



# BOREO

Q1/2024  
INTERIM REPORT

## **Boreo Plc, INTERIM REPORT JAN. 1 TO MAR. 31, 2024**

**April 30, 2024, at 9:00 EET**

### **Weak result, performance outlook improving**

#### **January-March 2024**

- Net sales decreased by 20% to EUR 32.6 million (2023: 41.0).
- Operational EBIT declined by 72% to EUR 0.6 million (2023: 2.1) and accounted for 1.8% of net sales (2023: 5.1%).
- EBIT was EUR -0.4 million (2023: 1.4).
- The profit for the period under review totaled EUR -0.9 million (2023: 0.5).
- Net cash flow from operating activities was EUR 6.1 million that was partially positively influenced by the timing fluctuations in working capital items at the end of the quarter (2023: 0.8).
- Operational EPS was EUR -0.15 (2023: 0.28).
- EPS was EUR -0.45 (2023: 0.07).

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

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

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

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

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

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

## **Q1/2024 - CEO Kari Nerg:**

### **Weak result, continued strong cash flow**

The result of the first quarter of 2024 was weak. Operational EBIT declined significantly compared to last year and was EUR 0.6 million (1.8% of net sales). The market conditions remained challenging, net sales of the majority of our companies decreased compared to the previous year, and the Group's net sales decreased from EUR 41 million to EUR 33 million. In Finland, strikes in March resulted in the postponement of deliveries to the second quarter of the year. The negative impact of the delays on Group's net sales was approximately EUR 2 million. The cost optimization measures implemented in the last six months had a minimal effect on the quarter's result. We expect annual fixed cost savings of at least EUR 1 million to support the company's earnings from the second half of 2024 onwards.

We continued to manage working capital well and adjust the level of working capital to the lower level of activity. Trade working capital decreased in the first quarter from EUR 30 million to EUR 25 million and resulted in a strong operational cash flow of EUR 6 million. We expect working capital to rise over the coming months but target to maintain current levels at the end of the year. Due to the weak result, ROCE declined from 11% to 9.3%, and ROTWC from 28.5% to 27.6%.

### **Completion of refinancing to strengthen financial position**

In March, we issued a new EUR 20 million hybrid bond and at the same time redeemed approximately EUR 16 million worth of old hybrid bond notes. The executed financing arrangements strengthened the company's financial position and ensured that the company's financing costs remain at a reasonable level. As a result of the strong cash flow for the quarter and increased cash reserves from the refinancing process, net debt decreased from EUR 36 million to EUR 29 million. Net debt relative to the 12-month operational EBITDA was at 2.4x (2.5x in Q4 2023)

### **Improving outlook supported by the development of order books and implemented cost actions**

The Group's profitability over the last six months has been weak due to the deteriorating demand outlook for our companies. Our order books declined during 2023, reaching its lowest point at the end of the year. In the first quarter of 2024, the order books grew significantly, and we expect both the improved demand outlook and implemented cost measures to support the Group's profitability gradually throughout the current year.

### **Goal to bring the company back to growth-track**

In February 2024, we updated our ownership philosophy and strategy to steer the company towards its vision and long-term goals. Our short-term target is to bring the company back to growth-track and enable value creation by utilizing the updated strategy. To achieve this goal, we focus in the short-term on improving the profitability and capital efficiency of our companies, as well as strengthening the Group's financial position.

At the same time, we have initiated processes to crystallize our companies' medium- and long-term strategies. The focus in company-level plans is on the prospects to create long-term sustainable profit growth and return to working capital levels exceeding 50%. We are committed to implement the required actions to achieve the criteria we have set for ownership, and if the companies do not demonstrate their ability to achieve these criteria, we are ready to consider structural measures.

The company's current financial performance is far from the goals we have set and the level at which we believe our companies are capable of operating in the long-term. Despite the current challenges, we are confident in both the value creation potential of our business model and the ability of our companies to return to the path of profit growth.

