



BOREO

BUILDING A LONG-TERM SUSTAINABLE COMPANY

AGM | CEO'S STATEMENT | APRIL 2024



BOREO TODAY

A LONG-TERM OWNER OF GREAT ENTREPRENEURIAL COMPANIES

161M€

NET SALES 2023



9.5M€ (5.9%)

OPERATIONAL EBIT 2023



341

EMPLOYEES

21

COMPANIES



Map excluding USA

ROCE 11.0%

FROM 10.4% IN 2022
ROTWC 30.3% (26.7% IN 2022)



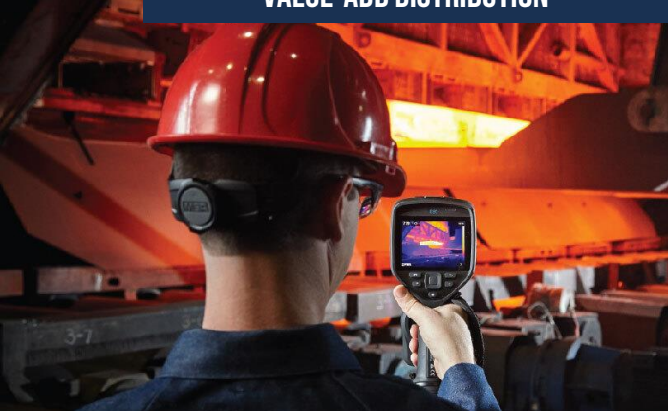
2.5X

LEVERAGE 2023



DIFFERENTIATED INDUSTRIAL ASSET-LIGHT BUSINESSES

VALUE-ADD DISTRIBUTION



LIGHT MANUFACTURING & ASSEMBLY



PRODUCT COMPANIES



BUSINESS MODEL



CAPABLE & COMMITTED LEADERSHIP TEAM

BOARD OF DIRECTORS





SIMON HALLQVIST,
CHAIRMAN

 1,914,582 shares





CAMILLA GRÖNHOLM,
CHAIR OF REMCO

 818 shares





JOUNI GRÖNROOS,
CHAIR OF AUDIT COMMITTEE

 974 shares





RALF HOLMLUND,
BOARD MEMBER

 1,785 shares




MICHAELA VON WENDT, BOARD MEMBER

 701 shares



NOORA NEILIMO-KONTIO, BOARD MEMBER

 245 shares

MANAGEMENT TEAM



