

A large circular graphic is centered on the page. Inside the circle is a photograph of a coastal scene at sunset. The sun is low on the horizon, casting a warm glow over the water. In the foreground, there is a rocky shore with some green vegetation. A small, white lighthouse with a black top is situated on the shore. The sky is filled with dark, dramatic clouds. The word "BOREO" is overlaid in white, bold, sans-serif capital letters across the center of the circle. The letter "O" is stylized with a circular arrow around it.


BOREO

ANNUAL REPORT
2024

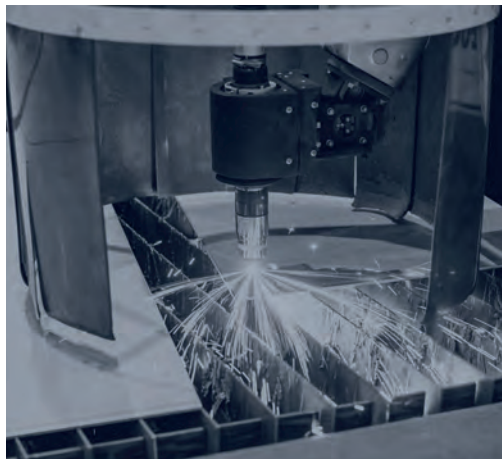


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A full-page background image featuring a dramatic sunset. The sun is a bright, glowing orb on the horizon, casting a shimmering, golden path of light across the dark, rippling water. The sky is filled with heavy, dark clouds, some of which are illuminated from below by the sun, creating a mix of deep blues, greys, and hints of orange and pink. In the lower right foreground, a small, white, cylindrical lighthouse with a black lantern room and a black railing stands on a rocky, grassy shore. The lighthouse is partially illuminated by the ambient light of the sunset. The overall mood is serene yet powerful, capturing a moment of natural beauty.

BOREO 2024



BOREO IN BRIEF

BOREO IS A LONG-TERM OWNER OF GREAT ENTREPRENEURIAL COMPANIES



336 EMPLOYEES



22 COMPANIES IN THE PORTFOLIO



134 M€ NET SALES 2024



6.8 M€ OPERATIONAL EBIT 2024



2.8X NET DEBT / OPERATIONAL EBITDA Q424

In 2024, the Group consisted of 22 industrial companies with 336 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



CEO'S REVIEW

Dear Friends of Boreo,

The year 2024 was the most challenging in Boreo's five-year history. Instead of allocating resources to growth through acquisitions and organically, we focused on securing profitability, strengthening cash flow and managing the Group's balance sheet. The Finnish and the Baltics markets, where our portfolio is concentrated, continued to struggle and our performance was short of both our own expectations and the potential of these markets.

At the beginning of 2024, we updated our strategy and launched an action plan aimed at returning the company to a growth path. As a result of the successfully implemented cost-saving measures and selected organic growth investments, we were able to shift the course in Q424, achieving revenue growth after several consecutive challenging quarters. I would like to extend my gratitude to our organization for battling through these hard times. I am pleased that we adapted quickly to weak market conditions and, despite the challenges, achieved decent profitability and excellent cash flow.

Despite the recent headwinds, we remain excited about the opportunities that lie ahead of us and are confident in the firm's business model and our ability to create value in the long term. The foundation of our **decentralized operating model** is strong, and I am proud of the work we have done in recent years. The acquisitions made since autumn 2020 have generated reasonable returns of approximately 15% which demonstrates our ability to **allocate capital effectively** and to gradually shape the portfolio toward improved quality.

While the firm's current situation is not ideal, our long-term goals and the playbook to achieve our goals are clear. As we view strong margins and high returns on capital as essential for a successful **long-term owner of entrepreneurial companies**, we will work to improve the quality of our portfolio and aim to acquire new businesses with a strong financial profile and growth potential.

To achieve both, our short- and long-term goals, we will remain focused in 2025 on executing the initiatives of our Back to Growth -plan and long-term playbook. We are confident that we are well positioned for a significant earnings improvement as market conditions improve.

Yours sincerely,

Kari Nerg
CEO

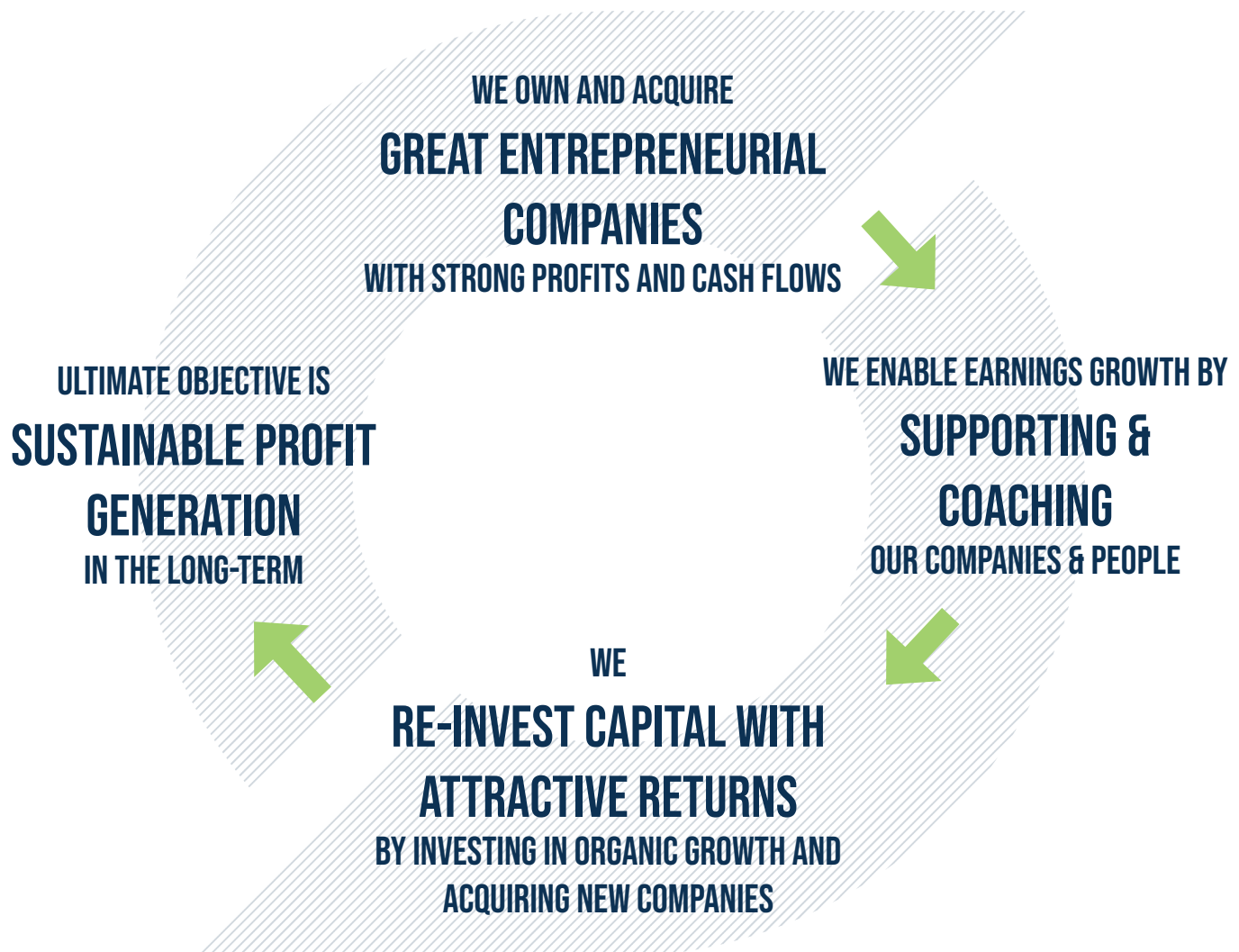


Kari Nerg, CEO



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.



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.

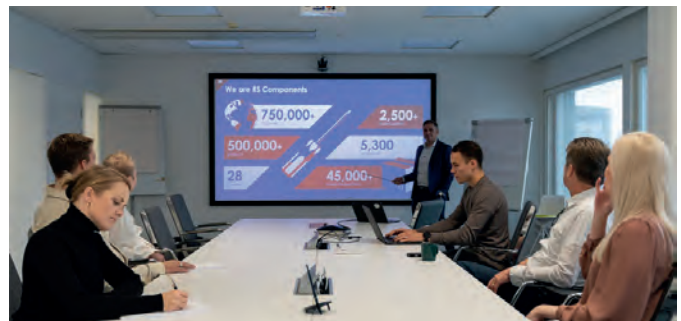
In addition to strong financial performance, Boreo places a great attention to the leadership of its companies. Leadership in line with the principles of the Boreo Way is ensured through motivating incentives, forums for learning and best practice sharing (e.g. Boreo Academy) and the support provided 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 green and has a small caterpillar at its tip. The background is a blurred forest with sunlight filtering through the trees. A dark blue circle is on the left side of the image, and the word "SUSTAINABILITY" is written in white capital letters across it.

SUSTAINABILITY



SUSTAINABILITY

GENERAL INFORMATION

Basis for preparation

Boreo Plc, together with its 22 companies, forms the Group (“Group” or “Boreo”). The companies are organized into two business areas: Electronics and Technical Trade. The reporting covers the entire Group, including the parent company, Boreo Plc, and all companies (“Group companies”) in which Boreo Plc holds more than 50% of the voting rights unless stated otherwise in this report. Reporting is primarily conducted at the Group level. The sustainability report is published annually, with the reporting period aligned with the financial reporting period, spanning from January 1 to December 31, 2024.

The sustainability report serves as the cornerstone of Boreo’s annual sustainability reporting. Boreo continuously enhances its sustainability reporting, considering evolving regulatory requirements, stakeholder expectations and preferences, and the advancement of internal capabilities.

The disclosed sustainability matters and figures are based on a double materiality assessment conducted in two stages between 2022 and 2023. This assessment will be updated in 2025 to ensure compliance with the Corporate Sustainability Reporting Directive (CSRD).

Sustainability data

The parent company’s sustainability team is responsible for consolidating and validating the sustainability data collected from Group companies. Data collection guidelines and definitions for environmental, social, and governance (ESG) KPIs are available to those responsible for collecting and processing the data. The sustainability data used as the basis for the sustainability report is sourced from internal and external information systems and data sources of Boreo and its Group companies. The accuracy of the data is reviewed in collaboration with Business Area Directors and business process owners. Internal cross-checks and controls are also in place to ensure data integrity.

Boreo engages an external partner to review the accuracy and correctness of Scope 1 and Scope 2 GHG emissions calculations. When precise data points are unavailable, sustainability reporting relies on assumptions, estimates, and management judgement, which inherently involve uncertainties. Further details on these uncertainties are provided alongside the disclosed information. The sustainability data presented has not been externally assured by an independent auditor.

Sustainability governance

This sustainability report provides information on Boreo’s sustainability governance. Further information about the general duties, composition, diversity and experience of the administrative and supervisory bodies, as well as the processes of internal control, internal audit and risk management, is available in the Corporate Governance Statement.

Sustainability governance model



Board of Directors and Board Committees

The Group’s Board of Directors is responsible for decisions on sustainability-related strategic guidelines and approach, including key focus areas, targets, and KPIs. Additionally, the Board approves Group-level action plans, the sustainability governance model, and sustainability-related policies, while also overseeing the quality and integrity of sustainability reporting.

The Audit Committee supports the Board of Directors in overseeing financial reporting, sustainability reporting, internal control, internal audit, and the Group’s risk management. Furthermore, the Audit Committee monitors and evaluates the Company’s sustainability reporting processes, as well as the accuracy and reliability of sustainability reports and prepares the selection of an independent assurer if such a role is required.

The Group’s CEO and Group Management Team

In the Group 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 supports Group companies in developing and implementing their sustainability goals and initiatives and drives sustainability de-



velopment at Group level. Managing Directors of Group companies ensure compliance with Group policies and guidelines as well as management of sustainability matters.

Risk management and internal control

The Group-wide policies regarding internal control and risk management are followed in sustainability reporting. The objective of risk management is to ensure the implementation of the Group's strategy and achievement of its long-term targets.

The Group employs a business-oriented and systematic approach to risk management. This involves systematic identification, analysis, evaluation, management, monitoring, and reporting of key risks across all operating countries. Risk management is integrated into business operations at the Group, business area, and function levels.

The purpose of the company's internal control is to continuously oversee and monitor the Group's activities to ensure operational efficiency, financial reporting accuracy, and compliance with applicable laws, regulations, and internal policies. Additionally, internal control aims to promote ethical values, good corporate governance, and effective risk management practices.

STRATEGY

Business model & value chain

Boreo owns and acquires great entrepreneurial companies which are able to generate sustainable earnings growth and cash flows. Boreo's strategy and business model are described in the annual report on pages 6-8.

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. Boreo requires 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, Group 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, the direct greenhouse gas emissions of the Group companies are estimated to account only for a minor share of the total GHG emissions incurred throughout the value chain.

Setting standards for the portfolio companies. Boreo has an important role in improving the sustainability of its small and medium-sized companies in helping and supporting its companies to improve in the different areas of sustainability. By setting standards and implementing group-wide policies related to environment, people and business conduct, Boreo can influence its Group companies in developing their sustainability governance and performance.

Continuous improvement. Boreo's approach to developing all aspects of its businesses, including sustainability, is guided by the principles of continuous improvement, incremental advancements, and impact-based prioritization. The Group is committed to deepening its understanding of the risks and opportunities associated with the value chains in which it operates. Strong and lasting relationships with stakeholders are regarded as the foundation of effective value chain management.

Acquisitions. Boreo aims to own and acquire businesses that operate in a sustainable manner. When reviewing the potential acquisition candidates, the company focuses on aspects such as 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. Achieving this requires, among other factors, treating employees well, considering environmental impacts, upholding high ethical standards, and complying with all applicable laws and regulations.

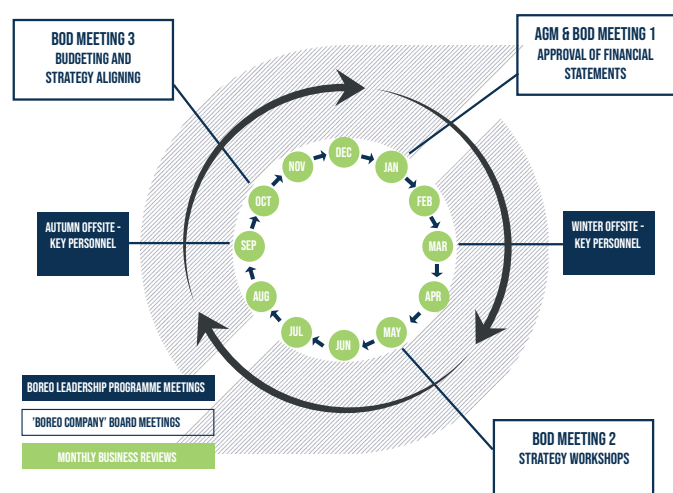
During the acquisition process, Boreo conducts a thorough review of the business and its operations to identify any potential violations or ongoing disputes related to working conditions, business ethics, tax matters, environmental risks, and human rights. Significant time is also dedicated to discussions with the target company's owners and leaders to assess cultural alignment, conducting site visits to evaluate working conditions, and analyzing the business's history, financial records, and contracts to ensure sustainability.

Based on the due diligence process, Boreo determines whether the business meets its criteria and whether it is the right owner to sustainably develop and manage the business in the long term.



Boreo Clock

Boreo operates within a decentralized operating structure that fosters a culture of ownership and local decision-making. The parent company oversees and guides the performance of its Group companies through various processes, including the Boreo Clock, which defines the operational framework within the Group. Sustainability aspects are integrated into each company's Game Plan, with company-specific strategies approved by their respective Boards of Directors. Similarly to other business development areas, sustainability initiatives and risks are regularly reviewed and monitored in monthly business reviews.



Interests and views of stakeholders

Boreo actively engages in dialogue with its stakeholders, including investors, customers, suppliers, financiers, shareholders, analysts, employees, and other relevant parties.

In 2022, Boreo conducted a stakeholder study to gain insight into stakeholders' perspectives on the company's sustainability aspects. The study was carried out by an external partner, with 53 participants responding to the survey.

Participants were asked to rate the importance of various sustainability themes on a scale from 1 to 10 (1 = very important, 10 = not important).

In addition to the topics covered in the survey, many respondents highlighted the significance of mergers and acquisitions in sustainability management. 89 % of the participants viewed Boreo as a sustainable company, and 75 % of the participants viewed sustainability to be highly important or important for Boreo.

Boreo remains committed to fostering active dialogue with its key stakeholders, identifying the sustainability themes most relevant to them and assessing their impact on the company's operations, business model, and strategy.

Important sustainability topics for Boreo based on stakeholder survey:

Theme	Average
Employees	2.92
Governance and risk management	3.15
Business conduct	3.30
Pollution	4.62
Climate change	4.66
Workers in the value chain	4.67
Resource use and circular economy	4.69
Affected communities	5.41
Water and marine resources	5.52
Biodiversity	5.69

Material sustainability-related impacts, risks and opportunities

Methodology of the double-materiality assessment

To identify and evaluate the company's material sustainability impacts, risks, and opportunities, Boreo conducted a double materiality assessment in 2022-2023. A new materiality assessment will be carried out in 2025 to align with the requirements of the CSRD.

The assessment process included internal workshops and a stakeholder study. The internal workshops were attended by the Group Management Team and other key employees of the Group. Additionally, multiple internal and external stakeholders participated in the stakeholder survey, and Boreo's main owner was interviewed.

The materiality assessment was conducted based on the EFRAG sustainability reporting standard drafts available in 2022. Business-specific material aspects were considered whenever identified as relevant. Furthermore, global risk and megatrend studies were utilized to identify additional material topics. These studies included, for example, the World Economic Forum Global Risk Report, IPCC Sixth Assessment Report, WEF Gender Equality Report, and UNEP Human Rights Toolkit.

The scope of the materiality assessment covered Boreo's own operations, as well as its upstream (supply chain and suppliers) and downstream (products and end-use) value chain. A further risk and opportunity assessment was conducted in cases where Boreo had clear operational or financial control over the issue or operations in question. Topic was considered material in case one or more of the following factors were exceeded:

- any financial threshold
- scope: global
- scale: large or medium or irremediable



Additionally, in case stakeholder request on a topic was strong, the topic was considered material. When defining the impact of individual topics, the following scope, scale and financial impact values were utilized:

Scope Level	Description
1	Impact on a group of people which is relatively small in the context of company's value chain, or impact on local nature area
2	Impact on a community, several groups of people, region or broader natural area
3	Impact on a global or multiregional scale on nature, people or society

Scale Level	Description
1	Impact with short-term effects which may be either negative or positive. Impacts are temporary in nature.
2	Impact with medium-term effects which might be either negative or positive. Impacts are temporary in nature but to recover there needs to be investments or programs to remediate the negative impacts. In case of positive impacts, beneficiary is able to benefit from the impact for a relatively long time.
3	Impact is severe and either positive or negative. Either large groups of people, nature or larger communities are impacted or can benefit from the impact. Impact is long-term in nature and benefits are replacing inefficient existing processes or negative existing impacts with significant potential to improve the lives of people and/or the planet.

Criteria	Value
Revenue threshold	5% of revenue
Costs threshold	0.5% of business costs
EBIT-margin threshold	0.5%-points

Based on the results of the materiality assessment, the most significant topics identified were climate change, pollution, workforce, business conduct, and governance.

