of a +/- 20% change in SEK on equity and solvency.

	2023 EUR 1,000	2022 EUR 1,000
Impact on post-tax profit	125	133
Equity before profit	915	843
Total	1040	977

A 20% decline in SEK would affect the Group's equity ratio as follows:

	2022
%	
Equity ratio	36.2 %
Equity ratio with a 20% weaker SEK	35.7 %
Effect	-0.5 %

Interest rate risk

The Group's bank loans have variable rates and all bank loans are in the functional currency euro. A 1% increase in the interest on financial loans would affect the Group's financial expenses and net profit by EUR -0.3 million. The interest rate risk is hedged with an interest rate derivative whose fair value at the balance sheet date was approximately EUR 0.4 million. The Group does not apply hedge accounting, so changes in the value of the interest rate derivative are recognized in profit or loss. The hedged portion of variable-interest bank loans is EUR 15 million (i.e. slightly under half of the company's bank loans). The risk management policy does not define a duration objective.

Credit risk

The aim is to reduce the risk of credit losses by actively monitoring the financial situation of customers. IFRS 9 credit risk management is centralized to Group Administration. At the balance sheet date, December 31, 2023, management estimates that, in addition to the ECL receivables, the credit risk of other receivables is EUR 0.2 million, on which a credit loss provision has been recognized in the December 31, 2023, financial statements. The company has recognized a provision for expected credit losses in accordance with IFRS 9 in addition to which the credit risk of customers is assessed on a case-by-case basis.

The highest credit risk is attributed to trade receivable that have matured over 90 days ago and to which a 10% impairment has been recorded based on the risk assessed by the management and the management's analysis in accordance with the company's risk policy. Over 90 days old receivables for the Group as a whole was EUR 0.4 million on December 31, 2023 (2022: 0.4).

Refinancing and liquidity risk

The refinancing and liquidity risk is managed with a balanced maturity distribution of loans, by having a sufficient number of binding credit limits with sufficient maturities available, and by maintaining a sufficient amount of cash assets. At the end of the year, the company had EUR 19.0 million in undrawn binding credit limits.

The Group's financing agreements contain covenants regarding the equity ratio, net debt relative to the previous 12 months' EBITDA calculated in accordance with the calculation principles established with financiers, and the amount of capital expenditure. Breach of covenants may result in higher financing costs or termination of loans. The covenants are reviewed and reported to banks on a semi-annual basis. The company's management regularly monitors the covenants. During the financial year 2023, all semi-annual covenant terms were met.

28. Group companies and related party transactions

Group companies	Group's holding %	Domestic
Boreo Plc		Finland
Norettron Komponentit Oy	100	Finland
AS YE International	100	Estonia
UAB YE International	100	Lithuania
SIA YE International	51	Latvia
Machinery Group Oy	100	Finland
Machinery Oy	100	Finland
Machinery OÜ	100	Estonia
Tornokone OY	100	Finland
Muottikolmio Oy	100	Finland
PM Nordic AB	100	Sweden
Milcon Oy	100	Finland
Etelä-Suomen Kuriiripalvelu Oy	100	Finland
HM Nordic OÜ	100	Estonia
Floby Nya Bilverkstad AB	100	Sweden
Pronius Oy	100	Finland
Infradex Oy	100	Finland
Vesterbacka Transport Oy	100	Finland
Signal Solutions Nordic Oy	100	Finland
Signal Solutions Nordic AB	51	Sweden
Signal Solutions USA L.L.C.	51	US
Lackmästar'n i Håkantorps AB	100	Sweden
J-Matic Oy	100	Finland
Filterit Oy	100	Finland
Delfin Technologies Oy	100	Finland
Delfin Technologies UK Ltd	65	Great Britain

Changes in Group structure**Mergers completed in 2023**

May 31, 2023, J-Matic rent Oy was merged with J-Matic Oy
 November 30, 2023, SANY Nordic AB was merged with PM Nordic AB.
 December 31, 2023, Lamox Oy was merged with Muottikolmio Oy.

Mergers completed in 2022

January 1, 2022, Teitteam Oy was merged with Etelä-Suomen Kuriiripalvelu Oy.

	2023	2022
Fees paid to the Board of Directors and the CEO and performance-based pension contributions		
Salaries and fees paid to the CEO	0.3	0.3
Fees paid to the Board of Directors	0.2	0.2
Management salaries	1.1	1.1



Boreo has a lease agreement with a controlling entity of Richard Karlsson, member of the management team. The contract is market-based and the rent paid in the financial year 2023 was approximately EUR 0.2 million (2022: EUR 0.2 million).

29. Associated companies and shares in associated companies

Boreo has the following associated companies that are consolidated using the equity method. Signal Solutions Poland Sp. z.o.o Spolka komandytowa is an operational company and Signal Solutions Poland Sp. z.o.o sp.k does not have operational activities. The Group does not have individually material associated companies.

	Share of ownership	Voting power
Signal Solutions Poland sp. z o.o. sp.k	50%	50%
Signal Solutions Poland Sp. z.o.o Spolka komandytowa	50%	50%
	2023	2022
Book value, 1 Jan.	0.9	0.0
Increases	0.0	0.9
Translation differences	0.0	0.0
Share of profit or loss	0.3	0.2
Dividends	-0.2	-0.2
Book value, Dec. 31	1.0	0.9

30. Material events after the financial year

There are no material events after the end of the financial year.

**KEY FIGURES OF THE CONSOLIDATED FINANCIAL STATEMENTS**

EUR million	2023	2022**	2021**	2020	2019
Net sales	161.3	160.4	122.0	97.5	59.9
Net sales growth %	1%	31%	25%	63%	5%
Operational EBIT	9.5	8.7	7.2	5.9	3.5
Operational EBIT-%	5.9%	5.4%	5.9%	6.1%	5.8%
Profit for the period, continuing operations	2.8	4.4	3.9	2.7	2.6
Profit/loss for the period, discontinued operations	0.0	-4.7	1.6	0.0	0.0
Profit for the period attributable to shareholders of the parent company	2.6	0.0	5.2	2.3	2.3
Earnings per share (EUR) (diluted), continuing operations	0.47	1.12	1.40	0.91	0.90
Dividend (EUR)	0.00*	0.44	0.42	0.40	0.00
Equity ratio %	36.2%	35.4%	23.8%	27.0%	65.4%
Net debt	36.0	30.9	41.0	19.8	-4.0

*Board of Directors' proposal to the Annual General Meeting

**2022 and 2021 adjusted to correspond with continuing and discontinued operations.

**FORMULAS FOR CALCULATING KEY INDICATORS**

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



INFORMATION ABOUT BOREO PLC'S SHARES

Shares and shares traded Jan. 1 - Dec. 31, 2023

The shares of Boreo Plc are listed on Nasdaq Helsinki Ltd.

Boreo's trading code is BOREO, before that the trading code was YEINT. The total number of quoted shares is 2,701,353, and the round lot is 1 share.

A total of 98,797 Boreo Plc shares were traded on Nasdaq Helsinki, with a total value of EUR 3,314,833. Net sales as a proportion of the number of shares was 4 %.

The price of the shares was at its highest in May 2023, at EUR 43.00. The lowest quotation was EUR 24.00 in December 2023. At the end of the financial year, on December 31, 2023 the share price was EUR 28.70. The average share price for the financial year 2023 was EUR 34.42.