KARI NERG
CEO

 42,138 shares



AKU RUMPUNEN
CFO

 24,000 shares



MARI KATARA
SVP, PEOPLE & SUSTAINABILITY

 5,100 shares



TOMI SUNDBERG
SVP, HEAD OF EBA

 5,728 shares



JESSE PETÄJÄ
SVP, M&A & CO-HEAD TTBA

 14,560 shares



RICHARD KARLSSON
SVP, CO-HEAD TTBA

 24,916 shares

COMPANIES



YLEISELEKTRONIIKKA
TOMI SUNDBERG



SIGNAL SOLUTIONS NORDIC
TONY AALTONEN



MACHINERY
SILJA FRIGÅRD



FILITERIT
JOONAS KORHIAKOSKI



LACKMÄSTARN
RICHARD KARLSSON



YE INTERNATIONAL AS
LAURI EBBERT



INFRADEX
JUSSI AROLA



MACHINERY
JUHA-PEKKA HONKANEN



TORNOKONE
KAJ JÄRVINEN



ESKP
JARMO SEPPÄLÄ



YE INTERNATIONAL SIA
AIVARS LATKOVSKIS



MILCON
HERMANNI LEHTOMÄKI



MUOTTIKOLMIO
MIKKO AALTO



PM NORDIC
MATTIAS EDVARDSSON



UAB YE INTERNATIONAL
ANDREJ KOLOBOV



DELFIN TECHNOLOGIES
JOUNI NUUTINEN



PROMIUS
KARI LEHTOMAA



HM NORDIC
MIHKEL TASA



NORETRON COMPONENTS
JUHA-PEKKA TIAINEN



DELFIN TECHNOLOGIES
