

BOREO

MODERATE PROFITABILITY & STRONG CASH FLOW

Q223 WEBCAST | AUGUST 10, 2023



AGENDA

- Q2 2023 HIGHLIGHTS
 - Q2 2023 FINANCIALS
 - Q&A
- 

Q223 HIGHLIGHTS

MODERATE OPERATIONAL EBIT 5.6%

2.4m€ operational EBIT (Q222: 2.4m€)

Acquired growth +0.5m€
(Filterit, J-Matic, Lamox)

Organic growth -0.5m€ (SSN, FNB)

STRONG CASH GENERATION

Cash conversion** 165% (Q222: -47%)

ROCE at 11.2% (Q123: 11.3%)

ROTWC* at 29.0% (Q123: 28.4%)

STABLE LEVERAGE

Net debt / operational EBITDA 2.4x
(2.4x Q123)

8m€ increase to existing credit facilities

ACQUISITION OF DELFIN TECHNOLOGIES

Health technology company with high margins, strong returns on capital and attractive long-term growth opportunities

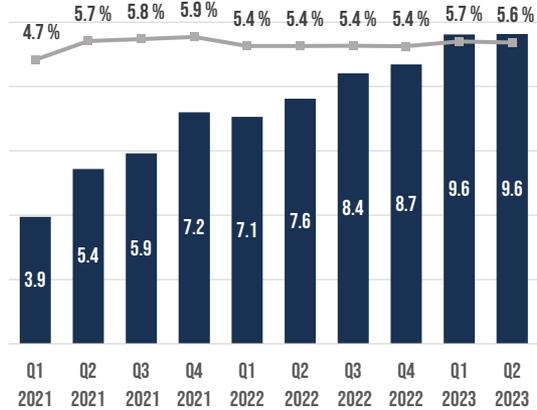
* ROTWC: Operational EBIT R12 / Average (trade) working capital R12

** Cash conversion: cash conversion before financing items, see for details in the quarterly report

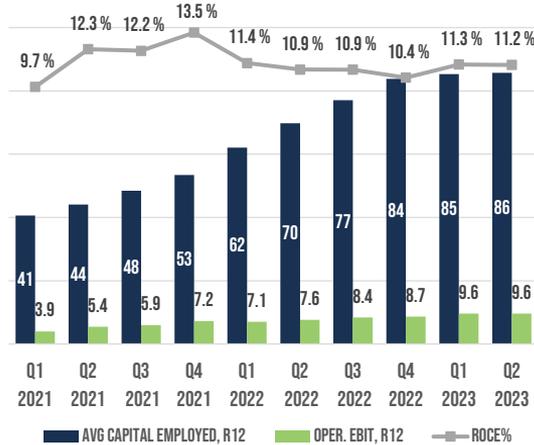
WE CONTINUE TO TREND IN THE RIGHT DIRECTION

R12 OPERATIONAL EBIT GROWTH 26% AND 27% IN H123

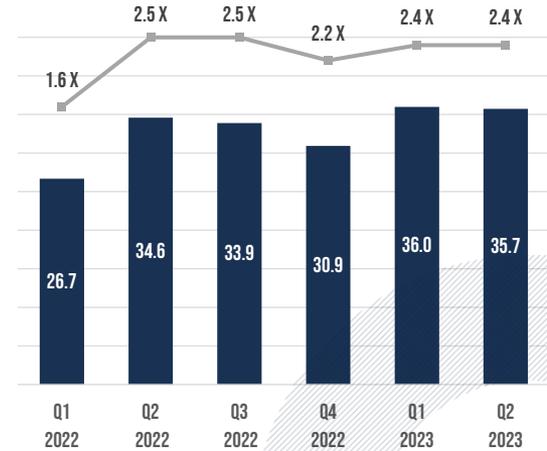
OPERATIONAL EBIT (€) & EBIT%, R12



ROCE%



NET DEBT/OPERATIONAL EBITDA



Q223

+26%*

(15%)
MINIMUM ANNUAL AVERAGE
OPERATIONAL EBIT GROWTH

11.2%

(15%)
MINIMUM
ROCE

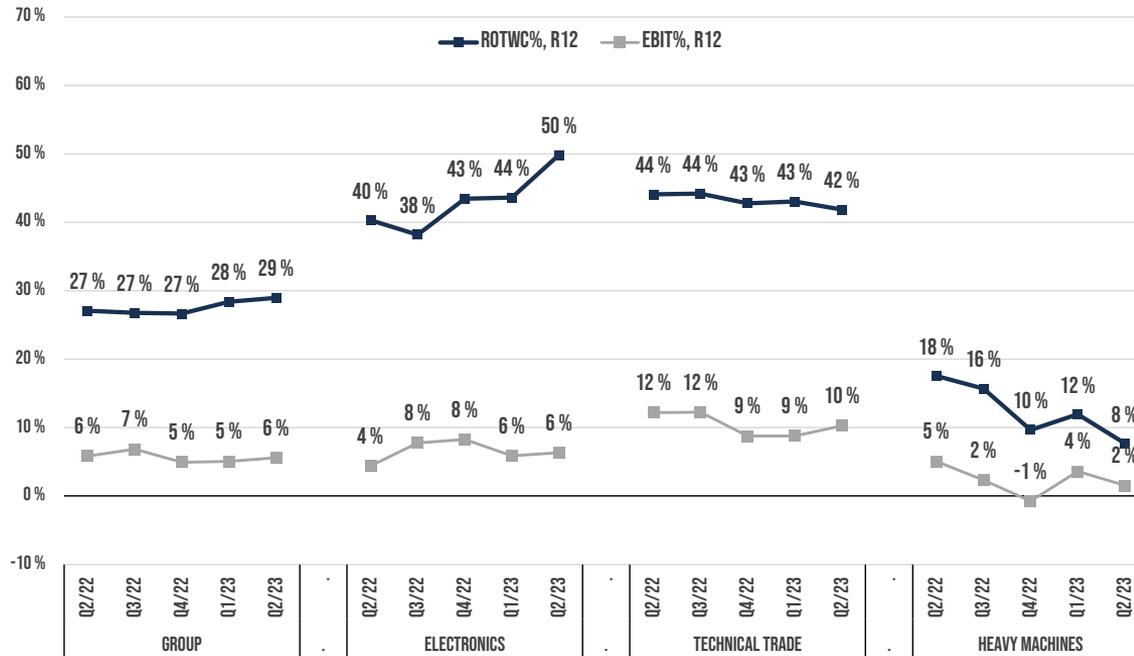
2.4X

(2-3X)
NET DEBT /
OPERATIONAL EBITDA

Notes: Figures adjusted for continued operations and * R12 ending 30.6.2023

MODERATE PROFITABILITY IMPACTED CAPITAL EFFICIENCY

WE ARE TAKING GOOD STEPS IN ROOTING THE EARNINGS GROWTH AND RETURN ON CAPITAL –MINDSET



COMMENTARY

Electronics BA

- Performance impacted negatively by SSN's challenging H123
- Good development in Baltics, in particular Latvia

Technical Trade BA

- Strong earnings generation in all companies
- Focus on releasing working capital at Machinery where targets for capital efficiency were not achieved

Heavy Machines BA

- Working capital release from SANY business in Finland & Sweden completed successfully
- Putzmeister with steady 5.1% operating result
- FNB with negative operating result in Q223 due to investments in production processes and new ERP implementation