Structure of the share capital Dec. 31, 2023

		Shares units	Share of shares	Share of votes
Shares	1 vote/share	2,701 353	100%	100%

Ownership structure Dec 31, 2023

	Owner units	Shares units	Votes
Households and private individuals	2,406	634,719	634,719
Private companies	112	100,363	100,363
Financing and insurance institutions	8	1,687	1,687
Non-profit organizations	2	145	145
International	11	1,913,634	1,913,634
Nominee-registered	8	50,805	50,805
Total	2,533	2,701 353	2,701 353

Shareholders by ownership Dec. 31, 2023

Shares/shareholder	Shareholders	% share	Number of shares	% share
1-99	1756	69.32%	44,812	1.66 %
100-999	649	25.62%	174,129	6.45 %
1,000-9,999	111	4.38%	250,662	9.28 %
10000-	17	0.67%	2,231,750	82.62 %
Total	2,533	100%	2,701,353	100.00 %

**20 largest shareholders according to the share register on Dec. 31, 2023**

	Shares units	share of shares share capital (%)	of votes (%)
PREATO CAPITAL AB	1,910,225	70.71%	70.71%
AK CAPITAL OY	35,370	1.31%	1.31%
SIRVIÖ KARI SIMO TAPANI	27,774	1.03%	1.03%
SULIN ARI WILHELM	27,200	1.01%	1.01%
MOILANEN MIKKO PETTERI	25,625	0.95%	0.95%
KARLSSON RICHARD	24,916	0.92%	0.92%
RUMPUNEN AKU VÄINÄMÖ	24,000	0.89%	0.89%
SILVENNOINEN JANNE	23,643	0.88%	0.88%
DANSKE BANK A/S, HELSINKI BRANCH	21,615	0.80%	0.80%
LAMMINPÄÄ-SIRVIÖ MARJA HANNELE	20,693	0.77%	0.77%
MÄÄTTÄ MIKKO OLAVI	15,236	0.56%	0.56%
PETÄJÄ JESSE	14,174	0.54%	0.54%
BOREO PLC	14,011	0.52%	0.52%
SIIK RAUNI MARJUT	13,348	0.49%	0.49%
VIRTANEN MATTI JUHANI	13,000	0.48%	0.48%
KORPINEN JANNE ADIEL	10,327	0.38%	0.38%
NEUVONEN TOIVO JOHANNES	9,393	0.37%	0.37%
LK CAPITAL OY	9,000	0.35%	0.35%
LEECHLAND OY	9,000	0.33%	0.33%
OMS CAPITAL OY	8,000	0.30%	0.30%
20 largest in total	2,257,897	83.58%	83.58%
Shareholding of the Members of the Board of Directors and the CEO and their controlling entities	1,956,886	72.44 %	72.44 %

Board authorizations

The Board of Directors has authorization from the Annual General Meeting to organize a share issue, dispose of treasury shares and issue stock options. The number of shares issued under the authorization may not exceed 540,000 shares. The authorizations are valid until the end of the next Annual General Meeting, but no longer than until June 30, 2024.

At the beginning of the financial year, the company held 15,236 treasury shares, during the financial year 1,224 shares were used as part of the Board's remuneration. At the end of the financial year, the number of treasury shares was 14,011.



PARENT COMPANY'S INCOME STATEMENT

EUR	JAN. 1–DEC. 31, 2023	JAN. 1–DEC. 31, 2022	Reference
Net sales	19,828,320.46	21,857,985.16	1
Other operating income	361,124.23	1,758,629.52	2
Materials and services	-14,230,871.12	-15,412,831.72	3
Personnel costs	-4,645,625.85	-4,978,689.85	4
Depreciation and impairment	-300,903.31	-227,253.33	5
Other operating expenses	-2,683,802.33	-3,296,728.17	
Operating profit/loss	-1,671,757.92	-298,888.39	
Financial income and expenses	2,691,677.29	1,679,849.05	6
Profit before taxes	1,019,919.37	1,380,960.66	
Group contribution	5,075,000.00	3,470,000.00	
Income taxes	-325,737.79	-289,777.78	7
Profit for the period	<u>5,769,181.58</u>	<u>4,561,182.88</u>	

**PARENT COMPANY'S BALANCE SHEET**

EUR

Assets	12/31/2023	12/31/2022	<i>Reference</i>
Non-current assets			
Intangible assets	333,360.79	597,330.06	8
Tangible assets	27,040.08	40,773.12	8
Investments	70,429,381.05	57,724,691.93	9
	70,789,781.92	58,362,795.11	
Current assets			
Inventories	2,451,246.00	3,041,567.00	10
Non-current receivables	6,280,894.56	6,879,742.54	11
Current receivables	7,670,052.99	7,126,857.47	11
Cash in hand and in banks	678,978.10	3,915,873.79	
	17,081,171.65	20,964,040.80	
Total assets	87,870,953.57	79,326,835.91	
Liabilities			
Equity			
Share capital	2,483,836.05	2,483,836.05	
Hybrid loan	20,000,000.00	20,000,000.00	
Retained earnings	11,772,110.48	9,294,347.32	
Profit for the period	5,769,181.58	4,561,182.88	
Total equity	40,025,128.11	36,339,366.25	12
Liabilities			
Non-current liabilities	29,500,000.00	29,000,000.00	13
Current liabilities	18,345,825.46	13,987,469.66	14
	47,845,825.46	42,987,469.66	
Total liabilities	87,870,953.57	79,326,835.91	

**PARENT COMPANY CASH FLOW STATEMENT**

EUR	JAN. 1–DEC. 31, 2023	JAN. 1–DEC. 31, 2022
Cash flow from operating activities		
EBIT	-1,671,757.92	-298,888.39
Depreciation and adjustments	300,903.31	227,253.33
Increase (-) / decrease (+) in inventories	590,321.00	-853,110.00
Increase (-) / decrease (+) in current assets	989,804.48	-2,574,384.09
Increase (+) / decrease (-) in current liabilities	1,021,741.90	2,382,240.16
Financial income and expenses	-1,833,445.77	-2,094,235.73
Dividend income	4,362,456.39	2,325,195.89
Paid taxes	-404.46	0.00
Cash flow from operating activities	3,759,618.93	-885,928.83
Cash flow from investment activities		
Investments	-11,875,614.52	-16,655,935.39
Investments in intangible and tangible assets	-23,201.00	-309,023.14
Proceeds from sale of property, plant and equipment	0.00	2,210,377.77
Cash flow from investment activities	-11,898,815.52	-14,754,580.76
Financial cash flow		
Loan withdrawals	6,000,000.00	55,000,000.00
Share transfer	0.00	317,967.36
Share issue	0.00	1,502,400.00
Cashpool withdrawal	4,115,613.90	0.00
Interest of hybrid loan	-1,600,000.00	0.00
Loan repayments	-6,500,000.00	-36,987,782.16
Increase in loan receivables	598,847.98	-1,332,900.62
Group contribution received	3,470,000.00	1,400,000.00
Dividends paid	-1,182,160.98	-1,111,112.73
Financial cash flow	4,902,300.90	18,788,571.85
Change in cash and cash equivalents	-3,236,895.69	3,148,062.26
Cash and cash equivalents Jan 1	3,915,873.79	767,811.53
Cash and cash equivalents 31 Dec	678,978.10	3,915,873.79

ACCOUNTING PRINCIPLES OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

Boreo Plc's financial statements for the financial year Jan. 1 -Dec. 31, 2023, has been prepared in accordance with the Finnish Accounting Act.

Valuation principles

VALUATION OF FIXED ASSETS

Fixed assets are recognized at acquisition cost less depreciations made according to plan in the balance sheet. Depreciation according to plan is calculated on a straight-line basis during the fixed asset item's useful economic life.

The depreciation periods are:

Intangible assets	5 years
Tangible assets	
Buildings and structures	25–30 years
IT hardware	3–5 years
Other machinery and equipment	3–5 years
Other capitalized long-term expenditure	5 years

VALUATION OF INVENTORIES

Inventories are presented at historical acquisition cost or probable disposal price if it is lower and measured using the weighted average price method.

ACCRUAL OF PENSION COSTS

Pension coverage is organized in accordance with local legislation. Pension insurance have been amortized to correspond to the accrual-based salaries in the financial statements.

FOREIGN CURRENCY DENOMINATED ITEMS

Foreign currency denominated receivables and liabilities have been translated into euro using the average exchange rate quoted by the European Central Bank on the closing date. Unrealized exchange rate losses and gains have been recognized through profit or loss.

TAXES

Income taxes have been recorded in accordance with Finnish tax legislation.