## Alternative Performance Measures

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

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

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

## Group's key figures

EUR million	Q1 2024	Q1 2023	Change	2023
Net sales	32.6	41.0	-20 %	161.3
Operational EBIT	0.6	2.1	-72 %	9.5
<i>relative to the net sales %</i>	<i>1.8 %</i>	<i>5.1 %</i>	-	<i>5.9 %</i>
EBIT	-0.4	1.4	-	6.3
Profit before taxes	-1.0	0.7	-	3.5
Profit for the period, continuing operations	-0.9	0.5	-	2.8
Operational net cash flow	6.1	0.8	668 %	11.6
Cash conversion, %	1407 %	35 %	-	129 %
Equity ratio, %	38.2%	36.1%	-	36.2%
Interest-bearing net debt	29.3	36.0	-19 %	36.0
Interest-bearing net debt relative to operational EBITDA of the previous 12 months*	2.4	2.4	-	2.5
Return on Capital Employed (ROCE %), R12	9.3%	11.3%	-	11.0 %
Return on Trade Working Capital (ROTWC %), R12	27.6%	28.5%	-	30.3 %
Return on equity (ROE %), R12	3.4%	12.3%	-	6.7 %
Personnel at end of the period	338	329	3 %	341
Operational EPS, EUR**	-0.15	0.28	-	1.40
EPS, EUR**	-0.45	0.07	-	0.47
Operational net cash flow per share, EUR	2.29	0.28	717 %	4.40

\*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 2022. In Q1/2024 this net effect was EUR 0.13 per share and EUR 0.12 per share in Q1/2023.

## Group's financial performance

In the first quarter of the year, the Group's net sales decreased by 20% as a result of the weak market situation to EUR 32.6 million (2023: 41.0). Organic net sales decreased by EUR 8 million and acquisitions increased net sales by EUR 0.5 million from the year before. Exchange rates had no material impact on net sales in the first quarter.

### Net sales, business areas Q1

EUR million	Q1 2024	Q1 2023	Change	2023
Electronics	13.5	15.9	-15 %	62.4
Technical Trade	19.1	25.1	-24 %	98.9
Group functions	0.0	0.0	-	0.0
<b>Total</b>	<b>32.6</b>	<b>41.0</b>	<b>-20 %</b>	<b>161.3</b>

In the first quarter, the Group's net sales were distributed geographically as follows: In Finland, net sales decreased by 21% to EUR 21.7 million. Net sales decreased in almost all companies. The decline in net sales in Finland was mainly affected by temporally lower Putzmeister machine deliveries in the first quarter. Net sales of Swedish businesses decreased less than those in Finland and amounted to EUR 5.6 million. Net sales of the Baltic operations decreased by 34% to EUR 4.5 million, in particular, due to decreased net sales of the electronics component distribution business in Latvia and the excavator business in Estonia. Net sales elsewhere mainly consist of a company acquired in the United States in connection with the Signal Solutions acquisition in the second quarter of 2022.

### Net sales by geographic area, Q1

EUR million	Q1 2024	Q1 2023	Change	2023
Finland	21.7	27.5	-21 %	112.8
Sweden	5.6	6.2	-10 %	22.8
Baltic countries	4.5	6.8	-34 %	24.6
Other	0.8	0.4	86 %	1.1
<b>Total</b>	<b>32.6</b>	<b>41.0</b>	<b>-20 %</b>	<b>161.3</b>

In the first quarter, the Group's operational EBIT was at a poor level of EUR 0.6 million (2023: 2.1). The operational EBIT margin decreased to 1.8% (2023: 5.1%). The Group's reported EBIT amounted to EUR -0.4 million (2023: 1.4). Operational EBIT was generally depressed by the decrease in the companies' net sales. The reported EBIT included items affecting comparability totaling EUR 1.0 million in net, consisting mainly of expenses and allocations related to acquisitions. Changes in exchange rates did not have a significant impact on the Group's EBIT.

### Operational EBIT, business areas Q1

EUR million	Q1 2024	Q1 2023	Change	2023
Electronics	0.5	0.9	-48 %	4.1
Technical Trade	0.6	1.7	-62 %	7.5
Group functions	-0.5	-0.6	-2 %	-2.1
<b>Total</b>	<b>0.6</b>	<b>2.1</b>	<b>-72 %</b>	<b>9.5</b>

## Capital efficiency

The Group's capital efficiency in the first quarter of 2024 weakened because of the poor operational result. Capital efficiency was, in turn, supported by a significant reduction in working capital, which strengthened the cash flow in the quarter. The decline in working capital was partially affected by fluctuations in working capital items, the level is expected to rise over the coming months and return back to current levels at the end of the year.

At the end of the first quarter in 2024, Group-level ROTWC was 27.6% (2023: 28.5%) and by business area, the ROTWC was: Electronics 41.1% (2023: 43.6%), Technical Trade 31.9% (2023: 31.7%).

At the end of the first quarter, ROCE was 9.3% (2023: 11.3% and Q4/23: 11.0%). ROCE without cash would have been 10.1%. Return on equity (ROE) was 3.4% (2023: 12.3% and Q4/23: 6.7%).