Figures adjusted for continued operations

C. 43M€ DEPLOYED TO ACQUISITIONS DURING Q3/20-Q2/23

16 ACQUISITIONS

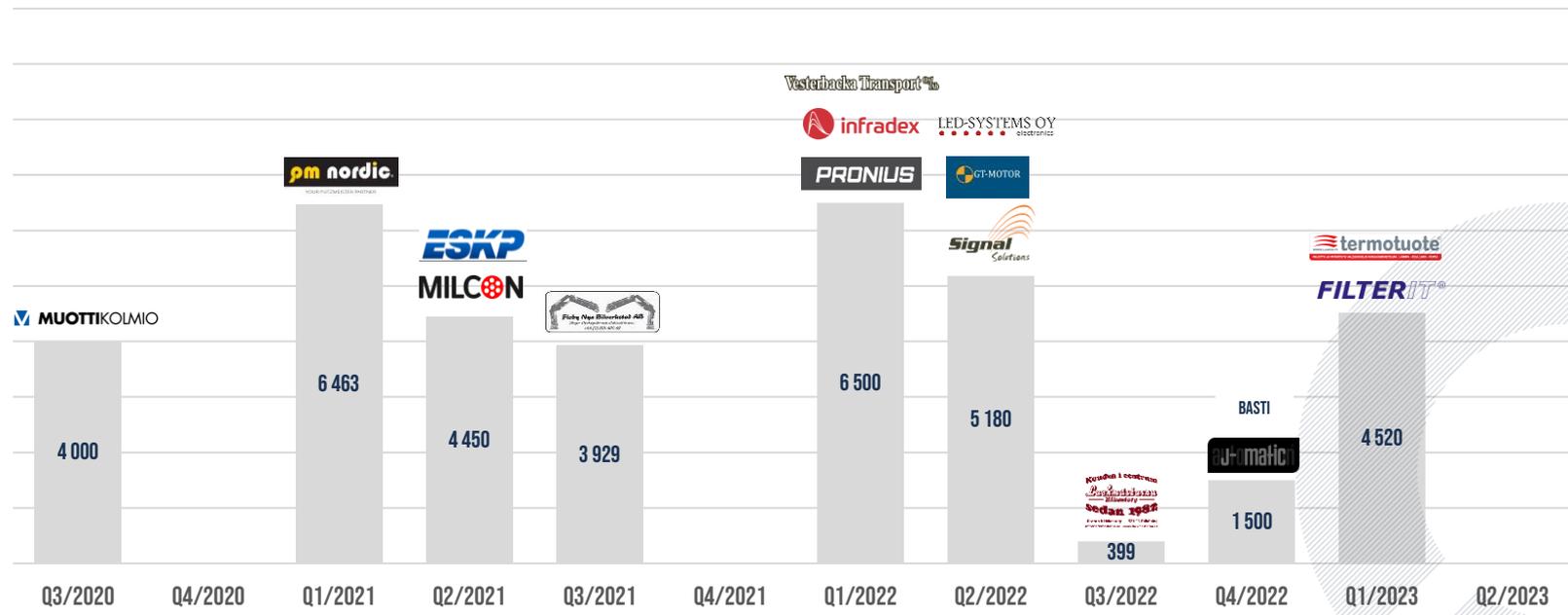
SINCE Q3 2020

ATTRACTIVE EXPECTED RETURNS

COMPANIES W/ HIGH MARGINS & RETURNS ON CAPITAL

~4.1X EV/EBITDA

~4.8X W/O EARN-OUTS



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

ACQUISITION OF DELFIN TECHNOLOGIES

A HEALTH TECHNOLOGY COMPANY THAT PRODUCES HAND-HELD SKIN AND EDEMA MEASUREMENT INSTRUMENTS



COMMENTARY

1

HIGH PROFITABILITY & RETURN ON CAPITAL

2.5m€ net sales, 50% EBIT, 2.8m€ total assets in FY2022

2

SUSTAINABLE LONG-TERM GROWTH PROSPECTS

Supported by the attractive positioning in the medical- and cosmetics device markets and approvals for clinical use in the US and in EU

3

ENTRY TO MEDTECH SECTOR

Result of proprietary sourcing work completed
In-house resources with strong expertise in the sector
Attractive area to pursue growth opportunities

PRODUCT OFFERING



Delfin Medical

Unique validated in vivo and in vitro technologies for assessing localized tissue water content and firmness in medical conditions affecting skin and subcutis



Delfin Beauty

Measure your cosmetic and pharmaceutical skin care products objectively. Use Delfin skin measurement instruments for claims validation and efficacy studies



A photograph of a fern frond in a forest. The frond is the central focus, showing its pinnate structure with many small leaflets. It is lit from the side, creating a strong highlight on its upper edge and casting the rest into shadow. The background is a dense forest of trees, with sunlight filtering through the canopy, creating a dappled light effect. The overall color palette is dominated by various shades of green and brown, with a bright white highlight on the fern's edge.

A VIEW AHEAD
SHORT- AND LONG-TERM
CONSIDERATIONS

SHORT-TERM CONSIDERATIONS

CHALLENGING BUSINESS ENVIRONMENT – CONFIDENCE IN OUR ABILITY TO CONTINUE TO IMPROVE RESULTS

1

**CONFIDENCE IN OUR ABILITY TO
DELIVER OVER 15% AVERAGE ANNUAL
OPERATIONAL EBIT GROWTH
IN THE FUTURE**

PROFIT GENERATION

- Increased signs of cooling down demand and a more challenging business environment in Q223 - especially in the construction industry
- Orderbooks continue to be mainly healthy
- Diversification across various industries & strong market positions of companies provide protection

2

**TARGET TO BRING WORKING CAPITAL
TOWARDS THE 25M€ MARK IN THE
COMING QUARTERS**

CAPITAL EFFICIENCY

- As of Q223 c. 31m€ of operative working capital at the balance sheet – positive trend since Q222
- The normal sustainable level of working capital for current group of companies c. 25m€
- Largest potential in Machinery, in focus group-wide

3

**TARGET TO PURSUE ACQUISITIONS WHEN
GREAT OPPORTUNITIES ARE AVAILABLE &
TO MAINTAIN SOLID FINANCIAL POSITION**

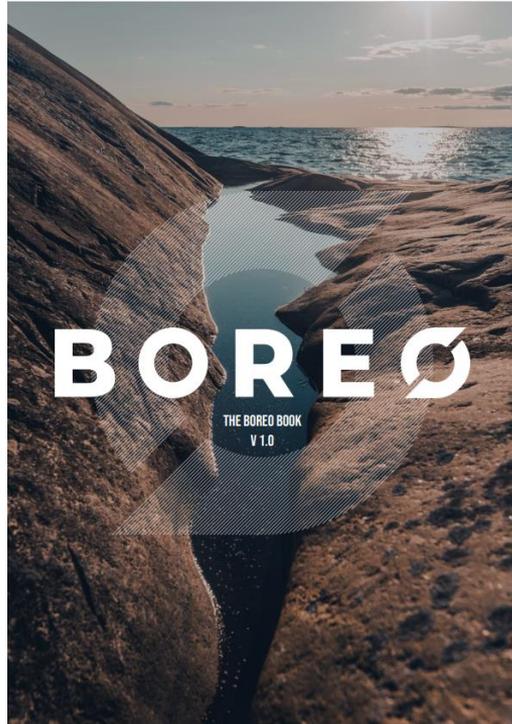
FINANCIAL POSITION

- Continuation of work to evaluate attractive acquisition opportunities
- Discipline with our target profile and acquisition criteria
- Stable financial position in line with recent history