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

EUR

1. Net sales

	2023	2022
Finland	16,837,249.44	18,667,309.30
Baltic countries	673,405.06	2,084,355.33
Others	2,317,665.96	2,612,026.19
Total	19,828,320.46	21,857,985.16

2. Other operating income

	2023	2022
Other operating income	361,124.23	1,758,629.52
Total	361,124.23	1,758,629.52

3. Materials and services

	2023	2022
Materials and goods		
Purchases during the period	13,640,550.12	16,265,941.72
Change in inventories	590,321.00	-853,110.00
Total	14,230,871.12	15,412,831.72

4. Notes concerning personnel and members of governing bodies

	2023	2022
Personnel costs		
Salaries and fees	3,815,013.01	4,109,915.98
Pension costs	709,070.68	740,329.61
Other indirect employee costs	121,542.16	128,444.26
Total	4,645,625.85	4,978,689.85

Salaries and fees of the members of the Board of

Directors and the CEO and fringe benefits	537,761	548,766
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Average number of personnel	44	47
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**5. Depreciation, amortization and impairment**

	2023	2022
Depreciation according to plan		
Intangible assets		
Intangible rights	243,320.31	194,123.61
Goodwill	24,999.96	14,583.31
Other capitalized long-term expenditure	18,850.00	9,205.54
Tangible assets		
Machinery and equipment	13,733.04	9,340.87
Total	300,903.31	208,683.83

6. Financial income and expenses

	2023	2022
Dividend income		
From group companies	4,362,456.39	1,534,968.83
From others	0.00	790,227.06
Total dividend income	4,362,456.39	2,325,195.89
Other interest and financial income		
From group companies	559,927.33	314,851.94
From others	94,023.66	655,182.64
Other interest and financial income, total	653,950.99	970,034.58
Total financial income	5,016,407.38	3,295,230.47
Interest expenses and other financial expenses		
From group companies	-12,933.00	-21,901.33
To others	-2,311,797.09	-1,593,480.09
Total financial expenses	-2,324,730.09	-1,615,381.42
Total financial income and expenses	2,691,677.29	1,679,849.05

7. Income taxes

	2023	2022
Income taxes from actual business activities	-325,333.33	-289,777.78
Taxes for previous fiscal periods	-404.46	0.00
Total income taxes	-325,737.79	-289,777.78



8. Parent company's fixed assets

	Intangible assets			Tangible assets		
	Intangible rights	Goodwill	Other long-term expenditure	In progress acquisitions	Machines and equipment	Total
Acquisition cost, 31 Dec. 2023	1,851,978	50,000	78,310	103,237	614,995	2,698 520
Increases	112,628	0	13,810	0	0	126,438
Decreases	0	0	0	-103,237	0	-103,237
Acquisition cost, 31 Dec. 2023	1,964 606	50,000	92,120	0	614995	2,721 721
Accumulated depreciation, Jan. 1, 2023	-1,462 406	-14,583	-9,206	0	-574,222	-2,060 417
Depreciation accumulated in decreases	0	0	0	0	0	0
Depreciation for the period	-243,320	-25,000	-18,850	0	-13,733	-300,903
Accumulated depreciation, Dec. 31, 2023	-1,705 726	-39,583	-28,056	0	-587,955	-2,361 320
Book value, 31 Dec. 2023	258,880	10,417	64,064	0	27,040	360,401

	Intangible assets			Tangible assets		
	Intangible rights	Goodwill	Other long-term expenditure	In progress acquisitions	Machines and equipment	Total
Acquisition cost, Jan. 1, 2022	1,665,190	0	0	141,730	582,577	2,389,497
Increases	186,788	50,000	78,310	116,023	32,418	463,539
Decreases	0	0	0	-154,516	0	-154,516
Acquisition cost, Dec. 31, 2022	1,851,978	50,000	78,310	103,237	614,995	2,698,520
Accumulated depreciation, Jan. 1, 2022	-1,268,282	0	0	0	-564,881	-1,833,163
Depreciation accumulated in decreases	0	0	0	0	0	0
Depreciation for the period	-194,124	-14,583	-9,206	0	-9,341	-227,253
Accumulated depreciation, Dec. 31, 2022	-1,462,406	-14,583	-9,206	0	-574,222	-2,060,417
Book value, Dec. 31, 2022	389,572	35,417	69,104	103,237	40,773	638,103

9. Investments

	Shares Group compa- nies	Shares Others	Total
Acquisition cost, Jan. 1	57,487,884.66	320,901.22	57,808,785.88
Increases	13,140,740.12	0.00	13,140,740.12
Decreases	436,051.00	0.00	436,051.00
Acquisition cost, Dec. 31	70,192,573.78	320,901.22	70,513,475.00
Accumulated depreciation, Jan. 1		84,093.95	84,093.95
Accumulated depreciation, Dec. 31		84,093.95	84,093.95
Book value, Dec. 31	70,192,573.78	236,807.27	70,429,381.05

Subsidiaries	Parent company's holding %	Domestic
Machinery Group Oy	100	Finland
AS YE International	100	Estonia
UAB YE International	100	Lithuania
PM Nordic AB	100	Sweden
Noretron Komponentit Oy	100	Finland
Etelä-Suomen Kuriiripalvelu Oy	100	Finland
Floby Nya Bilverkstad AB	100	Sweden
HM Nordic OÜ	100	Estonia
Milcon Oy	100	Finland
SIA YE International	51	Latvia
Infradex Oy	100	Finland
Signal Solution Nordic Oy	100	Finland
J-Matic Oy	100	Finland
Vesterbacka Transport Oy	100	Finland
Pronius Oy	100	Finland
Delfin Technologies Oy	100	Finland
Filterit Oy	100	Finland

10. Inventories

	12/31/2023	12/31/2022
Goods	2,451,246	3,041,567



11. Receivables	12/31/2023	12/31/2022
Non-current		
Loan receivables from Group companies in the same Group	6,280,894.56	6,879,742.54
Current		
Trade receivables	1,789,037.82	2,550,268.79
Receivables from Group companies in the same Group		
Trade receivables	237,501.19	136,057.99
Other receivables	11,020.72	15,333.34
Accrued income	5,632,493.26	4,425,197.35
Total receivables	13,950,947.55	14,006,600.01

Most accrued income are intra-group items

12. Equity	12/31/2023	12/31/2022
Share capital, Jan. 1	2,483,836.05	2,483,836.05
Equity loan	20,000,000.00	20,000,000.00
Share capital, Dec. 31	22,483,836.05	22,483,836.05
Reserve for invested unrestricted equity, Jan. 1	4,911,766.79	1,972,605.75
Share transfer	400,074.60	2,939,161.04
Reserve for invested unrestricted equity, Dec. 31	5,311,841.39	4,911,766.79
Retained earnings 1/1	8,943,763.41	6,652,804.37
Share of interest on equity loan	-1,301,333.34	-1,159,111.11
Dividends paid	-1,182,160.98	-1,111,112.73
Retained earnings Dec.31	6,460,269.09	4,382,580.53
Profit/loss for the period	5,769,181.58	4,561,182.88
Total equity	40,025,128.11	36,339,366.25

13. Non-current liabilities	12/31/2023	12/31/2022
Loans from financial institutions	27,500,000.00	29,000,000.00
Accrued expenses and deferred income	2,000,000.00	0.00
	29,500,000.00	29,000,000.00



14. Current liabilities	12/31/2023	12/31/2022
Loans from financial institutions	5,000,000.00	4,000,000.00
Loans from Group companies	4,322,839.17	182,965.63
Other liabilities	79,900.00	79,900.00
Trade payables	1,637,339.26	2,303,060.28
Accrued expenses and deferred income	7,305,747.03	7,421,543.75
Total	18,345,825.46	13,987,469.66

The majority of short-term liabilities comprise additional purchase price liabilities, VAT liabilities and holiday pay allocation.

15. Leasing liabilities	12/31/2023	12/31/2022
Maturing in 12 months	93,116.27	10,316.89
Maturing later	86,219.85	128,311.54
	179,336.12	138,628.43

16. Guarantees, commitments and other obligations

	12/31/2023	12/31/2022
Liabilities		
Bank overdraft (not used)	5,210,940.08	3,000,000.00
Total liabilities	5,210,940.08	3,810,342.39
Collateral given		
On own obligations		
Guarantees	3,033,961.52	424,569.74
On own and subsidiary obligations		
Enterprise mortgages	71,500,751.68	71,500,751.68
	74,534,713.20	71,925,321.42

The company has no material derivative liabilities.