JAAKKO HÄMÄLÄINEN



J-MATIC
JARKKO LAUKKANEN



FLOBY NYA BILVERKSTAD
RICHARD KARLSSON

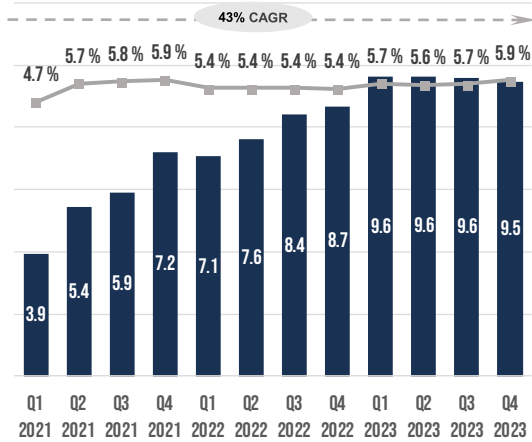


FINANCIAL PERFORMANCE

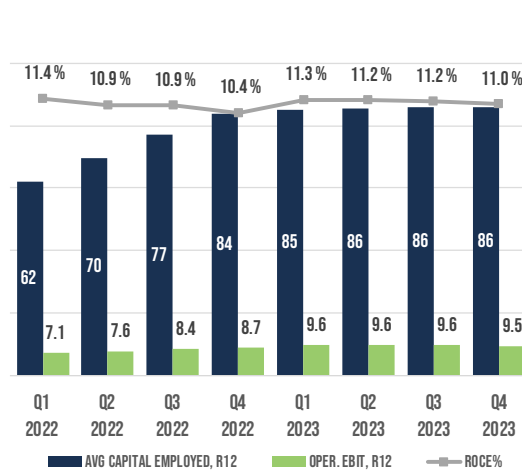
WORK TO DO TO REACH STRATEGIC TARGETS

AFTER 3-YEARS OF SIGNIFICANT EARNINGS GROWTH, SLOW-DOWN OF GROWTH IN 2023

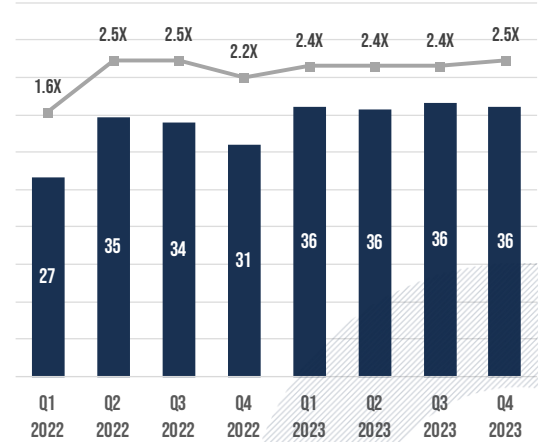
OPERATIONAL EBIT (€) & EBIT%, R12



ROCE%



NET DEBT/OPERATIONAL EBITDA



Q423

+8%*

(15%)
MINIMUM ANNUAL AVERAGE
OPERATIONAL EBIT GROWTH

11.0%

(15%)
MINIMUM
OPERATIONAL
ROCE

2.5X

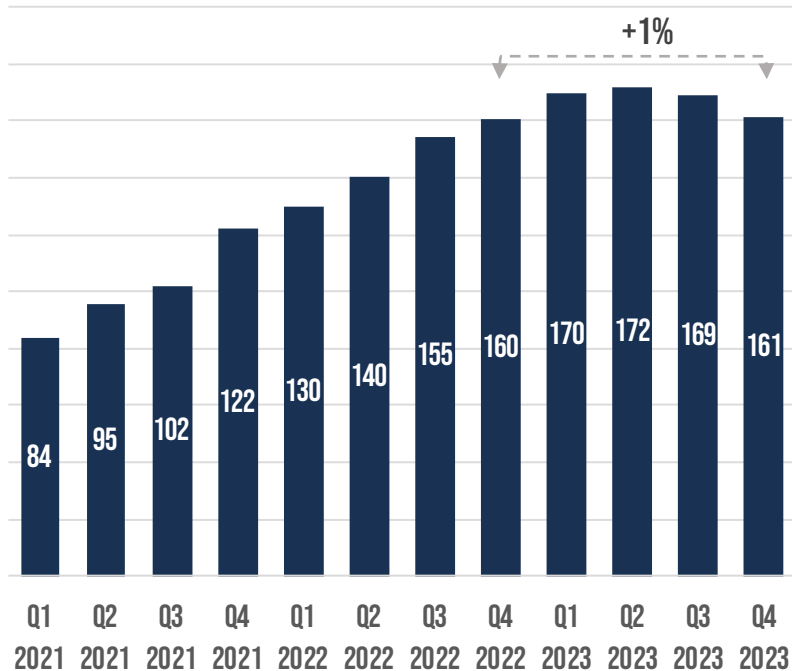
(2-3X)
NET DEBT /
OPERATIONAL EBITDA

Notes: Figures adjusted for continued operations and * R12 ending 31.12.2023

PROFIT GROWTH SLOWED DOWN IN 23 DUE TO PRESSURE ON SALES

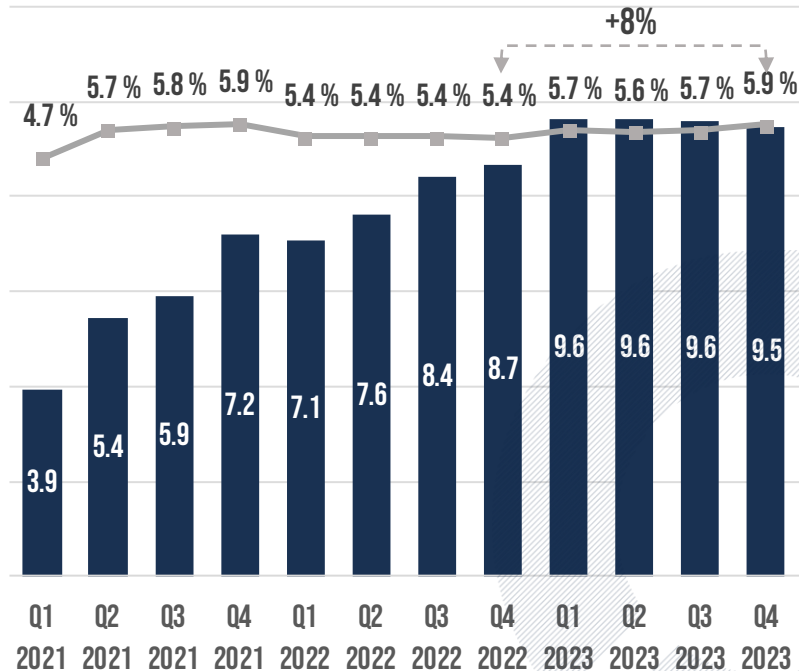
GROWTH OF EBIT BY 8% IN 2023 DESPITE FLAT SALES

NET SALES, R12 *



OPERATIONAL EBIT & EBIT%, R12 *

STR TARGET > 15% P.A.