FOCUS ON THE LONG-TERM

A SIMPLE ENOUGH OF A MANUAL SERVING AS THE BASIS FOR DEVELOPMENT OF THE FIRM

INTRODUCTION OF BOREO SERIES IN Q223 FOR PURPOSES OF DISCUSSING LONG-TERM COMPANY BUILDING



SUSTAINABLE LONG-TERM PROFIT GENERATION

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

Stable long-term owner of SMEs

Focus on small incremental improvements and continuous learning

BOREO
WAY



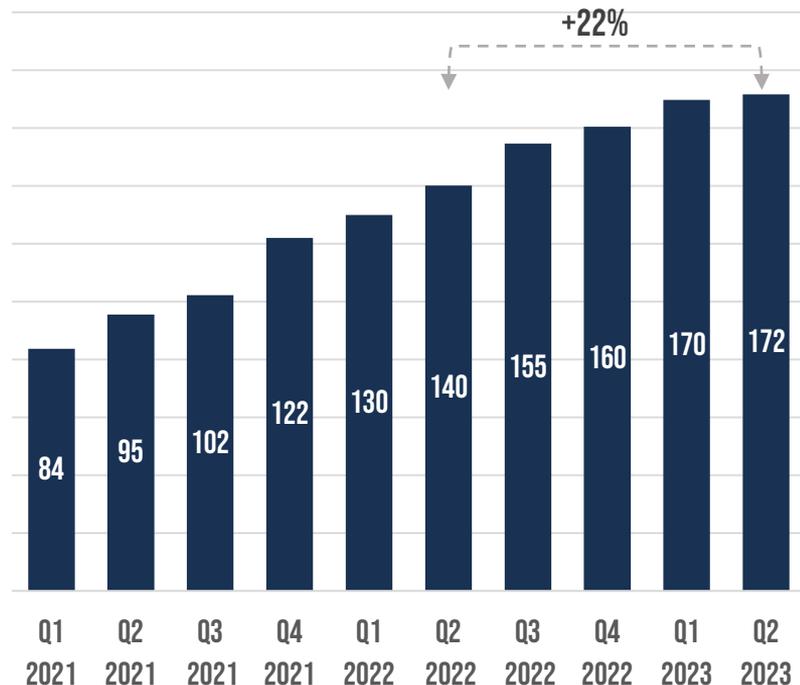
AGENDA

- Q2 2023 HIGHLIGHTS
 - Q2 2023 FINANCIALS
 - Q&A
- 

Q2 2023 | NET SALES & OPERATIONAL EBIT

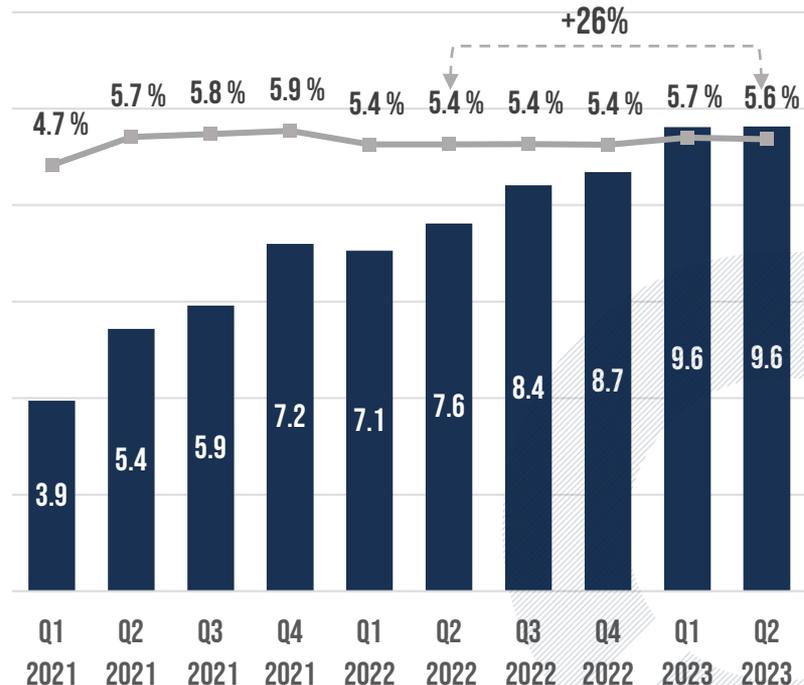
OPERATIONAL EBIT GROWTH CLEARLY ABOVE STRATEGIC TARGET

NET SALES, R12 *



OPERATIONAL EBIT & EBIT%, R12 *

STR TARGET > 15% P.A.