FOCUS AREAS

Between 2022 and 2023, Boreo made significant efforts to understand its sustainability-related impacts, risks, and opportunities, as well as gathered data on sustainability performance, processes, and readiness for data collection. In addition to conducting a double materiality assessment and a stakeholder survey, workshops were organized for key employees across the Group and the

**STRONG
FINANCIAL
PERFORMANCE**

**HEALTHY
ENVIRONMENT**

**ENGAGED
PEOPLE**

**SOUND
BUSINESS
PRACTICES**

Group Management Team. The Board of Directors also engaged in several discussions on the topic.

Based on these discussions and analyses, Boreo established four sustainability focus areas in 2023:

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

In 2024, sustainability efforts focused on further integrating the selected sustainability focus areas and targets into the strategies and governance of Group companies, ensuring compliance with ethical, social, and environmental standards across supply chains, and advancing sustainability reporting in alignment with CSRD requirements. The Supplier Code of Conduct was implemented for new suppliers and major suppliers—defined as those from whom the Group has made purchases exceeding EUR 500,000.



BOREO'S SUSTAINABILITY TARGETS

Focus area	Target ⁷⁾	KPI	2024	2023
STRONG FINANCIAL PERFORMANCE	Significant sustainable profit growth (long-term target level 15%)	Growth of operational EBIT, %	-28%	8%
	High capital efficiency contributing to efficient use of resources (long-term target level 15 %)	Return on Capital Employed (ROCE), %	7.9%	11%
	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	2.8	2.5
HEALTHY ENVIRONMENT	We lower our carbon footprint every year	Total Scope 1 & 2 GHG emissions (location-based), tCO ₂ e	1489.4	-
		Total Scope 1 & 2 GHG emissions (market-based), tCO ₂ e	2171.1	-
		Total Scope 1 & 2 GHG emissions, tCO ₂ e ¹⁾	-	1669.0
		GHG intensity based on revenue, Scopes 1 and 2 (location-based), tCO ₂ e/MEUR	11.1	-
		GHG intensity based on revenue, Scopes 1 and 2 (market-based), tCO ₂ e/MEUR	16.2	-
		GHG intensity based on revenue, Scopes 1 and 2, tCO ₂ e/MEUR ¹⁾	-	10.3
ENGAGED PEOPLE	Our employees are engaged in their work	eNPS ²⁾	27	25
		Employee turnover percentage ³⁾	17%	15%
	We value diverse compositions in decision making bodies and promote diversity	Percentage of minor gender representatives in the Group BoD	33%	50%
		Percentage of minor gender representatives in the Group management team	20%	17%
		Percentage of minor gender representatives of key employees ⁴⁾	11%	10%
	Our workplaces are safe and the employees have risk-free working conditions	Lost-time injury frequency rate ⁵⁾	5.3	13.7
SOUND BUSINESS PRACTICES	We can offer interesting career opportunities for our employees	Percentage of in-house appointments to key employee positions ^{4) 5)}	73%	78%
	We do business with suppliers who are engaged in sustainable business conduct	Percentage of major suppliers who are committed to the principles of Boreo's Supplier Code of Conduct	79%	-
	We have a solid governance model in place	Boreo Clock in place	95%	95%
		Boreo governance requirements met	97%	95%

1) Comparison year reported separately due to incomparability caused by enhancement in the accuracy and robustness of the calculation method

2) In 2024, 20/22 of the Group companies participated in the personnel survey, meanwhile in 2023 the coverage was 22/22 companies.

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

4) Key employees include Group Management Team, Managing Directors and other key employees that are participants of Leadership Program

5) 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

6) Total of 11 key employee appointments in 2024

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

STRONG FINANCIAL PERFORMANCE



STRONG FINANCIAL PERFORMANCE

Based on interviews and the materiality assessment, strong financial performance was identified as one of the key sustainability focus areas. Financial strength and stability are essential for a company's long-term sustainability.

For more details on Boreo's financial performance, refer to the report of the Board of Directors and financial statements.

Focus area	Target ⁷⁾	KPI	2024	2023
STRONG FINANCIAL PERFORMANCE	Significant sustainable profit growth (long-term target level 15%)	Growth of operational EBIT, %	-28%	8%
	High capital efficiency contributing to efficient use of resources (long-term target level 15 %)	Return on Capital Employed (ROCE), %	7.9%	11%
	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	2.8	2.5

HEALTHY ENVIRONMENT



HEALTHY ENVIRONMENT

Progress in targets

Boreo aims to reduce its annual carbon footprint. The enhancement of the accuracy and robustness of the GHG emission calculation method made in 2024 influenced the comparability of data.

In 2024, company's Scope 1 and 2 emissions totaled to 1489.4 tCO₂e location-based and 2171.1 tCO₂e market-based. GHG intensity based on revenue was 11.1 tCO₂e/MEUR location-based and 16.2 tCO₂e/MEUR market-based.

The identification and assessment of material impacts, risks and opportunities

The material impacts, risks and opportunities related to environment have been identified in Boreo's double materiality assessment described on pages 13-14.

Climate change

Based on the materiality assessment, financial thresholds related to climate change risks were not exceeded. While

the scope and scale of the impacts were small, they were global in nature due to the characteristics of emissions.

Boreo's direct operations do not include any major sources of GHG emissions. Scope 1 and Scope 2 emissions are fairly low, given the company's business size and operational nature. However, Scope 3 emissions — originating from the supply chain and product end use — are expected to be relatively significant in comparison.

There are no substantial physical, transition, or legal risks associated with Boreo's business. Although Boreo's sites are located in regions where the physical impacts of climate change (such as in Northern Europe and Scandinavia) are projected to be relatively strong over the next 1 to 10 years, the expected impact on Boreo's business remains low. This is due to both the nature of its operations and the fact that the countries in which Boreo operates are well-equipped to adapt to climate change phenomena.

Additionally, Boreo's diversified supplier network ensures that potential physical disruptions affecting its suppliers will not significantly delay deliveries, minimizing any business impact.

Regarding legal risks, no legislative initiatives related to climate have been identified that would significantly affect Boreo's business.



Focus area	Target	KPI	2024	2023
HEALTHY ENVIRONMENT	We lower our carbon footprint every year	Total Scope 1 & 2 GHG emissions (location-based), tCO ₂ e	1489.4	-
		Total Scope 1 & 2 GHG emissions (market-based), tCO ₂ e	2171.1	-
		Total Scope 1 & 2 GHG emissions, tCO ₂ e ¹⁾	-	1669.0
		GHG intensity based on revenue, Scopes 1 and 2 (location-based), tCO ₂ e/MEUR	11.1	-
		GHG intensity based on revenue, Scopes 1 and 2 (market-based), tCO ₂ e/MEUR	16.2	-
		GHG intensity based on revenue, Scopes 1 and 2, tCO ₂ e/MEUR ¹⁾	-	10.3

1) Comparison year reported separately due to incomparability caused by enhancement in the accuracy and robustness of the calculation method

From a transition perspective, Boreo has recognized both risks and opportunities, as the increasing demand for electric and hybrid products is already evident. Boreo's Group companies are well-prepared for this shift, having selected suppliers capable of supplying such products. Moreover, collaboration with compliant supplier and partners enhances supply chain transparency and facilitates data collection on the environmental impacts of upstream operations.

Notably, large global clients often prioritize suppliers that demonstrate strong ESG performance, presenting Boreo and its Group companies with opportunities to increase sales by meeting these expectations.

Pollution

Based on the materiality assessment, exceeding financial thresholds related to pollution risks is highly unlikely but still possible. The scope and scale of the identified impacts were small and localized.

The assessment did not identify significant risks or opportunities related to pollution, as Boreo does not operate major production sites or facilities in environmentally sensitive regions. A limited amount of air emissions is generated by logistics and courier operations at ESKP Oy and service operations at Machinery Oy; however, the vehicles used comply with the latest exhaust emission standards. Regarding upstream operations, Boreo has neither operational nor financial control over its principals, and its primary means of influence is through setting clear environmental criteria when sourcing products.

Boreo also considers pollution-related risks in mergers and acquisitions. In very rare cases, acquiring a new business could pose a risk of inheriting facilities or assets with historical soil or groundwater contamination. However, these risks are carefully managed through thorough due diligence processes, making their realization highly unlikely. In such cases, the impact would generally be minimal and localized.

Policies

Boreo has implemented both a Code of Conduct and a Supplier Code of Conduct, which set requirements for managing environmental issues within the Group's own operations as well as across its supply chains.

Code of Conduct

Sustainability at Boreo encompasses responsibility for the economic, environmental, and social impacts of its operations. The company is committed to continuously improving its solutions and services with environmental sustainability and safety in mind. Boreo complies with all relevant environmental laws, and its employees are responsible for considering environmental impacts in their daily work. Every Boreo employee is expected to actively collaborate with business partners and customers to prevent or reduce emissions and waste generated by business operations.

Supplier Code of Conduct

Boreo requires its suppliers to comply with all applicable environmental laws. Additionally, suppliers are responsible for assessing and minimizing their environmental impact in all aspects of their operations. Each supplier must actively engage with its business partners and customers to prevent or reduce emissions, pollution, and waste related to business activities. The use of hazardous materials must be minimized, and suppliers must implement and maintain effective processes to identify, manage, and communicate the physical, health, and environmental risks associated with chemicals and other materials. These processes should ensure the safe handling, movement, storage, use, recycling or reuse, and disposal of such substances.



Actions

- In 2024, environmental impacts, risks, and opportunities at the Group-company level were assessed more systematically and integrated into the strategy updates of each Group company.
- The Supplier Code of Conduct was implemented for the majority of the Group's largest suppliers and new suppliers to ensure compliance with environmental laws and mitigate environmental risks.
- At Yleiselektroniikka, an environmental management system was introduced as part of the implementation of the ISO 14001 Environmental Standard.
- Boreo improved the accuracy of its Scope 1 and Scope 2 GHG emissions calculations by providing both location-based and market-based calculations.

GHG emissions	2024	2023
Scope 1 GHG emissions		
Scope 1 GHG emissions (tCO ₂ e)	1174.7	1267.1
Scope 2 GHG emissions		
Location-based Scope 2 GHG emissions (tCO ₂ e)	314.7	-
Market-based Scope 2 GHG emissions (tCO ₂ e)	996.3	-
Scope 2 GHG emissions* (tCO ₂ e)	-	401.9
Total GHG emissions		
Total GHG emissions (location-based) (tCO ₂ e)	1489.4	-
Total GHG emissions (market-based) (tCO ₂ e)	2171.1	-
Total GHG emissions* (tCO ₂ e)	-	1669.0
GHG intensity		
GHG intensity based on revenue, Scopes 1 and 2 (location-based) (tCO ₂ e/MEUR)	11.1	-
GHG intensity based on revenue, Scopes 1 and 2 (market-based) (tCO ₂ e/MEUR)	16.2	-
GHG intensity based on revenue, Scopes 1 and 2* (tCO ₂ e/MEUR)	-	10.3

*The enhancement of the accuracy and robustness of the GHG emission calculation method made in 2024 influenced the comparability of data.

Greenhouse gas emissions and energy in the company's own operations

Boreo aims to reduce its annual GHG emissions both in absolute terms and in relation to revenue. The company plans to publish more detailed emission reduction targets in 2025.

In 2024, the company's Scope 1 and 2 emissions totaled 1489.4 tCO₂e location-based and 2171.1 tCO₂e market-based. GHG intensity based on revenue was 11.1 tCO₂e/MEUR location-based and 16.2 tCO₂e/MEUR market-based. The majority of Boreo's companies operate in the technical distribution sector without own manufacturing, a business model characterized by low pollution levels. Most of the emissions derive from companies that operate in transportation or industrial manufacturing. Boreo does not have production sites in environmentally sensitive regions, and therefore, its operations do not pose significant direct environmental risks.

Greenhouse gas emissions in the value chain

Despite the relatively minor environmental impact of Boreo's own operations, the Group's supply chains present several risks. The production and transportation of products in upstream activities are often energy-intensive processes that generate emissions.

Boreo's Group companies operate within complex supply chains that typically involve multiple stakeholders across various regions. As a result, Boreo has identified that gaining proper visibility into the different stages of the supply chain requires close collaboration with suppliers and a systematic approach to stakeholder engagement.

Boreo is actively working to improve access to environmental data related to its supply chains. The enhanced ESG reporting requirements have increased the amount of stakeholders in the value chain who are able to provide data on the GHG emissions. However, still the availability of the data is modest.

To manage risks associated with the supply chain and ensure compliance with environmental regulations, Boreo has implemented a Supplier Code of Conduct. This policy is a tool to encourage suppliers to minimize their environmental impact and promote responsible business practices.

Energy consumption	2024
Purchased energy (MWh)	2553.1
Energy intensity based on revenue (MWh/MEUR)	19.1



Reporting principles

Boreo's GHG calculations follow the GHG Protocol, the world's most widely used greenhouse gas accounting standard. The GHG Protocol categorizes emissions into three scopes: Scope 1 (direct emissions), Scope 2 (indirect emissions from purchased energy), and Scope 3 (broader indirect emissions in the value chain). Scope 3 emissions were excluded from the assessment in 2022, 2023, and 2024.

In 2024, Scope 2 emissions were assessed using both market-based and location-based methodologies. This methodological improvement resulted in a significant increase in reported Scope 2 emissions. However, this should not be misinterpreted as an actual rise in the emissions intensity of operations, but rather as an enhancement in the accuracy and robustness of the calculation method.

To the greatest extent possible, calculations were based on metered or measured activity data. However, estimates were used for two small leased properties and three electric vehicles, out of dozens of properties and vehicles. Emission factors were sourced from reliable and widely recognized databases commonly used in carbon footprint assessments.

Specifically:

- Scope 1: Vehicle and on-site energy production emission factors were derived from Defra 2024.
- Scope 2 (Location-Based): National average factors from EU or national sources were used, except for Boreo's Californian operations, where United States Environmental Protection Agency (EPA) figures were applied.
- Scope 2 (Market-Based): Supplier-specific factors were used for Finnish district heating and Californian wind energy. Residual electricity factors were applied in the Nordics, while national averages were used in other markets.

The data coverage for Boreo's GHG calculations was:

- 95% in 2022 (19/20 Group companies)
- 100% in 2023 (22/22 Group companies)
- 100% in 2024 (22/22 Group companies)

CASE: YLEISELEKTRONIIKKA

SYSTEMATISING THE MANAGEMENT OF ENVIRONMENTAL ISSUES BY IMPLEMENTATION OF ISO 14001

In 2024, Boreo's Finnish electronic components and industrial equipment distributor Yleiselektroniikka took important steps in sustainability development by implementing the ISO 14001 Environmental management system.

The target was to strengthen the company's environmental management practices and to ensure ability to meet the growing environmental expectations of customers.

Since Yleiselektroniikka already had the ISO 9001 quality management system in place, implementation of the environmental management system was a straightforward and effective process. The process involved assessing current environmental impacts, including energy consumption, waste production, transportation emissions, and supplier sustainability. A key milestone was a supplier survey conducted with Yleiselektroniikka's top 20 suppliers to evaluate their environmental and sustainability initiatives.

To reinforce the organization's commitment, it set concrete environmental targets, such as:

- Ensuring 60% of the selected logistics partners operate with green transport solutions by the end

of 2025.

- Gradual transitioning to low-emission company vehicles.
- Promoting remote work to reduce commuting-related emissions.
- Enhancing energy efficiency in our office spaces.
- Implementing improved waste sorting practices at key locations.

Employee engagement and awareness were prioritized through training sessions, internal communication, internal environmental audits, and leadership reviews. External audits, including a two-phase certification audit in May and June 2024, confirmed compliance with ISO 14001 requirements.

Moving forward, Yleiselektroniikka will continue refining its environmental strategy, strengthening partnerships with responsible suppliers, and ensuring continuous improvement in sustainability across all operations.



ENGAGED PEOPLE



ENGAGED PEOPLE

Progress in targets

In 2024, notable improvements were seen, particularly in the lost-time injury frequency rate, which declined by 61%. The Employee Net Promoter Score (eNPS) also showed improvement, rising from 25 to 27. The percentage of in-house key employee appointments remained high at 73%, while employee turnover increased during the challenging year, primarily due to layoffs. The diversity of decision-making bodies remained unchanged.

The identification and assessment of material impacts, risks and opportunities

The material impacts, risks and opportunities related to people have been assessed in Boreo's double materiality assessment described on pages 13-14.

Own workforce

Based on the materiality assessment, the financial thresholds regarding own workforce would be exceeded

in case Boreo failed with several own workforce-related aspects, such as employee retention, work safety and leadership development. On the other hand, positive outcome is expected in case topics are managed well. The impact scope and scale were assessed to be regional and medium.

Boreo operates in countries and business sectors with relatively low risk for most common breaches of any human rights or labor standards applicable to workforce (based on UNEP Human rights guidance tool for finance¹). Furthermore, equality metrics between men and women on Boreo's major market areas are among the best in the world².

Based on the materiality assessment, cybersecurity forms a risk, and in the worst case, in a very unlikely scenario, there might be significant financial impacts exceeding the impact thresholds. Boreo has talent risks related to losing key employees but there are efforts and programs in place to mitigate the risks.

There are no significant health & safety risks covering the whole Group, but for example in the logistics busi-

1) WEF (World Economic Forum): Global Gender Gap report, 2024
2) UNEP: Human rights Guidance tool for financial sector



Focus area	Target	KPI	2024	2023
ENGAGED PEOPLE	Our employees are engaged in their work	eNPS ¹⁾	27	25
		Employee turnover percentage ²⁾	17%	15%
	We value diverse compositions in decision making bodies and promote diversity	Percentage of minor gender representatives in the Group BoD	33%	50%
		Percentage of minor gender representatives in the Group management team	20%	17%
		Percentage of minor gender representatives of key employees ³⁾	11%	10%
	Our workplaces are safe and the employees have risk-free working conditions	Lost-time injury frequency rate ⁴⁾	5.3	13.7
	We can offer interesting career opportunities for our employees	Percentage of in-house appointments to key employee positions ^{3) 5)}	73%	78%

1) In 2024, 20/22 of the Group companies participated in the personnel survey, meanwhile in 2023 the coverage was 22/22 companies.

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

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

4) 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.

5) Total of 11 key employee appointments in 2024

ness the health & safety risks are elevated because of the nature of the work. Leadership development and talent management are seen as a key to the success of the company and efforts are taken to ensure competence development and training of the employees. Instead of focusing only on gender diversity, Boreo emphasizes diversity from multiple perspectives, and thus provides development opportunities and inclusion for people with various backgrounds and skills.

Stakeholder considerations. Practices and approach related to people were among the top issues requested to be reported and managed by stakeholders. Particularly, the retention of key people after acquisitions was considered substantial.

Policies

Boreo has implemented Code of Conduct and Supplier Code of Conduct, which define Boreo's approach on human rights in its own operations and in supply chains. These guidelines cover topics such as compliance with laws and rules of society, work environment (including human rights), fair competition, environment and sustainability, sales and marketing of products and services, risks and conflicts, handling of information and business partners.

Boreo respects human rights as set forth in the United Nations Universal Declaration of Human Rights and basic labour rights as defined by the International Labour Organization. Boreo seeks to create and maintain an environment in which each employee is valued as an individual and can work to his or her full potential. Boreo's Code of Conduct and Supplier Code of Conduct explicitly prohibit forced labour, child labour and discrimination.

Boreo requires a workplace accident prevention management system to be in place in Boreo's Group companies.