### **Return on Trade Working Capital (ROTWC %), R12, Q1**

<b>Percent</b>	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>2023</b>
Electronics	41.1 %	43.6 %	46.0 %
Technical Trade	31.9 %	31.7 %	33.6 %
Group functions	-	-	-
<b>Group</b>	<b>27.6 %</b>	<b>28.5 %</b>	<b>30.3 %</b>

### **Financial position**

The Group's net interest-bearing debt decreased during the first quarter from EUR 36.0 million to EUR 29.3 million (2023: 36.0 and 36.0 at the end of Q4/2023). The share of IFRS 16 liabilities in net debt was EUR 7.8 million (2023: 6.2). Net debt relative to the 12-month operational EBITDA was 2.4 (2023: 2.4 and at the end of the previous quarter 2.5).

The decrease in interest-bearing net debt was significantly affected by a decrease in working capital of EUR 5.9 million and, as a result, a strong operational cash flow. In addition, the increased cash balance as a result of the refinancing process carried out in March 2024 reduced the net debt.

Shareholders' equity was EUR 43.0 million (2023: 41.1), which was increased by the unredeemed portion of the previous hybrid loan of approximately EUR 4 million. The equity ratio was 38.2% (2023: 36.1% and 36.2% at the end of Q4/2023) and the consolidated balance sheet total was EUR 118.8 million.

### **Cash flow**

Net cash flow from operating activities during the first quarter was at a very strong level of EUR 6.1 million (2023: 0.8). Cash flow was supported by a EUR 5.9 million release of working capital to approximately EUR 25 million. Working capital is expected to increase seasonally over the next few months but to return back to current levels at the end of the year. Net cash flow from operating activities was EUR 2.29 per share (2023: 0.28). Cash flow after investments was EUR 5.1 million (2023: -3.2).

As a result of the refinancing process and strong cash flow, the Group's cash assets increased from EUR 6.5 million at the end of 2023 to EUR 10.4 million.

### **Major events during the first quarter**

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

On March 11, Boreo announced that it was considering issuing a hybrid bond of EUR 20 million and published a tender offer for its outstanding notes it had issued on February 9, 2022.

On March 14, 2024, Boreo announced that it would issue a hybrid bond of EUR 20 million.

On March 15, 2024, Boreo announced the final results of the tender offer for its outstanding hybrid notes issued on February 9, 2022 and that the final acceptance amount was EUR 15,960,000 in aggregate nominal amount of the Notes.

On March 20, 2024, Boreo published comparable financial information for its new segment structure.

## Business Areas

Boreo's businesses have been organized in two business areas since the beginning of 2024.

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

Boreo combined the former Technical Trade and Heavy Machines business areas into a single Technical Trade business area at the beginning of 2024. The Technical Trade business area consists of businesses engaged in technical trade and providing industrial services. Its companies act as representatives of well-known principals and serve, for example, the mechanical engineering, construction, process, forestry and concrete industries in Finland, Sweden and Estonia. The companies in the business area are Machinery, Muottikolmio, Pronius, J-Matic, Filterit, PM Nordic, Tornokone, HM Nordic, Floby Nya Bilverkstad (FNB), Lackmästarn, Etelä-Suomen Kuriiripalvelu (ESKP) and Vesterbacka Transport.

As a result of the above-mentioned reorganization of the business areas, the former Other Operations reporting unit will, as of the beginning of 2024, comprise only the activities of the parent company Boreo, and the reporting unit will henceforth be called 'Group functions'. The comparable financial information of this interim report have been restructured to reflect the new structure.

## Electronics business area

Operational EBIT of the business area was at a weak EUR 0.5 million level in the first quarter (2023: 0.9). The decrease in operational EBIT was the result of a significant decrease in net sales and thus profitability also decreased from the comparison period.

The demand outlook of companies involved in electronics component trading weakened significantly in the second half of 2023 and the demand environment has continued as weak ever since. As a result, the operating results of Yleiselektronikka and the Baltic businesses, as well as Noretron and Infradex, decreased from the comparison period. In Milcon, the beginning of the year was slow in terms of deliveries, but the outlook continues to be positive. SSN's operating result was in line with expectations, although the volumes of the company's largest customer are still lower than in recent years. The company's result was burdened by periodization of non-recurring costs. Delfin, acquired in the third quarter of 2023, continued the product platform reform initiated last year and assessment of future strategic options.

The companies in the Electronics business area have been successful in working capital management for a longer time and the amount of working capital has been declining consistently. Good working capital management supported ROTWC development although operational EBIT decreased from the comparison period. ROTWC in the first quarter of the year was 41%, which was below the level of the comparison period (44%). In particular, the weakened earnings level burdened ROTWC.

