



BOREO

DECENT PROFITABILITY & EXCELLENT CASH FLOW

Q323 WEBCAST | NOVEMBER 2, 2023



AGENDA

- Q3 2023 HIGHLIGHTS
 - Q3 2023 FINANCIALS
 - Q&A
- 

Q323 HIGHLIGHTS

DECENT PROFITABILITY

2.9m€ operational EBIT (Q322: 3.0m€)

Uplift in margin to 7.1% (Q322: 6.8%)

Good gross margin development, sales in pressure

EXCELLENT CASH GENERATION

Cash conversion** 208% (Q322: 23%)

ROCE at 11.2% (Q223: 11.2%)

ROTWC* at 30.1% (Q223: 29.0%)

ACQUIRED GROWTH +0.5M€, NEGATIVE ORGANIC GROWTH

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

Organic growth -0.5m€ (SSN, FNB)

STABLE FINANCIAL POSITION

Net debt / operational EBITDA 2.4x
(2.4x Q223)

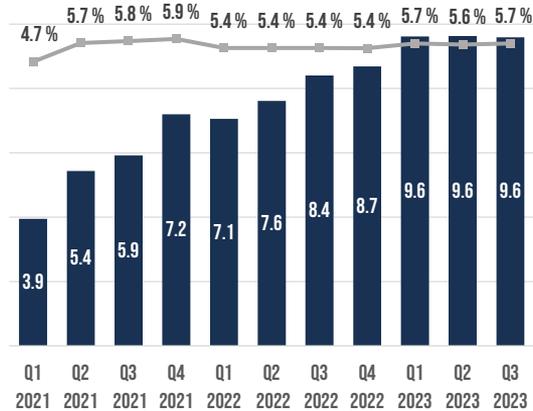
* ROTWC: Operational EBIT R12 / Average (trade) working capital R12