Any employee or business partner who becomes aware of a breach of Boreo's Code of Conduct or Supplier Code of Conduct, or any related policy or law, is encouraged to report his/her concerns in confidence through one of Boreo's internal or external reporting channels.

Actions

In 2024, the Group made significant progress in honing its decentralized operating model. Boreo has consistently emphasized the autonomy of its operating companies while maintaining an active and supportive role in companies when needed. In 2024, the parent company provided strategic guidance through systematic board work and selectively allocated resources to support Group companies in executing key strategic projects.

The main focus in sustainability efforts in 2024 was on change management, i.e. supporting employees in change processes as the businesses faced both financial and operative pressure. Various Group companies encountered challenges regarding declining demand and cost-cutting pressure. Thus, some Group companies had to lay-off or furlough employees for economic reasons in order to secure their financial position in a challenging market. Additionally, organizational restructurings took place within some Group companies. While these actions led to a slight increase in employee turnover, overall turnover remained at an average level of 17%.

Boreo and its Group companies continued to measure and enhance employee satisfaction and retention. An annual personnel survey was conducted, and action plans



were developed based on the results and the specific needs of each company. Survey findings indicated that most employees are satisfied with their workplace, view their colleagues as cooperative and pleasant to work with, and consider their tasks engaging. Additionally, many employees appreciated the support of their managers.

Leadership and talent development efforts were increasingly tailored to the local needs of the Group companies. The parent company focused on supporting the Managing Directors in developing both business operations and people. As part of the Boreo Academy's Leadership Program, the main theme of the offsite arranged in November 2024 was setting a vision for each Group company.

During 2024, six new Managing Directors were appointed to Boreo's Group companies. Internal candidates were selected in 67% of cases, demonstrating the Group's commitment to career growth and internal development opportunities. Across all key employee recruitments, 73% of positions were filled by internal candidates. Additionally, greater emphasis was placed on succession planning, particularly at the Group Management Team and key employee levels.

Increased attention was also given to workplace safety management and employee experience development. Various Group companies updated their workplace danger and risk assessments and work safety guidelines. No fatal accidents took place. The total number of work-related accidents was three. Lost-time injury frequency decreased by 61% from 13.7 to 5.3.

Boreo emphasizes diversity in its organization structures and decision making. As a result of demonstrated diversity in Boreo's Board of Directors and Executive team, Boreo was placed 14th in the Nordic Business Diversity Index ranking conducted by Impaktly Ltd. This recognition reflects Boreo's holistic approach to diversity, emphasizing not only gender diversity but also broader aspects of inclusion across various dimensions.

Employee characteristics and metrics

Number of employees	2024	2023
Headcount	336	342
FTE ¹⁾	324	333

Geographical distribution of employees	2024
Estonia	22
Finland	230
Latvia	15
Lithuania	13
Sweden	55
USA	1

Type of employment	2024
Permanent	96%
Fixed-term	4%
Full-time	94%
Part-time	6%

Age distribution	2024
Under 30	13%
30–50	56%
Over 50	30%
N/A	1%

Gender distribution	Female	Male
All employees	19%	81%
Managers ²⁾	8%	92%
Key employees	11%	89%
Group Management Team	20%	80%
Board of Directors	33%	67%

Employee turnover	2024	2023
Employee turnover rate	16.7%	14.6%
Voluntary turnover ³⁾	9.9%	N/A
Involuntary turnover ⁴⁾	6.8%	N/A

Health and safety	2024	2023
LTIFR	5.3	13.7
Occupational accidents	3	8
Fatal occupational accidents	0	0

1) Number of employees converted to full-time employments

2) Managers = employees with direct-reports

3) Voluntary turnover: number of employees (HC) who left the company voluntarily / ((HC 1.1.2024 + HC 31.12.2024) / 2). Voluntary includes: resignations by employee, terminations on probationary period by employee, mutual agreements on termination of employment. Summer interns are excluded from the calculations.

4) In-voluntary turnover: number of employees (HC) who left the company in-voluntarily / ((HC 1.1.2024 + HC 31.12.2024) / 2). In-voluntarily includes: fixed-term contracts unless fixed-term is agreed based on employee's preference, terminations based on financial or individual grounds, terminations on probationary period by employer. Summer interns are excluded from the calculations.

CASE: MILCON

INVESTING AND FOCUSING ON EMPLOYEE EXPERIENCE PAYS OFF



Milcon Oy specializes in the design and manufacturing of cable harnesses and electrical solutions for demanding applications. The company was founded in 2003 and acquired by Boreo in 2021.

In 2022, Milcon participated for the first time in Boreo's personnel survey, recording an employee net promoter score (eNPS) of -22. This result reflected the uncertainty employees felt during the acquisition process, as they were concerned that the new ownership might introduce changes to their well-functioning workplace. However, over time, employees realized that under Boreo's ownership, Milcon would continue to operate independently and retain decision-making authority over its workplace.

Over the following years, Milcon invested in developing employee experience and human resource practices. With the support of the parent company, Milcon relocated to new, modern premises, better suited for its growing operations. As a result, employees' confidence and optimism about the future began to strengthen. The 2023 personnel survey confirmed this positive shift, with the eNPS rising to 43.

An important change took place in early 2024, as the former owner and Managing Director Janne Korpinen stepped down from the leading position of Milcon to focus more on working with customers, and new Managing Director Hermanni Lehtokylä was appointed. This change was carefully planned, well-prepared and clearly communicated, and the employees responded positively. They viewed the change as the beginning of a new era for the company, with improved employee inclusion, collaboration, and development opportunities.

This progress was further reflected in Milcon's 2024 personnel survey, where the company's eNPS score increased to 50. According to the surveys, the personnel of Milcon are satisfied especially with how the employees are included in the development work, how openly changes are communicated and how equally people are

treated at the workplace.

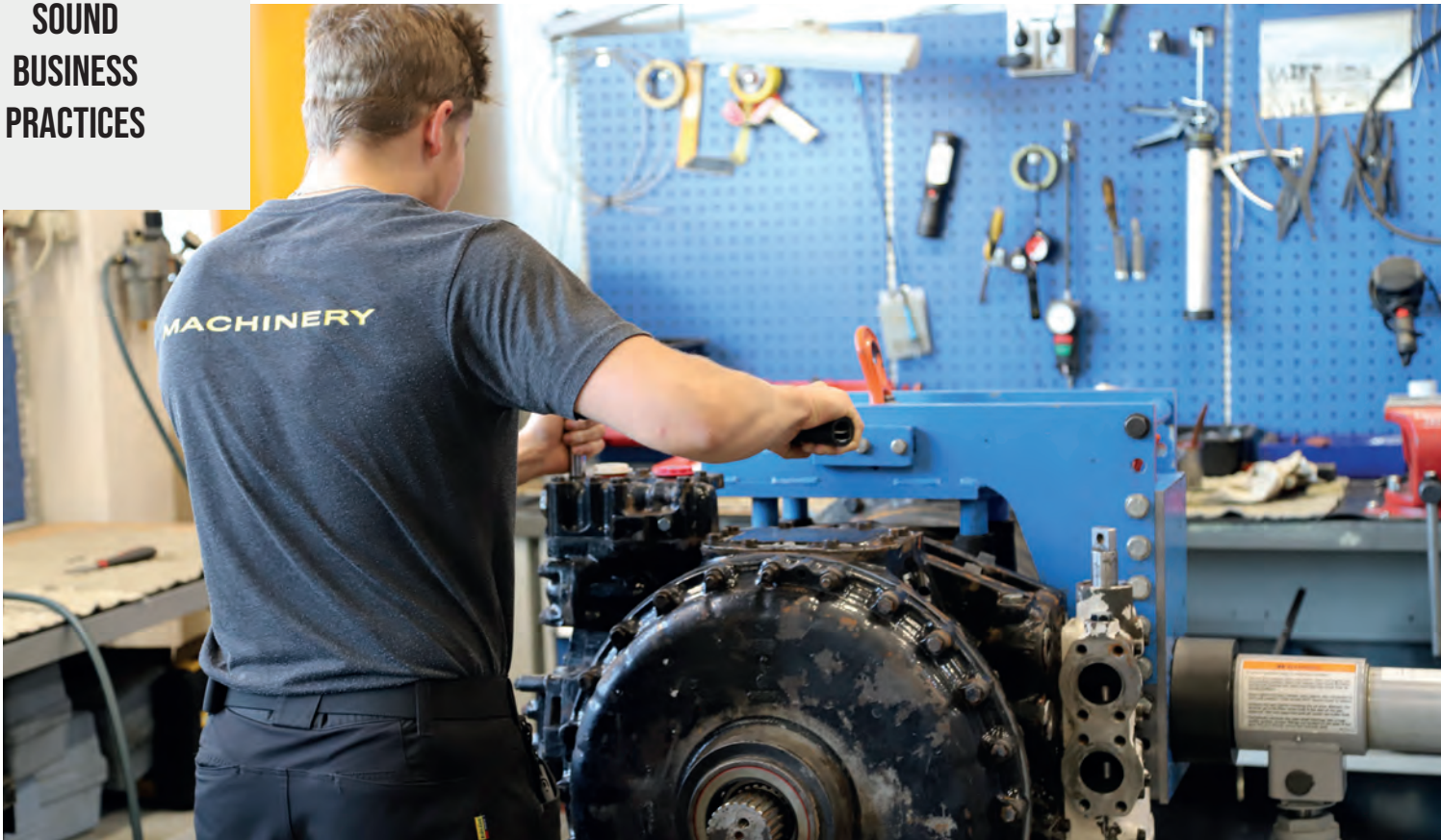
Milcon has also invested in employee benefits, updated safety equipment, and enhanced employee discussion practices to ensure clear roles, responsibilities, and adequate support for staff. The company has implemented safety programs and improved workplace safety guidelines to support employees in their daily tasks.

Milcon considers its highly skilled workforce and strong company culture to be its greatest strengths in building and developing a winning company for the future.

Furthermore, insights gained from Milcon's acquisition process have been utilized to enhance Boreo's overall approach in acquiring companies and communicating post-deal expectations.



SOUND BUSINESS PRACTICES



SOUND BUSINESS PRACTICES

Progress in targets

Implementation of Boreo's Supplier Code of Conduct: In 2024, Boreo implemented its Supplier Code of Conduct across its Group companies to ensure partners align with sustainable business practices. During the first year, 79% of the Group's major suppliers committed to the principles of Boreo's Supplier Code of Conduct.

Solid governance model in place: The aggregated implementation rate of Boreo Clock for the Group remained at an excellent level of 95%. In 2024, Boreo focused on the development of its current company portfolio. The aggregated rate of Boreo governance requirements met increased from 95% to 97%.

The identification and assessment of material impacts, risks and opportunities

The material impacts, risks and opportunities related to business conduct have been assessed in Boreo's double materiality assessment described on pages 13-14.

Business conduct

Business conduct was identified as a material topic for Boreo in the materiality assessment, as a severe breach could exceed financial thresholds. However, the impact scope and scale were assessed to be local and minor.

Boreo maintains a clear operating model and Business Code of Conduct, which help mitigate the risk of unethical business behavior. The Group companies and their local management operate independently within the framework of financial and non-financial targets and policies established by the Group. Each company follows a long-term strategic plan, which provides a shared vision for future development and serves as the foundation for autonomous local operations.

There are no major risks related to corruption or other business conduct violations within Boreo's operations. However, the company acknowledges that certain functions, such as sales and procurement, inherently involve a higher risk of unethical behavior. To address this, Boreo has implemented policies and training programs focused on ethical business practices, significantly reducing the likelihood of misconduct. As a result, the risk of business conduct breaches has been assessed as highly unlikely.



Focus area	Target	KPI	2024	2023
SOUND BUSINESS PRACTICES	We do business with suppliers who are engaged in sustainable business conduct	Percentage of major suppliers who are committed to the principles of Boreo's Supplier Code of Conduct	79%	-
	We have a solid governance model in place	Boreo Clock in place	95%	95%
		Boreo governance requirements met	97%	95%

Since many of Boreo's Group companies operate as distributors and rely on extensive supply chains, the associated supply chain risks are inherently elevated. However, Boreo primarily collaborates with global suppliers that adhere to clear business ethics and compliance standards, further reducing the risk of unethical business conduct.

Stakeholder interest in business conduct practices was high, further increasing the material significance of the topic.

Policies and operating model

The sustainability of Boreo's business conduct is guided by applicable legislation, Boreo Book, Boreo's Code of Conduct and various policies approved by Boreo's Board of Directors.

Boreo Book & Boreo Clock

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. The Boreo Clock consists of monthly business reviews, Boreo Leadership Program meetings, and meetings of the Group companies' Board of Directors which have strategy, budgeting and finance-related agendas throughout the year.

Boreo has summarized its value creation playbook and ownership philosophy in the Boreo Book. The 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 contents simplify the core of the company's value creation playbook, which provides a solid foundation for the company's future development.

To ensure a solid level of compliance and sound business conduct, Boreo has a set of common requirements its companies comply with. The common requirements include financial, people, sustainability and governance requirements. The financial 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 Group companies and all companies work with either common auditors or auditors approved by the Group.

People, sustainability and governance requirements include that all companies participate in annual personnel surveys 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 annual compliance with the common requirements.

In 2024, the aggregated implementation rate of Boreo Clock for the Group remained at an excellent level of 95%. Monthly business reviews were held in all of the companies, regular meetings of the Board of Directors in 95% of the companies and Game Plans were in place by the end of the year in 86% of the companies. The aggregated rate of Boreo governance requirements met increased from 95% to 97% mainly thanks to the alignment of cash management and Group company dividend distribution, and improvement in the completion rate of Code of Conduct training. Going forward, the goal is to ensure that in all the Group companies the targets are fully met.

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 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 Group 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- or 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 2024, 93% (2023: 89%) of the Group's employees had completed the course by the end of the year. In 15 out of 22 companies (2023: 7/22), all employees have completed the course. Going forward, the goal is to achieve full completion percentage Group-wide. In addition to the Code of Conduct e-learning course, Boreo implemented an e-learning course regarding data protection to help employees to process data in an ethical manner and to prevent unnecessary risk taking in 2024.

Supplier Code of Conduct

Boreo is committed to conducting its business ethically, responsibly, and in compliance with applicable laws and regulations. This commitment extends to the company's supply chain, where partners are expected to uphold high standards in business practices, working conditions, environmental responsibility, and human rights. The Boreo Supplier Code of Conduct defines these expectations, outlining the ethical, social, and environmental standards suppliers must meet while collaborating with Boreo and its Group companies.

Boreo's Supplier Code of Conduct covers the following topics:

- Compliance with Laws and Rules of Society
- Ethical Business Practices and Fair Competition
- Labor Standards
- Environmental Responsibility
- Product Quality and Safety
- Sales and Marketing of Products
- Intellectual Property and Confidentiality
- Subcontracting
- Reporting and Accountability
- Breaches and Right of Termination
- Continuous Improvement

In 2024, the Supplier Code of Conduct was implemented for the first time in new and major suppliers. During the first year, 79% of the Group's major suppliers committed to the principles of Boreo's Supplier Code of Conduct.

This means that either the supplier explicitly accepted Boreo's Supplier Code of Conduct in writing, or the supplier's own policies covered similar requirements. The goal is to increase the share of suppliers who commit to the principles of Boreo's Supplier Code of Conduct among the whole Group.

Other policies

In addition to applicable legislation, Boreo's operating guidelines and Codes of Conduct, Boreo has various policies approved by the Group's Board of Directors. Boreo has overall eight policies, one of which is public and seven are internal to the company. The policies are reviewed annually and updated to comply with changes in legislation and the company's operating methods when required.

Mechanisms for identifying, reporting and investigating concerns

Both internal and external stakeholders are encouraged to report any ethical concerns or instances of non-compliance within Boreo. To facilitate this, the company has established a whistleblowing channel, allowing individuals to anonymously report suspected misconduct or violations of applicable laws, regulations, or the company's internal policies and guidelines. The channel is accessible via Boreo's website (www.boreo.com), and its technical implementation is managed by an external service provider.

In 2024, no whistleblowing cases were reported within the Group.

All reports submitted through the Whistleblowing Channel are reviewed internally by the Chairman of the Board of Directors and/or the Chairman of the Audit Committee ("Recipients"). To ensure impartiality, no report is investigated by anyone directly involved in or connected to the matter. The Recipients assess each notification and determine the necessary actions for further investigation. The Recipients are bound by strict confidentiality obligations, and all notifications are treated with absolute discretion, except where disclosure is required by law.

Boreo has a zero-tolerance policy for retaliation, harassment, or discrimination against individuals who file a report in good faith. The company takes appropriate measures to protect a person after filing a notification of suspected misconduct or violation in good faith in accordance with the EU Whistleblowing Directive (2019/1937)¹ and the national law regarding the Protection of persons who report breaches (1171/2022)².

1) <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0679&from=EN>

2) Available in Finnish: <https://www.finlex.fi/fi/laki/alkup/2022/20221171>



REPORT OF THE BOARD OF DIRECTORS



BOARD OF DIRECTORS' REPORT JAN. 1. - DEC. 31, 2024

2024 IN BRIEF

Year 2024 was challenging for Boreo, mainly due to weak demand from companies operating in Finland and the Baltic region. The Group's net sales decreased from EUR 161 million to EUR 134 million. Despite the decrease in net sales, the company achieved a decent operational EBIT of EUR 6.8 million (5.1% of net sales) during the year. Profitability was supported by the gross margin, which increased from 28% to 30%, and fixed costs that were approximately EUR 2 million lower than in the previous year.

In addition to securing profitability, the company succeeded in generating EUR 12.0 million cash flow from operating activities, which was stronger than in the year before and affected by a EUR 4.7 million decrease in working capital.

As a result of the weak financial performance, net debt to last 12 months operating EBITDA increased from 2.5 to 2.8. The indebtedness is above the company's target level, when considering the impact of the hybrid loan on the balance sheet on the company's capital structure and financing expenses. Return on capital employed (ROCE) decreased from 11.0% to 7.9 % and return on working capital (ROTWC) decreased from 30.3% to 25.2%.

New companies supported profitability. Since the third quarter of 2020, Boreo has allocated a total of approximately EUR 50 million to acquisitions. Especially in the 2022 and 2023 acquisitions, the company has implemented its crystallized long-term strategy. In addition to a long history of profitability and high return on capital, the acquired companies are strongly positioned in their industries and have good preconditions to create long-term sustainable profit growth. In 2024, the new companies, acquired starting from the third quarter of 2020, significantly supported the Group's profitability, and their combined operational EBIT amounted to approximately EUR 5.1 million.

For the companies owned before the autumn of 2020, the year was more challenging. Their combined operational EBIT was EUR 3.0 million, and the companies focused on securing profitability and implementing measures to improve long-term competitiveness.

In the challenging year 2024, seven of the Group's companies achieved an operational EBIT of over 10%, eight companies had a result between 5-10%, four between 1-5% and only three companies had a negative operational EBIT. Boreo aims to improve its profitability in the future, and its companies' current profitability levels are indicative of a healthy business portfolio that has the prerequisites to perform significantly better in a favorable market environment.

Priority on existing companies and debt management. Due to the weakened financial position, instead of acquisitions important for the company's long-term value creation, the company focused on developing the existing company portfolio during the year. The company implemented the 'Back to Growth' -Plan starting from the spring of 2024, which consisted of measures related to securing profitability, reducing working capital and managing debt. The most significant measures taken during the year to secure short-term profitability and strengthen long-term competitiveness were the restructuring carried out at Yleiselektroniikka, the closure of the consumer business in the electronics component distribution business in Estonia, and the separation of Machinery into two companies. As a result of the separation, Machinery Oy will focus on the power generation and construction business units, while Machinery MT Oy will be responsible for the sales and service of metal machining and their consumables and spare parts.