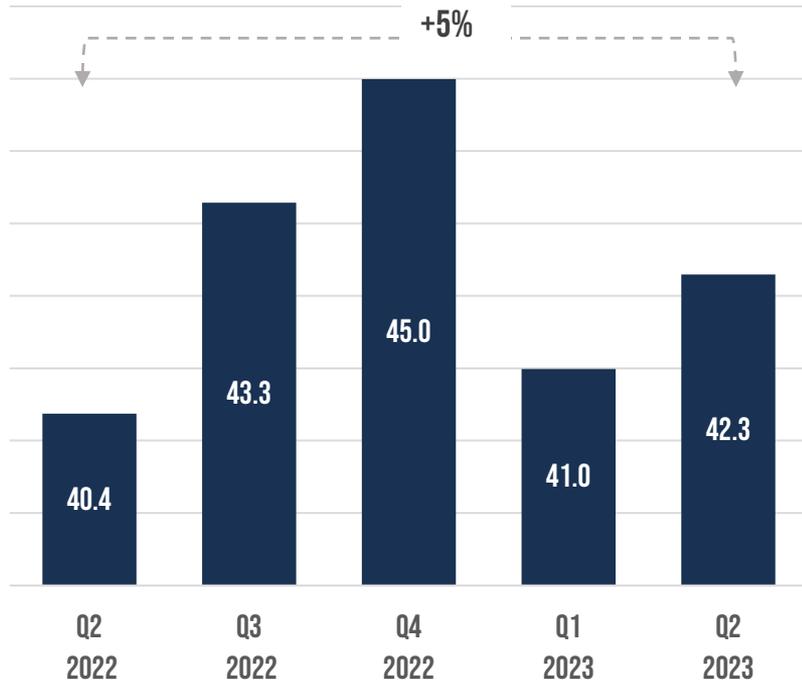


*Adjusted for continued operations

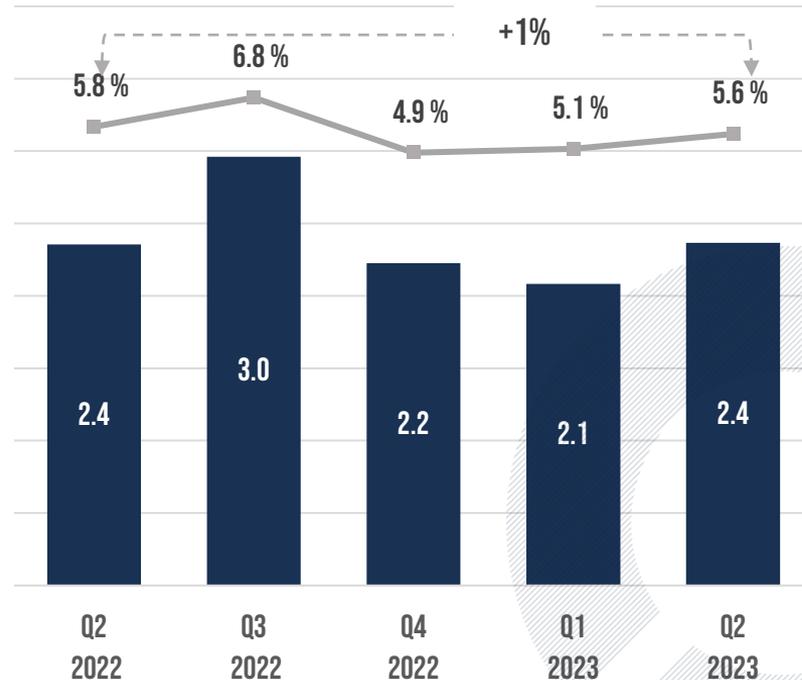
Q2 2023 | NET SALES & OPERATIONAL EBIT

MODERATE EARNINGS GROWTH AND PROFITABILITY

NET SALES *



OPERATIONAL EBIT & EBIT% *

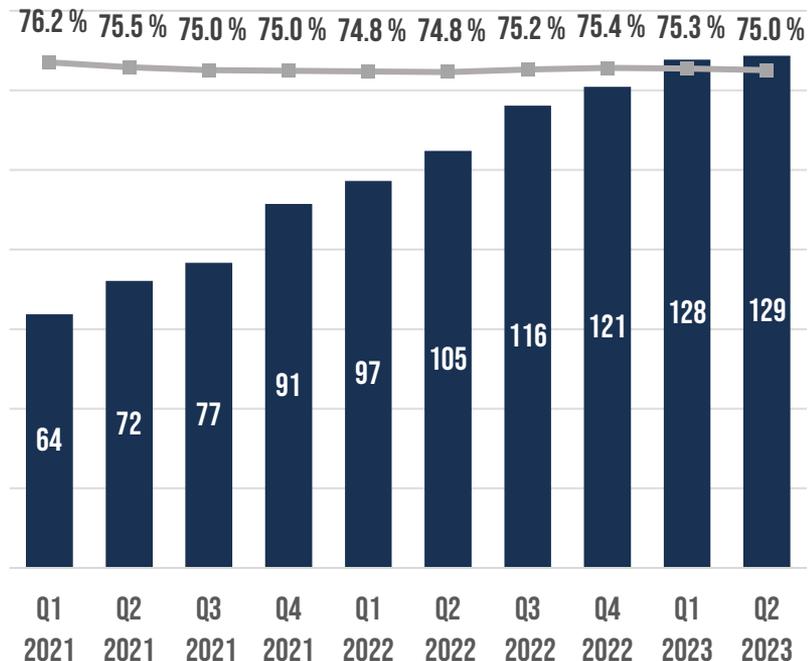


*Adjusted for continued operations

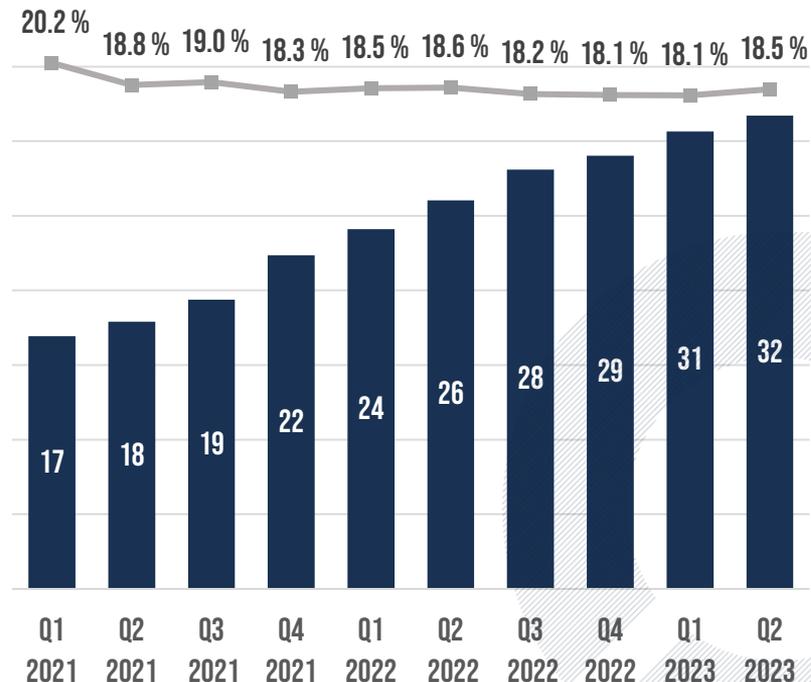
Q2 2023 | DIRECT COST RATIO AND INDIRECT COST RATIO

COST EFFICIENCY STABLE, THE SHARE OF GROUP ADMIN. COSTS TO SALES DECREASING

DIRECT COSTS (R12) AND DIRECT COST RATIO (%)



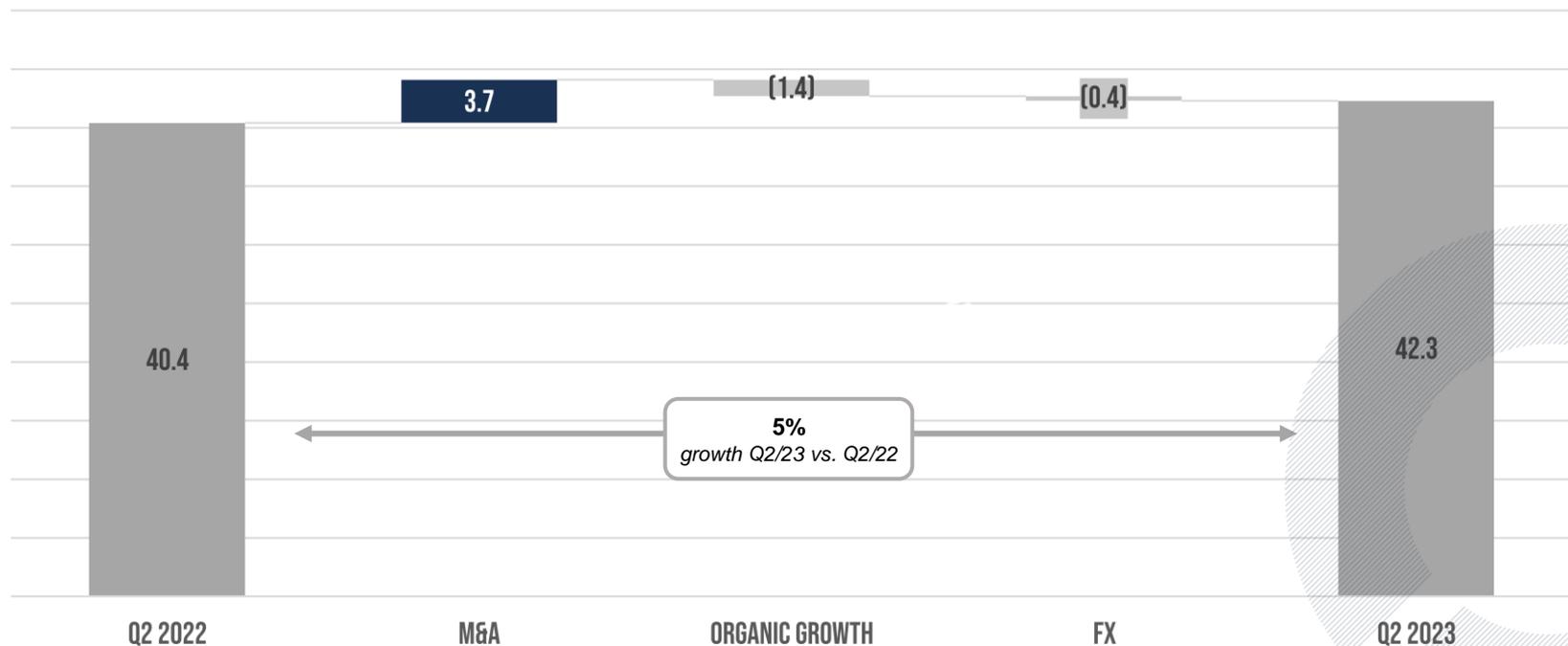
INDIRECT COSTS (R12) AND INDIRECT COST RATIO (%)