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

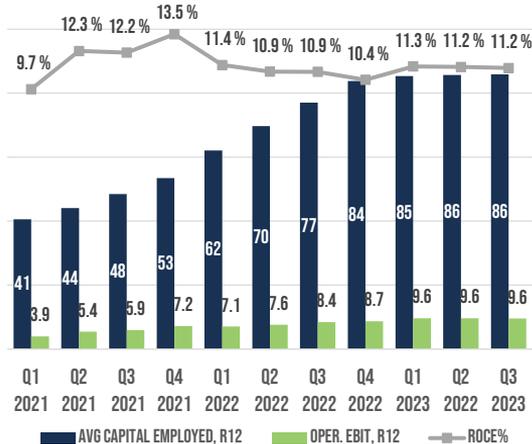
DECENT EARNINGS GROWTH & CAPITAL EFFICIENCY IN R12

WITHOUT SANY: OPERATIONAL EBIT 5.9%, EARNINGS GROWTH 19% & ROCE 11.8%

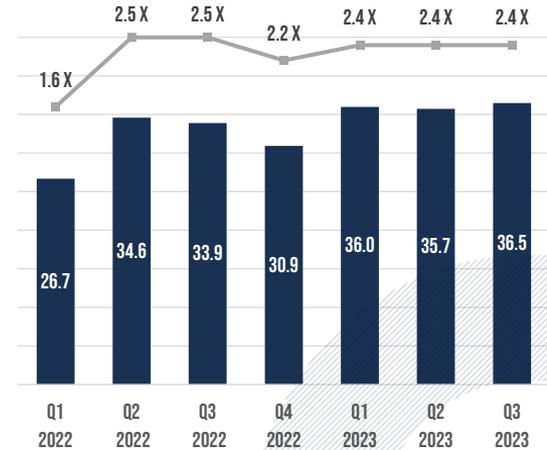
OPERATIONAL EBIT (€) & EBIT%, R12



ROCE%



NET DEBT/OPERATIONAL EBITDA



Q323

+14%*

(15%)
MINIMUM ANNUAL AVERAGE
OPERATIONAL EBIT GROWTH

11.2%

(15%)
MINIMUM
ROCE

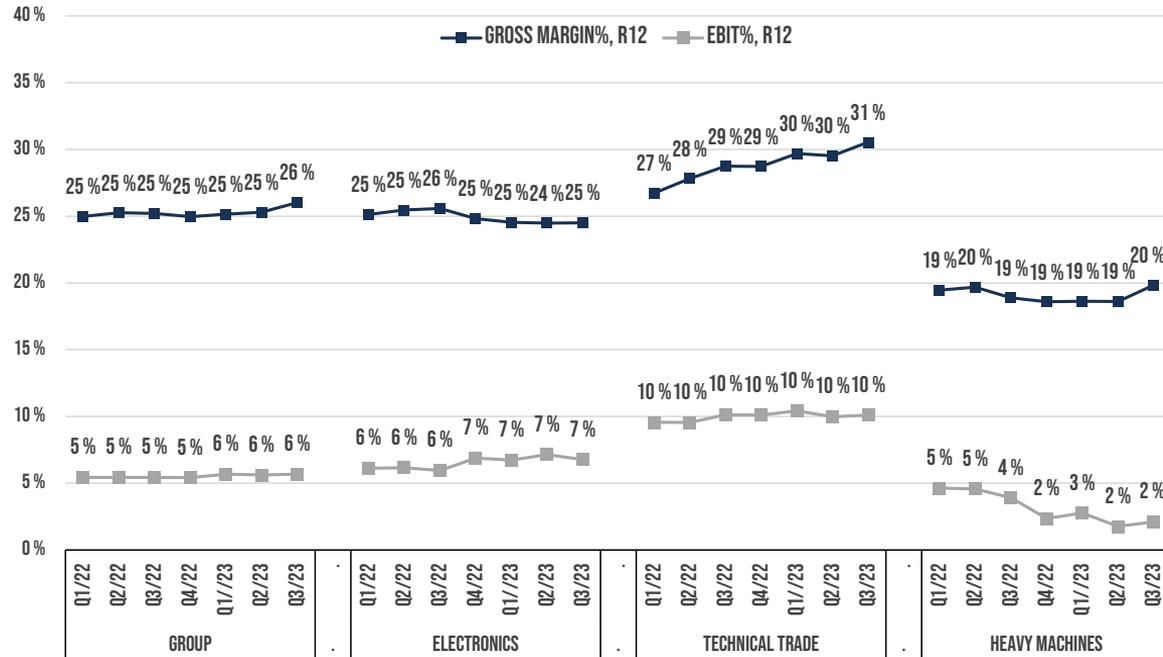
2.4X

(2-3X)
NET DEBT /
OPERATIONAL EBITDA

Notes: Figures adjusted for continued operations and * R12 ending 30.9.2023

GOOD PERFORMANCE IN THE TWO LARGEST BUSINESS AREAS

STABLE GROSS MARGINS & IMPROVED PROFITABILITY DEMONSTRATING RESILIENCY OF OUR COMPANIES



COMMENTARY

Electronics BA

- Decent profitability despite weakening demand
- Delfin with a good start as part of Boreo
- SSN's performance improving gradually from challenging H123

Technical Trade BA

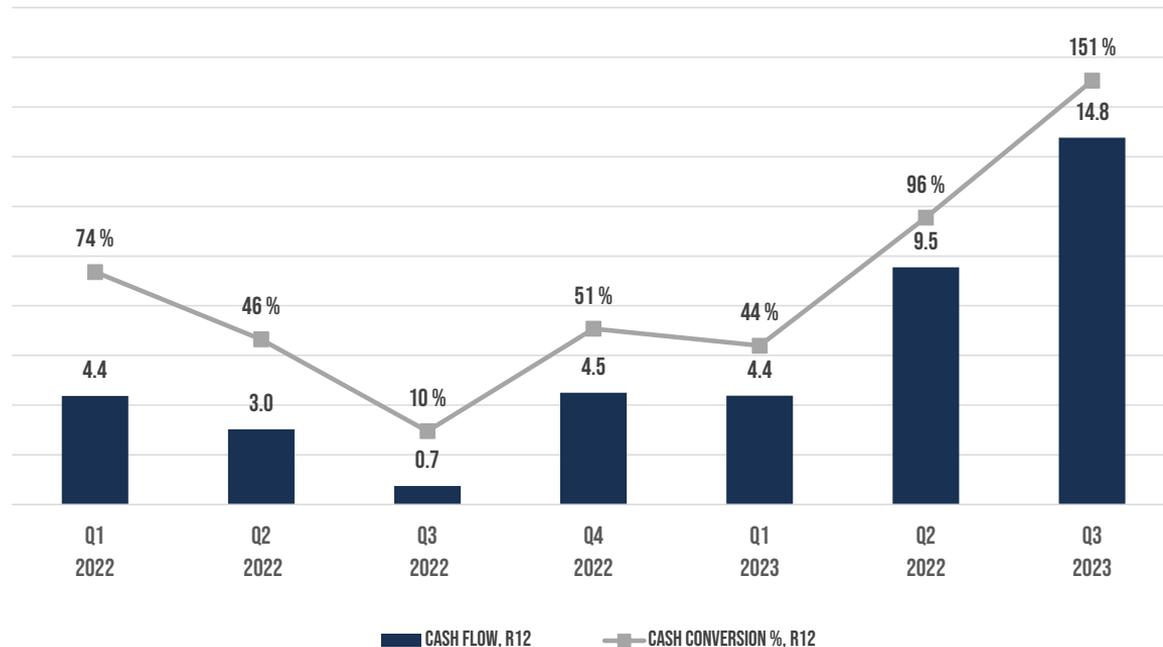
- Strong performance of Machinery's Power business, Pronius, Muottikolmio, Filterit and J-Matic
- Machinery's Construction Equipment business facing headwinds, significance limited