Updated strategy. The company published an updated strategy in the spring of 2024, according to which it focuses on the ownership and acquisition of entrepreneurial companies that have the ability to generate sustainable earnings growth, strong cash flow and high return on capital. Despite the long-term ownership target, the company is prepared to consider structural measures for companies that do not demonstrate the ability to achieve at least a 50% return on working capital and sufficiently high profitability in the medium term, as the company believes it can achieve a more attractive return on the released capital in the company's other businesses or M&A activities.

Confidence in the business model and the aim to return the company back to growth. Despite recent challenges, the company is confident in the functionality of its business model and strategy, and its ability to create value in the future.



The decent profitability and strong cash flow achieved by the company in 2024 are good signs of the functionality of the company's decentralized management system and ability to react quickly to changes in the operating environment.

Despite the challenging operating environment, the returns from acquisitions made after autumn 2020 are at a reasonable level of approximately 15%, which serves as a good indication of the company's ability to allocate capital efficiently.

The company's goal is to return to a growth path and it aims at gradually improving profitability and strengthening the Group's financial position during 2025.

OPERATING ENVIRONMENT AND BUSINESS DEVELOPMENT

In 2024, the operating environment of the Group's companies was mainly challenging. The weak economic situation, and the resulting low customer willingness to invest, particularly affected the demand for companies operating in Finland and the Baltic countries. Demand for companies operating in Sweden developed more positively. The positive trend in the defence industry also supported the Group's business operations. In contrast, demand from companies operating in the construction sector remained low the whole year.

The profitability of companies in the Electronics business area improved from the weak 2023. Of the business area's companies, demand for products and services from Signal Solutions Nordic (SSN) and Milcon, in particular, grew significantly during the year. The general weakening of the industrial market situation was reflected in Yleiselektronikka's and the Baltic electronics component distribution businesses, which was visible as weak demand. During the first half of the year, the companies carried out organizational restructuring to respond to weakened demand, including streamlining the organization and scaling down the business with weak return on working capital. These measures supported the profitability of the companies at the end of the year. The overall market situation was also reflected in Noretron's demand, which was weak. Infradex's year was in line with expectations, with the new acoustic imaging camera business supporting sales development and financial performance despite weakened demand in construction. In Delfin, the Group's newest company, investments continued in the product platform renewal initiated after the acquisition, the

clarification of the strategy and the renewal of the global distribution network.

Starting from the first quarter of 2024, the Technical Trade business area was reported based on the new organizational structure, covering, in addition to the companies of the previous Technical Trade business area, the companies of the Heavy Machines business area as well as Etelä-Suomen Kuriiripalvelut (ESKP) and Vesterbacka Transport, which were previously reported under Other Operations.

The success of the companies in the Technical Trade business area in 2024 varied by company, reflecting the positive and negative trends affecting the operating environment. The continued weak economic situation in Finland and the Baltics, as well as the low demand level in the construction sector, affected the business area's companies, especially Machinery, Muottikolmio, J-Matic, and the Finnish and Estonian Putzmeister businesses. Machinery's Construction business unit underwent a reorganization at the beginning of the year, and both permanent and temporary personnel reductions were made at Muottikolmio, Tornokone and J-Matic. In addition, the separation of Machinery into two companies, Machinery Oy and Machinery MT Oy, which had been prepared during the year, was carried out. As a result of the separation, the companies can focus on their core competencies, strengthen customer focus and accelerate strategy implementation.

Of the business area's companies, FNB, which operates in the Swedish market and struggled last year with delivery challenges and implementation of a new ERP system, performed strongly in 2024. After a challenging ERP implementation, the company succeeded in improving its result and reducing inventories and reached record net sales. Among the Swedish companies in the business area, PM Nordic also had a successful year. The significant order received by the company at the beginning of 2024, expected to be recognized starting from the first half of 2025, strengthens the company's leading market position also in the future.

The results of other companies in the Technical Trade business area were in line with expectations relative to the challenging market.

At the end of 2024, market conditions continued as similar to the earlier part of the year, and signs of a significant improvement in the general economic situation and the demand outlook for the Group's customers remained to be seen. The order books of the companies decreased slightly from the end of the third quarter of the year, but



were significantly higher than in the comparison period at the end of the year.

FINANCIAL DEVELOPMENT

Net sales and profitability

During 2024, the Group's net sales decreased by 17% to EUR 134.0 million (2023: 161.3). Organic net sales decreased by EUR 28.4 million and inorganic net sales grew by EUR 1.1 million. Exchange rates had no material impact on net sales for the full-year 2024. The Group's order backlog increased during 2024 compared to the end of 2023.

The net sales of the Electronics business area fell to EUR 58.0 million (7%) from the previous year. Net sales of the Technical Trade business area decreased to EUR 76.0 million (23%) from the previous year.

During 2024, the Group's operational EBIT was EUR 6.8 million (2023: 9.5), with a 28% decline from the year before. The Group's reported EBIT decreased by 35% to EUR 4.1 million from EUR 6.3 million. The reported EBIT includes items affecting comparability totaling EUR 2.7 million in net, consisting mainly of reorganization expenses and purchase price allocations. Operational EBIT of the Electronics business area was EUR 4.3 million (2023: 4.1) and the operational EBIT of the Technical Trade business area was EUR 4.5 million (2023: 7.5). Operational EBIT of Group functions was EUR -2.0 million (2023: -2.1).

Profit before taxes amounted to EUR 1.3 million (2023: 3.5) and profit for the period amounted to EUR 1.2 million (2023: 2.8).

**Key figures**

EUR million	2024	2023	2022
Net sales	134.0	161.3	160.4
Operational EBIT	6.8	9.5	8.7
<i>relative to the net sales, %</i>	5.1%	5.9%	5.4%
EBIT	4.1	6.3	6.5
Profit before taxes	1.3	3.5	5.5
Profit for the period, continuing operations	1.2	2.8	4.4
Profit for the period, discontinued operations	-	-	-4.7
Net cash flow from operating activities***	12.0	11.6	4.1
Cash conversion, %***	180%	129%	51%
Equity ratio, %	39.2%	36.2%	35.4%
Net debt	30.0	36.0	30.9
Interest-bearing net debt relative to operational EBITDA of the previous 12 months*	2.8	2.5	2.2
Return on capital employed (ROCE %), R12	7.9%	11.0%	10.4%
Return on Trade Working Capital (ROTWC %), R12	25.2%	30.3%	26.7%
Return on equity (ROE %), R12	2.8%	6.7%	12.1%
Personnel at end of the period	336	341	327
Operational EPS, EUR**	0.51	1.40	1.82
EPS, EUR**	-0.30	0.47	1.12
EPS, discontinued operations	-	-	-1.56
Net cash flow from operating activities per share, EUR***	4.45	4.40	1.54

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

**The effect of the interest rate of the hybrid loan recorded in equity adjusted by the tax effect is considered in the calculation of the EPS starting from 2022 and the net effect in 2024 was EUR 0.69 per share, EUR 0.48 per share in 2023 and EUR 0.44 per share in 2022.

***2022 figures include discontinued operations.

Financial position

At the end of 2024, the Group's interest-bearing net debt amounted to EUR 30.0 million (2023: 36.0). The share of IFRS liabilities in net debt was EUR 8.8 million (2023: 8.0). Net debt relative to the 12-month operational EBITDA was 2.8 (2023: 2.5).

Shareholders' equity was EUR 43.1 million (2023: 41.1). The equity ratio was 39.2% (2023: 36.2) and the consolidated balance sheet total EUR 115.7 million.

Investments and cash flow

Net cash flow from operating activities for the full year was at a strong level of EUR 12.0 million (2023: 11.6). During the year, the company was successful in working capital management and inventories decreased by EUR 5.7 million. Cash flow after investments was EUR 7.2 million (2023: 0.9). Net cash flow from operating activities was EUR 4.45 per share (2023: 4.40).

The Group's cash and cash equivalents at the end of the year totaled EUR 9.7 million (2023: 6.5). The company's available liquidity strengthened to EUR 24.5 million (2023: 16.8). On February 10, 2025, the company redeemed the remaining part (approximately EUR 4 million) of the EUR 20 million hybrid loan issued in February 2022 and paid the annual interest on the EUR 20 million hybrid loan issued in March 2024. Following the payment of these major financial items and the expected seasonal increase in working capital, the company's net debt is expected to increase and liquidity to decrease during the first quarter of 2025.

In December, the company agreed with its main financier, OP Corporate Bank plc, to extend the maturity of its EUR 56.5 million credit facility and loan agreement by one year, from 2026 to 2027, and to postpone loan repayments of EUR 2.5 million from 2025 to 2027. These arrangements support the company's operational business and liquidity.



The Group's capital expenditure for the financial year amounted to EUR 1.8 million (2023: 2.3). Most of the investments consist of IT system development costs and equipment purchases.

Research and development

The Group's R&D is concentrated in one subsidiary, Delfin Technologies. The subsidiary has a medical device for the pharmaceutical industry and a product for the cosmetics industry, which are currently being further developed with the needs of both sectors in mind. The product development work is designed to meet the constantly changing market requirements, and its objective is to strengthen the company's position as an innovative and flexible operator. Investments in research and development during the financial year 2024 totaled EUR 0.4 million (2023: 0.2 million).

GROUP STRUCTURE AND 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 (SSN), 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, Machinery MT, Muottikolmio, Pronius, J-Matic, Filterit, PM Nordic, Tornokone, HM Nordic, Floby Nya Bilverkstad (FNB), Lackmästarn, Etelä-Suomen Kuriiripalvelu (ESKP) and Vesterbacka Transport. On October 1, 2024, Machinery Oy was separated into two independent companies: Machinery Oy and Machinery MT Oy. As a result of the separation, the companies can focus on their core competencies,

strengthen customer focus and accelerate strategy implementation. Operating as independent companies emphasizes the local decision-making characteristic of Boreo's decentralized organizational model.

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 comparative data of the financial statement have been adjusted to reflect the new structure.

At the end of 2024, the company had operations in eight countries: Finland, Sweden, Estonia, Latvia, Lithuania, Poland, Great Britain and the United States.

MATERIAL EVENTS IN 2024

Annual General Meeting and Board authorizations

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. The members of the Board of Directors and the CEO were discharged from liability for the financial year 2023.

The General Meeting resolved based on the board's proposal that no dividend shall be paid for the financial year 2023. The profit shown on the balance sheet shall be carried forward to the profit and loss account.

The General Meeting discussed the remuneration report of governing bodies and approved it.

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

The General Meeting resolved that the monthly fee payable to the Chair of the Board of Directors is EUR 4,000 and the monthly fee for the ordinary members of the Board of Directors is EUR 2,000. The General Meeting resolved that for the Chair of the Audit Committee, a monthly fee of EUR 1,000 shall be paid in addition to the board fee, and for the Chair of the Nomination and Remuneration Committee, a monthly fee of EUR 500 shall be paid in addition to the board fee. 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 General Meeting resolved that of the total amount of the board fees (gross) payable to the Board by the next annual general meeting 40% shall be paid as the company's shares and 60% shall be paid in cash. No share compensation shall be paid to Simon Hallqvist (beneficial owner via Preato Capital AB (publ)) because it is not in the company's interest to add the shareholding of the indirect majority shareholder by means of board fees.

The shares shall be given to the Board members within two weeks from the date when Boreo's interim report for the period Jan. 1 to Mar. 31, 2024 has been published based on the volume weighted average price of the company's share one week before and one week after the release of the interim report. Further the General Meeting resolved that Boreo shall cover the transaction fees and applicable transfer tax costs payable based on the transactions. The shares received as a Board fee shall not be transferred during the Board membership. If the Board fee cannot be paid in shares due to legal or other regulatory limitations or any other reason concerning the company or the Board member, the Board fee shall be paid fully in cash.

The General Meeting resolved that the travel expenses shall be compensated in accordance with the maximum amount of the Tax authority's notice concerning tax-free travel expenses.

The General Meeting resolved to elect BDO Oy as the auditor of the company, with APA Taneli Mustonen as the auditor with principal responsibility. It was resolved that remuneration be paid to the auditor according to a reasonable invoice.

The General Meeting authorized the Board of Directors to decide on one or several issuances of shares, stock options and related special rights entitling to the company's shares in accordance with Chapter 10 Section 1 of the Finnish Companies Act as follows:

The number of the shares issued based on the authorization shall be a maximum 540,000 shares, equaling approximately 20% of the company's all shares at the date of the notice to the General Meeting.

The authorization includes a right to decide on the issuance of either new or the company's own shares with or without payment. New shares, as well as options and special rights entitling to the company's shares or transfer of the company's own shares, may be carried out in deviation from the shareholders' pre-emptive rights if there are weighty financial reasons on the company's part or in case of a share issue without a payment if there are especially weighty reasons both on the part of the company

and the interest of all shareholders. The Board of Directors is authorized to decide on all terms and conditions concerning the issuance of shares and the related special rights and transferring of the company's own shares.

The share issuance authorization may be used, among other reasons, for the commitment of the personnel, carrying out share-based incentive programs, development of the business and the capital structure, expanding the shareholding, implementation of the share purchase and business asset deals, or financing of acquiring assets for company's business or 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, 2025.

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

The General Meeting authorized the Board of Directors to decide on one or several repurchases of the company's shares with the company's unrestricted equity as follows:

The number of own shares to be repurchased based on the authorization shall not exceed 270,000 shares in total, which corresponds to approximately 10% of all the shares in the company at the date of the notice to the General 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, 2025.

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 (the Chair), Ralf Holmlund and Noora Neilimo-Kontio were elected as members of the Audit Committee. Camilla Grönholm (Chairman), Simon Hallqvist and Jussi Vanhanen were elected members of the Nomination and Remuneration Committee.

Other material events

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

On March 11, Boreo announced that it was considering issuing a hybrid loan of EUR 20 million and announced 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 loan 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.

On June 13, 2024, Boreo announced the departure of CFO Aku Rumpunen from the company and the appointment of Jesse Petäjä as the new CFO, effective September 1, 2024.

On December 13, 2024, Boreo announced that it would redeem its outstanding notes of the hybrid loan issued on February 9, 2022

PERSONNEL

Boreo Group's number of personnel totaled 336 at the end of the year (2023: 341) and was divided into business areas as follows: Electronics 132 (2023: 137), Technical Trade 199 (2023: 198) and Group Functions 5 (2023: 6).

Employment related expenses in 2024 totaled EUR 22.1 million (2023: 23.0).

SHARES AND SHARE CAPITAL

At the end of 2024, Boreo Plc's share capital was EUR 2,483,836 and the number of shares was 2,701,353. The company held 11,716 shares at the end of the year (0.5% of the share capital). A total of 140,122 Boreo Plc shares were traded on Nasdaq Helsinki, with a total value of EUR 2,379,249. Net sales as a proportion of the number of shares was 5%. The price of the shares was at its highest in January 2024, at EUR 29.60. The lowest quotation was EUR 9.74 in December 2024. At the end of the financial year, on December 31, 2024, the share price was EUR 10.95. The average share price for the financial year 2024 was EUR 18.83.

More information about the Boreo share, key share figures and share development is presented in the section "Share information".

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 pre-determined 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 9,276 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 2024 was approximately EUR 0.2 million. Other related party information can be found in Note 29 of the consolidated financial statements.

The Group's parent company, Boreo Plc, has long-term receivables from subsidiaries, which are eliminated in the consolidated financial statements.



MANAGEMENT AND AUDITORS

As of January 1, 2020, Boreo Group complies with the 2020 Finnish Corporate Governance Code issued by the Securities Market Association and the new Corporate Governance Code 2025 since its entry into force. The Corporate Governance Statement and the Remuneration Report for 2024 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 April 17, 2024, convened nine times. The Audit Committee convened five times and the Remuneration and Nomination Committee convened four times.

Auditor

On April 17, 2024, the Annual General meeting elected BDO Oy as the auditors with APA Taneli Mustonen as the auditor with principal responsibility. 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 2024, the company's Management Team comprised in addition to the CEO, Jesse Petäjä, CFO, Mari Katara, SVP, People & Sustainability, Tomi Sundberg, SVP, Head of Electronics BA, and Richard Karlsson, SVP, Head of Technical Trade BA. Petäjä is also responsible for the Group's acquisitions.

ASSESSMENT OF RISKS AND UNCERTAINTIES

Boreo is exposed to various risks and opportunities arising from its own businesses and 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. The Group has prepared for damages and business interruptions caused by accidents with insurance.

General market risks: The key market risks relate to the general uncertainty in the markets and the economy caused by the crisis in Ukraine, and especially to the

general economic development in Finland. 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. The Group's operations are also 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.

Customer demand and cyclical: 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 cyclical are also emphasized by the fact that the order book of the Group's businesses is often rather short.

Principal relationships and the position in the value chain: 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 would weaken 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. 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 risks: Personnel is the Group's core asset. Replacement of human knowledge and skills resulting from personnel risks is difficult, expensive and slow. In addition, recruiting new key personnel can be challenging. It is difficult to predict and quantify human risks in monetary terms.

Acquisition risks: One of the Group's strategic goals 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.

Financing risks: The Group's financing risks include interest rate, currency, liquidity, credit, and leverage 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.

Risks related to governance, regulation, and systems: It is important for the Group's decentralized management model and the operating model of independent subsidiaries that the Group maintains a clear governance model, decision-making matrix, and general operating principles to support decision-making by companies and personnel. To mitigate risks related to compliance and misconduct, it is important to maintain a clear governance model and operating principles in business management. The Group's operations are also dependent on various IT systems, whose functionality following denial-of-service attacks, failed implementations or data breaches poses a risk to the business.

SUSTAINABILITY

Sustainable business is part of Boreo's DNA and its 'Sustainable long-term profit growth' strategy. During 2024, the company continued to develop sustainability related functions and processes, guided by selected sustainability focus areas and targets. Boreo's sustainability focus areas in 2024 were strong financial performance, engaged people, a healthy environment and sound business practices. Sustainability was integrated as a key part of the Group companies' strategies and governance. The scope and accuracy of sustainability reporting were developed. In addition, the company, together with its customers, partners and principals, promoted transparency and data availability in supply chains. During 2025, the company continues preparing for changing reporting requirements and developing its operations towards the set sustainability targets.

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 the 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 a culture of ownership and release of entrepreneurial energy is a core pillar of the company's business concept and sustainable earnings growth is ensured through the support and coaching of companies and 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.

MATERIAL EVENTS AFTER THE END OF THE FINANCIAL YEAR

Boreo exercised its right and redeemed the outstanding EUR 4.04 million notes of its EUR 20 million hybrid bond issued on February 10, 2022. The redemption was completed on February 9, 2025, with the holders of the hybrid bond receiving the nominal amount of the notes along with accrued interest.

On March 6, 2025, Boreo signed an agreement to sell the Tallinn property owned by YE International in Estonia to Integer OÜ and entered into a long-term lease agreement with the buyer for renting part of the premises.

BOARD'S PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The distributable profits of the parent company Boreo Plc on December 31, 2024, were EUR 27.0 million, of which the profit for 2024 is EUR 12.4 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, 2024

Vantaa, March 10, 2025

Boreo Plc

Board of Directors

An aerial photograph of a large flock of white birds, possibly 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 surface. A dark blue circular graphic element is positioned on the left side of the image, partially overlapping the text.