The outlook for companies in the business area is moderate and is expected to improve as 2024 progresses. The companies' order backlog decreased during 2023, but took a slight upward turn toward the end of the first quarter. Several companies in the business area have implemented measures to improve profitability and working capital efficiency, the most significant of which is the organizational restructuring in Yleiselektronikka. The impact of these cost saving measures on the quarter's profitability was limited, but they support profitability from the second quarter onwards.

## Key figures Electronics

EUR million	Q1 2024	Q1 2023	Change	2023
Net sales	13.5	15.9	-15 %	62.4
Operational EBIT	0.5	0.9	-48 %	4.1
<i>relative to net sales, %</i>	3.6 %	5.9 %	-	6.5 %
EBIT	0.1	0.8	-93 %	3.3
Return on Trade Working Capital (ROTWC %), R12	41 %	44 %	-	46 %
Capital expenditure	0.3	0.0	7242 %	0.4
Personnel at end of the period	133	124	7 %	137

## Technical Trade business area

Operational EBIT of the Technical Trade business area was a weak EUR 0.6 million in the first quarter (2023: 1.7). The operational EBIT margin was 3.4% (6.8%). The weakening of the operational EBIT was a result of a decrease in net sales in several companies. The strikes in Finland in March caused delivery shifts in Machinery, and in Filterit, a significant project was delayed to the second quarter of the year. The base level of net sales of all the companies in the business area lagged behind the previous year. The impact of cost savings measures implemented at the end of 2023 and early 2024 on profitability was still limited.

FNB, which struggled with delivery challenges and implementing the new ERP system in 2023, performed strongly in the first quarter. The year for Putzmeister (PM Nordic) operations in Sweden also kicked off positively and the company exceeded its earnings targets. During the quarter, the company also secured a significant order that strengthens the company's leading market position and machinery deliveries of the same magnitude as in previous years for the current year. Among Finnish companies, Machinery's power business continued at the usual good performance level and ESKP's year started in line with expectations. Other companies in the business area clearly fell short off both expectations and their results for Q1/2023.

The business area's ROTWC remained at the previous year's level at 32% (2023: 32%), despite the declining performance. Measures to improve working capital efficiency proceeded as planned. ROTWC was positively influenced by the timing fluctuations in working capital items and the seasonally low level, which is expected to normalize in the coming months.

The outlook for the business area is moderate in the short term, but a gradual improvement is expected toward the end of the year. As a whole, the companies' order backlogs developed favorably during the first quarter, rising from the bottom level seen at the end of 2023. The companies in the business area will continue controlling costs and take measures to improve working capital efficiency.

## Key figures Technical Trade

EUR million	Q1 2024	Q1 2023	Change	2023
Net sales	19.1	25.1	-24 %	98.9
Operational EBIT	0.6	1.7	-62 %	7.5
<i>relative to net sales, %</i>	3.4 %	6.8 %	-	7.6 %
EBIT	0.1	1.2	-94 %	5.5
Return on Trade Working Capital (ROTWC %), R12	32 %	32 %	0 %	34 %
Capital expenditure	0.2	0.4	-50 %	1.9
Personnel at end of the period	199	199	0 %	197

## Group functions



Following the change in segment division announced at the beginning of 2024, ESKP and Vesterbacka Transport, previously reported in Other Operations, have since the beginning of 2024 been reported as part of the Technical Trade business area. Due to the change, costs not allocated to business areas will be reported under Group functions in the future. Operational EBIT for the first quarter was EUR -0.5 million (2023: -0.6).

### Key figures Group functions

EUR million	Q1 2024	Q1 2023	Change	2023
Net sales	0.0	0.0	-	0.0
Operational EBIT	-0.5	-0.6	-2 %	-2.1
<i>relative to net sales, %</i>	-	-	-	-
EBIT	-0.6	-0.6	-14 %	-2.4
Capital expenditure	0.0	0.0	-	0.0
Personnel at end of the period	6	6	0 %	6

### Group personnel

Boreo Group's number of personnel totaled 338 at the end of the first quarter (2023: 329) and was divided into business areas as follows: Electronics 133 (2023: 124), Technical Trade 199 (2023: 199) and Group functions 6 (2023: 6). The number of personnel increased from the comparison period mainly due to the acquisition of Delfin in the third quarter of 2023. Personnel reductions made during Q1/2024 will reduce the number of employees starting from the second quarter of 2024.