Heavy Machines BA

- Good performance of Putzmeister operations (7.1%)
- FNB goes operationally in the right direction, but improvements do not yet reflected in financials

EXCELLENT CASH CONVERSION DRIVEN BY RELEASE OF WORKING CAP

SUCCESSFUL MANAGEMENT OF WORKING CAPITAL DURING THE PAST QUARTERS



COMMENTARY

15m€ of operative cash flow in R12

- Cash conversion of 151% in R12
- C. 8m€ of working capital reduced since 8/22

Q323 cash conversion 208%

- Working capital release of 3m€ in Q3
- Successful management of working capital group-wide, in particular at Machinery and in Heavy Machines BA

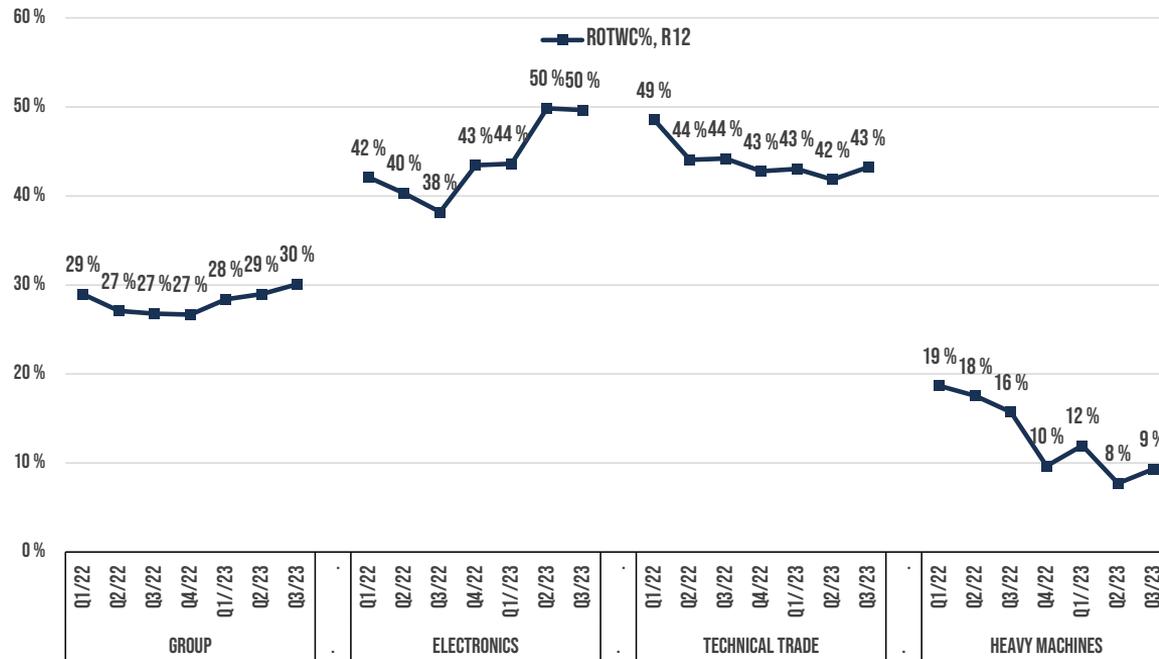
Cash flow generation in focus

- As of Q323 c. 29m€ of operative working capital at the balance sheet – positive trend since Q222
- Target to continue with the reduction of working capital – normal sustainable levels closer to 25m€

Figures adjusted for continued operations

CAPITAL EFFICIENCY CONTINUES TO IMPROVE

ROTWC WITHOUT SANY 32.4%



COMMENTARY

Return on capital –mindset

- Good steps in rooting the return on capital & capital efficiency –mindset to the organization

ROTWC up from 27% to 30% in R12

- As a result of stable earnings and strong cash flow, ROTWC on the rise
- Negatively impacted by the weaker profitability of SSN and FNB compared to previous years

