



BOREO

Q2/2024
HALF-YEAR REPORT

Boreo Plc, HALF-YEAR REPORT JAN. 1 TO JUN. 30, 2024

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A step in the right direction: decent result in a challenging market

April-June 2024

- Net sales decreased by 20% to EUR 33.8 million (2023: 42.3).
- Operational EBIT was EUR 2.4 million (2023: 2.4) and accounted for 7.0% of net sales (2023: 5.6%).
- EBIT was EUR 1.6 million (2023: 1.7).
- The profit for the period under review totaled EUR 0.8 million (2023: 1.0).
- Net cash flow from operating activities was EUR -1.9 million, which was negatively affected by the timing of working capital items (2023: 3.9).
- Operational EPS was EUR 0.31 (2023: 0.39).
- EPS was EUR 0.09 (2023: 0.18).

January-June 2024

- Net sales decreased by 20% to EUR 66.4 million (2023: 83.3).
- Operational EBIT declined by 34% to EUR 3.0 million (2023: 4.4) and accounted for 4.4% of net sales (2023: 5.3%).
- EBIT was EUR 1.2 million (2023: 3.1).
- The profit for the period under review totaled EUR 0.0 million (2023: 1.5).
- Net cash flow from operating activities was EUR 4.2 million (2023: 4.6).
- Operational EPS was EUR 0.16 (2023: 0.66).
- EPS was EUR -0.36 (2023: 0.25).
- Net debt relative to operational EBIT of the previous 12 months was 2.8 (2023: 2.4 and 2.4 at the end of the previous quarter).
- Return on capital employed was 9.2% (2023: 11.2% and 9.3% at the end of the previous quarter).

Financial guidance and business model

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

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

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

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

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

Q2/2024 – CEO Kari Nerg:

A step in the right direction

After a weak first quarter, we were able to restore the company's profitability to a decent level. As a result of the implemented cost-saving measures and strong sales margins, operational EBIT of EUR 2.4 million was at the level of last year. Profitability improved from 5.6% to 7%.

The market conditions remained challenging, and revenue was significantly (-20%) behind the previous year. Demand was low, especially in the construction business, and of the total decline of EUR 8 million, the decline in revenue from Putzmeister operations alone was EUR 5.5 million. In addition, revenue of the electronic component distribution businesses in the Baltics declined by EUR 2.4 million from last year. Floby Nya Bilverkstad, Filterit, and Infradex, on the other hand, recorded significantly higher revenues compared to last year.

The second-quarter operating cash flow was EUR -1.9 million mainly due to the expected seasonal increase in working capital. Operating working capital increased to EUR 28 million. ROCE was almost at the same level as the previous quarter (9.2%), and ROTWC improved from 27.6% to 28.3%.

Decent outlook

Order books of our companies decreased slightly from the end of the first quarter but remained at a higher level compared to the year-end. The most significant individual deliveries in the order books (including PM Nordic's machine deliveries to Construction Logistics Sweden AB) are expected to materialize in the last quarter of the year.

We expect market conditions to remain challenging in the second half of the year. The well succeeded implementation of cost actions and positive gross margin development, however, support the company's profit generation. In the second quarter, fixed costs decreased as expected and we are well in schedule to achieve the communicated annual fixed cost savings of at least EUR 1 million.

Improving profitability and deleveraging as key priorities

While the company's long-term strategic financial objectives remain unchanged, our main short-term target is to bring the company back to the growth-track and enable value creation by utilizing the updated strategy. To achieve this goal, we will continue to focus on improving the profitability of our companies and reducing the Group's indebtedness over the next quarters. Net debt relative to the 12-month operational EBITDA was at 2.8x that is clearly higher than our target level, taking into account the impact of hybrid loans on the company's capital structure and financing costs.

We are not pleased with the absolute profit level of the second quarter but as a result of the positive development from the first quarter of 2024 and the steps our companies have taken in optimizing costs and in their strategic development, create solid foundation for result improvement as market conditions improve.