Employment related expenses for the first quarter totaled EUR 6.0 million (2023: 5.8). Personnel reductions made during the quarter and related cost savings will reduce personnel costs starting from the second quarter of 2024.

### Managers' transactions

During the first quarter of 2024, Boreo Plc received seven notifications concerning Managers' transactions (Article 19 of MAR):

March 21, 2024, Boreo Plc notified that Preato Capital AB had acquired 50 shares at an average price of EUR 20.3 per share.

March 22, 2024, Boreo Plc notified that Preato Capital AB had acquired 792 shares at an average price of EUR 20.8 per share.

March 26, 2024, Boreo Plc notified that Preato Capital AB had acquired 450 shares at an average price of EUR 21.6 per share.

March 26, 2024, Boreo Plc notified that Preato Capital AB had acquired 743 shares at an average price of EUR 21.8 per share.

March 27, 2024, Boreo Plc notified that Preato Capital AB had acquired 961 shares at an average price of EUR 22.8 per share.

March 28, 2024, Boreo Plc notified that Preato Capital AB had acquired 157 shares at an average price of EUR 23.9 per share.

March 28, 2024, Boreo Plc notified that Preato Capital AB had acquired 312 shares at an average price of EUR 23.9 per share.

### Shares and share capital

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

## **Main short-term risks and operational uncertainties**

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

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

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

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

**Principal relationships:** Due to its earnings logic, the Group's competitiveness is highly correlated and dependent on the portfolio of principals, and consequently the loss of a significant principal weakens net sales development and performance. In addition, there is a risk that a key principal's own competitiveness and performance 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:** The Group's operations are subject to changes in trade agreements between continents and countries. If changes in trade agreements materialize, they may affect the Group's business negatively through disruptions in the supply chain and increased costs.

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

## Major events after the first quarter

### Decisions of the Annual General Meeting

Boreo Plc's Annual General Meeting was held on April 17, 2024, 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 2023 and discharged the members of the Board of Directors and the CEO from liability for the financial year 2023. The Annual General Meeting also resolved on the distribution of profits indicated by the balance sheet and dividend payment, adoption of the institutions' remuneration report, the composition and remuneration of the Board of Directors, election of the auditor and their fee, and to authorize the Board of Directors to decide on share buybacks, to decide on the issuance of shares, option rights and other special rights entitling to shares, and the assignment of company shares. The Annual General Meeting also decided to amend the Articles of Association.

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

In the organizing meeting arranged after the General Meeting on April 17, 2024, 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 Jussi Vanhanen were elected members of the Remuneration and Nomination Committee.

The stock exchange release on the decisions of the Annual General Meeting was published on April 17, 2024, on the company's website at [www.boreo.com](http://www.boreo.com).

## Reconciliation statements of key indicators

### Reconciliation, operational EBIT

EUR million	Q1 2024	Q1 2023	2023
<b>EBIT</b>	-0.4	1.4	6.3
<b>ITEMS AFFECTING COMPARABILITY</b>			
<b>Electronics</b>			
Structural arrangements	-0.2	0.0	-0.1
Costs related to acquisitions	0.0	0.0	0.0
Depreciation related to allocation of acquisition costs	-0.2	-0.1	-0.7
<b>Technical Trade</b>			
Structural arrangements	-0.1	0.0	-0.1
Costs related to acquisitions	0.0	0.0	0.0
Depreciation related to allocation of acquisition costs	-0.5	-0.5	-1.9
<b>Group functions</b>			
Structural arrangements	0.0	0.0	0.0
Costs related to acquisitions	0.0	-0.1	-0.3
Depreciation related to allocation of acquisition costs	0.0	0.0	0.0
<b>TOTAL ITEMS AFFECTING COMPARABILITY</b>	<b>-1.0</b>	<b>-0.7</b>	<b>-3.1</b>
<b>OPERATIONAL EBIT</b>	<b>0.6</b>	<b>2.1</b>	<b>9.5</b>

### Operational EPS

EUR million	Q1 2024	Q1 2023	2023
<b>Profit for the review period to shareholders</b>	<b>-1.3</b>	<b>0.2</b>	<b>1.3</b>
Items affecting comparability	0.8	0.6	2.5
<b>Operational profit for the review period to shareholders</b>	<b>-0.5</b>	<b>0.8</b>	<b>3.7</b>
Average number of outstanding shares, thousand	2,687	2,685	2,687
<b>Operational EPS</b>	<b>-0.18</b>	<b>0.28</b>	<b>1.40</b>