Without SANY, ROTWC at 32,4%

- The discontinued SANY businesses in Finland and Sweden continue to weaken performance the next quarters
- ROCE excl. SANY 11.8% (vs. 11.2% reported)

Figures adjusted for continued operations

FOCUS ON EARNINGS GENERATION AND CASH FLOW

COMPANIES SHOWING RESILIENCY IN CHALLENGING TIMES

1

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

PROFIT GENERATION

- Business environment continues to be challenging – companies show resiliency in a tougher environment
- Increased focus on cost control
- Diversification across various industries & strong market positions of companies provide protection

2

**CONTINUED EFFORTS TO OPTIMIZE
WORKING CAPITAL IN THE COMING
QUARTERS**

CAPITAL EFFICIENCY

- As of Q323 c. 29m€ of operative working capital at the balance sheet – positive trend since Q222
- The normal sustainable level of working capital for current group of companies closer to 25m€

3

**TARGET TO MAINTAIN LEVERAGE AT THE
LOW END OF THE 2-3X LEVERAGE TARGET**

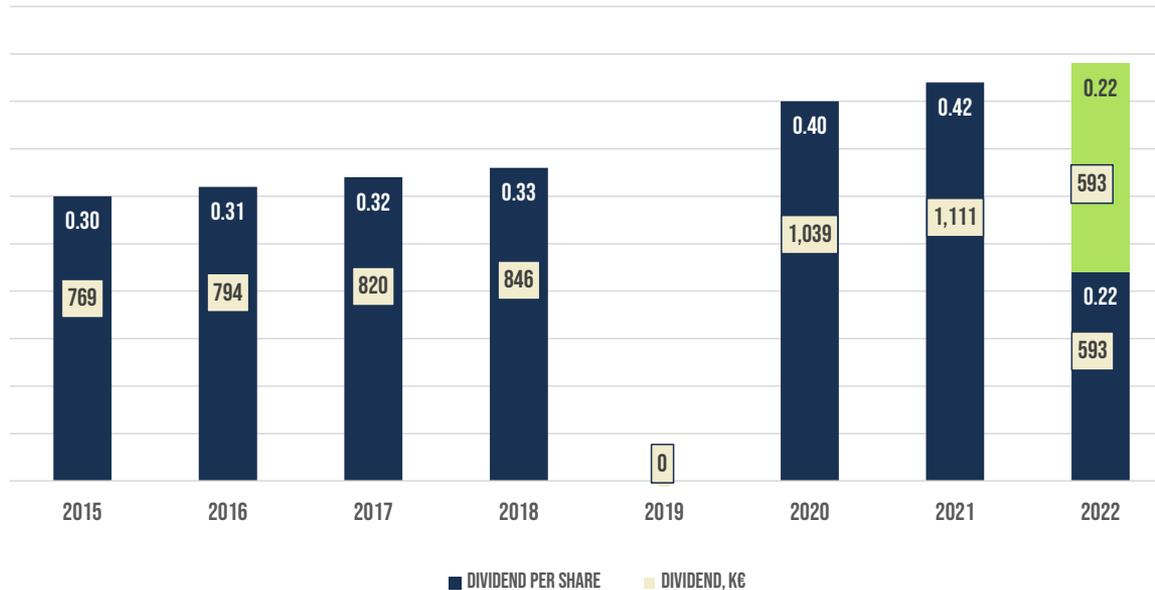
FINANCIAL POSITION

- Continuation of work to evaluate attractive acquisition opportunities
- Preparedness to act on opportunities when a solid financial position is maintained, and shareholder value is created

DISTRIBUTION OF THE 2ND PART OF THE DIVIDEND FOR 2022

CONTINUATION ON THE PATH OF PAYING INCREASING DIVIDEND PER SHARE

DIVIDEND PER SHARE DEVELOPMENT, 2015-2022



DIVIDEND POLICY

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

DISTRIBUTION OF THE 2ND INSTALMENT

- Based on the authorization of the AGM, the Board of Directors decided on the distribution of the 2nd dividend installment for 2022, EUR 0.22 per share.
- The record and payment dates are November 9 and November 17, respectively.