Q2 2023 | NET SALES GROWTH

SALES GROWTH CONTRIBUTED BY ACQUISITIONS, ORGANIC SALES DEVELOPMENT IMPACTED MAINLY BY SANY AND SSN

NET SALES GROWTH



Q2 2023 | EBIT GROWTH

EBIT GROWTH NEGATIVELY CONTRIBUTED BY ONE-OFF IN SANY AND OPERATIVE CHALLENGES IN SSN AND FNB BUSINESSES

EBIT GROWTH



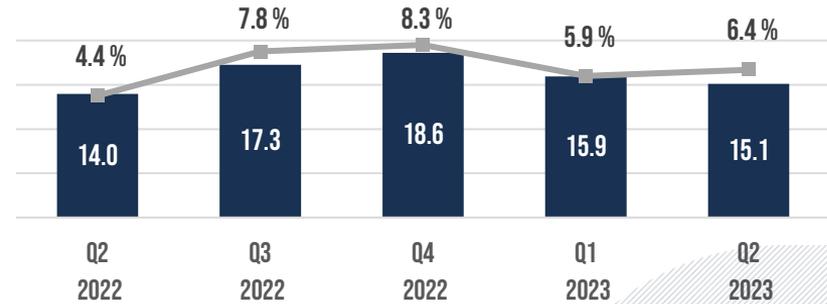
ELECTRONICS

OPERATIONAL EBIT AT 6.4%, POSITIVE DEVELOPMENT IN CAPITAL EFFICIENCY. OUTLOOK REMAINS STABLE

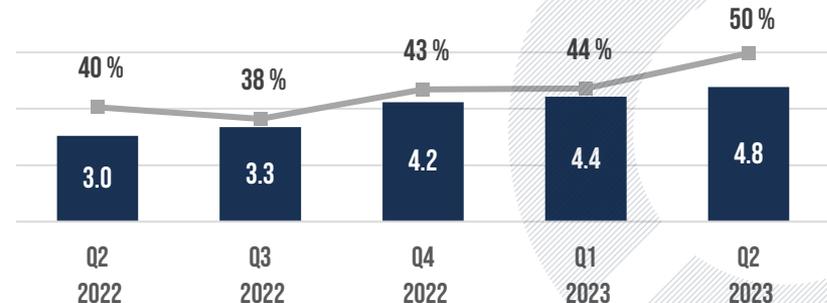
COMMENTS - Q2 2023

- Finnish operations (Yleiselektroniikka, Noretron, Milcon, Infradex, SSN)
 - Yleiselektroniikka's result slightly below comparison period. Short-term outlook remains stable
 - Noretron's performance below comparison period. Outlook remains stable
 - Strong performance by Milcon and Infradex. Short-term outlook positive
 - SSN's main customer continued to slow-down its R&D activities which significantly impacted the quarters' result
- Baltic operations (Estonia, Latvia, Lithuania)
 - Better than expected performance in the second quarter in terms of sales and profitability
- Capital efficiency
 - ROTWC% increased to 50% in Q2. Positive development of capital efficiency continued. Strong cash flow in the second quarter

NET SALES AND OPERATIONAL EBIT%



OPER. EBIT (R12) & ROTWC% (R12)



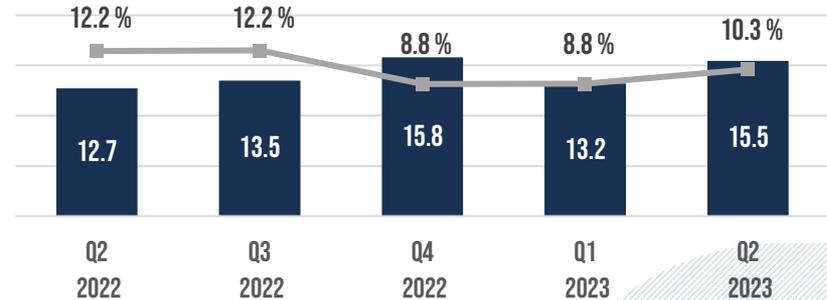
TECHNICAL TRADE

OPERATIONAL EBIT AT 10.3 % - STABLE OUTLOOK WITH HEAVY FOCUS ON IMPROVING CAPITAL EFFICIENCY

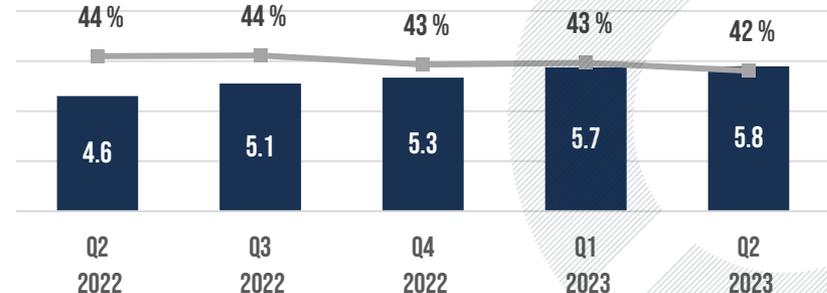
COMMENTS - Q2 2023

- Machinery Power
 - Strong operating profit above comparison period
 - Good order backlog supporting outlook
- Construction (Muottikolmio and Machinery's Construction equipment)
 - Performance in line with expectations
 - Challenging short-term outlook
- Metal machines (Pronius and Machinery's Metal Machines)
 - Pronius: performance in line with expectations. Stable outlook despite investment uncertainties
 - Metal Machines: operating profit below LY
- J-Matic & Filterit
 - Strong profitability in both businesses. Good outlook and foundation for long-term profit growth
- Capital efficiency
 - ROTWC decreased to 42 %. Heavy focus on improving capital efficiency – action plan in place, first impacts expected to materialize during H2

NET SALES AND OPERATIONAL EBIT%



OPER. EBIT (R12) & ROTWC% (R12)