17. Options

No current option schemes.

18. Fees paid to auditors

For statutory audit	26,763.00	20,075.00
Fees paid for other services	650.00	4,600.00
Total:	27,413.00	24,675.00



BOARD OF DIRECTORS' PROPOSAL FOR THE USE OF DISTRIBUTABLE PROFITS

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



SIGNATURES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Vantaa, February 28, 2024

Simon Hallqvist
Chairman of the Board

Camilla Grönholm
Member of the Board

Jouni Grönroos
Member of the Board

Ralf Holmlund
Member of the Board

Michaela von Wendt
Member of the Board

Noora Neilimo-Kontio
Member of the Board

Kari Nerg
CEO





AUDITOR'S NOTE

The auditor's report on the financial statements has been issued today.

Vantaa, February 28, 2024

Moore Idman Oy
Auditor

Jari Paloniemi
APA





AUDITORS' REPORT (TRANSLATION OF THE FINNISH ORIGINAL)

To the Annual General Meeting of Boreo Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Boreo Oyj (business identity code 0116173-8) for the year ended 31.12.2023. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flow and notes, including information concerning significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flow and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We have not provided to the parent company nor group companies any other services than audit services. We have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud. Each matter described below is a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).

- Revenue recognition, refer to accounting principles for the consolidated financial statements

We refer to accounting principle concerning revenue recognition. Timing of revenue recognition has an essential meaning to true and fair view of closing. Management should pay special attention to revenue recognition of goods and services when client has received control of goods and services.



Our audit procedures included examination of sales contracts to ensure that revenue was recognized in accordance with the terms of the contract and transactions. We also performed substantive procedures such as testing samples of sales agreements and year-end transactions to ensure appropriate application of revenue recognition.

- Valuation of goodwill, refer to accounting principles for the consolidated financial statements and note 14.

The value of goodwill in balance is 42,4 M€ meaning 35 % of total assets, which describes the meaning of goodwill. Goodwill is tested for impairment when indicators of impairment exist, or at least annually. Goodwill impairment testing is conducted by comparing the carrying value with the recoverable amount. Management estimates the recoverable amount using a discounted cash flow model. Determining the key assumptions used in the impairment tests requires management judgement and estimates especially relating to long term growth of free cash flow after estimation period.

We obtained an understanding of management's impairment assessment process and assessed the impairment tests prepared by the Company. We challenged the assumptions used by management. We also evaluated the cash flows used by comparing them to the group's strategic plans and budget, external sources and the understanding we gained from our audit. Furthermore, we considered the appropriateness of the group's disclosures in respect of goodwill and impairment testing.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of



accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

Annual General Meeting on 19.4.2023 has appointed us as an auditor. Our appointment represents a total period of uninterrupted engagement of 20 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Vantaa 28th February 2024

Moore Idman Oy
Audit firm

Jari Paloniemi
Authorized Public Accountant



A person is rowing a small boat on a calm lake. The water is still, reflecting the surrounding forest and the sky. The trees are tall and thin, likely pines or cypresses. The overall atmosphere is serene and quiet. A large, dark blue circle is partially visible on the right side of the image.

GOVERNANCE STATEMENTS



CORPORATE GOVERNANCE STATEMENT 2023

INTRODUCTION

Boreo Plc's corporate governance is based on Finnish law and the company's Articles of Association. Boreo Plc complies with the rules of Nasdaq Helsinki Ltd and the Finnish Corporate Governance Code issued by the Securities Market Association, which entered into force on January 1, 2020. A description of the Corporate Governance system is available on the company's website www.boreo.com and publicly available on the Finnish Securities Market Association's website at www.cgfinland.fi. This document is the Corporate Governance Statement published annually in connection with the financial statements. The company does not deviate from the recommendations of the Finnish Corporate Governance Code.

This statement has been approved by the Board of Directors of Boreo Plc and has been prepared as a separate statement from the Board of Directors' Report. Boreo Plc's auditor Moore Rewinet Oy has reviewed that the general description of internal control and risk management systems related to the financial reporting process is uniform with the financial statements.

Structure of Boreo Group

At the end of 2023, Boreo Group consisted of three business areas: Electronics, Technical Trade and Heavy Machines.

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 companies of the business area are Yleiselektroniikka, YE International, Noretron Komponentit, Milcon, Infradex, Signal Solutions Nordic, and Delfin Technologies.

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

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

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

At the end of 2023, the company had operations in eight countries: Finland, Sweden, Estonia, Latvia, Lithuania, Poland, Great Britain and the United States.

As of January 1, 2024, Boreo will merge the Technical Trade and Heavy Machines business areas into a single Technical Trade business area. Etelä-Suomen Kuriiripalvelu and Vesterbacka Transport reported in Other Operations in 2023 will be combined with the new business area. As a result, 'Other Operations' will in future only cover the activities of the parent company Boreo, and the reporting unit will henceforth be called 'Group Operations'.

BOREO'S GOVERNANCE PRINCIPLES

Boreo Plc is a public limited liability company incorporated under the laws of Finland with its shares listed on the Main Market of Nasdaq Helsinki Ltd. The parent company Boreo Plc and its subsidiaries form Boreo Group. The highest decision-making power is exercised by the shareholders at the Annual General Meeting. Company management is the responsibility of Boreo Plc's Board of Directors, its Committees and the CEO.

Annual General Meeting

Boreo Plc's General Meeting is the highest decision-making body in the company and it convenes at least once per year. According to the Articles of Association of Boreo Plc, the notice to the General Meeting is published by the



Board of Directors and, if necessary, the Board of Directors may convene an Extraordinary General Meeting.

Matters to be decided by the General Meeting by virtue of the Companies Act and the company's Articles of Association include:

- adoption of the financial statements and the resolution on the distribution of profits indicated by the balance sheet
- resolution on discharging the Board members and the CEO from liability
- election of the Board members and the auditor and the fees paid to them.

The notice of the General Meeting and other notifications to shareholders must be published in a stock exchange release at the earliest three months and no later than three weeks prior to the General Meeting. The Annual General Meeting must be held by the end of June. Documents related to the General Meeting are available on Boreo Plc's website for at least five years after the meeting. Shareholders are entitled to bring issues, that according to the Companies Act are to be decided by the General Meeting, to be discussed to the General Meeting if they demand this in writing from the Board of Directors well in advance so that the issue can be included in the notice of the meeting. The company announces the date by which shareholders must submit the issue they want to be discussed at the Annual General Meeting to the Board of Directors on its website. The company aims to announce the date by the end of the financial period preceding the Annual General Meeting at the latest. In 2023, the Annual General Meeting was held in Vantaa on April 19, 2023.

Board of Directors

Boreo Plc has a Board of Directors composed of a minimum of three and a maximum of seven members. The Annual General Meeting elects the Board of Directors for a term that ends upon the conclusion of the next Annual General Meeting. The Board elects the Chairman (and Deputy Chairman, if applicable) from among its members.

The largest shareholder of the company, representing more than 50 percent of the company's shares and votes, makes a proposal for the composition of the Board of Directors. At the beginning of 2023, the company's Board of Directors had six members. At the Annual General Meeting held on April 19, 2023, six members were elected to the Board of Directors. Simon Hallqvist, Ralf Holmlund, Jouni Grönroos, Camilla Grönholm, and Michaela von Wendt were re-elected as members of the

Board and Noora Neilimo-Kontio was elected as a new member. Juhani Mykkänen left the Board. In 2023, the Board of Directors convened 9 times.

Independence of the Board members

Of the members of the Board elected by the Annual General Meeting on April 19, 2023 Jouni Grönroos, Ralf Holmlund, Camilla Grönholm, Michaela von Wendt and Noora Neilimo-Kontio are independent of the company and its major shareholders. The Chairman of the Board of Directors Simon Hallqvist is a significant shareholder of the company through Preato Capital AB. Preato Capital AB became the largest owner of the company in a share acquisition carried out on June 14, 2019.

Presentation of Board members

Chairman of the Board Simon Hallqvist

Born 1967

Education: M.Sc. econ.