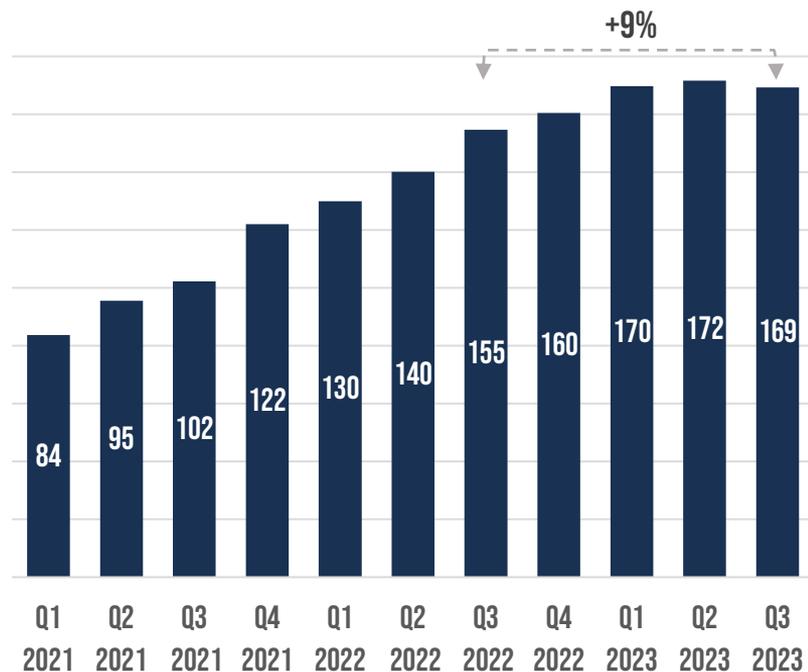
AGENDA

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 - Q3 2023 FINANCIALS
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- 

Q3 2023 | NET SALES & OPERATIONAL EBIT

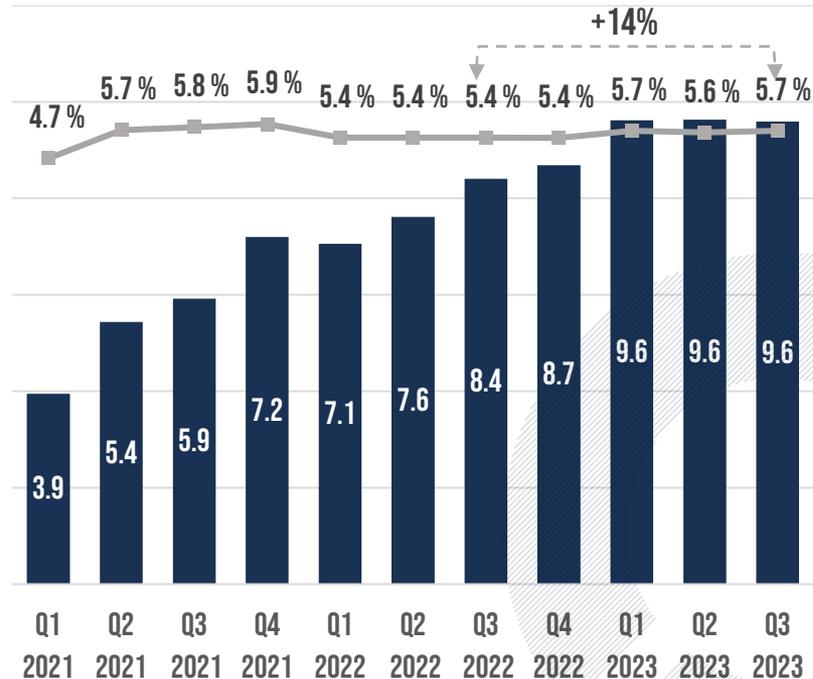
OPERATIONAL EBIT GROWTH SLIGHTLY BELOW STRATEGIC TARGET LEVEL

NET SALES, R12 *



OPERATIONAL EBIT & EBIT%, R12 *

STR TARGET > 15% P.A.