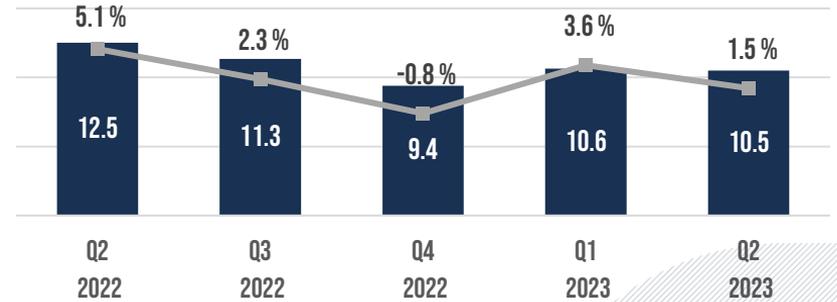
HEAVY MACHINES

EXIT FROM SANY OPERATIONS IN FINLAND AND SWEDEN COMPLETED, CAPITAL RELEASED IN Q2

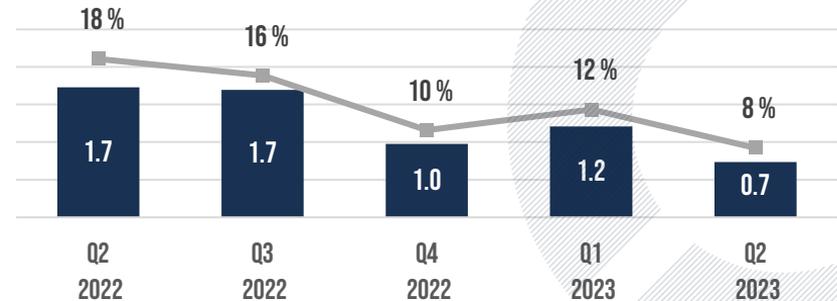
COMMENTS – Q2 2023

- Putzmeister business
 - Performance in line with LY and according to expectations
 - Orderbook is on a good level, especially in Sweden
- Sany business
 - Exit from Sany business in Finland and Sweden completed
 - EBIT was impacted by one-off cost EUR 0.2 million.
- FNB & Lackmästarn
 - FNB's net sales and profitability were weak due to investments in production processes and new ERP implementation, impacting negatively on deliveries
 - Material potential to improve performance and efficiency going forward
- Capital efficiency
 - Capital release from Sany operations amounted to EUR 1.8 million in Finland and Sweden. Capital efficiency is expected to improve in the future

NET SALES AND OPERATIONAL EBIT%



OPER. EBIT (R12) & ROTWC% (R12)



OTHER OPERATIONS

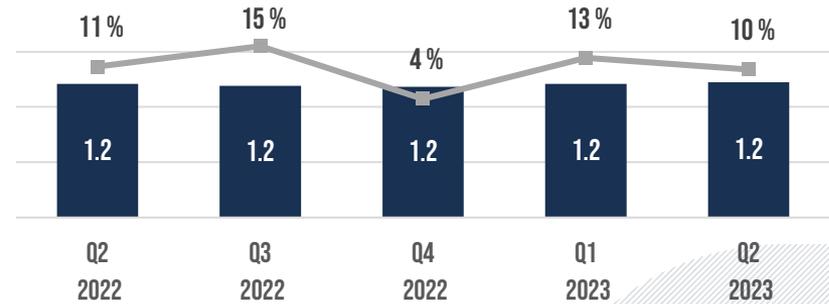
STABLE PERFORMANCE IN AN INFLATORY ENVIRONMENT, SHORT-TERM MARGIN PRESSURES CONTINUE

COMMENTS - Q2 2023



- Net sales of 1.2m€ and operational EBIT of 10%. Net sales were positively affected by acquisition of the Basti Oy business in December 2022
- The demand for ESKP's and Vesterbacka Transport's services remained at a reasonable level in the second quarter, but increased cost pressures had a negative impact on EBIT

NET SALES AND EBIT% OF OPERATIONAL COMPANIES



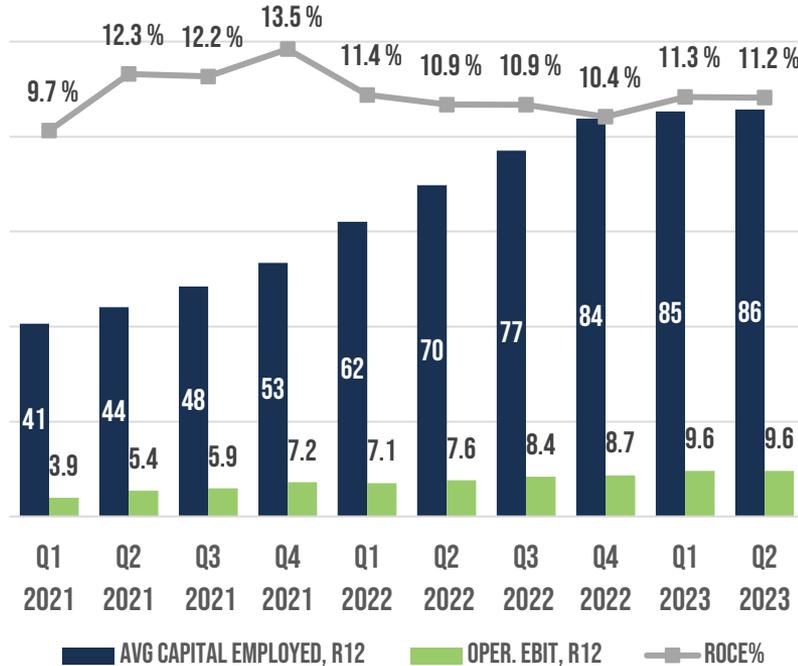
BOREO

- Group costs of 0.5m€ in Q2/23 (0.6m€)