FINANCIAL STATEMENTS

**CONSOLIDATED INCOME STATEMENT AND COMPREHENSIVE INCOME STATEMENT**

EUR MILLION	JAN. 1–DEC. 31, 2024	JAN. 1–DEC. 31, 2023	Refer- ence
Net sales	134.0	161.3	1
Other operating income	1.3	0.9	3
Materials and services	-95.0	-117.5	4
Employee benefit expenses	-22.1	-23.0	5
Depreciation, amortization and impairment losses	-5.6	-5.4	6
Other operating expenses	-9.0	-10.3	5
Share of associated companies' profit or loss	0.4	0.3	29
EBIT	4.1	6.3	
Financial income	0.3	0.2	7
Financial expenses	-3.1	-3.0	8
Profit before taxes	1.3	3.5	
Income taxes	-0.1	-0.7	9
Profit for the period	1.2	2.8	
Attributable to shareholders of the parent company			
Profit for the period	1.1	2.6	
Shares of non-controlling interests	0.2	0.3	
	1.2	2.8	
Earnings per share calculated on the profit attributable to owners of the parent company			
Undiluted earnings per share	-0.30	0.47	10
Diluted earnings per share	-0.30	0.47	10
Items of comprehensive income			
Translation differences from foreign units	-0.3	0.0	
Other comprehensive income items after taxes in the review period	0.0	0.0	
Total comprehensive income for the period	0.9	2.9	
Allocated to			
Shareholders of the parent company	0.8	2.6	
To non-controlling interests	0.2	0.3	

**CONSOLIDATED BALANCE SHEET**

EUR MILLION	Dec. 31, 2024	Dec. 31, 2023	Refer- ence
ASSETS			
Non-current assets			
Goodwill	42.3	42.4	14
Intangible capital assets	7.9	10.0	13
Property, plant and equipment	10.7	10.7	13
Other financial assets	1.8	1.3	11
Shares in associates and joint ventures	1.1	1.0	29
Deferred tax asset	0.1	0.1	15
Total non-current assets	63.8	65.6	
Current assets			
Inventories	25.1	31.0	12
Accounts receivable and other receivables	16.6	16.4	16
Cash and cash equivalents	9.7	6.5	17
Total current assets	51.4	54.0	
Assets held for sale	0.4	0.0	18
TOTAL ASSETS	115.7	119.6	
EQUITY AND LIABILITIES			
EQUITY			
Shareholders' equity			
capital and reserves			
Share capital	2.5	2.5	20
Other committed capital	0.1	0.1	
Hybrid loan	24.0	20.0	21
Reserve for invested unrestricted equity	5.1	5.1	
Retained earnings	10.4	11.0	
Profit for the period	1.1	2.6	
Shareholders' equity	43.1	41.1	
Shares of non-controlling interests	1.4	1.5	
TOTAL EQUITY	44.5	42.6	
Non-current liabilities			
Financial liabilities	33.8	34.0	23
Deferred tax liabilities	2.2	2.5	15
Trade payables and other liabilities	0.0	2.0	24
Total non-current liabilities	36.0	38.5	
Current liabilities			
Trade payables and other liabilities	27.8	28.8	25
Provisions	0.0	0.1	26
Financial liabilities	7.4	9.5	23
Total current liabilities	35.2	38.4	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	115.7	119.6	

**CONSOLIDATED CASH FLOW STATEMENT**

JAN. 1–DEC. 31, 2024 JAN. 1–DEC. 31, 2023

EUR MILLION

Cash flow from operating activities

Profit before taxes	1.3	3.5
Non-cash transactions		
Depreciation, amortization and impairment losses	5.6	5.4
Net financial items	2.8	2.8
Share of associated companies' result, net	0.0	-0.1
Increase (-)/decrease (+) in inventories	5.7	2.6
Increase (-)/decrease (+) in current assets	-0.3	6.4
Increase (+)/decrease (-) in current liabilities	-0.1	-6.0
Paid financial items, net	-2.5	-2.6
Paid taxes	-0.5	-0.5
Other adjustments	0.0	0.0
Net cash flow from operating activities	12.0	11.6

Cash flow from investment activities

Investments in intangible and tangible assets	-1.8	-2.3
Acquisition	-3.8	-9.2
Divestments	0.0	0.2
Proceeds from sale of property, plant and equipment	0.8	0.5
Net cash flow from investments	-4.8	-10.7

Financial cash flow

Repayments of loans	-3.0	-6.8
Repayment of lease liabilities	-2.5	-2.4
Loan withdrawals	0.0	4.6
Withdrawal of hybrid loan, net	4.0	0.0
Interest rate and expenses on hybrid loan	-2.3	-1.6
Dividends paid	-0.2	-1.4
Net cash flow from financing	-3.9	-7.6

Change in cash and cash equivalents

Cash and cash equivalents Jan 1	6.5	13.2
Impact of exchange rate fluctuations and consolidation	0.0	0.0

Cash and cash equivalents, Dec 31

	9.7	6.5
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR MILLION

2024	Share capital	Contingency reserve	Reserve for invested unrestricted equity	Translation difference	Hybrid loan	Retained earnings	Minority interest	Total
Equity								
Dec. 31, 2023	2.5	0.1	5.1	-1.0	20.0	14.5	1.5	42.6
Profit/loss for the period						1.1	0.2	1.2
Translation differences		0.0		-0.3		0.0	0.0	-0.3
Withdrawal of hybrid loan, net					4.0			4.0
Share rewards						0.1		0.1
Interest rate and borrowing costs of the hybrid loan						-2.9		-2.9
Dividends paid							-0.2	-0.2
Other change						0.0		0.0
Dec. 31, 2024	2.5	0.1	5.1	-1.3	24.0	12.7	1.4	44.5

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
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
Dec. 31, 2023	2.5	0.1	5.1	-1.0	20.0	14.5	1.5	42.6



ACCOUNTING PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

BASIC INFORMATION

Boreo Plc (FI01161738) is a Finnish public limited liability company domiciled in Vantaa with its registered address at Ansatie 5, 01740 Vantaa, Finland. Boreo Plc and its subsidiaries form the Boreo Group (hereinafter Boreo or the Group). The share of Boreo Plc is listed on Nasdaq Helsinki.

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 the 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 a culture of ownership and release of entrepreneurial energy is a core pillar of the company'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 2024 were EUR 134 million and it employs over 300 people in seven countries. The company's headquarter is in Vantaa.

BASIS OF PREPARING THE FINANCIAL STATEMENTS

Boreo Plc's consolidated financial statements for 2024 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, 2024. 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, 2024.

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

There have been no changes in the accounting policies in 2024 and 2023.



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, 2024, 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, 2023.

Shares of non-controlling interests

Non-controlling interests are presented in the balance sheet 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. Non-controlling interests in accumulated losses are recognized in the consolidated financial statements up to the amount of the investment.

A change in the ownership share of a subsidiary without loss of control is treated as an equity transaction. When acquiring non-controlling interests in subsidiaries, the difference between any consideration and the net assets of the acquired share in the subsidiary is recorded in equity. Gains and losses realized from sales to non-controlling interests are also recognized in equity. The allocation of the period's profit to the owners of the parent company and non-controlling interests is presented in the income statement. Equity attributable to non-controlling interests is presented as a separate item in the balance sheet.

If the Group loses control of a subsidiary, the related assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognized from the balance sheet, and the resulting profit or loss is recognized in profit or loss. The remaining investment is measured at fair value.

Intra-Group transactions, receivables, liabilities and unrealized gains, as well as internal distribution of profits are eliminated in the consolidated financial statements. The accounting policies applied by the subsidiaries have been amended to correspond to the Group's policies where necessary.

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 2024, the Group had one contract recognized over time, from which EUR 0.2 million was recognized. During the financial year 2023, the Group had no contracts recognized over time.

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.

The Group's sales contracts, where the seller has a contractual buyback obligation, are treated under IFRS 15 and IFRS 16. If a buyback obligation exists, the transaction is not considered a sale under IFRS 15, as significant risks and rewards of ownership are not transferred to the buyer.

Instead, the contract is treated as a lease agreement under IFRS 16, where the Group acts as the lessor. In this case, the Group retains the asset on its balance sheet and recognizes rental income during the contract period. Rental income is recognized in the income statement systematically over the term of the lease agreement. The Group has individual contracts that have been treated in the aforementioned manner.

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, the 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 of rental dwellings | 5 years |
| • Machinery and equipment | 2-10 years |
| • Right-of-use assets | 2-10 years |

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

The residual value and useful life of the assets 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 depreciated 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	4–10 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

Boreo leases machinery and equipment, as well as real estate. 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.

The exemptions of IFRS 16 are applied to short-term leases of less than 12 months that do not include a purchase option, and no right-of-use asset or lease liability is recognized for these, but they are recorded as expenses in the income statement. Long-term leases where the leased assets are of insignificant value are also treated as off-balance sheet lease liabilities. Expenses from these liabilities are recognized evenly in the income statement over the lease term in the same period in which they are incurred.

Lease agreements that are not subject to the exception treatment for short-term or low-value leases are recognized on the balance sheet as a lease liability and a right-of-use asset at the commencement date of the lease. Lease liabilities are initially measured at present value by determining the expected reasonably certain lease payments discounted at the incremental credit rate, which is determined separately for the main lease types in all relevant currencies. The balance sheet value of the lease does not include lease components that are not directly related to the leased asset. If the lease agreement has no expiry date, the lease liability is determined based on the lease term to which both parties have an unconditional right, considering any contractual termination rights. Lease payments are allocated to repayments of the lease liability and financial expenses so that the same interest rate is applied to the remaining debt for each financial year. The lease liability is included in interest-bearing liabilities on the balance sheet and recognized at amortized cost. Right-of-use assets are initially measured at cost, comprising the initial amount of the lease liability, adjusted, if necessary, by advances paid or leasing incentives received, initial direct costs and estimated costs related to the dissolution, return or restoration of the leased asset at the end of the lease period.

Right-of-use assets are included in tangible assets on the balance sheet and depreciated on a straight-line basis over the lease term, unless the asset is expected to be consumed or purchased before the end of the lease term, in which case the depreciation period is determined according to the asset's expected useful life. An off-balance sheet lease liability that becomes loss-making leads to the recognition of a separate loss provision, whereas an on-balance sheet lease becoming loss-making leads to an impairment of the related lease asset.

Lease modifications are treated either as new leases or as modifications to existing leases, depending on the nature of the change. For fixed-term lease agreements, the duration is estimated considering the terms of the agreement, business needs, possible extensions and termination options. The duration of fixed-term lease agreements is defined in the financial statements based on the management's best estimate, and the Group reviews its estimates regularly. Lease modifications treated as modifications to existing contracts, and changes in estimates used in lease calculations, such as those related to the exercise of extension or purchase options, trigger the need to remeasure the lease liability and right-of-use asset using an updated discount rate. Index-linked contractual rent changes lead to a reassessment of the lease liability and right-of-use asset, but without a change in the applied discount rate.



Group as lessor

The Group acts as a lessor in certain lease agreements classified as finance leases under IFRS 16. When the Group acts as a lessor in finance lease agreements, the Group recognizes a net investment in the lease as a receivable on the balance sheet. The net investment consists of the discounted future minimum lease payments at the start of the lease, as well as any potential residual value. Lease receivables are presented as receivables in the consolidated balance sheet and divided into current and non-current based on the maturity of the lease.

Rental income is recognized in the income statement as financial income following the effective interest rate method. The effective interest rate is calculated so that it allocates the cash flows related to the leased asset evenly over the duration of the agreement. Potential losses or impairments related to lease agreements are estimated and recognized following the Group's accounting policies for calculating expected credit losses under IFRS 9.

The Group regularly assesses the residual values associated with finance lease agreements, the realizability of lease receivables, and potential credit risks, and makes the necessary adjustments to its financial reporting.

The Group also has sale and leaseback agreements and related sublease agreements. The Group applies IFRS 15 and IFRS 16 standards to sale and leaseback agreements. The Group treats sale and leaseback agreements following IFRS 16 and assesses whether a sale has occurred under IFRS 15. If the criteria for sale under IFRS 15 are not met, the Group retains the asset on its balance sheet and records the consideration received as a financial liability under IFRS 9. The company enters into sublease agreements related to these assets, the accounting of which the Group assesses separately under IFRS 16. An interest-bearing net investment is recorded in the lease from the financial lease agreement. Income received and rents paid are treated as financial items in the income statement following the effective interest rate method.

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 at fair value through profit or loss consist predominantly of credit claims 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 2023 or 2024. 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, 2024, was approximately EUR 0.1 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 2024, the Group's interest-bearing net liabilities totaled EUR 30.0 million (EUR 36.0 million in 2023) and the equity ratio was 39.2 % (36.2 % in 2023).

Cash and cash equivalents

Cash and cash equivalents consist of cash, short-term bank deposits and other short-term liquid investments. Used bank overdraft facilities have been presented under other short-term liabilities. Used bank overdraft facilities have been deducted from cash and cash equivalents in the cash flow statement.



EQUITY

Profit distribution

Profit distribution comprises dividends and donations resolved by the Annual General Meeting. The dividend proposed by the Board of Directors is recognized as a liability and a deduction of equity when the shareholders of Boreo Plc have approved the profit distribution at the Annual General Meeting.

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.

EARNINGS PER SHARE

Undiluted earnings per share is calculated by dividing the profit or loss belonging to the shareholders of the parent company by the weighted average number of outstanding shares during the period. The diluted earnings per share is calculated by considering potential dilutive ordinary shares related to share-based compensation plans settled in shares.

The shares issued in incentive schemes are conditionally issued and therefore considered in the same way as options when calculating diluted earnings per share. Shares and options have a dilutive effect when their subscription price, including the fair value of the employee's work yet to be performed, is lower than the average market price of the share during the financial year. The dilution effect is the difference between the number of shares to be issued and the number of shares that would have been issued at the average market price of the shares during the period.

EMPLOYEE BENEFITS

Pensions

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 incentive plan for key employees, which can be paid either in the form of equity instruments or 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 the reward under the scheme, the subscriber must have subscribed for shares in the company in an employee share issue within the limits pre-determined 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 9,276 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 22.

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 26 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 two 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 business acquisitions 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 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 Functions 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 comparative data of the financial statement have been adjusted to reflect the new structure.

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 (MEUR)

1-12/2024	Electronics	Technical Trade	Group Functions	Inter segment	Total
Net sales	58.0	76.0	0.0		134.0
Profit/loss from associated companies	0.4	0.0	0.0		0.4
Depreciation	-2.2	-3.4	0.0		-5.6
EBIT	3.1	2.7	-1.7		4.1
Financial income	0.1	0.1	1.2	-1.2	0.3
Financial expenses	-0.6	-1.4	-2.3	1.2	-3.1
Profit before taxes	2.6	1.4	-2.7		1.3
Balance sheet assets	66.4	66.9	0.0	-17.6	115.7
Balance sheet liabilities	-34.1	-54.6	0.0	17.6	-71.1
Investments	0.6	1.3	0.0		1.8
Personnel at end of the period	132	199	5		336



SEGMENT INFORMATION (MEUR)

1-12/2023	Electronics	Technical Trade	Group Functions	Inter segment	Total
Net sales	62.4	98.9	0.0		161.3
Profit/loss from associated companies	0.3	0.0	0.0		0.3
Depreciation	-2.0	-3.4	0.0		-5.4
EBIT	3.3	5.5	-2.4		6.3
Financial income	0.1	0.0	0.6	-0.6	0.2
Financial expenses	-0.3	-0.9	-2.4	0.6	-3.0
Profit before taxes	3.1	4.6	-4.2		3.5
Balance sheet assets	56.3	71.2	0.0	-7.9	119.6
Balance sheet liabilities	-43.6	-41.2	0.0	7.9	-77.0
Investments	0.4	1.9	0.0		2.3
Personnel at end of the period	137	198	6		341

Net sales by geographic area

EUR million	2024	2023
Finland	95.5	112.8
Sweden	20.2	22.8
Baltic countries	15.5	24.6
Others	2.9	1.1
Total	134.0	161.3

2. Acquisitions

2024 acquisitions

In 2024, the Group had no 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, EUR million*	Employees	Country
Filterit Oy	Technical Trade	Share	100%	January 2, 2023	3.3	8	Finland
Lamox Oy	Technical Trade	Share	100%	March 3, 2023	0.6	0	Finland
Delfin Technologies Oy	Electronics	Share	100%	July 1, 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 staff skills 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 staff skills 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 asset	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 received	-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.



3. Other operating income

	2024	2023
Sales gains from property, plant and equipment	0.2	0.0
Other income	1.1	0.9
Total	1.3	0.9

4. Materials and services

	2024	2023
Materials and goods		
Purchases during the financial year	-86.3	-117.0
Change in inventory	-5.3	1.0
External services	-3.4	-1.5
Total	-95.0	-117.5

5. Employee benefit expenses and other operating expenses

	2024	2023
Salaries and fees	-19.0	-19.5
Pension costs	-2.9	-3.2
Other indirect employee costs	-0.3	-0.4
Total employee benefit expenses	-22.1	-23.0
Other operating expenses	-9.0	-10.3
Total operating expenses	-31.1	-33.4

Number of personnel at the end of the period **336** **341**

Other operating expenses in the income statement include EUR 164,000 of auditing fees (2023: EUR 144,000). There were no fees paid for additional services during the financial year (2023: EUR 1,000).

Other operating expenses in the profit and loss account include EUR 0.0 million (2023: 0.1 million) in R&D costs.

6. Depreciation, amortization and impairment losses

	2024	2023
Intangible assets		
Intangible assets	-2.6	-2.5
Tangible assets		
Buildings and structures	0.0	0.0
Machinery and equipment	-0.7	-0.8
Rented business premises	-1.9	-1.6
Leased machinery and equipment	-0.4	-0.5
Total	-5.6	-5.4

7. Financial income

	2024	2023
The change in the fair value of the interest derivative and realized cash flow	0.1	0.1
Other financial income	0.2	0.1
Total financial income	0.3	0.2



8. Financial expenses	2024	2023
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Interest expenses	-2.6	-2.5
Interest expenses on lease liabilities	-0.3	-0.3
Other financial expenses	-0.1	-0.2
Total financial expenses	-3.1	-3.0

9. Income taxes	2024	2023
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Taxes based on the profit/loss for the financial year	-0.4	-1.0
Taxes for the previous year	-0.1	0.0
Change in deferred taxes	0.4	0.3
Total income taxes	-0.1	-0.7

Income tax reconciliation

Profit before taxes	1.3	3.5
Taxes calculated at the parent company's 20% tax rate	-0.3	-0.7
Impact of foreign subsidiaries' differing tax rates	0.1	0.1
Share of associated companies' profit or loss	0.1	0.0
Impact of tax-free net sales and non-deductible expenses	0.2	-0.1
Temporary difference between taxation and accounting depreciation	0.0	0.0
Unrecognized tax assets	-0.1	0.0
Taxes for the previous year	-0.1	0.0
Tax expense in the income statement	-0.1	-0.7
Effective tax rate	6%	20%

10. Earnings per share	2024	2023
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Profit for the review period to shareholders	1,060,000	2,555,262
Impact of the interest rate on the hybrid loan adjusted by the tax effect	-1,856,300	-1,301,333
Weighted average number of shares during the period	2,688,797	2,686,780
Effect of share options	3,092	3,793
Earnings per share (EUR/share), diluted	-0.30	0.47
Earnings per share (EUR/share), undiluted	-0.30	0.47

Dividend

The dividend paid in 2024 was EUR 0.00 and the dividend paid in 2023 was EUR 1,182,161 (EUR 0.44 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, thus ensure the implementation of its growth strategy also in the future. 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, 2024.