Alternative Performance Measures

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

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

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

Group's key figures

Key figures

EUR million	Q2/2024	Q2/2023	Change	H1/2024	H1/2023	Change	2023
Net sales	33.8	42.3	-20%	66.4	83.3	-20%	161.3
Operational EBIT	2.4	2.4	0%	3.0	4.4	-34%	9.5
relative to the net sales, %	7.0%	5.6%	-	4.4%	5.3%	-	5.9%
EBIT	1.6	1.7	-4%	1.2	3.1	-61%	6.3
Profit before taxes	1.0	1.1	-9%	0.0	1.9	-99%	3.5
Profit for the period	0.8	1.0	-17%	0.0	1.5	-	2.8
Net cash flow from operating activities	-1.9	3.9	-	4.2	4.6	-8%	11.6
Cash conversion, %	-61%	165%	-	161%	104%	-	129%
Equity ratio, %	40.1%	36.4%	-	40.1%	36.4%	-	36.2%
Net debt	32.7	35.7	-9%	32.7	35.7	-9%	36.0
Interest-bearing net debt relative to operational EBITDA of the previous 12 months*	2.8	2.4	-	2.8	2.4	-	2.5
Return on capital employed (ROCE %), R12	9.2%	11.2%	-	9.2%	11.2%	-	11.0%
Return on Trade Working Capital (ROTWC %), R12	28.3%	29.0%	-	28.3%	29.0%	-	30.3%
Return on equity (ROE %), R12	3.0%	11.3%	-	3.0%	11.3%	-	6.7%
Personnel at end of the period	330	340	-3%	330	340	-3%	341
Operational EPS, EUR**	0.31	0.39	-21%	0.16	0.66	-76%	1.40
EPS, EUR**	0.09	0.18	-50%	-0.36	0.25	-	0.47
Net cash flow from operating activities per share, EUR	-0.72	1.44	-	1.57	1.77	-11%	4.40

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

** The effect of the interest rate of the hybrid bond recorded in equity adjusted by the tax effect is considered in the calculation of the EPS starting from 2022. In Q2 2024, this net effect was EUR 0.18 per share, in H1 2024, the net effect was EUR 0.31 per share, in Q2 2023, it was EUR 0.12 per share, and in H2 2023, it was EUR 0.24 per share.

Group's financial performance

In the second quarter of the year, the Group's net sales declined by 20% to EUR 33.8 million in a challenging market (2023: 42.3). Organic net sales decreased by EUR 9.1 million and acquisitions increased net sales by EUR 0.6 million from the year before. Exchange rates had no material impact on net sales in the second quarter.

During the first half of 2024, the Group's net sales decreased by 20% to EUR 66.4 million (2023: 83.3). Organic net sales decreased by EUR 17.9 million and inorganic net sales grew by EUR 1.1 million. Exchange rates had no material impact on net sales in the first half of the year.

Net sales by business areas, Q2 and H1

EUR million	Q2/2024	Q2/2023	Change	H1/2024	H1/2023	Change	2023
Electronics	12.6	15.1	-17%	26.1	31.0	-16%	62.4
Technical Trade	21.2	27.2	-22%	40.3	52.2	-23%	98.9
Group functions	0.0	0.0	-	0.0	0.0	-	0.0
Total	33.8	42.3	-20%	66.4	83.3	-20%	161.3

In the second quarter, the Group's net sales were distributed geographically as follows: In Finland, net sales decreased by 17% to EUR 24.4 million. Net sales decreased in almost all companies. The decline in net sales in Finland was mainly affected by the lower Putzmeister machine deliveries in the second quarter. Net sales of Swedish businesses decreased by 15% and amounted to EUR 4.9 million. Net sales decreased due to the timing of Putzmeister machine deliveries, on the other hand the net sales of FNB increased. Net sales of the Baltic operations decreased by 42% to EUR 4.1 million, in particular, due to decreased net sales of the electronic component distribution business in Latvia and Lithuania and the lower net sales of the Putzmeister business in Estonia. Net sales elsewhere mainly consist of a company acquired in the United States in connection with the Signal Solutions acquisition in the second quarter of 2022.

Net sales by geographic area, Q2 and H1

EUR million	Q2/2024	Q2/2023	Change	H1/2024	H1/2023	Change	2023
Finland	24.4	29.3	-17%	46.2	56.9	-19%	112.8
Sweden	4.9	5.7	-15%	10.5	11.9	-12%	22.8
Baltic countries	4.1	7.0	-42%	8.6	13.9	-38%	24.6
Others	0.4	0.2	80%	1.2	0.7	84%	1.1
Total	33.8	42.3	-20%	66.4	83.3	-20%	161.3

In the second quarter, the Group's operational EBIT was EUR 2.4 million (2023: 2.4). The operational EBIT margin improved to 7.0% (2023: 5.6%). The Group's EBIT amounted to EUR 1.6 million (2023: 1.7). The EBIT included items affecting comparability totaling EUR 0.7 million in net, consisting mainly of expenses and allocations related to acquisitions. In addition, in the second quarter and during the first half of 2024 operational EBIT was positively impacted by the changes in contingent purchase price liabilities amounting to EUR 0.3 million (2023; 0.1). Changes in exchange rates did not have a significant impact on the Group's EBIT.