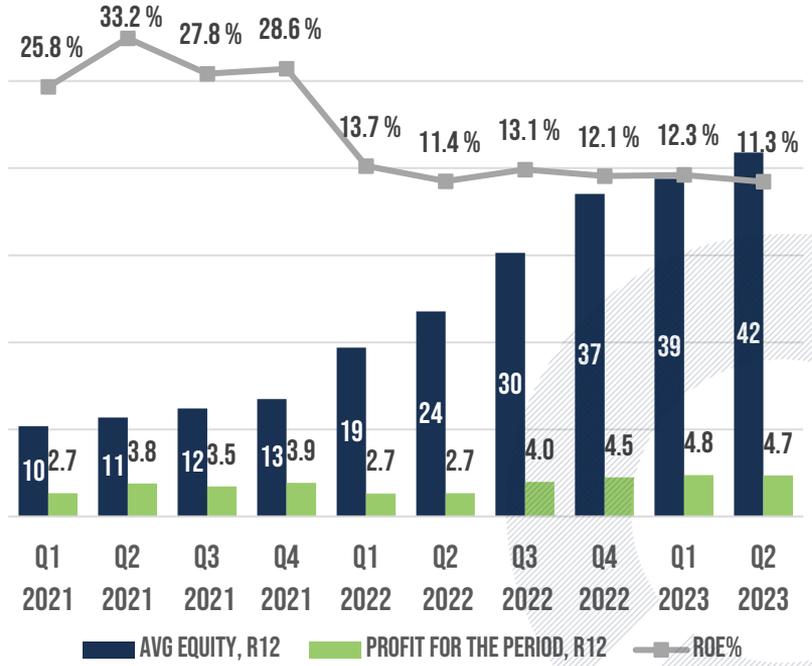
Q2 2023 | ROCE & ROE

CAPITAL EFFICIENCY INTACT FROM Q1/23 DUE TO MODERATE EARNINGS GROWTH

ROCE% * STR TARGET > 15%



ROE% *



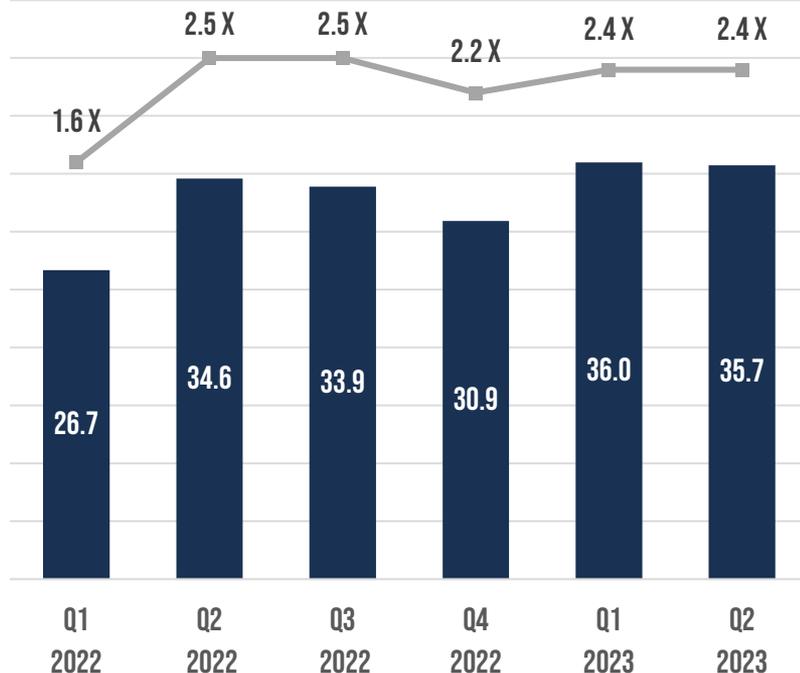
*Adjusted for continued operations

Q2 2023 | NET DEBT AND CASH CONVERSION

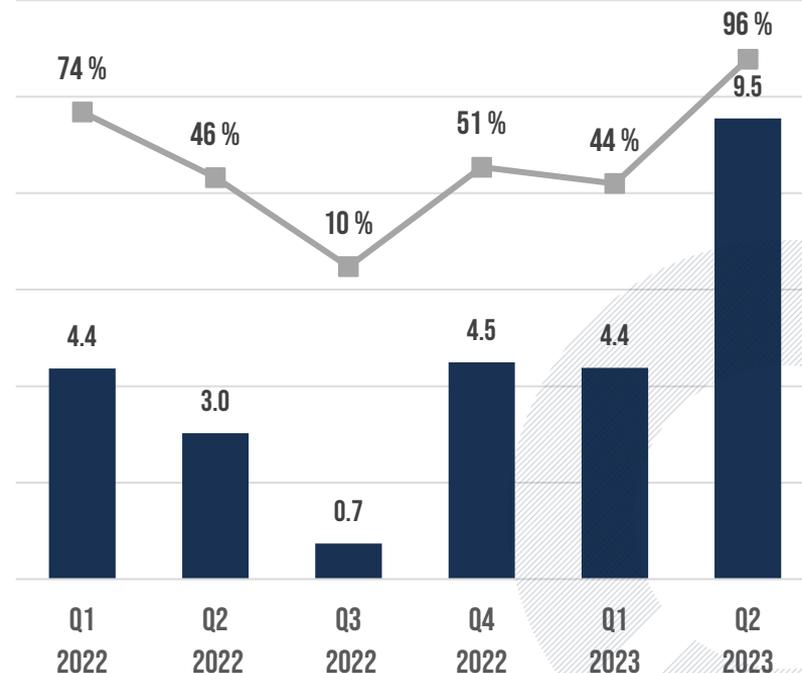
LEVERAGE FLAT AT 2.4X SUPPORTED BY STRONG CASH FLOW

NET DEBT & NET DEBT/OPERATIONAL EBITDA*

STR TARGET 2-3X



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



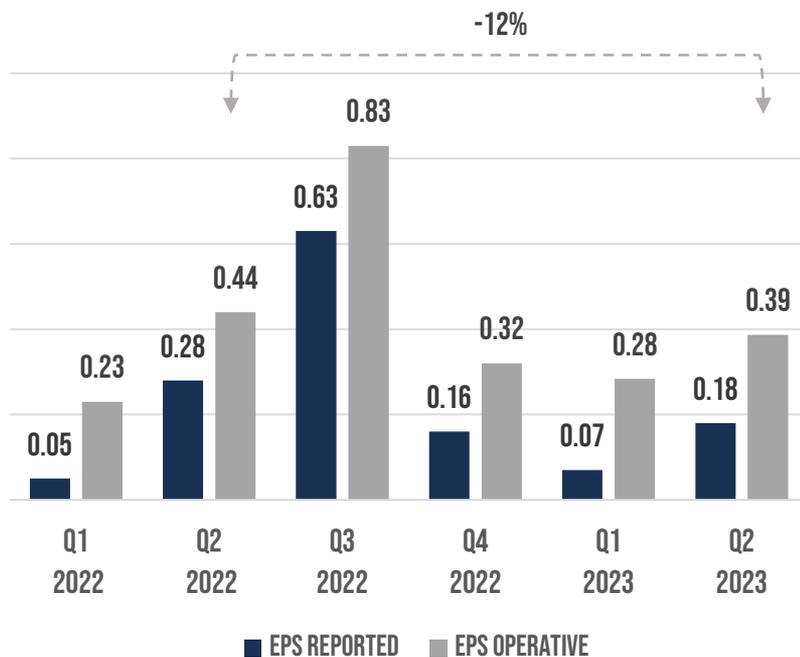
*ND/EBITDA adjusted for continued operations since Q2/22

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

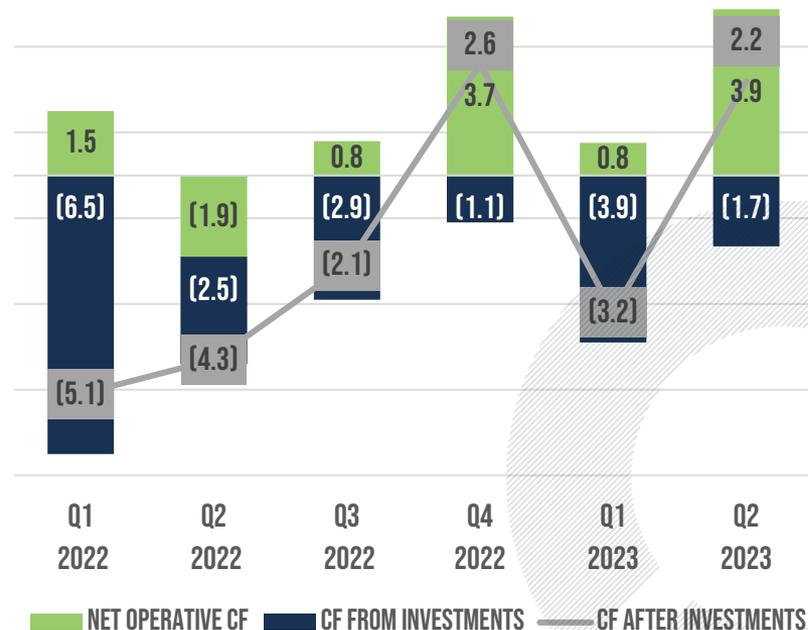
Q2 2023 | EPS AND CASH FLOW

WORKING CAPITAL RELEASE FROM SANY SUPPORTED OPERATIONAL CASH FLOW

EARNINGS PER SHARE*



CASH FLOW**



*The net effect of the interest rate of the hybrid loan (adjusted by tax effect) to EPS: EUR 0.12 per share in Q2/23 (EUR 0.12 in Q1/22)