Member of the Board since August 22, 2019, Chairman since March 3, 2020

Member of the Remuneration and Nomination Committee since April 15, 2021

Full-time position: Partner in Preato Capital AB

Key work experience: Preato Capital AB, Founding Partner (2004-), Argnor Wireless Ventures, (Investment Director (2001-2004) and Oracle Finland Oy, Account Manager (1995-1999)

Primary positions of trust: Chairman of the Board at Preato Capital AB, Preato Oy and Consivo Group AB

Shareholding: 1,910,225 shares (through Preato Capital AB)

Member Camilla Grönholm

Born 1964

Education: M.Sc. econ.

Member of the Board since April 16, 2020

Member of the Remuneration and Nomination Committee since April 15, 2021

Key work experience: ROCKWOOL International A/S, CHRO and member of the Group's Management Team (2012-2020), Pöyry Oyj, CHRO director and member of the Group's Management Team (2006-2012) and Nokia Oyj, international HR tasks (1999-2006) latest HR Director, Nokia Mobile Phones (2003-2006)

Key positions of trust: Member of the Board at Lumon Group

Shareholding: 818

Member Jouni Grönroos

Born 1965

Education: M.Sc. econ.



Member of the Board since April 16, 2020
Chairman of the Audit Committee since April 16, 2020
Full-time position: Fazer Group CFO and Deputy CEO, as well as member of the group's Management Team
Key work experience: Rapala VMC Oyj CFO (2005-2010), AvestaPolarit Oyj Deputy CFO and later CFO (2001-2005), Outokumpu Oyj Group Tax Manager, Assistant Vice President and later Vice President (1990-2001), Auditor at KPMG (1989-1990)
Key positions of trust: Member of the Board and Chairman of the Audit Committee at Caruna Networks Group, Chairman of the Board in several subsidiaries of Fazer Group, and Member of the Board at Rannikkotyöstösäätiö.
Shareholding: 974

Member Ralf Holmlund

Born 1954
Education: M.Sc. econ.
Member of the Board since March 02, 2020
Member of the Audit Committee since March 3, 2020
Key work experience: Esso / ExxonMobil (1980-2009), CEO Suomen Lähikauppa Oy (2010-2016)
Primary positions of trust: Örum Oy Ab and Carspect AB
Chairman of the Board; member of the Board: Telko Oy
Shareholding: 1,785 shares

Member Michaela von Wendt

Born 1980
Education: M.Sc. econ.
Member of the Board since April 12, 2018
Member of the Remuneration and Nomination Committee since April 15, 2021
Full-time position: CEO of Artek Oy (2023-)
Key work experience: CEO of Lundia Oy (2011-2022), Country Manager at Universum (2006-2011), Ålandsbanken Abp (2000-2006)
Primary positions of trust: -
Shareholding: 701

Noora Neilimo-Kontio

Born 1975
Education: M.Sc. econ., Accounting and Finance
Member of the Board since April 19, 2023
Member of the Audit Committee since April 19, 2023
Full-time position: CFO and Deputy CEO, Caruna
Key work experience: Caruna, multiple roles (2014-), Accenture, Manager Strategy & Enterprise Performance Management (2007-2014), EY, Senior Consultant (2003-2007), L'oreal, Division Business Controller LPD (2000-2003)
Primary positions of trust: -
Shareholding: 245

Activities of the Board of Directors

According to the Articles of Association, the Board is responsible for the management and appropriate organization of the company's operations. The Board of Directors is also responsible for carrying out other duties of the Board as prescribed in the Finnish Limited Liability Companies Act. The Board of Directors has compiled a written charter that defines the Board's main duties and operating methods. According to the charter, e.g., the following are part of the Board's duties:

- Approve the company's strategy and long-term objectives, and monitor the implementation of the objectives and strategy
- Approve strategically important plans, acquisitions, and investments
- Monitor and assess financial reporting
- Monitor financial performance and process and approve financial reports
- Ensure that the company implements the operating principles of internal control, internal audit, and risk management and monitoring and assessing their effectiveness
- Prepare the proposal for the election of the auditor and monitor the audit, and assess the auditor's performance and independence

A more detailed description of the Board's duties is found in the Charter of the Board of Directors.

Diversity of the Board of Directors

The diversity of the Board of Directors of Boreo Plc is an integral part of the corporate governance principles. The composition of the Board of Directors should support the company's current and future business development, as well as strategic objectives. Key factors when selecting the Board members of Boreo Plc are the complementary skills, education and personal qualities of the members of the Board. The company does not tolerate any discriminatory behavior. The diversity of the Board is also supported by experience in an international environment and by considering the age and gender distribution of the members. The aim is to have a balanced gender distribution on the Board. The realization of these objectives is monitored annually and the results are reported in this statement. In 2023, the above-mentioned objectives were achieved.

Committees

Boreo Plc's Board of Directors may establish specific committees to assist the Board of Directors in their duties.



The members of the board committees, as well as their Chairmen, will be appointed annually by the Board of Directors amongst its members, and the Board approves the charters of the committees. The committees have no independent decision-making power, they act as preparatory bodies and the issues they discuss are submitted to the Board of Directors for decision.

Audit Committee

In 2019, the Board of Directors decided to establish an Audit Committee. The Committee shall comprise three to four members appointed by the Board of Directors, including the Chairman of the Committee. At the organizing meeting arranged after the General Meeting on April 19, 2023, the Board of Directors selected the members for its committees. Jouni Grönroos was re-elected Chairman of the Audit Committee and Ralf Holmlund was re-elected member and Noora Neilimo-Kontio was elected a new member of the Audit Committee. Camilla Grönholm left the Audit Committee. The duties and responsibilities of the Audit Committee are described in the Charter of the Audit Committee.

A majority of the members must be independent in accordance with the Finnish Corporate Governance Code 2020. In addition, one of the members must be independent of the company's major shareholders. Committee members cannot be members of the company's Management Team. The Chairman determines the schedule of the Committee meetings and sets meeting agendas in consultation with the members. The Committee shall convene at least four times per year. In 2023, the Audit Committee convened 6 times.

The key duties of the Audit Committee in accordance with the charter approved by the Board of Directors for the Committee are:

- monitoring and assessing financial reporting and sustainability reporting (from 2024 onwards) processes
- monitoring the quality and integrity of financial and sustainability reports (from 2024 onwards)
- monitoring and assessing the effectiveness of internal control, internal audit, and risk management systems
- evaluating the process and effectiveness of internal audits
- evaluating the qualifications and performance of the auditor
- monitoring and assessing the independence of the auditor and preparing the proposal for the election of the auditor and their fee

- preparing and implementing other tasks given by the Board of Directors
- the Chairman of the Committee shall report regularly to the Board of Directors and submit the minutes of its meetings to the Board of Directors

Remuneration and Nomination Committee

In 2021, the Board of Directors decided to establish a Remuneration and Nomination Committee to assist the Board in preparing its duties. At the Board of Directors' organizing meeting arranged on April 19, 2023, the Board of Directors re-elected Camilla Grönholm as Chairman and Michaela von Wendt and Simon Hallqvist as members of the Remuneration and Nomination Committee. The committee convenes, when necessary, at the request of the Chairman of the committee, however at least three times a year. The Chairman determines the schedule of the Committee meetings and sets meeting agendas in consultation with the members. The Committee comprises three to four members of whom one is appointed Chairman of the Committee. A majority of the members must be independent of the company. The Committee's duties are specified in the Charter of the Committee. In 2023, the Remuneration and Nomination Committee convened 4 times.