During the first half of 2024, the Group's EBIT decreased by 34% to EUR 3.0 million (2023: 4.4).

Operational EBIT by business areas, Q2 and H1

EUR million	Q2/2024	Q2/2023	Change	H1/2024	H1/2023	Change	2023
Electronics	1.1	1.0	14%	1.6	1.9	-17%	4.1
Technical Trade	1.7	1.9	-8%	2.4	3.6	-34%	7.5
Group functions	-0.5	-0.5	-4%	-1.0	-1.0	-3%	-2.1
Total	2.4	2.4	0%	3.0	4.4	-34%	9.5

Capital efficiency

The Group's capital efficiency in the second quarter of 2024 weakened slightly due to a weaker operational result (R12) than in the comparison period. Capital efficiency was, in turn, supported by a significant decrease in working capital during recent quarters although in the second quarter, working capital increased as expected due to the timing of working capital items. Working capital levels are expected to decrease during the second half of the year.

At the end of the second quarter in 2024, Group-level ROTWC was 28.3% (2023: 29.0%) and by business area, the ROTWC was: Electronics 43.2% (2023: 49.9%), Technical Trade 32.4% (2023: 29.9%).

At the end of the second quarter, ROCE was 9.2% (2023: 11.2% and Q1/24: 9.3%). ROCE excluding cash assets would have been 10.1%. Return on equity (ROE) was 3.0% (2023: 11.3 % and Q1/24: 3.4%).

Return on Trade Working Capital (ROTWC %), R12, Q2

Percent	Q2/2024	Q2/2023	H1/2024	H1/2023	2023
Electronics	43.2%	49.9%	43.2%	49.9%	46.0%
Technical Trade	32.4%	29.9%	32.4%	29.9%	33.6%
Group functions	-	-	-	-	-
Group	28.3%	29.0%	28.3%	29.0%	30.3%

Financial position

The Group's interest-bearing net debt stood at EUR 32.7 million at the end of the quarter (2023: 35.7 and 29.3 at the end of Q1/2024). The share of IFRS 16 liabilities in net debt was EUR 7.5 million (2023: 7.2). Net debt relative to the 12-month operational EBITDA was 2.8 (2023: 2.4 and 2.4 at the end of Q1/2024).

Interest-bearing net debt increased from the first quarter of the year as a result of the increase in working capital and the consequent negative operational cash flow.

Shareholders' equity was EUR 43.4 million (2023: 40.0), which was raised by the unredeemed portion of the previous hybrid loan of EUR 4 million. The equity ratio was 40.1% (2023: 36.4% and 38.2% at the end of Q1/2024) and the consolidated balance sheet total was EUR 113.4 million.

Cash flow

Net cash flow from operating activities was EUR -1.9 million in the second quarter (2023: 3.9). Cash flow was negatively affected by the expected increase in working capital. Net cash flow from operating activities was EUR -0.72 per share (2023: 1.44). Cash flow after investments was EUR -2.8 million (2023: 2.2).

In the first half of the year, net cash flow from operating activities was EUR 4.2 million (2023: 4.6). The release of working capital in the first quarter strengthened the cash flow. Net cash flow from operating activities was EUR 1.57 per share (2023: 1.77). Cash flow after investments was EUR 2.3 million (2023: -0.9).

The Group's cash assets remained at the level of the end of 2023 at EUR 6.5 million but decreased by EUR 3.9 million from the first quarter of the year.

Major events during the second quarter

Boreo Plc's Annual General Meeting was held on April 17, 2024, at the company's headquarters at Ansatie 5, Vantaa. The Annual General Meeting adopted Boreo Plc's consolidated financial statements and the parent company's financial statements for 2023 and discharged the members of the Board of Directors and the CEO from liability for the financial year 2023. The Annual General Meeting also resolved on the distribution of profits indicated by the balance sheet and dividend payment, adoption of the institutions' remuneration report, the composition and remuneration of the Board of Directors, election of the auditor and their fee, and to authorize the Board of Directors to decide on share buybacks, to decide on the issuance of shares, option rights and other special rights entitling to shares, and the assignment of company shares. The Annual General Meeting also decided to amend the Articles of Association.

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

In the organizing meeting arranged after the General Meeting on April 17, 2024, the Board elected Simon Hallqvist as its Chairman. The Board also elected members to its committees. Jouni Grönroos (Chairman), Noora Neilimo-Kontio and Ralf Holmlund were elected as members of the Audit Committee. Camilla Grönholm (Chairman), Simon Hallqvist and Jussi Vanhanen were elected members of the Remuneration and Nomination Committee.

The stock exchange release on the decisions of the Annual General Meeting was published on April 17, 2024, on the company's website at www.boreo.com.