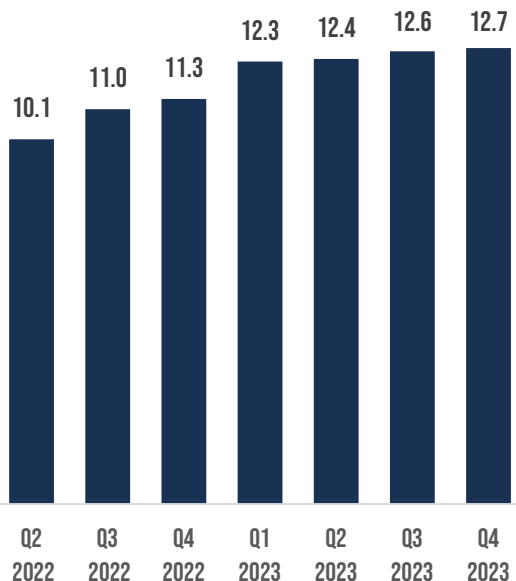


*Adjusted for continued operations

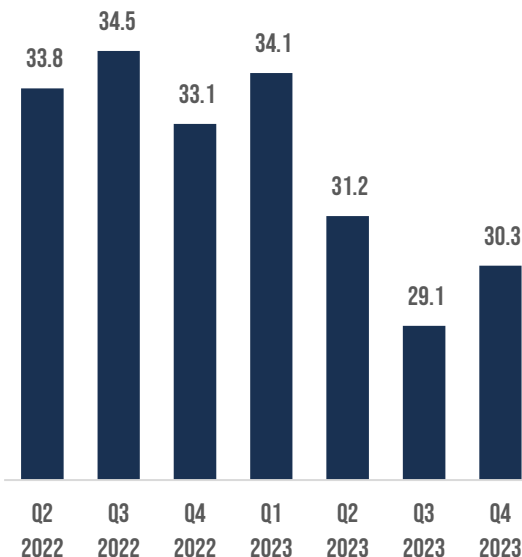
STRONG CASH FLOW GENERATION

SUPPORTED BY SUCCESSFUL MANAGEMENT OF WORKING CAPITAL

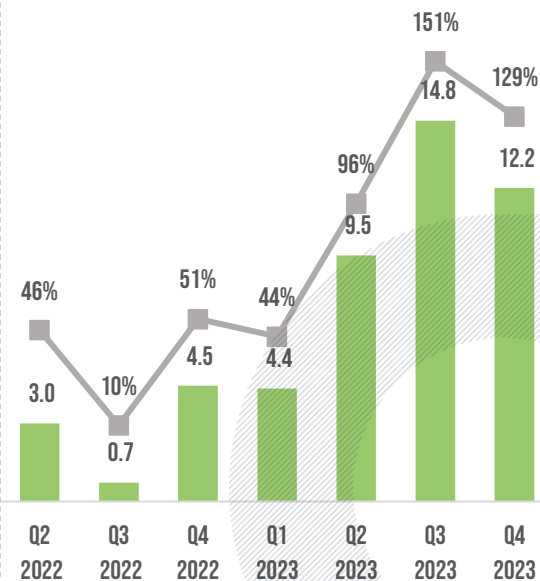
OPERATIONAL EBITDA, R12¹



TRADE WORKING CAPITAL²



CASH FLOW (R12) AND CASH CONVERSION, % (R12)³



1. R12 operational EBITDA

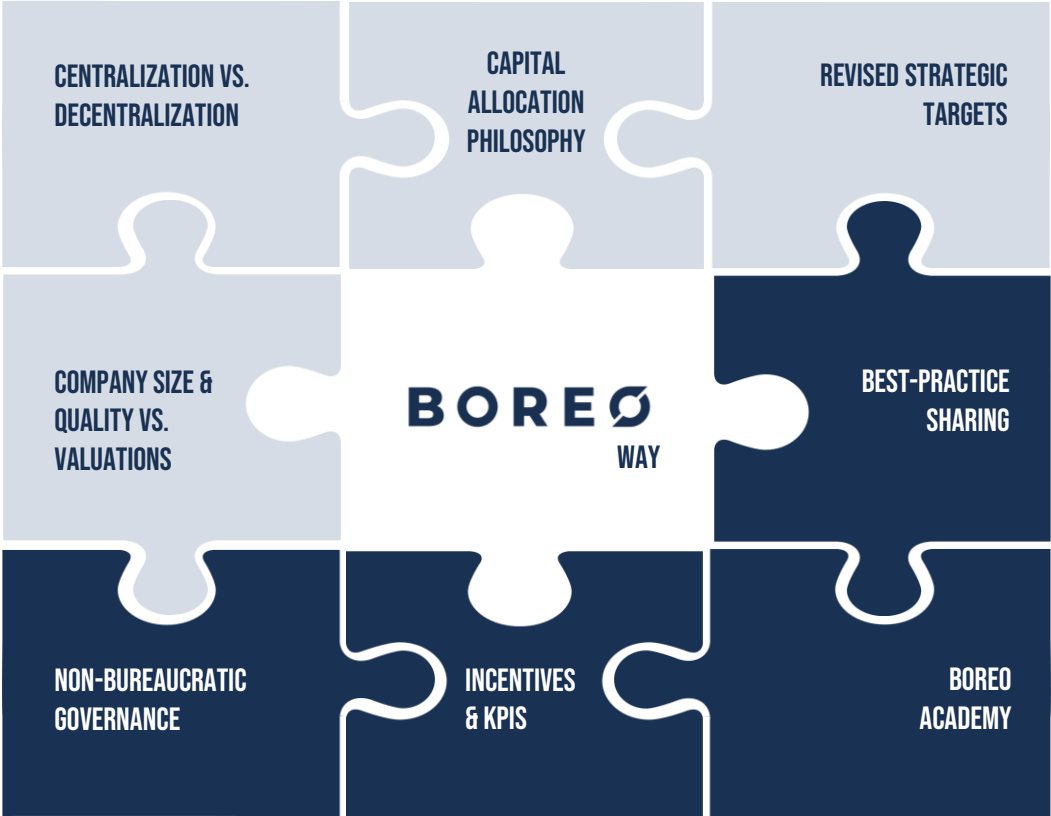
2. R12 Trade working capital

3. Cash conversion = cash flow / (EBITDA – IFRS16 expenses), where Cash Flow = Operational net cash flow + paid interest – organic Capex