**Cash flow includes discontinued operations until Q3/22



AGENDA

- Q2 2023 HIGHLIGHTS
- Q2 2023 FINANCIALS
- Q&A





BOREO

Q&A



BOREO

GROW & PROSPER

OUR BUSINESS MODEL



WE OWN GREAT ENTREPRENEURIAL COMPANIES IN THREE SECTORS

BOREO



ELECTRONICS

62M€

2022 Sales

130

Professionals

7

Markets



TECHNICAL TRADE

53M€

2022 Sales

116

Professionals

1

Market



HEAVY MACHINES

42M€

2022 Sales

64

Professionals

3

Markets



OTHER OPERATIONS

5M€

2022 Sales
(Illustrative)

30

Professionals

3

Markets



ESKP

Net sales adjusted for continued operations

BOREO

OUR PHILOSOPHY – SUSTAINABLE LONG-TERM PROFIT GENERATION

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

BOREO



FOCUS ON EARNINGS GROWTH AND RETURN ON CAPITAL

UPDATED LONG-TERM STRATEGIC FINANCIAL
TARGETS TO BETTER REFLECT SHAREHOLDER VALUE CREATION



MINIMUM ANNUAL
AVERAGE OPERATIONAL
EBIT GROWTH

15%



MINIMUM
ROCE

15%



NET DEBT /
OPERATIONAL EBITDA

2-3X

DIVIDEND POLICY

Target to annually increase dividend per share,
taking into consideration capital allocation priorities

WE LOOK FOR GREAT ENTREPRENEURIAL COMPANIES

ASSET LIGHT INDUSTRIAL BUSINESSES WITH STRONG CASH GENERATION, PROVEN TRACK RECORD AND A MANAGEMENT FIT WITH BOREO CULTURE



INDUSTRIAL CHARACTERISTICS

B2B

DISTRIBUTION

INDUSTRIAL SERVICES

LIGHT-MANUFACTURING

FINANCIAL CHARACTERISTICS

HIGH CASH CONVERSION

**ASSET LIGHT
BUSINESS MODEL**

**PROVEN FINANCIAL
HISTORY**

PREDICTABILITY

ORGANISATIONAL CHARACTERISTICS

STRONG MANAGEMENT

FIT WITH BOREO CULTURE

**COMMITTED
ENTREPRENEUR**

(OR CREDIBLE CONTINUATION PLAN)

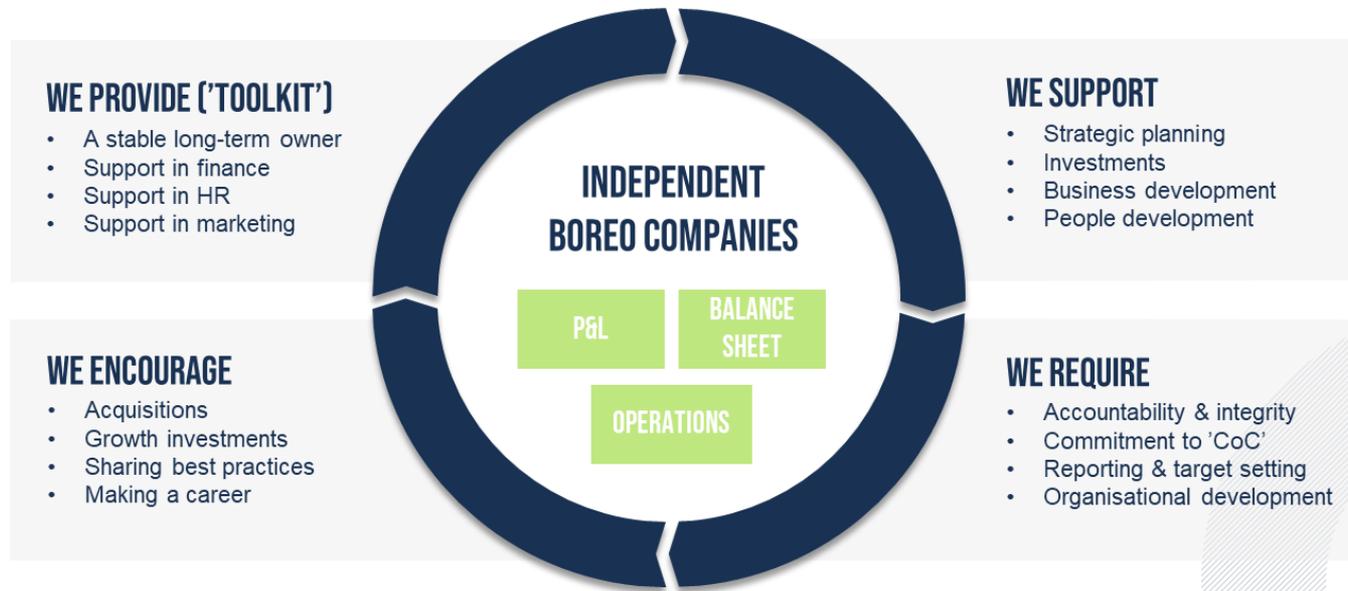
INVESTMENT CHARACTERISTICS

SOLID MARGINS

REASONABLE VALUATION

**DOUBLE-DIGIT CASH FLOW
BASED RETURNS ON
CAPITAL**

EARNINGS GROWTH VIA SUPPORT & COACHING OF COMPANIES



DEDICATED BOARD AND MANAGEMENT WITH SIGNIFICANT OWNERSHIP

BOARD OF DIRECTORS



SIMON HALLQVIST,
CHAIRMAN



1,909,000
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

Functions

- CEO

Experience

- 2017-2020 Mutares SE & Co. KGaA (Head of Nordics and UK)
- 2010-2017 Häggblom & Partners (COO)



42,138 shares



AKU RUMPUNEN
CFO

Functions

- Finance
- Compliance

Experience

- 2012-2020 Cramo (Group CFO 2016-2020 and Group Management Team Member)
- 2003-2012 YIT (Financial manager & business control roles)



24,000 shares



MARI KATARA
SVP, PEOPLE &
SUSTAINABILITY

Functions

- Human Resources

Experience

- 2018-2020 OP (HR Manager, Head of HR, Management Team Member at Pohjola Hospitals/OP Life Insurance)
- 2013-2018 LänsiAuto Group (HR Manager and Group Management Team Member)



5,100 shares



TOMI SUNDBERG
SVP, DEVELOPMENT

Functions

- Development

Experience

- 2018-2021 Storent (CEO)
- 2013-2018 Cramo (Head of New Business, Business Development)



5,728 shares



JESSE PETÄJÄ
SVP, M&A

Functions

- M&A

Experience

- 2019-2020 Mutares SE & Co. KGaA (Manager)
- 2018-2019 Petäjä Group (CEO)
- 2017-2018 Citigroup (Investment Banking Analyst)



14,174 shares



HEAVY MACHINES



RICHARD KARLSSON
SVP, HEAD OF BA

Former entrepreneur & CEO of PM Nordic



24,916 shares



TECHNICAL TRADE



JANNE SILVENNOINEN
SVP, HEAD OF BA

Former CEO of Yleiselektroniikka



23,643 shares



ELECTRONICS



TOMI SUNDBERG
SVP, HEAD OF BA



5,728 shares



BOREO

GROW & PROSPER