On June 13, 2024, Boreo announced that CFO Aku Rumpunen will leave Boreo and on August 2, 2024, that Jesse Petäjä has been appointed as a new CFO as of 1 September 2024.

Business Areas

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

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

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

As a result of the above-mentioned reorganization of the business areas, the former Other Operations reporting unit will, as of the beginning of 2024, comprise only the activities of the parent company Boreo, and the reporting unit will henceforth be called "Group functions". The comparative data of this half-year report have been adjusted to reflect the new structure.

Electronics business area

Operational EBIT of the business area was at a moderate EUR 1.1 million level in the second quarter (2023: 1.0) and profitability improved from 6.4% to 8.7%. Operational EBIT exceeded the comparison period, even though net sales decreased from the comparison period. The impact of the Delfin acquisition on EBIT was EUR 0.2 million. The profitability of the business area was supported by improved sales margins, which was the result of successful pricing and the sales mix of business units and product areas. Profitability was also supported by measures taken during the last year to ensure profitability. Organizational restructuring was carried out in Yleiselektronikka and the Baltic companies to react to the weakened demand, for example by streamlining the organization and scaling down the business with low ROTWC.

The demand outlook for companies involved in electronics component trading continued to be challenging in the second quarter of the year. Operational EBIT of the Baltic businesses and Noretron decreased from the comparison period due to weaker demand. SSN's operational EBIT was better than in the comparison period, but at a lower level than expected due to the low volumes of the company's largest customer. The impact of the cost measures taken in Yleiselektronikka was visible, and the company's result exceeded the comparison period despite lower sales than in the comparison period. Infradex's result also exceeded the level of the comparison period in the second quarter. Milcon's demand outlook continued as positive, but due to the timing of deliveries, the second quarter was clearly weaker than the comparison period. The result of Delfin, acquired

in the third quarter of 2023, was in line with expectations in the second quarter. The company continued the product platform reform initiated last year and assessment of future strategic options.

The companies in the Electronics business area have been successful in working capital management for a longer time and the amount of working capital has developed as expected. Good working capital management has supported the development of ROTWC although rolling operational EBIT has decreased from the comparison period. ROTWC in the second quarter of the year was 43%, which was below the level of the comparison period (50%).

The outlook for companies in the business area is moderate and is expected to improve toward the end of 2024. The companies' order backlog started to rise during the first quarter of the year, and in the second quarter, the order backlog in the companies has remained at the same level.

Key figures Electronics

EUR million	Q2/2024	Q2/2023	Change	H1/2024	H1/2023	Change	2023
Net sales	12.6	15.1	-17%	26.1	31.0	-16%	62.4
Operational EBIT	1.1	1.0	14%	1.6	1.9	-17%	4.1
<i>relative to the net sales, %</i>	8.7%	6.4%	-	6.1%	6.1%	-	6.5%
EBIT	0.8	0.8	3%	0.9	1.6	-46%	3.3
Return on Trade Working Capital (ROTWC %), R12	43%	50%	-	43%	50%	-	46%
Capital expenditure	0.1	0.0	240%	0.4	0.0	965%	0.4
Personnel at end of the period	130	130	0%	130	130	0%	137

Technical Trade business area

Operational EBIT of the Technical Trade business area was at a reasonable level of EUR 1.7 million in the second quarter (2023: 1.9). The operational EBIT margin rose to 8.2% (7.0%). The weakening of operational EBIT from the comparison period was a result of a decrease in net sales in several companies, while profitability was supported by strong sales margins and cost saving measures. The clearly improved sales margin percentages from the previous year were supported by the increase in the relative share of higher profitability businesses and pricing measures taken in certain product groups with high value-add. Due to the difficult economic situation in construction, an organizational restructuring was carried out in Machinery's construction business at the beginning of the year and temporary personnel reductions were made in Muottikolmio.

FNB, which struggled with delivery challenges and the implementation of the new ERP system during 2023, also succeeded strongly in the second quarter, and the company's positive performance is expected to continue during the second half of the year. The second quarter was in line with expectations in Swedish Putzmeister business (PM Nordic) and in addition to the significant order received in the first quarter, demand is expected to remain strong also during the second half of the year. Due to the challenging market situation in the Finnish Putzmeister business (Tornokone), the second quarter was below expectations and the second half of the year is still expected to be challenging due to weak demand. Among other Finnish companies, ESKP continued at a better earnings level during the second quarter just as in the beginning of the year. Machinery's result improved from last year. The main reason was earnings improvement in metal machining business while the outlook still remains challenging. The earnings improvement was also affected by deliveries being postponed from the first quarter. Machinery's largest business unit, power, had a reasonable result. Filterit's result also exceeded last year's level in the second quarter thanks to a larger project delivery. Other companies in the business area clearly fell short of both expectations and their results in the second quarter of last year.