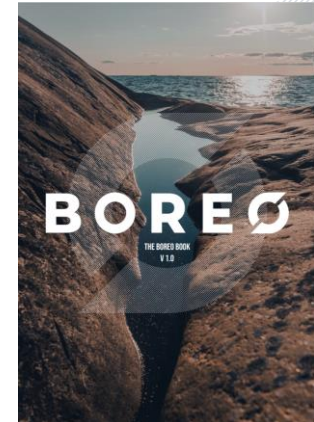
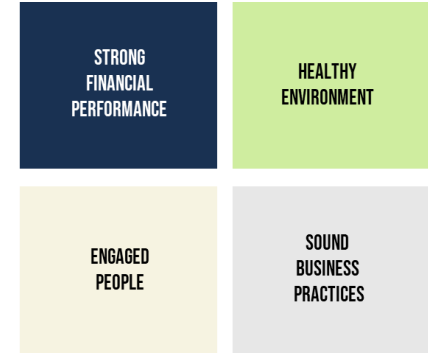
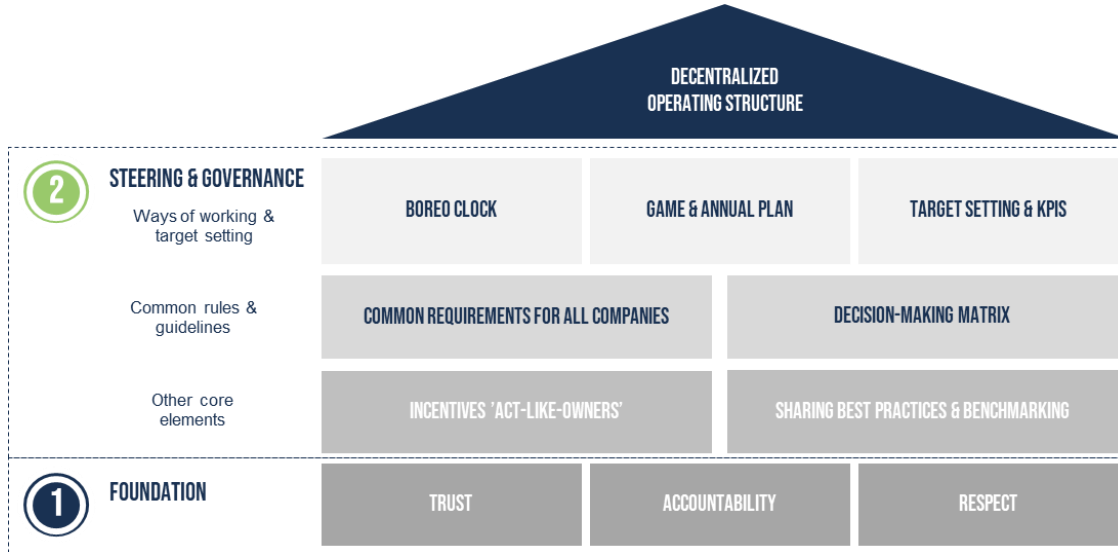
REFLECTIONS ON BUSINESS MODEL & STRATEGY