11. Other financial assets and liabilities

The following levels of fair value measurement are used:

Level 1: Fair value is determined based on market quotations.

Level 2: Fair value is determined using valuation methods. Fair value means the value that can be ascertained from the market value of the components or similar financial instruments; or the value that can be ascertained using valuation models and methods generally accepted in financial markets, if the market value can be reliably determined using them.

Level 3: Fair value is determined using valuation methods in which the inputs used significantly affect the recorded fair value, and these inputs are not based on observable market data.

EUR million	Book value	2024				Total	Book value	2023				Total
		Fair values			Level 3			Fair values			Level 3	
		Level 1	Level 2	Level 3				Level 1	Level 2	Level 3		
Financial assets												
Recognized at fair value through profit or loss												
Non-current												
Unlisted equity investments	0.3	-	-	0.3	0.3	0.3	-	-	0.3	0.3		
Net investment in lease agreements*	1.5	-	-	1.5	1.5	1.0	-	-	1.0	1.0		
Current												
Derivatives outside hedge accounting	0.1	-	0.1	-	0.1	0.4	-	0.4	-	0.4		
Measured at amortized cost												
Non-current												
Assets classified as held for sale	0.4	-	0.4	-	0.4	-	-	-	-	-		
Short-term												
Trade receivables	14.5	-	14.5	-	14.5	14.6	-	14.6	-	14.6		
Other receivables	2.0	-	2.0	-	2.0	1.8	-	1.8	-	1.8		
Cash and cash equivalents	9.7	-	9.7	-	9.7	6.5	-	6.5	-	6.5		
Total financial assets	28.5	-	26.7	1.8	28.5	24.6	-	23.3	1.3	24.6		

EUR million	Book value	2024				Book value	2023			
		Fair values			To- tal		Fair values			To- tal
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
Measured at amortized cost										
Interest-bearing liabilities										
Non-current loans from financial institutions	27.7	-	27.7	-	27.7	27.9	-	27.9	-	27.9
Non-current lease liabilities	4.7	-	4.7	-	4.7	5.4	-	5.4	-	5.4
Current lease liabilities	1.4	-	1.4	-	1.4	0.8	-	0.8	-	0.8
Other non-current IFRS liabilities*	0.3	-	0.3	-	0.3	0.3	-	0.3	-	0.3
Other current IFRS liabilities*	2.5	-	2.5	-	2.5	1.9	-	1.9	-	1.9
Current loans from financial institutions	4.6	-	4.6	-	4.6	7.3	-	7.3	-	7.3
Interest-free liabilities										
Current liabilities	15.4	-	15.4	-	15.4	15.3	-	15.3	-	15.3
Non-current liabilities	0.0	-	0.0	-	0.0	2.0	-	2.0	-	2.0
Trade payables	12.4	-	12.4	-	12.4	13.5	-	13.5	-	13.5
Total financial liabilities	68.9	-	68.9	-	68.9	74.3	-	74.3	-	74.3

*The Group treats sale and leaseback transactions following IFRS 16 and assesses whether a sale has occurred following IFRS 15. If the criteria for sale under IFRS 15 are not met, the Group retains the asset on its balance sheet and records the consideration received as a financial liability under IFRS 9. The company enters into sublease agreements related to these assets, the accounting of which the Group assesses separately under IFRS 16. An interest-bearing net investment is recorded in the lease from the financial lease agreement.

The Group recognizes financial income from the net investment in leases using the effective interest rate method over the lease term. The financial income on contracts recognized during the financial year was EUR 0.1 million (2023: 0.0 million). Correspondingly, financial expenses from IFRS 9



compliant financial liabilities are recorded in the income statement following the effective interest rate method. The financial expenses from contracts recognized during the financial year was EUR 0.1 million (2023: 0.0 million).

Other non-current financial assets	2024	2023
Acquisition cost, Jan. 1	1.3	0.3
Increases	0.8	1.2
Decreases	-0.4	-0.2
Accumulated amortization and impairment, Jan. 1	-0.1	-0.1
Accumulated amortization and impairment, Dec. 31	-0.1	-0.1
Book value, Dec. 31	1.8	1.3
Other non-current financial assets, total	1.8	1.3
 Contingent earn-out liabilities		
	2024	2023
Additional purchase liabilities and other contingent liabilities related to acquisitions Jan.1		
	5.2	3.0
Increases	0.3	3.5
Payments	-3.8	-1.2
Changes recognized through profit or loss	-0.5	-0.1
Translation differences	0.0	0.0
Total Dec. 31	1.3	5.2

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	2024	2023
Materials and goods	3.4	4.3
Work in progress	0.4	0.9
Finished goods	20.0	24.7
Prepayments for inventories	1.2	1.2
Inventories	25.1	31.0

During the period EUR 0.1 million was recognized as an expense to reduce the book value of inventories to correspond to its net realizable value (2023: 0.4 million).

Group companies have no material manufacturing activities.



13. Non-current assets

Intangible assets 2024

	Other intangible assets	Advances paid on intangible assets	Goodwill	Total
Acquisition cost, Jan. 1, 2024	17.3	0.0	42.4	59.7
Translation difference	0.0	0.0	-0.2	-0.3
Acquisitions	0.0	0.0	0.0	0.0
Increases	0.4	0.1	0.0	0.5
Divestments	0.0	0.0	0.0	0.0
Transfers between items	0.1	-0.1	0.0	0.0
Acquisition cost, Dec. 31, 2024	17.7	0.0	42.3	59.9
Accumulated depreciation, Jan. 1, 2024	-7.2	0.0	0.0	-7.2
Translation difference	0.0	0.0	0.0	0.0
Accumulated amortization from divestments	0.0	0.0	0.0	0.0
Amortization for the period	-2.6	0.0	0.0	-2.6
Accumulated depreciation, Dec. 31, 2024	-9.7	0.0	0.0	-9.7
Book value, Jan. 1, 2024	10.0	0.0	42.4	52.5
Book value, Dec. 31, 2024	7.9	0.0	42.3	50.2

Intangible assets 2023

	Other intangible assets	Advances paid on intangible assets	Goodwill	Total
Acquisition cost, Jan. 1, 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
Decreases	0.1	-0.1	0.0	0.0
Acquisition cost, Dec. 31, 2023	17.3	0.0	42.4	59.7
Accumulated depreciation, 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, Jan. 1, 2023	6.9	0.1	35.5	42.5
Book value, Dec. 31, 2023	10.0	0.0	42.4	52.5

**Property, plant and equipment 2024**

	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, 2024	3.7	10.3	9.1	2.1	0.1	25.3
Translation difference	0.0	-0.1	-0.1	0.0	0.0	-0.2
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Increases	0.0	1.6	2.4	0.9	0.0	4.9
Divestments	0.0	0.0	0.0	0.0	0.0	0.0
Decreases	0.0	-0.7	-0.5	-0.6	0.0	-1.8
Transfers between items	-1.2	0.0	0.0	-0.1	-0.1	-1.4
Acquisition cost, Dec. 31, 2024	2.5	11.1	10.9	2.2	0.0	26.7
Accumulated depreciation, Jan. 1, 2024	-3.1	-7.2	-3.3	-0.9	0.0	-14.4
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	0.8	0.1	0.5	0.0	0.0	1.4
Depreciation	0.0	-0.7	-1.9	-0.4	0.0	-3.0
Accumulated depreciation, Dec. 31, 2024	-2.4	-7.8	-4.7	-1.2	0.0	-16.1
Book value, Jan. 1, 2024	0.5	3.0	5.8	1.3	0.0	10.7
Book value, Dec. 31, 2024	0.1	3.3	6.2	1.0	0.0	10.7

Property, plant and equipment 2023

	Buildings and structures	Machinery and equipment	Buildings and construction, right of use	Machinery and equipment, right of use	Advance payments and construction in progress	Total
Acquisition cost, Jan. 1, 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
Revaluation	0.0	0.0	0.0	0.0	0.0	0.0
Transfers between items	0.0	0.0	0.0	0.0	-0.1	-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	0.1	-0.1	0.1	0.0	0.1
Accumulated amortization 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 amortization, Dec. 31, 2023	-3.1	-7.2	-3.3	-0.9	0.0	-14.4



Book value, Jan. 1, 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

The maturities of lease liabilities are presented in Note 23 Financial liabilities. Lease expenses recognized as expenses in the income statement for current or low-value assets in 2024 amount to EUR 0.0 million (2023: 0.3 million).

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:

	2024	2023
Technical Trade	23.5	23.5
Electronics	6.7	6.7
Heavy Machines	9.9	10.0
Other Operations	2.1	2.1
Total	42.3	42.4

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 2025 and on the best available information and a view of performance and market development in 2026-2029, 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.

2024	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	8.6%	7.1%	5.3%	9.6%
Discount rate (Pre-tax WACC)	8.8%	8.4%	8.4%	9.1%
Discount rate (Post-tax WACC)	8.1%	7.8%	7.8%	8.5%
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%



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%	>100%	20-50%	50-100%

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	-1.2	-2	-0.5	-1
Growth in cash flow after the forecast period, percentage points	-1	-1.5	-1	-2
Discount rate increase, percentage points	1	2	1	2

15. Deferred tax assets and liabilities

	Jan. 1, 2024	Recognized in the income statement	Recognized in equity	Acquisitions and disposals	Dec. 31, 2024
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, 2023	Recognized in the income statement	Recognized in equity	Acquisitions and disposals	Dec. 31, 2023
Cost allocation difference	0.1	0.0	0.0	0.0	0.1
Total	0.0	0.0	0.0	0.1	0.1
	Jan. 1, 2024	Recognized in the income statement	Recognized in equity	Acquisitions and disposals	Dec. 31, 2024
Deferred tax liabilities					
Tangible and intangible fixed assets	2.5	-0.4	0.0	0.0	2.2
Total	2.5	-0.4	0.0	0.0	2.2
	Jan. 1, 2023	Recognized in the income statement	Recognized in equity	Acquisitions and disposals	Dec. 31, 2023
Tangible and intangible fixed assets	1.8	-0.5	0.0	1.1	2.5
Total	1.8	-0.0	0.0	1.1	2.5



16. Trade and other receivables

	2024	2023
Trade receivables	14.5	14.6
Loan receivables	0.0	0.0
Other receivables	0.5	0.7
Accrued income	1.5	1.2
Total receivables	16.6	16.4

17. Contrat assets and liabilities

	2024	2023
Trade receivables	14.5	14.6
Contrat assets	0.0	0.0
Total trade receivables and contract assets	14.5	14.6

Advance payments received	2.1	1.9
Total contract liabilities	2.1	1.9

Age distribution of trade receivables and impairment losses

		Expected credit losses (IFRS 9)		
Dec. 31, 2024	Gross value	Based on a proactive risk assessment	Estimated expected credit loss	Net value
Trade receivables and contract assets not past due	12.4	0.0	0%	12.4
Past due 1-30 days	1.1	0.0	-0.50%	1.1
Past due 31-90 days	0.6	0.0	-2%	0.6
Past due more than 90 days	0.5	-0.1	-10%	0.4
Total	14.6	-0.1		14.5

		Expected credit losses (IFRS 9)		
Dec. 31, 2023	Gross value	Based on a proactive risk assessment	Estimated expected credit loss	Net value
Trade receivables and contract assets not past due	11.8	0.0	0%	11.8
Past due 1-30 day	2.1	0.0	-0.50%	2.1
Past due 31-90 days	0.2	0.0	-2%	0.2
Past due more than 90 days	0.6	-0.1	-10%	0.5
Total	14.7	-0.1		14.6



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.

Net sales from customer contracts by business area, 2024 and 2023

EUR million	2024	2023	Change
Electronics	58.0	62.4	-7%
Technical Trade	76.0	98.9	-23%
Total	134.0	161.3	-17%

18. Cash and cash equivalents

	2024	2023
Cash in hand and at banks	9.7	6.5
Total	9.7	6.5

19. Non-current assets held for sale

	2024	2023
Assets held for sale	0.4	0.0
Total	0.4	0.0

Boreo has classified the building and land owned by its subsidiary YE International AS as an asset held for sale at the end of 2024 based on the business plan and a plan to sell the property approved by the management. The property is located in Tallinn at Sõpruse pst 259. The company has estimated that the transaction will be completed during the first half of 2025.

Depreciation of a tangible fixed asset ceases when the tangible fixed asset is classified as held for sale following IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Property, plant and equipment held for sale are measured at their book value or the fair value less selling costs if lower. Gains and losses on sales are determined as the difference between the sales price and the book value, and gains and losses on sales are included in other operating income and expenses in the income statement. Based on an external valuation, Boreo has determined that the fair value of the target less selling costs exceeds the book value.

20. Share capital

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

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

All issued shares have been paid in full.

Share classes	Shares pcs	Share % of shares	Share % 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 following local legislation. The company holds 11,716 treasury shares.



Share issues

Boreo's Board of Directors has not used the authorizations granted by the Annual General Meetings for share issues in 2024 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.

	2024		2023
Jan. 1, 2024	2,701,353	Jan. 1, 2023	2,691,708
Dec. 31, 2024	2,701,353	Jan. 5, 2023	9,645
		Dec. 31, 2023	2,701,353

21. 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 rate on the hybrid loan is recorded directly in equity. On March 15, 2024, Boreo announced that it would redeem an old hybrid loan of EUR 15,960,000 per the agreed terms and conditions.

On March 15, 2024, Boreo announced that it will issue a new hybrid loan of EUR 20 million, 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 10.75% per annum until March 31, 2027. 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 rate on the hybrid loan is recorded directly in equity. The new hybrid loan corresponds to the old hybrid loan in other terms, but the coupon rate on the hybrid loan is fixed at 10.75% until 31 March 2027.

In 2024, EUR 2.3 million was recorded in interest rates on hybrid loans (2023: 1.6 million) and EUR 2.3 million in interest and arrangement fees related to hybrid loans were paid in 2024 (2023: 1.6 million). In accordance with IAS 33, interest accrued during the accounting period has been included as an expense in the calculation of earnings per share, as shown in the formula for calculating key figures

22. Share-based payments

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. 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 the reward under the scheme, the subscriber must have subscribed for shares in the company in an employee share issue within the limits pre-determined 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 9,276 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 (2023: 0.1 million) and its total cost is estimated at EUR 0.3 million.

**Matching Share Plan for key personnel 2022–2025**

	2024	2023
Date granted	Jun. 29, 2022	Jun. 29, 2022
Shares issued Jan. 1	11,380	12,590
Shares issued during the period	0	180
Shares lost	-2,104	-1,390
Shares issued Dec. 31	9,276	11,380
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	Jul. 31, 2025	Jul. 31, 2025

23. Financial liabilities

	2024	2023
Interest-bearing liabilities		
Non-current liabilities		
Lease liabilities	4.7	5.4
Other IFRS liabilities	1.4	0.8
Bank loans	27.7	27.9
Instalment payment liabilities	0.0	0.0
Total	33.8	34.0
Current liabilities		
Lease liabilities	2.5	1.9
Other IFRS liabilities	0.3	0.3
Bank loans	4.6	7.4
Instalment payment liabilities	0.0	0.0
Total	7.4	9.5

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

Non-current liabilities mature	Hire-purchase liabilities	Fixed-rate bank loans	Floating rate bank loans	Lease liabilities*	Total
2026	0.0	0.0	5.1	2.3	7.4
2027	0.0	0.0	22.5	2.2	24.7
2028	0.0	0.0	0.0	1.2	1.3
Later	0.0	0.0	0.0	0.4	0.4
Total	0.0	0.0	27.7	6.1	33.8

Total interest payments based on contracts

2025	0.0	0.0	2.1	0.4	2.5
2026	0.0	0.0	1.8	0.3	2.1
2027	0.0	0.0	0.7	0.1	0.9
2028	0.0	0.0	0.0	0.1	0.1
Later	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	4.6	0.9	5.5

*Includes other IFRS liabilities



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	2024	2023
Within one year	2.8	1.9
Over a year, but less than five years	6.1	6.1
After five years	0.0	0.0
Total	8.9	8.0

Breakdown of interest-bearing net debt	2024	2023
Long-term financial liabilities	33.8	34.0
Short-term financial liabilities	7.4	9.5
Interest-bearing receivables	1.5	1.0
Cash and cash equivalents	9.7	6.5
Interest-bearing net debt	30.0	36.0

24. Accounts payable and other non-current liabilities

	2024	2023
Accrued expenses	0.0	2.0
Total	0.0	2.0

25. Accounts payable and other current liabilities

	2024	2023
Trade payables and other liabilities	12.4	13.5
Advance payments received	2.1	1.9
Accrued expenses	9.2	10.4
Other current liabilities	4.1	3.1
Total	27.8	28.8

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

26. Provisions

	2024	2023
Short-term provisions	0.0	0.1

Provisions consist of provisions related to restructuring.

27. Guarantees, commitments and other obligations

Liabilities	2024	2023
Overdraft facility	10.8	6.3
Total liabilities	10.8	6.3
 Collateral given		
Enterprise mortgages	71.5	71.5
Guarantees	2.9	3.8
	74.4	75.3

28. Financial risk management

The objective of financial risk management is to limit the uncertainty arising from currency, 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 2024, 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 0.3 million in the financial year 2024.

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 equity ratio

	2024 EUR 1,000	2023 EUR 1,000
Impact on post-tax profit	124	125
Equity before profit	919	915
Total	1,043	1,040

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

	2024
%	
Equity ratio	39.2%
Equity ratio with a 20% weaker SEK	38.6%
Effect	-0.6%

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 -0.4 million. The interest rate risk is hedged with an interest rate derivative whose fair value at the balance sheet date was approximately EUR 0.1 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. 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 receivables 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, 2024 (2023: 0.4 million).



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 20.3 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 following 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 2024, all semi-annual covenant terms were met.

29. Group companies and related party transactions

The Group's related parties include subsidiaries, associated companies, joint ventures and key management personnel and their related parties. Key management personnel include the members of the company's Board of Directors, the CEO, and the Group's Management Team.

Group companies	Group's holding (%)	Home country
Boreo Plc		Finland
Noretron 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 MT Oy	100	Finland
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
Machinery OÜ	100	Estonia
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	The United States
Lackmästar'n i Håkantorp AB	100	Sweden
J-Matic Oy	100	Finland
Filterit Oy	100	Finland
Delfin Technologies Oy	100	Finland
Xenderma Limited	65	Great Britain

Changes in Group structure

During the financial year, Boreo established a new subsidiary, Machinery MT Oy, to which the metal machining business belonging to Machinery Oy was transferred through an internal business transaction.

No mergers completed in 2024

**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.

Remuneration of management

	2024	2023
Remuneration paid to the Board of Directors and the CEO and performance-based pension contributions		
CEO		
Fixed monthly salary	0.3	0.3
Pension costs	0.0	0.0
Incentive bonuses	0.0	0.0
Total	0.3	0.3
 Management Team		
Fixed monthly salary	0.9	0.9
Pension costs	0.1	0.1
Incentive bonuses	0.0	0.1
Total	1.0	1.1
 Remuneration paid to the Board of Directors	0.2	0.2

Boreo has a lease agreement with a controlling entity of Richard Karlsson, member of the Group Management Team. The contract is market-based and the rent paid in the financial year 2024 was approximately EUR 0.2 million (2023: 0.2 million).