The business area's ROTWC rose slightly from the previous year's level to 32% (2023: 30%). At the end of the second quarter, working capital was at the expected level and continued work to improve the efficiency of working capital was reflected in improved ROTWC despite the weakened earnings level.

The outlook for the business area is moderate but a gradual improvement is expected toward the end of the year. As a whole, the companies' order backlog decreased slightly from the end of the first quarter, but are still at a clearly higher level than at the beginning of the year. The companies in the business area will continue controlling costs and taking measures to improve working capital efficiency.

Key figures Technical Trade

EUR million	Q2/2024	Q2/2023	Change	H1/2024	H1/2023	Change	2023
Net sales	21.2	27.2	-22%	40.3	52.2	-23%	98.9
Operational EBIT	1.7	1.9	-8%	2.4	3.6	-34%	7.5
<i>relative to the net sales, %</i>	8.2%	7.0%	-	5.9%	6.9%	-	7.6%
EBIT	1.3	1.4	-8%	1.4	2.6	-48%	5.5
Return on Trade Working Capital (ROTC %), R12	32%	30%	-	32%	30%	-	34%
Capital expenditure	0.1	0.4	-77%	0.3	0.8	-62%	1.9
Personnel at end of the period	193	204	-5%	193	204	-5%	197

Group functions

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

Key figures Group functions

EUR million	Q2/2024	Q2/2023	Change	H1/2024	H1/2023	Change	2023
Net sales	0.0	0.0	-	0.0	0.0	-	0.0
Operational EBIT	-0.5	-0.5	-4%	-1.0	-1.0	-3%	-2.1
<i>relative to the net sales, %</i>	-	-	-	-	-	-	-
EBIT	-0.5	-0.5	-4%	-1.0	-1.1	-10%	-2.4
Capital expenditure	0.0	0.0	-	0.0	0.0	-	0.0
Personnel at end of the period	7	6	17%	7	6	17%	6

Group personnel

Boreo Group's number of personnel totaled 330 at the end of the second quarter (2023: 340) and was divided by business areas as follows: Electronics 130 (2023: 130), Technical Trade 193 (2023: 204) and Group functions 7 (2023: 6). The personnel reductions made during the first quarter of 2024 reduced the Group's number of employees in the second quarter of 2024. The personnel reductions will be visible in full from the third quarter of 2024. The Delfin acquisition carried out in the third quarter of 2023 affects the comparison period figures starting from the third quarter of 2024.

Employment-related expenses for the second quarter totaled EUR 5.6 million (2023: 5.8). Personnel reductions made during the first quarter and related cost savings reduced personnel costs in the second quarter of 2024.

Managers' transactions

During the second quarter of 2024, Boreo Plc received 15 notifications concerning Managers' transactions (Article 19 of MAR):

On May 2, 2024, Boreo Plc notified that Preato Capital AB had transferred and Attack Point Consulting Oy had acquired 4,750 shares at an average price of EUR 21.0 per share.

On May 14, 2024 Boreo Plc announced that, in accordance with the resolution of the Annual General Meeting, as part of the Board remuneration, it had transferred 459 own shares possessed by the company to the members of the Board of Directors of Boreo to each of the Board members Camilla Grönholm, Jouni Grönroos, Ralf Holmlund, Noora Neilimo-Kontio and Jussi Vanhanen.

On June 4, 2024, Boreo Plc notified that Preato Capital AB had acquired 82 shares at an average price of EUR 20.0 per share.

On June 7, 2024, Boreo Plc notified that Preato Capital AB had acquired 400 shares at an average price of EUR 20.1 per share.

On June 11, 2024, Boreo Plc notified that Preato Capital AB had acquired 400 shares at an average price of EUR 19.7 per share.

On June 13, 2024, Boreo Plc notified that Preato Capital AB had acquired 700 shares at an average price of EUR 20.3 per share.

On June 14, 2024, Boreo Plc notified that Preato Capital AB had acquired 150 shares at an average price of EUR 20.5 per share.

On June 25, 2024, Boreo Plc notified that Preato Capital AB had acquired 350 shares at an average price of EUR 18.6 per share.

On June 26, 2024, Boreo Plc notified that Preato Capital AB had acquired 350 shares at an average price of EUR 18.9 per share.

On June 28, 2024, Boreo Plc notified that Preato Capital AB had acquired 200 shares at an average price of EUR 19.9 per share.