GRADUAL STEPS TAKEN TO CRYSTALLIZE THE BUSINESS MODEL



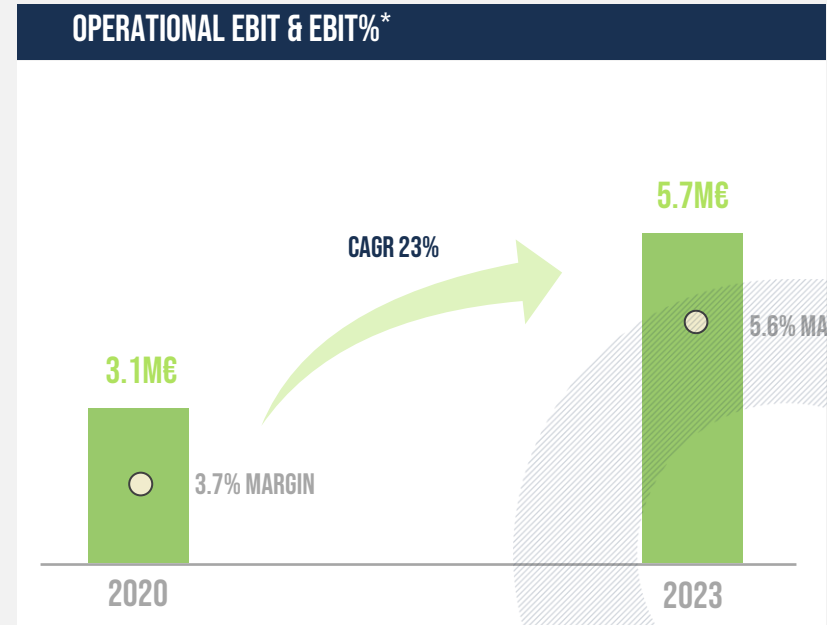
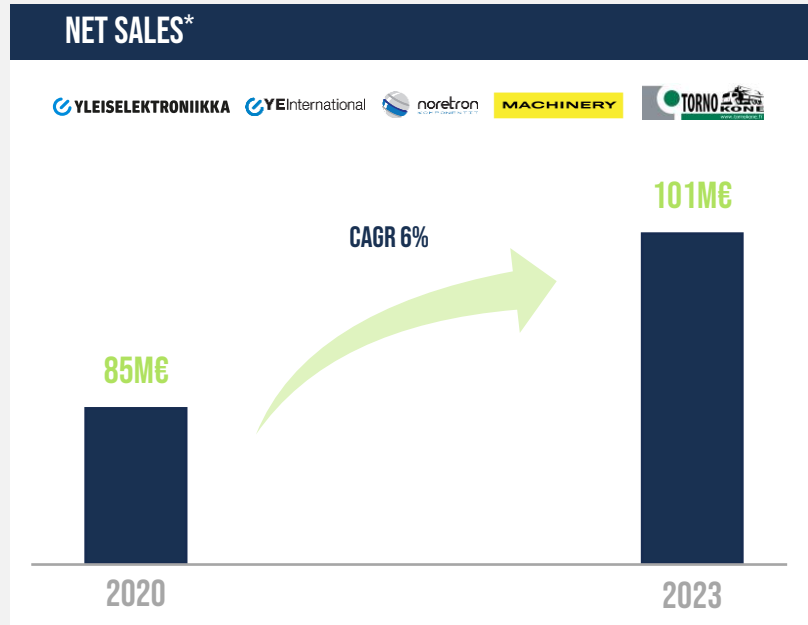
BOREO

TODAY, A WELL-FUNCTIONING DECENTRALIZED OPERATING STRUCTURE



POSITIVE DEVELOPMENT OF THE LEGACY PORTFOLIO

PERFORMANCE OF THE “PRE-BOREO ERA” BUSINESSES DEMONSTRATE OUR ABILITY TO BE A GOOD OWNER



*Performance of companies which were part of the Group before Q320, local GAAP. To account for COVID-19 impacts in Machinery, the starting point in 2020 for sales and operational EBIT calculated as the average of years 2020-2021. Without the adjustments, CAGRs for sales and EBIT are 8% and 49%, respectively.