The key duties of the Remuneration and Nomination Committee are to:

- assist the Board in monitoring and preparing remuneration reporting and management
- assist the Board in monitoring and evaluating the effectiveness of the Group's remuneration policies and preparing annual reviews, target setting and changes in bonus schemes
- assist the Board in succession planning and appointments



Board and Committee work in 2023

Name	Board of Directors	Participation	
		Audit committee	Remuneration and Nomination Committee
Simon Hallqvist (Chair)	9/9		4/4
Jouni Grönroos	9/9	6/6	
Ralf Holmlund	9/9	6/6	
Michaela von Wendt	9/9		4/4
Camilla Grönholm***	9/9	2/6	4/4
Noora Neilimo-Kontio*	8/9	4/6	
Juhani Mykkänen**	1/9		

*Member of the Board of Directors and Audit committee since 19 April, 2023

**Member of Board of Directors until 19 April, 2023

***Member of Audit committee until 19 April, 2023

CEO

Boreo Plc's CEO is responsible for managing Boreo Group's operations in accordance with the Finnish Limited Liability Companies Act and the instructions and orders issued by the company's Board of Directors. The Group CEO is elected and can be fired by the Board of Directors. The CEO prepares the issues to be discussed by the Board and implements the Board's decisions. The CEO is responsible for Group administration in accordance with the instructions of the Board of Directors and for company reporting and accounting to comply with the applicable legislation and the reliable arrangement of company finances. The current CEO Kari Nerg started in this position on May 4, 2020.

Management Team

Boreo Plc has a Management Team, the Chairman of which is the Group CEO. The Management Team is responsible for Group and business development, as well as operating activities in accordance with the objectives set by the Board of Directors and the CEO. The Management Team focuses on the Group's and businesses' strategic issues, defines operating principles and procedures, and meets regularly to deal with issues and reports related to financial development, monitoring subsidiaries' business plans, administration, personnel and development projects. The Management Team convenes at least nine times per year. In 2023, the Management Team convened 11 times. At the end of 2023, the Management Team of Boreo Plc consisted of:

Kari Nerg

CEO

Born: 1984

Education: Master's in agriculture and Forestry, CEFA

CEO since May 4, 2020

Key work experience: Mutares SE & Co. KGaA director responsible for Nordic and UK operations (2017-2020), Häggblom & Partners Oy chief operating officer (2010-2017) and Manager (2010-2013)

Primary positions of trust: Junnikkala Oy, member of the board since 2018

Shareholding: 42,138 shares (of which 35,370 through AK Capital Oy, a controlled corporation)

Aku Rumpunen

CFO

Born: 1974

Education: M.Sc. Econ., M.A.

Member of the Management Team since October 5, 2020

Key work experience: CFO of Cramo Group (2016 to 2020) and member of

the Management Team (2012–2020), YIT Oyj: Business control and Financial manager tasks (2003-2012)

Shareholding: 24,000 shares

Mari Katara

SVP, People & Sustainability

Born: 1984

Education: M.Sc. econ.

Member of the Management Team since October 26, 2020

Key work experience: Head of HR and Member of Management Team in Pohjola Sairaala Oy and OP-Henkivakuutus Oy of OP Cooperative (2018-2020), HR Manager at Länsi-Auto Group and Member of the Management Team (2013-2018)

Shareholding: 5,100 shares

Richard Karlsson

SVP, Co-Head of Technical Trade

Born: 1975

Education: Lieutenant (retired).



Member of the Management Team since January 5, 2021
Key work experience: CEO of PM Nordic AB since 2008 and CEO of Elephant Group AB since 2007.
Shareholding: 24,916 shares (of which 19,416 through Elephant Group AB, a controlled corporation)

Tomi Sundberg

SVP, Head of Electronics

Born: 1983

Education: M.Sc. econ.

Member of the Management Team since October 18, 2021

Key work experience: CEO at Storent Oy (2018-2021), Director for New Business Development and Innovations for Cramo Group (2016-2018), Head of business support and development for Cramo AG (2013-2016)

Shareholding: 5,728 shares

Jesse Petäjä

SVP M&A and Co-Head of Technical Trade

Born: 1991

Education: M.Sc. econ.

Member of the Management Team since March 15, 2022

Key work experience: Mutares SE & Co. KGaA's investment manager in Nordic operations (2019-2020), CEO of Petäjä Group (2018-2019), Investment Banking Analyst at Citigroup (2017-2018)

Shareholding: 14,560 shares

DESCRIPTION OF PROCEDURES FOR CONTROLLING THE FINANCIAL REPORTING PROCESS AND MAIN FEATURES OF RISK MANAGEMENT SYSTEMS

Internal control

Internal control related to financial reporting is part of Boreo Plc's internal control framework. The processes, guidelines and procedures of financial reporting are coordinated and developed at Group level. Boreo Plc compiles its financial reporting in accordance with International Financial Reporting Standards (IFRS), the Securities Markets Act, the Finnish Accounting Act and the guidelines and statements of the Accounting Board, while applying the standards of the Finnish Financial Supervisory Authority and the rules of Nasdaq Helsinki Ltd. The internal control and risk management principles, guidelines, practices and responsibilities related to the company's financial reporting process are designed to ensure that the company's financial reporting is reliable and that financial statements have been prepared in accordance with applicable laws, regulations and company policies. The internal audit evaluates the applicability and relevance of

internal control. Because the company currently has no separate internal control organization, the responsibility for internal control has been distributed between various organization levels. The Management Team, line management and the company's support functions are, for their part, responsible for the efficiency of internal control. In addition, the company's inspection plan for external audits considers that the company has no separate internal control function.

The Board of Directors bears ultimate responsibility for ensuring that internal control related to financial reporting is properly organized. The Board of Directors annually supervises and approves the financial statements, half-yearly reports and interim reports. The Audit Committee assists the Board in monitoring the effectiveness of the principles of internal control and risk management. The Audit Committee also monitors the financial statement and financial reporting process to ensure that the financial statements and related information are appropriate and consistent. The Group's CFO, business support functions and the financial departments of separate companies provide support for this task.

To prevent financial and other abuse, the Group has guidelines for reporting abuse in cooperation with an external service provider. The personnel is also trained to internalize ethical practices.

Risk management

Boreo Plc's risk management policy defines the goals, principles, roles, responsibilities, and practices of risk management. The aim is that risk management is an integral part of strategy work, internal processes and business management.

The Board of Directors decides on the overall risk level of the Group and is responsible for arranging efficient risk management and internal control. The Audit Committee has supervision responsibility of risk management and reports to the Board of Directors at least once a year on the sufficiency of risk management. Boreo Plc's Management Team is responsible for ensuring that risk management and internal control are planned, implemented, and monitored. The Management Team carries out an annual risk assessment that is reported to the Board of Directors. The CFO is responsible for risk management activities and practical implementation. The company reports key risks and uncertainties in the Board of Directors' report. The company also describes them and reports on the risk management measures they are subject to in its regular financial reporting.



To manage the risks of Boreo Group's financial reporting process, various control measures are set at all levels of the organization. These control measures include, e.g., approval procedures, reconciliations, guidelines and ongoing operational control. Ongoing monitoring activities include, e.g., monitoring of subsidiaries' monthly financial reports relative to objectives and forecasts, preparing budgets and monitoring their implementation, reviewing new business plans and developing internal financial processes. The risk assessment process of Boreo Plc identifies and analyzes the risks of the financial reporting process and defines the risk management measures.

OTHER INFORMATION TO BE INCLUDED IN THE REPORT

Insider transactions and their management

Boreo Plc has compiled Insider Guidelines that complement the Market Abuse Regulation (596/2014, "MAR"), the Securities Market Act (746/2012), and the Criminal Code of Finland (39/1889), as well as the rules and regulations of the Financial Supervision Authority, the European Securities and Markets Authority (ESMA), and Nasdaq Helsinki Ltd. The Insider Guidelines are intended to create clear procedures and rules for the management of insider issues, the publication of inside information, the maintenance of insider lists and management transactions, and to prevent the abuse of inside information.

The Insider Guidelines have been approved by the Board of Directors and are applicable to the company's insiders including the members of the company's Board and members of Boreo Plc's Management Team. In addition, the guidelines contain regulations that apply to all company employees who have access to inside information and to the immediate circle of the insiders. Each person is personally responsible for following the guidelines; the Insider Guidelines are available on the company's website and have been provided to all persons included in the insiders. Each person is also independently responsible for evaluating whether the information they possess is inside information.