Sales of goods and services with associated companies

	2024	2023
Transactions with associated companies		
Sale of goods	0.5	0.3
Purchases of goods	0.4	0.1
Dividends received	0.4	0.2
 Trade receivables	0.3	0.0
Trade payables	0.1	0.0



30. 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%
	2024	2023
Book value, Jan. 1	1.0	0.9
Increases	0.0	0.0
Translation differences	0.0	0.0
Share of profit or loss	0.4	0.3
Dividends	-0.4	-0.2
Book value, Dec. 31	1.1	1.0
	2024	2023
Balance sheet summary Dec. 31		
Non-current assets	0.0	0.0
Current assets	2.0	1.7
Total assets	2.0	1.7
Non-current liabilities	0.0	0.0
Current liabilities	0.9	0.7
Total liabilities	0.9	0.7
Income statement summary Dec. 31		
Net sales	4.3	3.3
Profit for the period	0.9	0.7

31. Material events after the financial year

Boreo exercised its right and redeemed the outstanding EUR 4.04 million of its EUR 20 million hybrid loan on February 10, 2022, and paid the nominal amount of the loan to the holders of the hybrid loan plus accrued interest on February 9, 2025.

On March 6, 2025, Boreo signed an agreement to sell the Tallinn property owned by YE International in Estonia to Integer OÜ and entered into a long-term lease agreement with the buyer for renting part of the premises.



KEY FIGURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

EUR million	2024	2023	2022**	2021**	2020
Net sales	134.0	161.3	160.4	122.0	97.5
Net sales growth %	-17%	1%	31%	25%	63%
Operational EBIT	6.8	9.5	8.7	7.2	5.9
Operational EBIT %	5.1%	5.9%	5.4%	5.9%	6.1%
Profit for the period, continuing operations	1.2	2.8	4.4	3.9	2.7
Profit/loss for the period, discontinued operations	0.0	0.0	-4.7	1.6	0.0
Profit for the period attributable to shareholders of the parent company	1.1	2.6	0.0	5.2	2.3
Earnings per share (EUR) (diluted), continuing operations	-0.30	0.47	1.12	1.40	0.91
Dividend (EUR)	0,00*	0.00	0.44	0.42	0.40
Equity ratio %	39.2%	36.2%	35.4%	23.8%	27.0%
Net debt	30.0	36.0	30.9	41.0	19.8

*Board of Directors' proposal to the Annual General Meeting

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



FORMULAS FOR CALCULATING KEY FIGURES

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, %	=	$\frac{\text{Equity} + \text{total non-controlling interests}}{\text{Balance sheet total} - \text{advances received}} \times 100$
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 %)	=	$\frac{\text{Operational EBIT for the previous 12 months}}{\text{Average balance sheet total for the previous 12 months - non-interest-bearing liabilities for the previous 12 months}}$
Return on capital employed (ROCE %), excluding cash equivalents	=	$\frac{\text{Operational EBIT for the previous 12 months}}{\text{Average balance sheet total for the previous 12 months - average non-interest-bearing liabilities for the previous 12 months - average cash equivalents for the previous 12 months}}$
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, %	=	$\frac{\text{Net cash flow from operating activities} + \text{interest paid} - \text{investments in intangible and tangible assets}}{\text{EBIT} + \text{depreciation and impairment} - \text{effect of fixed asset depreciation (IFRS 16)}}$



INFORMATION ABOUT BOREO PLC'S SHARES

Shares and shares traded Jan. 1 - Dec. 31, 2024

The shares of Boreo Corporation are listed on Nasdaq Helsinki Ltd and the ticker of the share is BOREO. The total number of quoted shares is 2,701,353, and the round lot is 1 share. The total number of quoted shares is 2,701,353, and the round lot is 1 share.

A total of 140,122 Boreo Plc shares were traded on Nasdaq Helsinki, with a total value of EUR 2,379,249. Net sales as a proportion of the number of shares was 5%. The price of the shares was at its highest in January 2024, at EUR 29.60. The lowest quotation was EUR 9.74 in December 2024. At the end of the financial year, on December 31, 2024, the share price was EUR 10.95. The average share price for the financial year 2024 was EUR 18.83. The market value of the share capital per Dec. 31, 2024 was EUR 29.6 million

Structure of the share capital Dec. 31, 2024

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

Ownership structure Dec. 31, 2024

	Owners pcs	Shares pcs	Votes
Households and private individuals	2,039	622,585	622,585
Private companies	77	105,306	100,363
Financing and insurance institutions	3	1,500	1,500
Non-profit organizations	3	2,164	2,164
International	11	1,918,199	1,918,199
Nominee-registered	8	51,599	51,599
Total	2,141	2,701,353	2,696,410

Shareholders by ownership Dec. 31, 2024

Shares/shareholder	Shareholders	% share	Number of shares	% share
1-100	1,503	59.34%	41,877	1.55%
101-1,000	518	20.45%	174,143	6.45%
1,001-10,000	97	3.83%	246,014	9.11%
10,001-	15	0.59%	2,187,720	80.99%
Nominee-registered	8	0.32%	51,599	1.91%
Total	2,533	84.21%	2,701,353	100.00%

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

	Shares pcs	Share of share capital (%)	of votes (%)
PREATO CAPITAL AB	1,913,433	70.83%	70.83%
AK CAPITAL OY	35,370	1.31%	1.31%
SIRVIÖ KARI SIMO TAPANI	28,587	1.06%	1.06%
SULIN ARI W	27,200	1.01%	1.01%
MOILANEN MIKKO PETTERI	25,625	0.95%	0.95%
RICHARD KARLSSON	24,916	0.92%	0.92%
RUMPUNEN AKU VÄINÄMÖ	24,000	0.89%	0.89%
SILVENNOINEN JANNE PEKKA	23,643	0.88%	0.88%
LAMMINPÄÄ-SIRVIÖ MARJA HANNELE	21,969	0.81%	0.81%
MÄÄTTÄ MIKKO OLAVI	15,177	0.56%	0.56%
JESSE PETÄJÄ	14,560	0.54%	0.54%
SIIK RAUNI MARJUT	13,348	0.49%	0.49%
VIRTANEN MATTI JUHANI	13,000	0.48%	0.48%
BOREO PLC	11,716	0.43%	0.43%
KORPINEN JANNE ADIEL	10,072	0.37%	0.37%
NEUVONEN TOIVO JOHANNES	10,020	0.37%	0.37%
LEECHLAND OY	9,000	0.33%	0.33%
LK CAPITAL OY	8,798	0.33%	0.33%
OMS CAPITAL OY	8,000	0.30%	0.30%
KARI NERG	6,768	0.25%	0.25%
20 largest in total	2,245,202	83.11%	83.11%
Shareholding of the Members of the Board of Directors and the CEO and their controlling entities	1,966,438	72.79%	72.79%

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, 2025.

At the beginning of the financial year, the company held 14,011 treasury shares, during the financial year, 2,295 shares were used as part of the Board's remuneration. At the end of the financial year, the number of treasury shares was 11,716.

Key figures per share

	2024	2023	2022
Earnings per share, EUR	-0.30	0.47	1.12
Equity per share, EUR	16.48	15.77	15.53
Dividend per share, EUR	0.00	0.00	0.44
Dividend of earnings per share, %	-	-	39%
Effective dividend yield, %	-	-	1.2%



PARENT COMPANY'S INCOME STATEMENT

EUR	JAN. 1–DEC. 31, 2024	JAN. 1–DEC. 31, 2023	Refer- ence
Net sales	17,865,293.56	19,828,320.46	1
Other operating income	367,867.36	361,124.23	2
Materials and services	-13,173,848.57	-14,230,871.12	3
Personnel expenses	-3,842,600.37	-4,645,625.85	4
Depreciation, amortization and impairment losses	-137,174.99	-300,903.31	5
Other operating expenses	-2,132,732.98	-2,683,802.33	
Operating profit/loss	-1,053,195.99	-1,671,757.92	
Financial income and expenses	9,380,931.90	2,691,677.29	6
Profit before taxes	8,327,735.91	1,019,919.37	
Group contribution	4,031,120.00	5,075,000.00	
Income taxes	0.00	-325,737.79	7
Profit for the period	12,358,855.91	5,769,181.58	



PARENT COMPANY'S BALANCE SHEET

EUR

Assets	Dec. 31, 2024	Dec. 31, 2023	<i>Reference</i>
Non-current assets			
Intangible assets	205,088.36	333,360.79	8
Tangible assets	18,137.52	27,040.08	8
Investments	70,266,839.94	70,429,381.05	9
	70,490,065.82	70,789,781.92	
Current assets			
Inventories	2,109,277.00	2,451,246.00	10
Non-current receivables	17,545,908.98	6,280,894.56	11
Current receivables	6,316,495.67	7,670,052.99	11
Cash and cash equivalents	396,293.57	678,978.10	
	26,367,975.22	17,081,171.65	
Total assets	96,858,041.04	87,870,953.57	
Liabilities			
Equity			
Share capital	2,483,836.05	2,483,836.05	
Hybrid loan	24,040,000.00	20,000,000.00	
Retained earnings	9,310,825.11	6,460,269.09	
Reserve for invested unrestricted equity	5,311,841.39	5,311,841.39	
Profit for the period	12,358,855.91	5,769,181.58	
Total equity	53,505,358.46	40,025,128.11	12
Liabilities			
Non-current liabilities	27,500,000.00	29,500,000.00	13
Current liabilities	15,852,682.58	18,345,825.46	14
	48,352,682.58	47,845,825.46	
Total liabilities	96,858,041.04	87,870,953.57	



PARENT COMPANY'S CASH FLOW STATEMENT

EUR	JAN. 1–DEC. 31, 2024	JAN. 1–DEC. 31, 2023
Cash flow from operating activities		
EBIT	-1,053,195.99	-1,671,757.92
Depreciation and adjustments	137,174.99	300,903.31
Increase (-)/decrease (+) in inventories	341,969.00	590,321.00
Increase (-)/decrease (+) in current assets	309,677.32	989,804.48
Increase (+)/decrease (-) in current liabilities	-93,483.43	1,021,741.90
Financial income and expenses	-1,120,641.36	-1,833,445.77
Dividend income	10,428,500.00	4,362,456.39
Paid taxes	0.00	-404.46
Cash flow from operating activities	8,950,000.53	3,759,618.93
Cash flow from investment activities		
Investments	-3,767,905.61	-11,875,614.52
Investments in intangible and tangible assets	0.00	-23,201.00
Cash flow from investment activities	-3,767,905.61	-11,898,815.52
Financial cash flow		
Loan withdrawals	2,500,000.00	6,000,000.00
Withdrawal of hybrid loan	20,000,000.00	0.00
Group account	1,747,129.83	4,115,613.90
Interest and Commission paid on the hybrid loan	-2,312,009.28	-1,600,000.00
Loan repayments	-5,079,900.00	-6,500,000.00
Repayment of the hybrid loan	-15,960,000.00	0.00
Increase in loan receivables	-11,435,000.00	598,847.98
Group contribution received	5,075,000.00	3,470,000.00
Dividends paid	0.00	-1,182,160.98
Financial cash flow	-5,464,779.45	4,902,300.90
Change in cash and cash equivalents	-282,684.53	-3,236,895.69
Cash and cash equivalents Jan 1	678,978.10	3,915,873.79
Cash and cash equivalents, Dec 31	396,293.57	678,978.10



ACCOUNTING PRINCIPLES OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

Boreo Plc's financial statements for the financial year Jan. 1 – Dec. 31, 2024 has been prepared following the Finnish Accounting Act.

Valuation principles

MEASUREMENT 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

MEASUREMENT 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 following Finnish tax legislation.

INFORMATION ON THE PARENT COMPANY

Boreo Group is part of the Hallqvist Ab Group and its financial statements are consolidated into the Hallqvist Ab Group. A copy of Hallqvist Group's financial statements is available at: c/o Navigator partners Oy, Yrjönkatu 9 a, 00120 Helsinki, FINLAND.



NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

EUR

1. Net sales

	2024	2023
Finland	14,962,580.01	16,837,249.44
Baltic countries	550,661.10	673,405.06
Others	2,352,052.45	2,317,665.96
Total	17,865,293.56	19,828,320.46

2. Other operating income

	2024	2023
Other operating income	367,867.36	361,124.23
Total	367,867.36	361,124.23

3. Materials and services

	2024	2023
Materials and goods		
Purchases during the financial year	-12,831,879.57	-13,640,550.12
Change in inventory	-341,969.00	-590,321.00
	-13,173,848.57	-14,230,871.12

4. Notes concerning personnel and members of governing bodies

	2024	2023
Personnel expenses		
Salaries and fees	-3,251,340.79	-3,815,013.01
Pension costs	-554,137.98	-709,070.68
Other indirect employee costs	-37,121.60	-121,542.16
Total	-3,842,600.37	-4,645,625.85

Salaries and fees of the members of the Board of

Directors and the CEO	-510,848	-537,761
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and fringe benefits

Average number of personnel	40	44
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**5. Depreciation, amortization and impairment**

	2024	2023
Depreciation according to plan		
Intangible assets		
Intangible rights	-97,164.34	-243,320.31
Goodwill	-10,416.73	-24,999.96
Other capitalized long-term expenditure	-20,691.36	-18,850.00
Tangible assets		
Machinery and equipment	-8,902.56	- 13,733.04
Total	-137,174.99	-300,903.31

6. Financial income and expenses

	2024	2023
Dividend income		
From group companies	10,428,500.00	4,362,456.39
Total dividend income	10,428,500.00	4,362,456.39
Other interest and financial income		
From group companies	1,187,829.50	559,927.33
From others	112,837.27	94,023.66
Other interest and financial income, total	1,300,666.77	653,950.99
Total financial income	11,729,166.77	5,016,407.38
Interest expenses and other financial expenses		
To group companies	0.00	-12,933.00
To others	-2,348,234.87	-2,311,797.09
Total financial expenses	-2,348,234.87	-2,324,730.09
Total financial income and expenses	9,380,931.90	2,691,677.29

7. Income taxes

	2024	2023
Change in deferred tax assets	0.00	-325,333.33
Taxes for previous fiscal periods	0.00	-404.46
Total income taxes	0.00	-325,737.79

**8. Parent company's fixed assets**

2024	Intangible assets			Tangible assets		
	Intangible rights	Goodwill	Other long-term expenditures	Work in progress	Machines and equipment	Total
Acquisition cost, Jan. 1, 2024	1,964,646	50,000	92,120	0	614,995	2,721,721
Increases	0	0	0	0	0	0
Decreases	0	0	0	0	0	0
Acquisition cost, Dec. 31, 2024	1,964,606	50,000	92,120	0	614,995	2,721,721
Accumulated depreciation, Jan. 1, 2024	-1,705,726	-39,583	-28,056	0	-587,955	2,361,320
Accumulated depreciation on decreases	0	0	0	0	0	0
Amortization for the period	-97,164	-10,417	-20,691	0	-8,903	137,175
Accumulated depreciation, Dec. 31, 2024	-1,802,891	-50,000	-48,747	0	-596,857	2,498,495
Book value, Dec. 31, 2024	161,715	0	43,373	0	18,137	223,226

2023	Intangible assets			Tangible assets		
	Intangible rights	Goodwill	Other long-term expenditures	Work in progress	Machines and equipment	Total
Acquisition cost, Jan. 1, 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, Dec. 31, 2023	1,964,606	50,000	92,120	0	614,995	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
Amortization for the period	-243,320	-25,000	-18,850	0	-13,733	300,903
Accumulated amortization, Dec. 31, 2023	-1,705,726	-39,583	-28,056	0	-587,955	2,361,320
Book value, Dec. 31, 2023	258,880	10,417	64,064	0	27,040	360,401

**9. Investments**

	Shares in Group companies	Shares Others	Total
Acquisition cost, Jan. 1	70,192,573.78	320,901.22	70,513,475.00
Increases	150,000.00	0.00	150,000.00
Decreases	-312,541.11	0.00	-312,541.11
Acquisition cost, Dec. 31	70,030,032.67	320,901.22	70,350,933.89
Accumulated depreciation, Jan. 1		84,093.95	84,093.95
Accumulated depreciation, Dec. 31		84,093.95	84,093.95
Book value, Dec. 31	70,030,032.67	236,807.27	70,266,839.94

Subsidiaries	Parent company's holding (%)	Home country
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	Dec. 31, 2024	Dec. 31, 2023
Goods	2,109,277	2,451,246

**11. Receivables****Dec. 31, 2024****Dec. 31, 2023**

Non-current

Loan receivables from Group
companies

17,545,908.98

6,280,894.56

Current

Trade receivables

1,373,225.32

1,789,037.82

Receivables from Group
companies

Trade receivables

364,156.50

237,501.19

Other receivables

17,480.55

11,020.72

Accrued income

4,561,633.30

5,632,493.26

Total receivables

23,862,404.65**13,950,947.55**

Most accrued income are intra-group items

12. Equity**Dec. 31, 2024****Dec. 31, 2023**

Share capital, Jan. 1

2,483,836.05

2,483,836.05

Equity loan

24,040,000.00

20,000,000.00

Share capital, Dec. 31

26,523,836.05**22,483,836.05**

Reserve for invested unrestricted equity, Jan. 1

5,311,841.39

4,911,766.79

Share transfer

0.00

400,074.60

Reserve for invested unrestricted equity, Dec. 31

5,311,841.39**5,311,841.39**

Retained earnings Jan. 1

12,229,450.67

8,943,763.41

Share of interest on hybrid loan

-2,320,375.56

-1,301,333.34

Hybrid loan commissions

-598,250.00

0.00

Dividends paid

0.00

-1,182,160.98

Retained earnings Dec. 31

9,310,825.11**6,460,269.09****Profit/loss for the period**

12,358,855.91

5,769,181.58

Total equity

53,505,358.46**40,025,128.11****Calculation on distributable shareholder's equity**

Reserve for invested unrestricted equity

5,311,841.39

5,311,841.39

Retained earnings

9,310,825.11

6,460,269.09

Profit/loss for the period

12,358,855.91

5,769,181.58

Total current assets

26,981,522.41**17,541,292.06****13. Non-current liabilities****Dec. 31, 2024****Dec. 31, 2023**

Loans from financial institutions

27,500,000.00

27,500,000.00

Accrued expenses

0.00

2,000,000.00

27,500,000.00

29,500,000.00

**14. Current liabilities****Dec. 31, 2024****Dec. 31, 2023**

Loans from Group companies	0.00	207,138.24
Cash Pool	5,862,743.73	4,115,613.90
Loans from financial institutions	2,500,000.00	5,000,000.00
Other liabilities	0.00	79,900.00
Trade payables to Group companies	7,953.67	5,309.23
Trade payables	1,709,264.94	1,632,030.03
Accrued expenses	5,772,720.24	7,305,834.06
Total	15,852,682.58	18,345,825.46

Accrued expenses and other liabilities

Costs related to acquisitions	2,170,548.21	6,046,133.43
Holiday pay allocation	452,746.94	588,892.57
VAT liability	566,365.63	416,576.80
Other short-term deferred liabilities	2,583,059.46	254,231.26
Total	5,772,720.24	7,305,834.06

15. Leasing liabilities**Dec. 31, 2024****Dec. 31, 2023**

Maturing in 12 months	65,033.70	93,116.27
Maturing later	45,301.46	86,219.85
	110,335.16	179,336.12
Lease liabilities		
Maturing in 12 months	949,940.76	928,004.52
Maturing later	3,018,431.86	3,881,046.70
	3,968,372.62	4,809,051.22

16. Guarantees, commitments and other obligations

Liabilities	Dec. 31, 2024	Dec. 31, 2023
Bank overdraft (not used)	4,000,000.00	5,210,940.08
Total liabilities	4,000,000.00	5,210,940.08
Collateral given		
On own obligations		
Guarantees	283,961.52	3,033,961.52
On own and subsidiary obligations		
Enterprise mortgages	71,500,751.68	71,500,751.68
	71,784,713.20	74,534,713.20

The company has no material derivative liabilities.