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

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

### Interest-bearing net debt

EUR million	Q1 2024	Q1 2023	2023
Long-term financial liabilities	33.6	34.2	34.0
Short-term financial liabilities	7.1	9.2	9.5
Interest-bearing receivables	1.0	0.0	1.0
Cash and cash equivalents	10.4	7.4	6.5
<b>Interest-bearing net debt</b>	<b>29.3</b>	<b>36.0</b>	<b>36.0</b>

## Formulas for calculating key indicators

Items affecting comparability	= Non-recurring restructuring costs, acquisition and integration costs, capital gains/losses and +/- purchase price allocation items
Operational EBIT	= EBIT +/- items affecting comparability
Operational EBITDA	= Operational EBIT + depreciation, amortization and impairment
Interest-bearing net debt relative to operational EBITDA	= $\frac{\text{Interest-bearing net debt}}{\text{Operational EBITDA of the previous 12 months (including acquired businesses as if they had been held for 12 months at the reporting date)}}$
Equity ratio, %	= $\frac{\text{Total equity + minority interest}}{\text{Balance sheet total - advances received}} \times 100$
Net cash flow from operating activities per share	= $\frac{\text{Net cash flow from operating activities per share}}{\text{Average number of outstanding shares}}$
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 %)	= $\frac{\text{Operational EBIT for the previous 12 months}}{\text{Average balance sheet total for the previous 12 months - average non-interest-bearing liabilities for the previous 12 months}}$
Return on capital employed (ROCE %), without cash and cash equivalents	= $\frac{\text{Operational EBIT for the previous 12 months}}{\text{Average balance sheet total for the previous 12 months - average non-interest-bearing liabilities for the previous 12 months - average cash and cash equivalents for the previous 12 months}}$
Return on trade working capital (ROTWC %)	= $\frac{\text{Operational EBIT for the previous 12 months}}{\text{Average working capital for the previous 12 months (inventories + trade receivables – trade payables – advance payments received)}}$
Return on equity (ROE %)	= $\frac{\text{Result for the review period for the previous 12 months}}{\text{Average equity for the previous 12 months}}$
Cash conversion, %	= $\frac{\text{Net cash flow from operating activities + interest paid – investments in intangible and tangible assets}}{\text{EBIT + depreciation and impairment – effect of fixed asset depreciation (IFRS 16)}}$

## TABLES January 1 to March 31, 2024, Accounting principles of the interim report

This interim report is prepared in accordance with the IAS 34 Interim financial reporting standard and the accounting principles of the interim report are the same applied to the financial statements compiled on December 31, 2023. The figures of the interim report are unaudited.

CONSOLIDATED INCOME STATEMENT (MEUR)	Q1 2024	Q1 2023	Q1-Q4 2023
<b>Net sales</b>	<b>32.6</b>	<b>41.0</b>	<b>161.3</b>
Other operating income	0.1	0.1	0.9
Materials and services	-23.3	-30.3	-117.5
Employee benefit expenses	-6.0	-5.8	-23.0
Depreciation, amortization and impairment losses	-1.4	-1.3	-5.4
Other operating expenses	-2.5	-2.4	-10.3
Share of result from associates	0.1	0.1	0.3
<b>EBIT</b>	<b>-0.4</b>	<b>1.4</b>	<b>6.3</b>
Financial income	0.1	0.0	0.2
Financial expenses	-0.7	-0.6	-3.0
<b>Profit before taxes</b>	<b>-1.0</b>	<b>0.7</b>	<b>3.5</b>
Income taxes	0.1	-0.2	-0.7
<b>Profit for the period, continuing operations</b>	<b>-0.9</b>	<b>0.5</b>	<b>2.8</b>
Allocated to			
Shareholders of the parent company	-0.9	0.5	2.6
Minorities	0.0	0.0	0.3
EPS (undiluted) EUR, continuing operations	-0.45	0.07	0.47
EPS (diluted) EUR, continuing operations	-0.45	0.07	0.47
Items of the comprehensive income statement (MEUR)			
Items that may be reclassified subsequently to profit or loss:			
Translation differences from foreign units	-0.4	-0.2	0.0
Other comprehensive income items after tax during the period	0.0	0.0	0.0
Total comprehensive income for the period	-1.3	0.3	2.9
Allocated to			
Shareholders of the parent company	-1.3	0.3	2.6
Minorities	0.0	0.0	0.3
Number of outstanding shares (thousand)	2,687	2,686	2,687
Outstanding shares at the end of the period	2,687	2,686	2,687
Number of shares (thousand)	2,701	2,701	2,701