The company's insider issues and maintaining the insider list are the responsibility of Boreo Plc's CEO. Persons on the insider list are not allowed to trade in the company's financial instruments on their own or a third party's account during a closed period of 30 days before the publication of a financial statement release or an interim or half-year financial report or on the date of such publication. Each person is always responsible for ensuring that any trading in the company's financial instruments, recommending trading to another person or the disclosure of

inside information is permitted under the laws, regulations and guidelines in force at the time. Managers and the persons closely associated with them must notify transactions in the company's financial instruments to the company and the Financial Supervision Authority, which the company publishes in a stock exchange release and on the company's website (www.boreo.com).

Principles for related party transactions

Boreo Plc has compiled guidelines for related party transactions, which define the principles for the management of the company's related party transactions. The Board of Directors, the CEO and other members of the Management Team, their close family members and corporations in which the above-mentioned has direct or indirect control belong to Boreo Plc's related parties. The company maintains lists of related parties. Transactions between the company and its related parties are permitted provided that they promote the company's activities and transactions are carried out under acceptable terms and conditions in accordance with the company's business interest. Transactions with associated companies and joint ventures are monitored and reported in the Notes to the Financial Statements and in the Board of Directors' report. The company has instructions for the members of the Board of Directors and the Management Team on the identification of related party transactions. In addition, they are annually asked to confirm the related party transactions that have been conducted.

Remuneration

The remuneration policies of Boreo Plc's governing bodies are defined in the company's remuneration policy. The remuneration, bonuses and other financial benefits of the Board of Directors and the CEO are described in a separate remuneration report. The remuneration policy and report, as well as information on the remuneration of the Management Team are found on the company's website www.boreo.com.

Audit

According to Boreo Plc's Articles of Association, the General Meeting elects one auditor, which shall be an auditing firm authorized by auditor oversight. The auditing firm appoints a responsible auditor that must be an APA. The term of the auditor ends upon the conclusion of the next Annual General Meeting following the election. On April 19, 2023, the Annual General Meeting elected Moore Idman Oy as the auditors with APA Jari Paloniemi as the responsible auditor. The subsidiaries have their own auditors. Statutory audit fees totaled EUR 144,000 in 2023 (EUR 96,000 in 2022).

REMUNERATION REPORT OF GOVERNING BODIES 2023

INTRODUCTION

This remuneration report contains information on the remuneration of the Board of Directors and the CEO of Boreo Plc for the period January 1 to December 31, 2023. The report is based on the recommendations of the Finnish Securities Market Association's 2020 Corporate Governance Code and the requirements of the Securities Market Act and the Limited Liability Companies Act.

Boreo Plc's remuneration is based on the remuneration policy approved at the Annual General Meeting on April 19, 2022. According to the remuneration policy, the key factors considered when determining remuneration are the company's financial performance, the skills and performance of people involved, the complexity of their duties and external remuneration references in the relevant markets.

The remuneration of the CEO also addresses this specific role's impact on forming and implementing the company's business strategy, as well as in achieving the short- and long-term financial results.

The remuneration of Boreo Plc's governing bodies in 2023 was implemented in line with the principles described in the remuneration policy. The remuneration of the Board of Directors is based on generally accepted remuneration plans for members of the Board so that the Board is able to support the development of the Company's current and future business in the best possible way.

The target setting in Boreo Plc's remuneration models is constructed so that the company's key financial figures and their positive development are at the core. This aims to ensure that excellent performance also leads to a positive outcome for the company's business objectives and that the company's profitability develops positively in the short- and long-term.

Boreo did not deviate from the remuneration policy of governing bodies during 2023. No recovery of remuneration took place in 2023 and no information has come to the attention of Boreo after the end of the financial period that would lead to the recovery of remuneration.

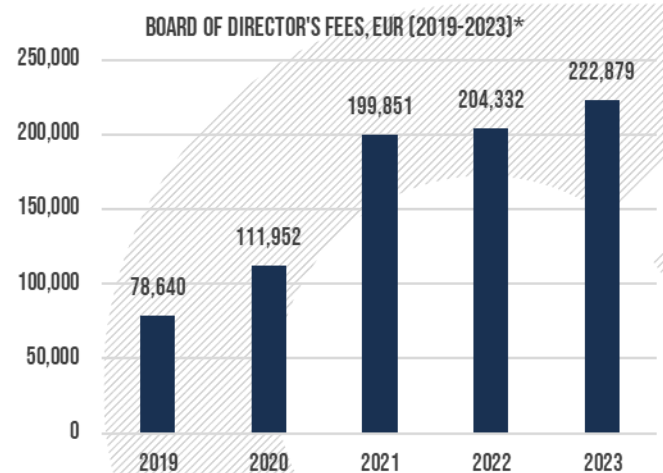
COMPARISON OF 5-YEAR DEVELOPMENT OF BOARD OF DIRECTORS, CEO AND EMPLOYEE REMUNERATION

Development of Board of Directors' fees

The composition and size of the Board of Directors have varied significantly in 2019–2023. During this period, the average size of the Board of Directors was six persons, but fees were paid annually to 5–8 persons due to changes in the composition of the Board of Directors. In 2023, the Board of Directors comprised six persons and one change took place.

When analysing the development over time, it is relevant to note the extraordinary Board work in 2021 related to the contemplated merger with Sievi Capital Oyj. The company established an independent committee to be temporarily responsible for Board work during the preparation of the merger. During the operating time of the independent committee, a fee for the Chairman of the Board was introduced on a fixed-term basis, and meeting fees were paid to the members of the committee.

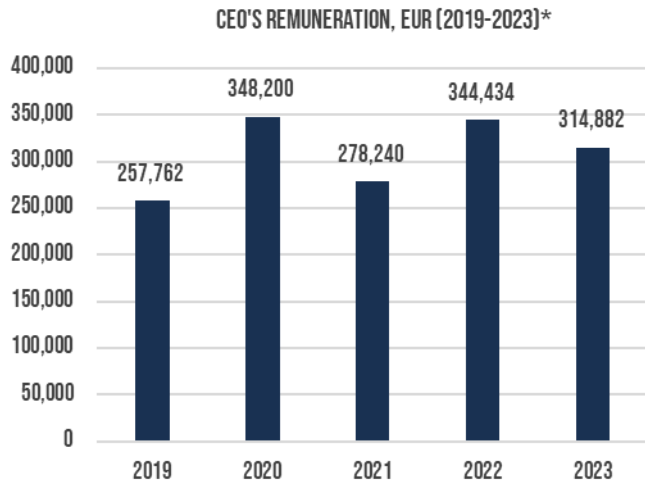
In accordance with the decision of the Annual General Meeting held on April 19, 2022, the Chairman of the Board started to receive Board fees and meeting fees in year 2022. Prior to this no fees were paid to the Chairman. The monthly fees and meeting fees are unchanged since 2021.



*Includes non-recurring special fees related to the independent committee in 2021 (EUR 44,000). The Chairman has received Board and meeting fees from April 19, 2022 onwards (EUR 53,500 in 2023).

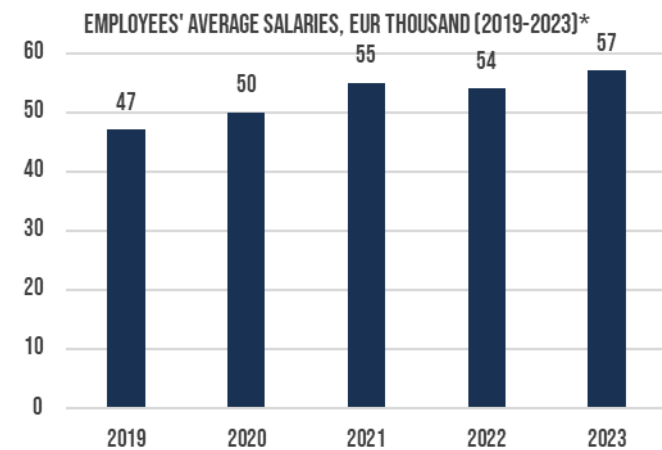
Development of the CEO's remuneration

According to Boreo Plc's remuneration policy, the remuneration of the CEO is significantly influenced by the performance-based, variable component. Thus, the development of the company's key financial figures is reflected in the remuneration of the CEO.