ACQUISITION RETURNS TEMPORARILY BELOW EXPECTATIONS

REALIZED RETURNS BASED ON 2023 PERFORMANCE BELOW THE EXPECTED RETURNS OF C. 20%

~50M€ INVESTED

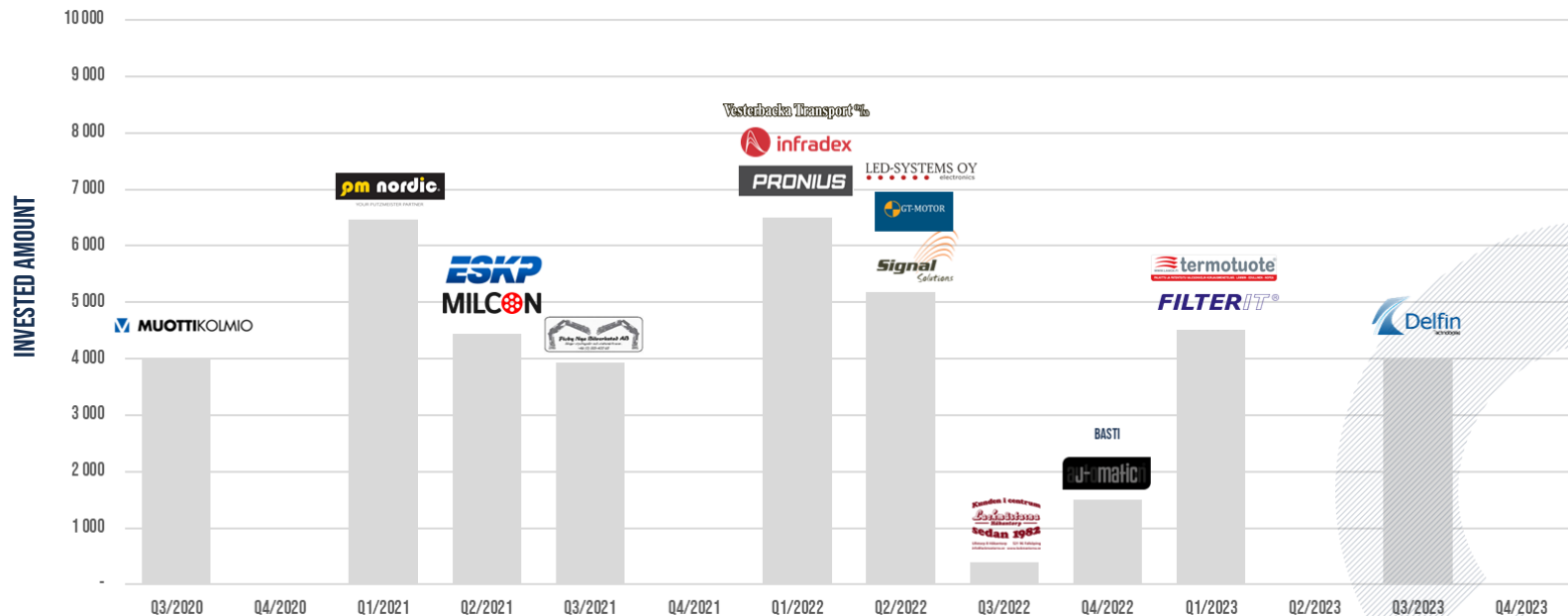
SINCE Q3 2020

HIGHER QUALITY COMPANIES

HIGH MARGINS & RETURNS ON CAPITAL

REASONABLE VALUATIONS

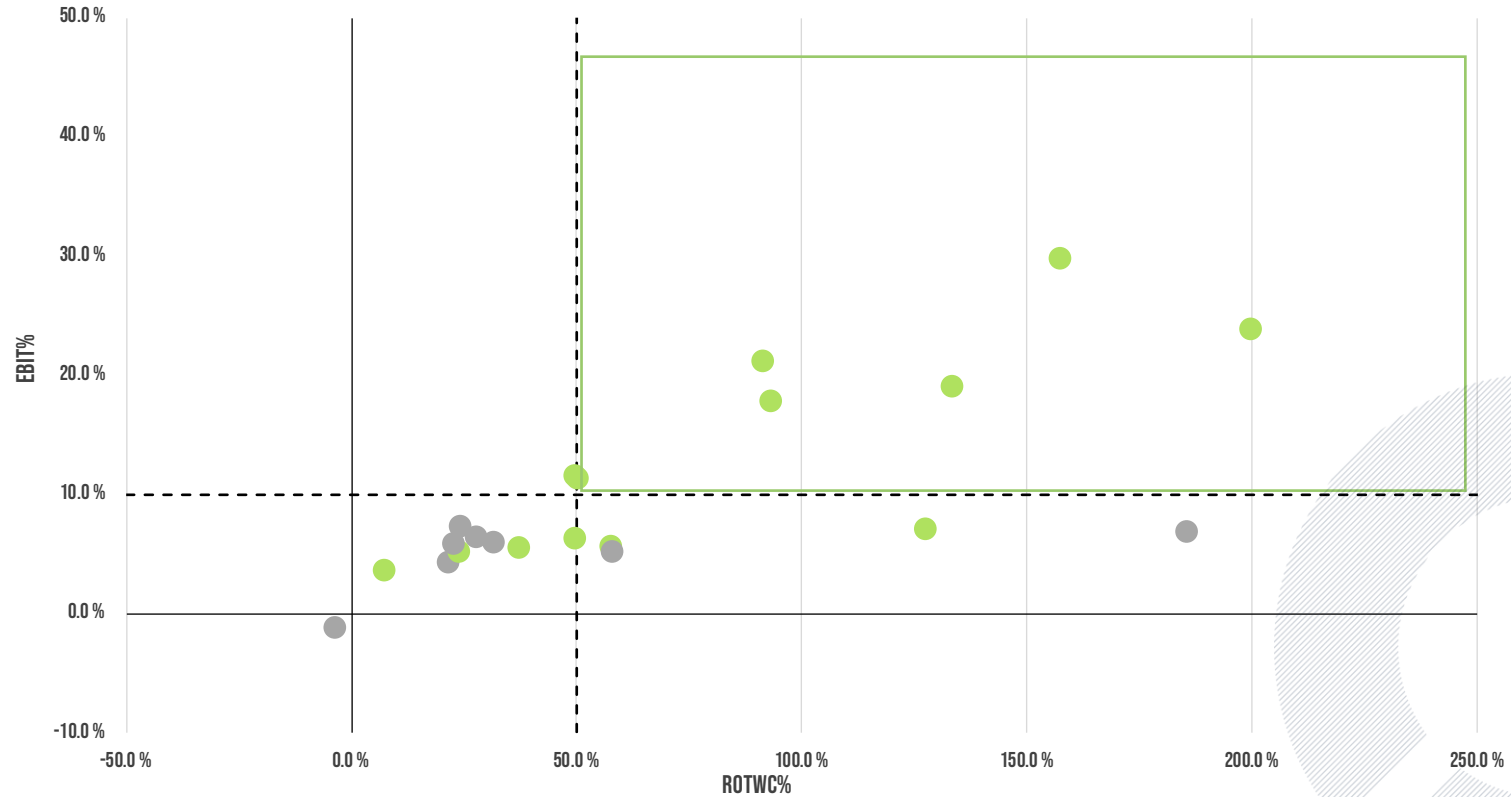
~5X EV/EBITDA WITH EARN-OUTS



Notes: Figures illustrating allocated capital at closing of acquisition, i.e. Enterprise value excl. earn-outs and delayed considerations

WORK TO DO IN IMPROVING THE QUALITY OF THE PORTFOLIO

LEGACY PORTFOLIO BELOW 50% ROTWC DESPITE THE POSITIVE DEVELOPMENT



Notes: Local GAAP figures as per Q423, local GAAP, R12



A VIEW AHEAD

THE VISION IS CLEAR

BOREO IS A LONG-TERM OWNER OF GREAT ENTREPRENEURIAL COMPANIES.

**THE COMPANIES GENERATE SUSTAINABLE EARNINGS GROWTH, HIGH RETURNS ON CAPITAL
AND STRONG CASH FLOWS.**

**THE COMPANIES ARE INDUSTRIAL VALUE-ADD DISTRIBUTORS, PRODUCT COMPANIES AND
SERVICE PROVIDERS.**