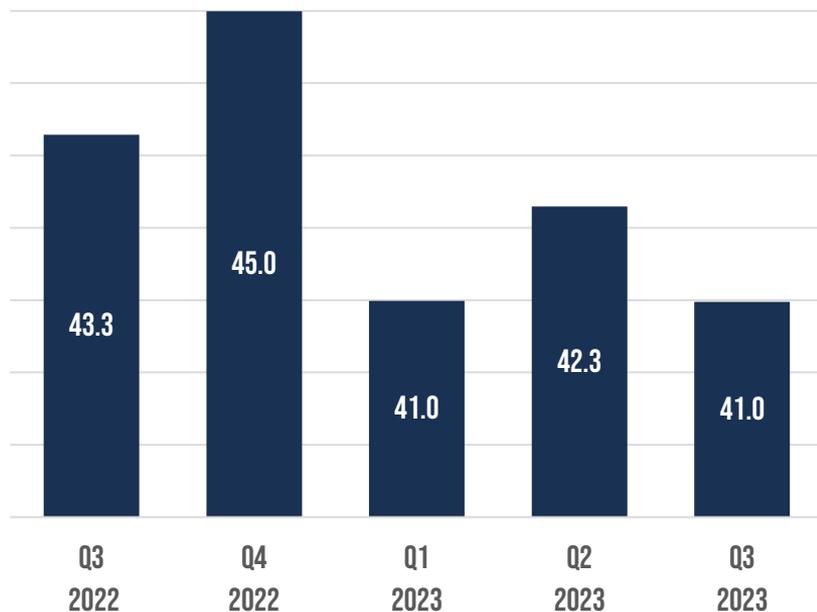


*Adjusted for continued operations

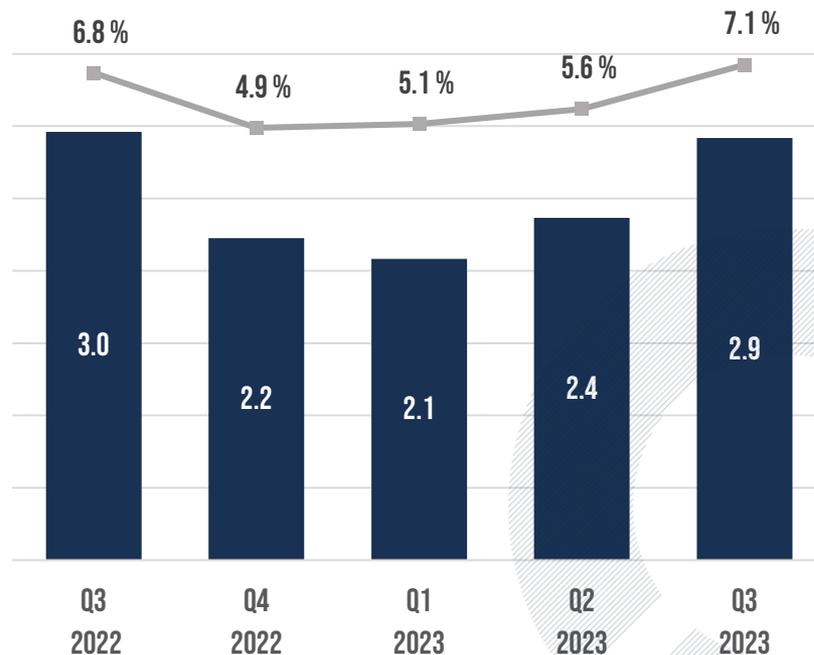
Q3 2023 | NET SALES AND OPERATIONAL EBIT