**CONSOLIDATED BALANCE SHEET (MEUR)****31.3.2024****31.12.2023****ASSETS**

## Non-current assets

Intangible capital assets	9.6	7.0
Goodwill	42.2	35.5
Property, plant and equipment	10.1	9.2
Other financial assets	1.3	0.3
Investments in associates	1.1	0.9
Deferred tax assets	0.1	0.1
<b>Total non-current assets</b>	<b>64.5</b>	<b>53.0</b>

## Current assets

Inventories	29.1	32.0
Accounts receivable and other receivables	14.8	23.2
Cash and cash equivalents	10.4	13.2
<b>Total current assets</b>	<b>54.3</b>	<b>68.3</b>

**TOTAL ASSETS****118.8****121.4****SHAREHOLDERS' EQUITY AND LIABILITIES****SHAREHOLDERS' EQUITY**

## Owner's equity

Share capital	2.5	2.5
Other committed capital	0.1	0.1
Hybrid loan	24.0	20.0
Reserve for invested unrestricted equity	5.1	4.7
Retained earnings	12.2	13.1
Profit for the period	-0.9	0.0
<b>Total</b>	<b>43.0</b>	<b>40.4</b>

Minority interest	1.4	1.4
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## Non-current liabilities

Financial liabilities	33.6	34.1
Deferred tax liabilities	2.4	1.8
Provisions	0.0	0.0
Trade and other payables	0.9	1.7
<b>Total non-current assets</b>	<b>36.9</b>	<b>37.6</b>

## Current liabilities

Trade and other payables	30.3	31.9
Provisions	0.0	0.0
Financial liabilities	7.1	10.0
<b>Total current liabilities</b>	<b>37.4</b>	<b>42.0</b>

**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES****118.8****121.4**

<b>CONSOLIDATED CASH FLOW STATEMENT (MEUR)</b>	<b>1.1.-31.3.2024</b>	<b>1.1.-31.3.2023</b>
<b>Operational cash flow</b>		
Profit before taxes	-1.0	0.7
Non-cash transactions		
Depreciation, amortization and impairment losses	1.4	1.3
Net financial items	0.6	0.6
Share of associate companys' result, net	-0.1	-0.1
Increase (-) / decrease (+) in inventories	1.7	-0.3
Increase (-) / decrease (+) in current assets	1.7	0.0
Increase (+) / decrease (-) in current liabilities	2.6	-0.8
Net financial items	-0.5	-0.4
Taxes paid	-0.2	-0.4
Other adjustments	0.0	0.0
<b>Operational net cash flow</b>	<b>6.1</b>	<b>0.8</b>
<b>Cash flow from investments</b>		
Investments in intangible and tangible assets	-0.5	-0.4
Acquisitions	-0.6	-3.8
Divestments	0.0	0.2
Proceeds from sale of property, plant and equipment	0.0	0.1
<b>Net cash flow from investments</b>	<b>-1.1</b>	<b>-3.9</b>
<b>Cash flow from financing</b>		
Costs related to share issue	0.0	0.0
Repayments of loans	-3.4	-4.2
Withdrawals of loans	0.6	3.2
Transaction costs of share issue	0.0	0.0
Withdrawal of hybrid loan , net	4.0	0.0
Interest rate and expenses on hybrid loan	-2.3	-1.6
Dividends paid	-0.1	0.0
<b>Net cash flow from financing</b>	<b>-1.1</b>	<b>-2.6</b>
<b>Change in cash and cash equivalents</b>	<b>3.9</b>	<b>-5.8</b>
Cash and cash equivalents Jan 1	6.5	13.2
Impact of exchange rate fluctuations and consolidation	-0.1	0.0
<b>Liquid funds Mar. 31</b>	<b>10.4</b>	<b>7.4</b>