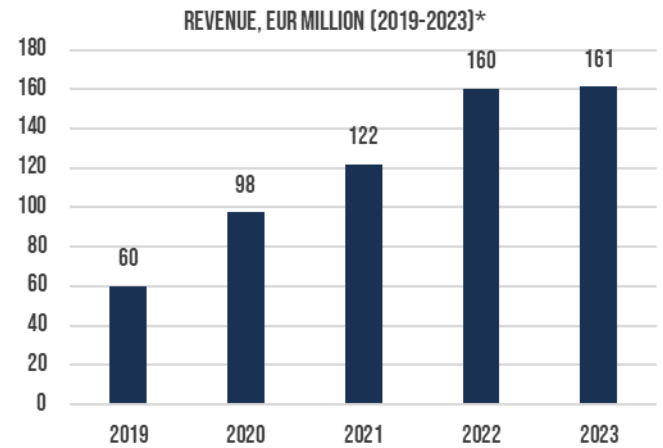
*Change of CEO took place in 2020.

Development of employees' average salaries

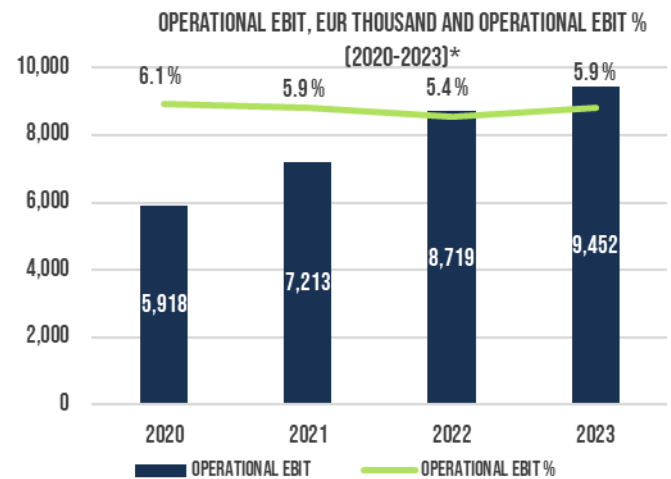


*Remuneration of employees consists of the average total salaries of employees, including basic salaries, fringe benefits and paid variable incentives. There were considerable structural changes in the Group in 2019–2023 due to acquisitions. This weakens the comparability of figures when analysing employee remuneration development. The Russian operations sold in August 2022 have been fully eliminated from the figures. In addition, the formula for calculating employees' average salaries was changed in 2022 to give a more accurate picture of average salaries in case of acquisitions, and the average salaries for 2019–2021 were adjusted correspondingly.

The company's financial development



*In 2021–2023, revenue describes the company's continuing operations and thus does not include Russian operations that were sold in August 2022 and classified as discontinued operations since the 2022 financial statements.



*In 2021–2023, operational EBIT describes the company's continuing operations and thus does not include Russian operations that were sold in August 2022 and classified as discontinued operations since the 2022 financial statements.

REMUNERATION OF THE BOARD OF DIRECTORS FOR THE FINANCIAL PERIOD JAN. 1 - DEC. 31, 2023

In accordance with the decision of the Annual General Meeting of April 19, 2023, the fees were not raised and therefore the remuneration of the members of the Board is EUR 2,000 per month and the remuneration of the Chairman of the Board is EUR 4,000 per month. 60% of the Board fee is paid in cash and 40% in company shares. However, the Board fee paid to the Chairman of the



Member of the Board	Monthly fee	Shares*	Meeting fees	Asset transfer tax	Total
Hallqvist Simon	48,000	0	5,500	0	53,500
Grönholm Camilla	20,400	9,589	7,000	178	37,168
Grönroos Jouni	26,400	9,589	6,500	178	42,668
Holmlund Ralf	14,400	9,589	6,500	178	30,668
Neilimo-Kontio Noora	10,080	9,589	4,000	178	23,848
von Wendt Michaela	14,400	9,589	5,500	178	29,668
Mykkänen Juhani	4,360	0	1,000	0	5,360
Total	138,040	47,947	36,000	892	222,879

*The value of share-based fees has not been amortized for the financial period.

**Neilimo-Kontio's Board membership started on April 19, 2023

***Mykkänen's Board membership ended on April 19, 2023

Board, Simon Hallqvist, is paid in full in cash because it is not in the company's interest to increase the holding of Simon Hallqvist (actual main owner through Preato Capital AB) with Board fees.

The fee for the Chairman of the Audit Committee is EUR 1,000 per month. The fee of the Chairman of the Remuneration and Nomination Committee is EUR 500 per month. Each member of the Board of Directors and the Committees is paid EUR 500 in meeting fees per Board and Committee meeting.

Each member of the Board (excluding the Chairman) received 245 own shares held by Boreo Plc on May 17, 2023 as part of their remuneration in accordance with the decision of the Annual General Meeting. The value of the shares was EUR 39,14 per share. The value of shares has not been amortized for the financial period. The company also paid the asset transfer tax related to the transfer of the Board members' shares, which has been recognized as a benefit received in the taxation of the Board members.

Other financial benefits

In addition to the above fees, no other financial benefits were paid to the members of the Board. No separate remuneration was paid to Committee members in addition to the fees mentioned above.

REMUNERATION OF THE CEO FOR THE FINANCIAL PERIOD JAN. 1 - DEC. 31, 2023

The remuneration of the CEO consists of a fixed basic salary and fringe benefits, as well as a short-term incentive plan and a possible long-term incentive plan based on a separate decision of the Board of Directors. The table on the next page shows the remuneration of Boreo Plc's CEO of for the financial period 2023.

Fixed basic salary and fringe benefits

The fixed basic salary of the CEO is reviewed annually. The CEO is entitled to the benefit package in force at any time. In 2023, the CEO's taxable fringe benefits included a mobile phone benefit.

Short-term incentive plan

The CEO has a short-term incentive plan, the terms of which are reviewed annually. Under the short-term incentive plan, some targets are linked to financial indicators and some to qualitative and/or personal indicators. Incentives can be paid up to the equivalent of 6 months' basic salary. The 2022 short-term incentives were paid in 2023. As part of a cost optimisation program agreed in Q4/23 it has been agreed that no short-term incentives will be paid to the CEO and the Group Management Team for 2023 nor 2024.

Supplementary pension contributions

Boreo Plc's CEO has not had any pension terms or supplementary pension contributions that deviate from the statutory pension scheme during 2023.



Remuneration of the CEO (EUR)	Basic salary	Other financial benefits and compensations*	Short-term incentive plan**	Long-term incentive plan***	Total
Kari Nerg	261,512	13,440	39,930	0	314,882

*Other financial benefits and compensations including, e.g., holiday compensation, holiday bonus and fringe benefits

**Payout refers to performance in 2022. As part of a cost optimisation program agreed in Q4/23 it has been agreed that no short-term incentives will be paid to the CEO for 2023 nor 2024.

***The annual amortized value of the long-term incentive plan benefit granted in June 2022 is EUR 28,245 and the incentive is paid in July 2025 if the conditions are met.

Long-term incentive plan

Boreo Plc's Board of Directors resolved on June 10, 2022 on a Matching Share Plan directed to the company's key employees in which the participants are entitled to receive matching shares gratuitously after a three-year (3) matching period. The amortized value of the benefit granted to the CEO under the long-term incentive plan may not exceed 25% of the annual basic salary.

Boreo Plc's CEO Kari Nerg subscribed for 6,768 shares in the personnel issue carried out on June 14–26, 2022. The value of the shares acquired by the CEO was EUR 254,206. Thus, in July 2025, he may, according to the matching share plan terms (3:1), be paid remuneration in the form of a maximum value of 2,256 company shares, including the cash component for the payment of taxes. In 2023, no long-term incentive was paid to the CEO.

Other financial benefits and compensations

No signing fees, commitment fees or severance pays were paid in 2023. The CEO's contract includes a severance pay in the event that Boreo Plc terminates the employment. In addition to 6 months' redundancy pay, the CEO is entitled to severance pay corresponding to 6 months' basic salary.

Shareholdings

At the end of 2023, the CEO owned 42,138 shares in Boreo Plc (of which 35,370 through AK Capital Oy, a corporation in his control).