PROFITABILITY ABOVE COMPARISON PERIOD

NET SALES *



OPERATIONAL EBIT & EBIT% *

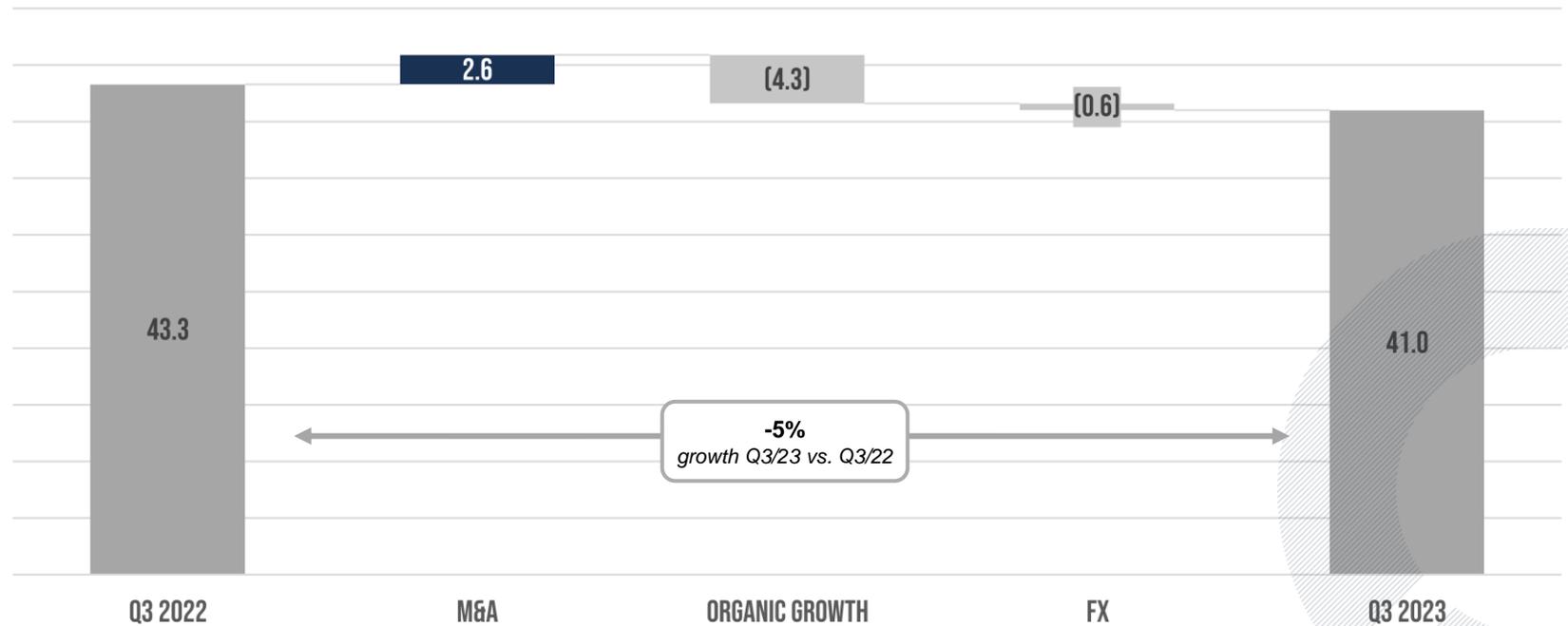


*Adjusted for continued operations

Q3 2023 | NET SALES GROWTH

SALES GROWTH NEGATIVELY IMPACTED BY SANY, FNB AND SSN

NET SALES BRIDGE

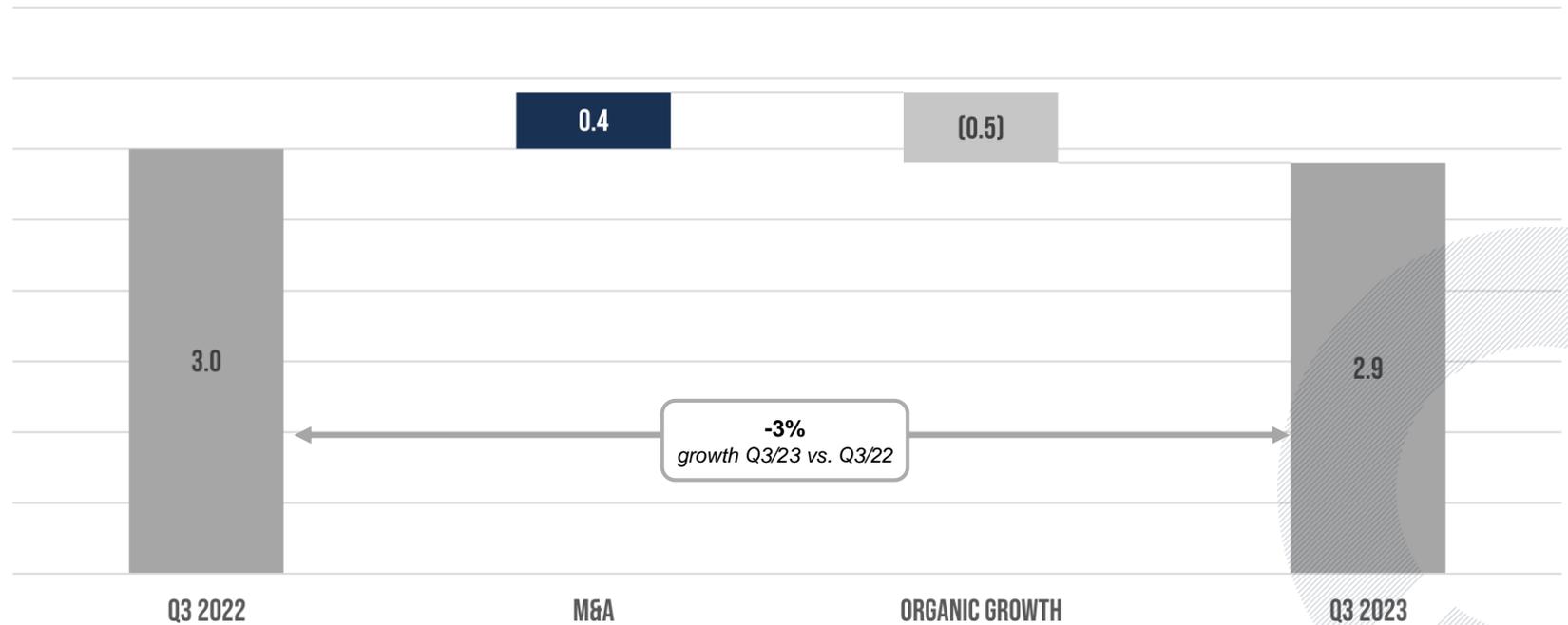


*Adjusted for continued operations

Q3 2023 | EBIT GROWTH

EBIT GROWTH CONTRIBUTED BY ACQUISITIONS, ORGANIC EBIT DEVELOPMENT NEGATIVE

EBIT BRIDGE

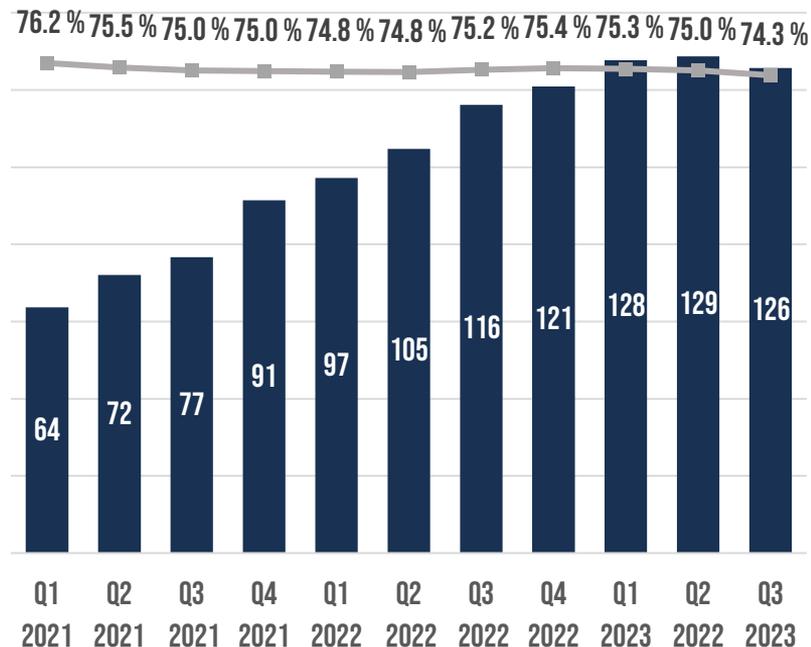