Shares and share capital

At the end of the first quarter, Boreo Plc's share capital was EUR 2,483,836 and the number of shares was 2,701,353. The company held 11,716 shares at the end of the second quarter (0.4% of the share capital).

Main short-term risks and operational uncertainties

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

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

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

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

Principal relationships: Due to its earnings logic, the Group's competitiveness is highly correlated and dependent on the portfolio of principals, and consequently the loss of a significant principal weakens net sales development and performance. In addition, there is a risk that a key principal's own competitiveness and performance weaken, which may also be reflected in the attractiveness of the Group's offering.

Position in the value chain: The Group may encounter gradual difficulties in defending its sales margins in situations where sales prices of end products face clear downward pressure and/or supply prices face upward pressure.

Personnel turnover: Personnel is the Group's core asset. Replacement of human knowledge and skills resulting from personnel risks is difficult, expensive and slow. In addition, it is difficult to predict and quantify human risks in monetary terms.

Trade agreement risks: The Group's operations are subject to changes in trade agreements between continents and countries. If changes in trade agreements materialize, they may affect the Group's business negatively through disruptions in the supply chain and increased costs.

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

Reconciliation statements of key indicators

Reconciliation of operational EBIT

EUR million	Q2/2024	Q2/2023	H1/2024	H1/2023	2023
EBIT	1.6	1.7	1.2	3.1	6.3
ITEMS AFFECTING COMPARABILITY					
Electronics					
Structural arrangements	-0.1	0.0	-0.3	0.0	-0.1
Costs related to acquisitions	0.0	0.0	0.0	0.0	0.0
Depreciation related to allocation of acquisition costs	-0.2	-0.1	-0.5	-0.3	-0.7
Technical Trade					
Structural arrangements	0.0	0.0	-0.1	0.0	-0.1
Costs related to acquisitions	0.0	0.0	0.0	0.0	0.0
Depreciation related to allocation of acquisition costs	-0.4	-0.5	-0.9	-1.0	-1.9
Group functions					
Structural arrangements	0.0	0.0	0.0	0.0	0.0
Costs related to acquisitions	0.0	0.0	0.0	-0.1	-0.3
TOTAL ITEMS AFFECTING COMPARABILITY	-0.7	-0.7	-1.7	-1.4	-3.1
OPERATIONAL EBIT	2.4	2.4	3.0	4.4	9.5

Operational EPS

EUR million	Q2/2024	Q2/2023	H1/2024	H1/2023	2023
Profit for the review period to shareholders**	0.2	0.5	-1.0	0.7	1.3
Items affecting comparability	0.6	0.5	1.4	1.1	2.5
Operational profit for the review period to shareholders	0.8	1.0	0.4	1.8	3.7
Average number of outstanding shares, thousand	2,689	2,687	2,688	2,686	2,687
Operational EPS*	0.31	0.39	0.16	0.66	1.40

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

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

Interest-bearing net debt

EUR million	Q2/2024	Q2/2023	H1/2024	H1/2023	Q4/2023
Long-term financial liabilities	33.4	34.8	33.4	34.8	34.0
Short-term financial liabilities	6.8	8.6	6.8	8.6	9.5
Interest-bearing receivables	1.0	0.0	1.0	0.0	1.0
Cash and cash equivalents	6.5	7.6	6.5	7.6	6.5
Interest-bearing net debt	32.7	35.7	32.7	35.7	36.0

Formulas for calculating key indicators

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

TABLES January 1 to June 30, 2024, Accounting principles of the half-year report

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

CONSOLIDATED INCOME STATEMENT (MEUR)	Q2 2024	Q2 2023	H1 2024	H1 2023	Q1-Q4 2023
Net sales	33.8	42.3	66.4	83.3	161.3
Other operating income	0.5	0.2	0.6	0.3	0.9
Materials and services	-23.7	-31.4	-47.0	-61.7	-117.5
Employee benefit expenses	-5.6	-5.8	-11.6	-11.6	-23.0
Depreciation, amortization and impairment losses	-1.4	-1.3	-2.8	-2.6	-5.4
Other operating expenses	-2.0	-2.4	-4.5	-4.8	-10.3
Profit/loss from associated companies	0.1	0.1	0.2	0.1	0.3
EBIT	1.6	1.7	1.2	3.1	6.3
Financial income	0.1	0.1	0.2	0.1	0.2
Financial expenses	-0.7	-0.7	-1.4	-1.4	-3.0
Profit before taxes	1.0	1.1	0.0	1.9	3.5
Income taxes	-0.2	-0.1	-0.1	-0.3	-0.7
Profit for the period	0.8	1.0	0.0	1.5	2.8
Allocated to					
Shareholders of the parent company	0.7	0.8	-0.1	1.3	2.6
Minorities	0.1	0.2	0.1	0.2	0.3
EPS (undiluted) EUR	0.09	0.18	-0.36	0.25	0.47
EPS (diluted) EUR	0.09	0.18	-0.36	0.25	0.47
Items of the comprehensive income statement (MEUR)					
Items that may be reclassified subsequently to profit or loss:					
Translation differences from foreign units	0.2	-0.5	-0.2	-0.7	0.0
Other comprehensive income items after taxes in the review period	0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the period	1.0	0.5	-0.3	0.8	2.9
Allocated to					
Shareholders of the parent company	0.9	0.4	-0.4	0.7	2.6
Minorities	0.1	0.1	0.1	0.1	0.3
Number of outstanding shares (thousand)	2,689	2,687	2,688	2,686	2,687
Outstanding shares at the end of the period	2,690	2,687	2,690	2,687	2,687
Number of shares (thousand)	2,701	2,701	2,701	2,701	2,701