AND THE STRATEGIC TARGETS

BOREO'S LONG-TERM
STRATEGIC FINANCIAL TARGETS

1

MINIMUM ANNUAL
AVERAGE OPERATIONAL
EBIT GROWTH

15%



GROWTH OF
OPERATIONAL EBIT

SUSTAINABLE LONG-TERM PROSPECTS,
MARGIN & GROWTH TARGET DEFINED
COMPANY-BY-COMPANY

2

MINIMUM
ROCE

15%



RETURN ON TRADE
WORKING CAPITAL

+50%

3

LEVERAGE

2-3X

THE LONG-TERM TARGETS
FOR COMPANIES

HOW DO WE ACHIEVE PROFIT GROWTH & IMPROVE RETURNS?

SIGNIFICANT POTENTIAL IN EXISTING PORTFOLIO

1

ACQUISITIONS

OF COMPANIES WITH ABILITY TO
GENERATE EARNINGS GROWTH, STRONG
CASH FLOWS AND HIGH RETURNS

2

INVESTMENTS

IN THE GROWTH OF OUR COMPANIES WHICH
ALREADY EXCEED THE 50% ROTWC TARGET

3

RE-ORGANIZATIONS

IN COMPANIES OPERATING BELOW THE 50%
ROTWC-THRESHOLD (SHORT - TO MID-TERM)

If we are not convinced of the companies' ability to achieve the targets by 2026-2027, we are ready to consider structural actions for the companies.



BOREO

QUESTIONS?