17. Options

No current option schemes.

18. Fees paid to auditors

For statutory audit	32,435.00	26,763.00
Fees paid for other services	0.00	650.00
Total:	32,435.00	27,412.80



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, the company's objective is to strengthen its financial position and, thus ensure the implementation of its growth strategy also in the future. 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, 2024.



SIGNATURES TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Vantaa, March 10, 2025

Simon Hallqvist
Chairman of the Board

Camilla Grönholm
Member of the Board

Jouni Grönroos
Member of the Board

Ralf Holmlund
Member of the Board

Jussi Vanhanen
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.

Helsinki, on the date of the electronic signature

BDO Oy
Auditor

Taneli Mustonen
APA

AUDITORS' REPORT

To Boreo Plc's Annual General Meeting

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Boreo Plc (FI01161738) for the financial year Jan. 1 - Dec. 31, 2024. The financial statements comprise the consolidated balance sheet, income statement, 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.

In our best knowledge and understanding, the non-audit services we have provided to the parent company and Group companies have been in compliance with the applicable regulations for these services in Finland, and we have not provided any prohibited services referred to in Article 5(1) of EU Regulation 537/2014. Possible non-audit services performed by us are presented in Note 5 of the consolidated financial statements.

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.

We refer to the accounting principles for consolidated financial statements.

How this issue was addressed in the audit

Key Audit Matter - Revenue Recognition

- | | |
|---|---|
| <ul style="list-style-type: none">• The Group fulfills its contractual performance obligations and recognizes revenue when control of the products or services has transferred to the customer.• Allocation of sales to the correct period has been treated as a key audit matter in the consolidated financial statements audit.• This constitutes a significant risk of material misstatement as referred to in Article 10(2)(c) of EU Regulation 537/2014. | <ul style="list-style-type: none">• We evaluate the Group's revenue recognition accounting principles in relation to the applicable accounting standards.• We gain an understanding of the revenue recognition process and internal controls used by the company to monitor the correct timing of revenue recognition• We tested revenue recognition with a sample to determine whether revenue was recognized in the correct financial period• We evaluate the appropriateness of the presentation in the financial statements. |
|---|---|

Key Audit Matter - Goodwill Valuation (We refer to the accounting principles and Note 14 of the consolidated financial statements.)

- | | |
|--|--|
| <ul style="list-style-type: none">• The value of goodwill on the balance sheet tested on the balance sheet date was EUR 42.3 million, which is 37% of the balance sheet assets and 95% of the total equity.• The valuation of goodwill was a key aspect from the audit perspective, as impairment testing involves forecasts and judgement. Group management makes assumptions when determining the discount rate and factors related to the future market situation and economic development, such as general economic growth, expected inflation, and sales and profitability development.• This constitutes a significant risk of material misstatement as referred to in Article 10(2)(c) of EU Regulation 537/2014. | <ul style="list-style-type: none">• We used the help of our valuation specialists when assessing the assumptions and methods applied by the Group.• Our audit focused on, among other things, the forecasted profitability and the discount rate used.• In assessing the profitability figures used in the testing of cash-generating units, we focused on how they were derived from actual historical figures and the budget compiled by management.• We evaluated the accuracy of previous forecasts made by management.• We checked the mathematical correctness of the calculations.• We assessed the appropriateness of the Group's notes to the financial statements related to 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 IFRS Accounting 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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

We were first appointed as auditors by the Annual General Meeting on April 17, 2024.

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 or 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 compliance with the applicable provisions. 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 compliance with the applicable provisions.

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, March 10, 2025

BDO Oy, audit firm

Taneli Mustonen

APA

A serene landscape photograph of a person rowing a small boat on a calm lake. The water is still, reflecting the surrounding tall pine trees and the sky. The scene is misty or foggy, creating a peaceful and quiet atmosphere. The text 'GOVERNANCE STATEMENTS' is overlaid in large, white, bold capital letters across the middle of the image. A dark blue circular graphic element is positioned on the right side, partially overlapping the text.

GOVERNANCE STATEMENTS



CORPORATE GOVERNANCE STATEMENT 2024

INTRODUCTION

Boreo Plc's corporate governance is based on Finnish legislation 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 and the new Corporate Governance Code 2025 since its entry into force. 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 BDO 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

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 (SSN), 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, Machinery MT, Muottikolmio, Pronius, J-Matic, Filterit, PM Nordic, Tornokone, HM Nordic, Floby Nya Bilverkstad (FNB), Lackmästarn, Etelä-Suomen Kuriiripalvelu (ESKP) and Vesterbacka Transport. On October 1, 2024, Machinery Oy was separated into two independent companies: Machinery Oy and Machinery MT Oy. As a result of the separation, the companies can focus on their core competencies, strengthen customer focus and accelerate strategy implementation. Operating as independent companies emphasizes the local decision-making characteristic of Boreo's decentralized organizational model.

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 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. 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 (www.boreo.com) 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 2024, the Annual General Meeting was held in Vantaa on April 17, 2024.

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 the 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 2024, the company's Board of Directors had six members. At the Annual General Meeting held on April 17, 2024, six members were elected to the Board of Directors. Simon Hallqvist, Ralf Holmlund, Jouni Grönroos, Camilla Grönholm ja Noora Neilimo-Kontio were re-elected as members of the Board and Jussi Vanhanen was elected as a new member. Michaela von Wendt left the Board. In 2024, the Board of Directors convened 9 times.

Independence of the Board members

Of the Board members elected by the Annual General meeting on April 17, 2024, Jouni Grönroos, Ralf Holmlund, Camilla Grönholm, Jussi Vanhanen and Noora Neilimo-Kontio are independent of the company and its significant 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

Gender: Male

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

Gender: Female

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)

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

Shareholding: 1,277

Member Jouni Grönroos

Gender: Male

Born: 1965

Education: M.Sc. econ.

Member of the Board since April 16, 2020

Chairman of the Audit Committee since April 16, 2020

Key work experience: Fazer Group CFO and Deputy CEO (2010-2024) and Senior Adviser (2024-2025), 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)



Primary positions of trust: Member of the Board and Chairman of the Audit Committee at Caruna Networks Group (2015-), Chairman of the Board of several Fazer Group subsidiaries (2010-2024), Member of the Board of Directors at the Rannikotykistösäätiö (2002-), Member of the Board and Chairman of the Audit Committee at Hartwall Capital Oy (2018-2020), Vice Chairman of the Food sector of the Finnish National Emergency Supply Organisation (2016-2024)
Shareholding: 1,433

Member Ralf Holmlund

Gender: Male

Born: 1954

Education: M.Sc. econ.

Member of the Board since March 2, 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 (2019-) and Carspect AB (2019-2024) Chairman of the Board; Member of the Board: Telko Oy (2018-2024)

Shareholding: 2,244 shares

Member Jussi Vanhanen

Gender: Male

Born: 1971

Education: LL.M., MBA

Member of the Board since April 17, 2024

Member of the Remuneration and Nomination Committee since April 17, 2024

Key work experience: Vexve Armatury Group, CEO (2017-2024); Mondi Plc, CEO, Fibre Packaging (2014-2017); UPM-Kymmene Oyj – several positions (1999-2013), and most recently President of Engineered Materials Business Unit

Primary positions of trust: Metsä Group, Member of the Board (2022-); Logistikas Oy, Chairman of the Board (2021-2022); Technology Industries of Finland, Member of Pirkanmaa Regional Council (2020-2023); Peikko Group Oy Member and Chairman of the Board (2011-2020); WWF Finland, Member of the Supervisory Board (2010-2016)

Shareholding: 5,209

Member Noora Neilimo-Kontio

Gender: Female

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

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: Suomen Lauttaliikenne Oy, Member of the Board (2023-)

Shareholding: 704

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, for example, 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

During 2024, the Board of Directors had six members, of which one changed during 2024. The Board members represented two different nationalities and hold a higher university degree in either business or law.

The Board members have diverse experience from different industries in several countries, from both Finnish and international companies. All members also have experience in management positions in companies, either in operational roles or through board memberships. More detailed CVs of the Board members are presented in the section on the members of the Board of Directors.

The Board members possess a comprehensive understanding of Boreo's industries, markets, and the

principles of business operations. They also have a broad understanding of financial and economic affairs, responsibility, and investor relations. The Board members' birth years range from 1954 to 1975, and their gender distribution is relatively balanced: two women and four men.

The company's Remuneration and Nomination Committee prepares the appointments of new Board members and considers the company's diversity goals in the selection process. The diversity of decision-making body representatives is seen as a strength, and diversity will be further promoted in terms of gender, as well as other diversity aspects.

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 for decision to the Board of Directors.

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 17, 2024 the Board of Directors selected the members for its committees. Jouni Grönroos was re-elected Chairman of the Audit Committee, Ralf Holmlund and Noora Neilimo-Kontio were re-elected as members of 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 2024, the Audit Committee convened five 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, the CSRD assurance partner 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 17, 2024, the Board of Directors re-elected Camilla Grönholm as Chairman and Simon Hallqvist as member of the Remuneration and Nomination Committee. Jussi Vanhanen was elected as a new member 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 2024, the Remuneration and Nomination Committee convened four 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 2024

Name	Participation		
	Board	Audit Committee	Remuneration & Nomination Committee
Simon Hallqvist (chair)	9/9		4/4
Jouni Grönroos	9/9	5/5	
Ralf Holmlund	9/9	5/5	
Michaela von Wendt*	1/9		1/4
Camilla Grönholm	9/9		4/4
Noora Neilimo-Kontio	9/9	5/5	
Jussi Vanhanen**	8/9		3/4

* Member of the Board and Remuneration & Nomination Committee until 17.4.2024

** Member of the Board and Remuneration & Nomination Committee since 17.4.2024

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 2024, the Management Team convened 11 times. At the end of 2024, the Management Team of Boreo Plc consisted of:

Kari Nerg

Gender: Male

CEO

Born: 1984

Education: Master's in Agriculture and Forestry, CEFA
CEO since May 4, 2020

Key work experience: Mutaes 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)

Mari Katara

Gender: Female

SVP, People & Sustainability

Born: 1984

Education: M.Sc. econ.

Member of the Management Team since October 26, 2020

Key work experience: Boreo Plc, SVP, Group HR (2020–2023), Head of HR and Member of Management Team in Pohjola Sairaala Oy and OP-Henkivakuutus Oy of OP Financial Group (2018-2020), HR Manager at LänsiAuto Group and Member of the Management Team (2013-2018)

Shareholding: 5,100 shares

Richard Karlsson

Gender: Male

SVP, 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

Gender: Male

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

Gender: Male

CFO

Born: 1991

Education: M.Sc. econ.

Member of the Management Team since March 15, 2022

Key work experience: Boreo Plc, SVP M&A (2021-) and Head of Technical Trade (2023-2024), 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 report, interim reports and the sustainability report. 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, as well as the sustainability 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 educated in order 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 Audit Committee and 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, it contains 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 as 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 Oyj'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 17, 2024, the Annual General Meeting elected BDO Oy as the auditors with APA Taneli Mustonen as the responsible auditor. The subsidiaries have their own auditors. Statutory audit fees totaled EUR 164,000 in 2024 (EUR 144,000 in 2023).

REMUNERATION REPORT OF GOVERNING BODIES 2024

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, 2024. The report is based on the recommendations of the Finnish Securities Market Association's 2025 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 2024 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 2024. No recovery of remuneration took place in 2024 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.

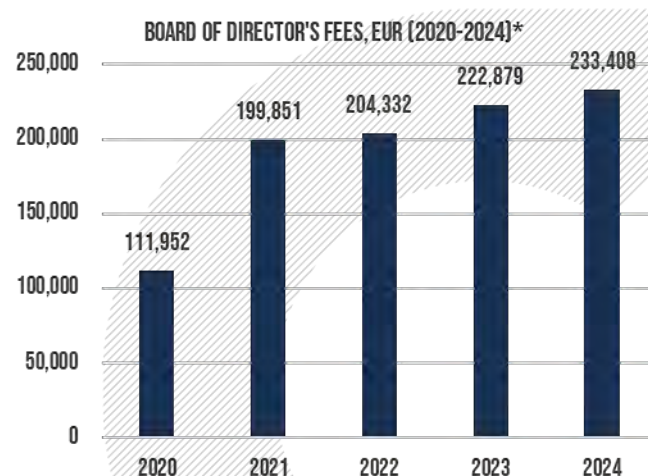
COMPARISON OF 5-YEAR DEVELOPMENT OF BOARD OF DIRECTORS, CEO AND EMPLOYEE REMUNERATION

Development of Board of Directors' fees

The composition and size of the Board of Directors have varied significantly in 2020–2024. During this period, the average size of the Board of Directors was six persons, but fees were paid annually to 6–8 persons due to changes in the composition of the Board of Directors. In 2024, 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.

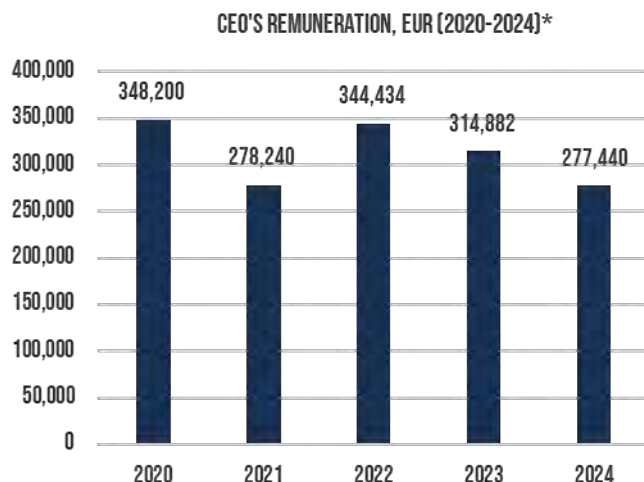


**Includes non-recurring special fees related to the independent committee in 2021 (EUR 44,000). The Chairman has received Board and meeting fees from April 19, 2022 onwards (EUR 55,500 in 2024).*



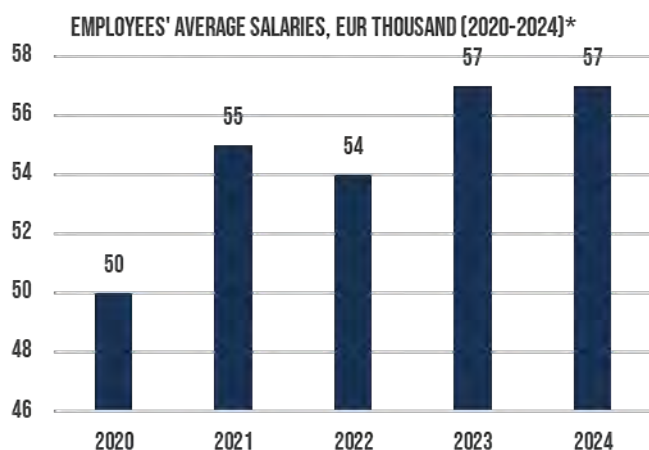
Development of the CEO's remuneration

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.



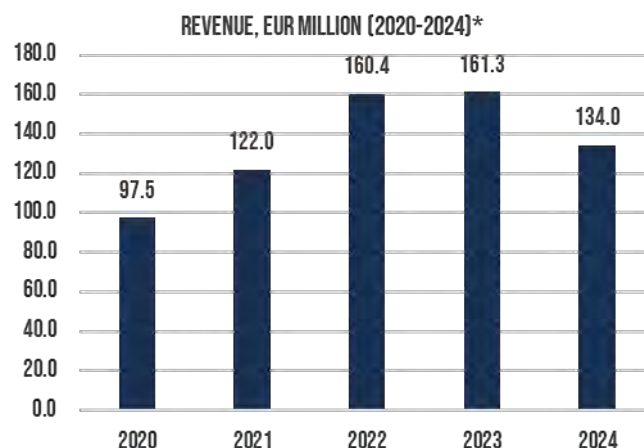
*Change of CEO took place in 2020.

Development of employees' average salaries

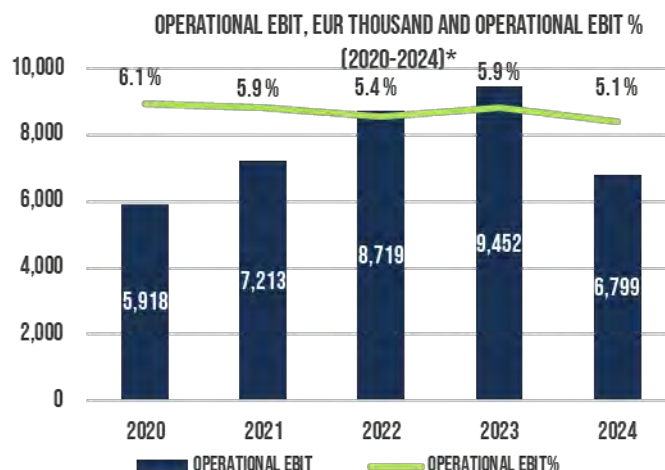


*Remuneration of employees consists of the average total salaries of employees, including basic salaries, fringe benefits and paid variable incentives. There were considerable structural changes in the Group in 2019–2023 due to acquisitions. This weakens the comparability of figures when analysing employee 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 2021–2024, 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 2021–2024, 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, 2024

In accordance with the decision of the Annual General Meeting of April 17, 2024, 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 Board, Simon Hallqvist, is paid in full in cash because it is not in the company's interest to increase the holding of



Member of the Board	Monthly fee	Shares*	Meeting fees	Asset transfer tax	Total
Hallqvist Simon	48,000	0	7,500	0	55,500
Grönholm Camilla	20,400	9,602	7,500	169	37,671
Grönroos Jouni	26,400	9,602	8,000	169	44,171
Holmlund Ralf	14,400	9,602	8,000	169	32,171
Neilimo-Kontio Noora	14,400	9,602	8,000	169	32,171
Vanhanen Jussi**	10,171	9,602	4,500	169	24,443
von Wendt Michaela***	4,280	0	3,000	0	7,280
Total	138,051	48,011	46,500	845	233,408

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

**Vanhanen's Board membership started on April 17, 2024

***von Wendt's membership ended on April 17, 2024

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 14, 2024 as part of their remuneration in accordance with the decision of the Annual General Meeting. The value of the shares was EUR 20,92 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, 2024

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 for the financial period 2024.

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 2024, 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. 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. Thus, in the spring of 2024, no short-term incentives were paid to the CEO for the year 2023. Similarly, no short-term incentives will be paid for the year 2024 in the spring of 2025.

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 2024.



Remuneration of the CEO (EUR)	Basic salary	Other financial benefits and compensations*	Short-term incentive plan**	Long-term incentive plan***	Total
Kari Nerg	264 000	13 440	0	0	277 440

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

**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 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 2024, 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 2024. 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 2024, the CEO owned 42,138 shares in Boreo Plc (of which 35,370 through AK Capital Oy, a corporation in his control).