CONSOLIDATED BALANCE SHEET (MEUR)	June 30, 2024	June 30, 2023	December 31, 2023
ASSETS			
Non-current assets			
Intangible capital assets	9,2	8,1	10,0
Goodwill	42,3	38,5	42,4
Property, plant and equipment	9,9	10,0	10,7
Other financial assets	1,3	0,3	1,3
Investments in associates	1,1	1,0	1,0
Deferred tax assets	0,1	0,1	0,1
Total non-current assets	63,9	57,9	65,6
Current assets			
Inventories	27,3	32,9	31,0
Accounts receivable and other receivables	15,7	21,1	16,4
Cash and cash equivalents	6,5	7,6	6,5
Total current assets	49,5	61,7	54,0
TOTAL ASSETS	113,4	119,6	119,6
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Owner's equity			
Share capital	2,5	2,5	2,5
Other committed capital	0,1	0,1	0,1
Hybrid loan	24,0	20,0	20,0
Reserve for invested unrestricted equity	5,1	5,1	5,1
Retained earnings	11,9	11,4	11,0
Profit for the period	-0,1	1,3	2,6
Total	43,4	40,4	41,1
Minority interest	1,4	1,4	1,5
Non-current liabilities			
Financial liabilities	33,4	34,8	34,0
Deferred tax liabilities	2,3	2,1	2,5
Provisions	0,0	0,0	0,0
Trade and other payables	0,2	2,0	2,0
Total non-current assets	35,9	39,0	38,5
Current liabilities			
Trade and other payables	25,9	30,3	28,8
Provisions	0,0	0,0	0,1
Financial liabilities	6,8	8,6	9,5
Total current liabilities	32,7	38,8	38,4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	113,4	119,6	119,6

CONSOLIDATED CASH FLOW STATEMENT (MEUR)	Jan. 1–Jun. 30, 2024	Jan. 1–Jun. 30, 2023	Jan. 1–Dec. 31, 2023
Cash flow from operating activities			
Profit before taxes	0.0	1.9	3.5
Non-cash transactions			
Depreciation, amortization and impairment losses	2.8	2.6	5.4
Net financial items	1.2	1.2	2.8
Share of associated companies' result, net	-0.1	0.0	-0.1
Increase (-)/decrease (+) in inventories	3.5	-0.4	2.6
Increase (-)/decrease (+) in current assets	1.0	2.2	6.4
Increase (+)/decrease (-) in current liabilities	-2.6	-1.0	-6.0
Net financial items	-1.2	-1.0	-2.6
Paid taxes	-0.5	-0.9	-0.5
Other adjustments	0.0	0.0	0.0
Net cash flow from operating activities	4.2	4.6	11.6
Cash flow from investment activities			
Investments in intangible and tangible assets	-0.7	-0.8	-2.3
Acquisition	-1.2	-5.0	-9.2
Divestments	0.0	0.2	0.2
Proceeds from sale of property, plant and equipment	0.0	0.1	0.5
Net cash flow from investments	-1.9	-5.6	-10.7
Financial cash flow			
Share issue	0.0	0.0	0.0
Repayments of loans	-4.7	-6.6	-9.2
Loan withdrawals	0.8	4.5	4.6
Transaction costs of share issue	0.0	0.0	0.0
Withdrawal of hybrid loan, net	4.0	0.0	0.0
Interest rate and expenses on hybrid loan	-2.3	-1.6	-1.6
Dividends paid	-0.1	-0.8	-1.4
Net cash flow from financing	-2.3	-4.5	-7.6
Change in cash and cash equivalents			
Cash and cash equivalents Jan 1	6.5	13.2	13.2
Impact of exchange rate fluctuations and consolidation	0.0	-0.1	0.0
Cash and cash equivalents Jun. 30	6.5	7.6	6.5