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

2024	Share capital	Contingency reserve	Reserve for invested unrestricted equity	Translation difference	Hybrid loan	Retained earnings	Minority interest	Total
Equity								
<b>Dec.31, 2023</b>	<b>2.5</b>	<b>0.1</b>	<b>5.1</b>	<b>-1.0</b>	<b>20.0</b>	<b>14.5</b>	<b>1.5</b>	<b>42.6</b>
Profit/loss for the period						-0.9	0.0	-0.9
Translation differences		0.0		-0.4		0.0	0.0	-0.4
Share issue								0.0
Costs related to share issue								0.0
Share repurchases								0.0
Withdrawal of hybrid loan					4.0			4.0
Share incentives						0.0		0.0
Interest rate and borrowing costs of the hybrid loan						-0.9		-0.9
Dividend payment							-0.1	-0.1
Other change								0.0
Equity								0.0
<b>Mar.31, 2024</b>	<b>2.5</b>	<b>0.1</b>	<b>5.1</b>	<b>-1.4</b>	<b>24.0</b>	<b>12.7</b>	<b>1.4</b>	<b>44.4</b>
<hr/>								
2023	Share capital	Contingency reserve	Reserve for invested unrestricted equity	Translation difference	Hybrid loan	Retained earnings	Minority interest	Total
Equity								
<b>Dec. 31, 2022</b>	<b>2,5</b>	<b>0,1</b>	<b>4,7</b>	<b>-1,0</b>	<b>20,0</b>	<b>14,1</b>	<b>1,4</b>	<b>41,8</b>
Profit/loss for the period						2,6	0,3	2,8
Translation differences		0,0		0,0		0,0	0,0	0,0
Share issue			0,4					0,4
Costs related to share issue								-0,1
Share repurchases								-0,3
Withdrawal of hybrid loan								20,0
Share incentives						0,1		0,1
Interest rate and borrowing costs of the hybrid loan						-1,3		-1,3
Dividend payment						-1,2	-0,2	-1,4
Other change		0,0				0,1		0,1
Equity								0,0
<b>Dec. 31, 2023</b>	<b>2.5</b>	<b>0.1</b>	<b>5.1</b>	<b>-1.0</b>	<b>20.0</b>	<b>14.5</b>	<b>1.4</b>	<b>42.7</b>

**SEGMENT INFORMATION (MEUR)**

<b>1-3/2024</b>	<b>Electronics</b>	<b>Technical Trade</b>	<b>Group functions</b>	<b>Inter segment</b>	<b>Total</b>
Revenue	13.5	25.1	0.0		38.6
Share of results of associates	0.1	0.0	0.0		0.1
Depreciation	-0.5	-0.9	0.0		-1.4
EBIT	0.1	0.1	-0.6		-0.4
Financial income	0.0	0.0	0.2	-0.2	0.1
Financial expenses	-0.1	-0.2	-0.5	0.2	-0.7
Profit before taxes	0.1	-0.1	-0.9		-1.0
Balance sheet assets	58.3	72.2	0.0	-11.8	118.8
Balance sheet liabilities	-38.8	-47.3	0.0	11.8	-74.4
Investments	0.3	0.2	0.0		0.5
Personnel at end of the period	133	199	6		338

**SEGMENT INFORMATION (MEUR)**

<b>1-3/2023</b>	<b>Electronics</b>	<b>Technical Trade</b>	<b>Group functions</b>	<b>Inter segment</b>	<b>Total</b>
Revenue	42.9	37.0	3.4		115.4
Share of results of associates	0.1	0.0	0.0		0.1
Depreciation	-1.2	-0.9	-0.3		-3.1
EBIT	2.4	3.4	-1.7		4.8
Financial income	0.6	0.1	0.3	-0.3	0.6
Financial expenses	-0.9	-0.4	-0.1	0.3	-1.1
Profit before taxes	2.0	3.4	-1.8		4.4
Balance sheet assets	50.1	37.1	4.4	-6.2	121.5
Balance sheet liabilities	-44.6	-22.8	-0.7	6.2	-80.0
Investments	0.4	0.4	0.4		1.4
Personnel at end of the period	130	86	31		301

## OFF-BALANCE SHEET CONTINGENT LIABILITIES (MEUR)

	31.3.2024	31.12.2023
<b>Liabilities</b>		
Unused overdraft limit	7.6	5.9
<b>Total liabilities</b>	<b>7.6</b>	<b>5.9</b>
<b>Collateral given</b>		
Real estate mortgages	0.0	0.0
Enterprise mortgages	71.5	71.5
Pledged securities	0.0	0.0
Guarantees	4.3	1.5
<b>Total guarantees</b>	<b>75.8</b>	<b>73.0</b>

The company has a derivative liability arising from interest rate hedging the fair value of which was EUR 0.3 million on March 31, 2024. The change in fair value has been recognized in financial items as profit or loss.

### Briefing for investors, analysts and media

A webcast where CEO Kari Nerg and CFO Aku Rumpunen present the Q1 2024 Interim report will be held today, April 30, 2024, at 11:00 EET. The presentation is in English and questions can be asked after the presentation. The presentation material is available before the webcast on Boreo's website: [www.boreo.com/investors](http://www.boreo.com/investors).

You can watch the webcast at: <https://boreo.videosync.fi/q1-2024>.

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

### Boreo Plc's financial reporting in 2024:

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

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

Vantaa, April 30, 2024

BOREO PLC

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#### Boreo in brief:

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

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

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