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(MEUR)**

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						-0.1	0.1	0.0
Translation differences		0.0		-0.3		0.0	0.0	-0.2
Share issue								0.0
Costs related to share issue								0.0
Share repurchases								0.0
Withdrawal of hybrid loan					4.0			4.0
Share incentives						0.1		0.1
Interest rate and borrowing costs of the hybrid loan						-1.4		-1.4
Dividends paid							-0.1	-0.1
Other change						0.0		0.0
Equity								0.0
Jun. 30, 2024	2.5	0.1	5.1	-1.2	24.0	13.0	1.4	44.9
2023	Share capital	Contingency reserve	Reserve for invested unrestricted equity	Translation difference	Hybrid loan	Retained earnings	Minority interest	Total
Equity								
Dec. 31, 2022	2.5	0.1	4.7	-1.0	20.0	14.1	1.4	41.8
Profit/loss for the period						2.6	0.3	2.8
Translation differences		0.0		0.0		0.0	0.0	0.0
Share issue			0.4					0.4
Costs related to share issue								0.0
Share repurchases								0.0
Withdrawal of hybrid loan								0.0
Share incentives						0.1		0.1
Interest rate and borrowing costs of the hybrid loan						-1.3		-1.3
Dividends paid						-1.2	-0.2	-1.4
Other change						0.1		0.1
Equity								0.0
Dec. 31, 2023	2.5	0.1	5.1	-1.0	20.0	14.5	1.5	42.6

**SEGMENT INFORMATION
(MEUR)**

	1-6/2024	Electronics	Technical Trade	Group functions	Intra- segment	Total
Net sales		26.1	40.3	0.0		66.4
Share of associated companies' profit or loss		0.2	0.0	0.0		0.2
Depreciation		-1.1	-1.7	0.0		-2.8
EBIT		0.9	1.4	-1.0		1.2
Financial income		0.1	0.0	0.5	-0.4	0.2
Financial expenses		-0.2	-0.6	-1.1	0.4	-1.4
Profit before taxes		0.8	0.8	-1.6		0.0
Balance sheet assets		65.6	67.9	0.0	-20.1	113.4
Balance sheet liabilities		-36.0	-52.6	0.0	20.1	-68.5
Investments		0.4	0.3	0.0		0.7
Personnel at end of the period		130	193	7		330

**SEGMENT INFORMATION
(MEUR)**

	1-6/2023	Electronics	Technical Trade	Group functions	Intra- segment	Total
Net sales		31.0	52.2	0.0		83.3
Share of associated companies' profit or loss		0.1	0.0	0.0		0.1
Depreciation		-1.0	-1.6	0.0		-2.6
EBIT		1.6	2.6	-1.1		3.1
Financial income		0.1	0.0	0.3	-0.3	0.1
Financial expenses		-0.1	-0.4	-1.1	0.3	-1.4
Profit before taxes		1.6	2.3	-2.0		1.9
Balance sheet assets		55.2	74.5	0.0	-10.1	119.6
Balance sheet liabilities		-42.9	-45.0	0.0	10.1	-77.8
Investments		0.0	0.8	0.0		0.8
Personnel at end of the period		130	204	6		340

OFF-BALANCE SHEET CONTINGENT LIABILITIES (MEUR)			
	June 30, 2024	June 30, 2023	December 31, 2023
Liabilities			
Unused overdraft limit	7.3	6.2	6,3
Total liabilities	7.3	6.2	6,3
Collateral given			
Real estate mortgages	0.0	0.0	0,0
Enterprise mortgages	71.5	71.5	71.5
Pledged securities	0.0	0.0	0.0
Guarantees	4.1	1.1	3.8
Total guarantees	75.6	72.6	75.3

The company has a derivative liability arising from interest rate hedging the fair value of which was EUR 0.3 million on June 30, 2024. The change in fair value has been recognized in financial items as profit or loss.

Briefing for investors, analysts and media

A webcast where CEO Kari Nerg and CFO Aku Rumpunen present the half-year report will be held today, August 7, 2024, at 11:00 EEST. The presentation is in English and questions can be asked after the presentation. The presentation material is available before the webcast on Boreo's website: www.boreo.com/investors.

You can watch the webcast at: <https://boreo.videosync.fi/q2-2024>.

The event will be recorded and the recording will be available after the event at: www.boreo.com/investors.

Boreo Plc' financial reporting in 2024:

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

Vantaa, August 07, 2024

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Boreo in brief:

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

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

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