*Adjusted for continued operations

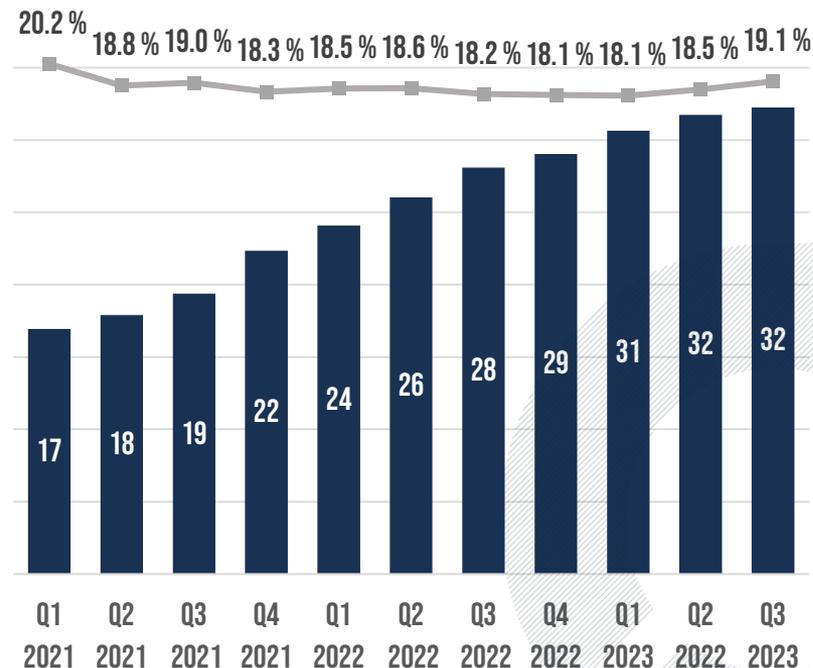
Q3 2023 | DIRECT COST RATIO AND INDIRECT COST RATIO

DIRECT COST EFFICIENCY IMPROVED, INDIRECT COST RATIO UP DUE TO DECREASED SALES AND NEW COMPANIES

DIRECT COSTS (R12) AND DIRECT COST RATIO [%]*



INDIRECT COSTS (R12) AND INDIRECT COST RATIO [%]*



*Adjusted for continued operations

ELECTRONICS

OPERATIONAL EBIT AT 6.3%, POSITIVE DEVELOPMENT IN CAPITAL EFFICIENCY. OUTLOOK REMAINS MODERATE

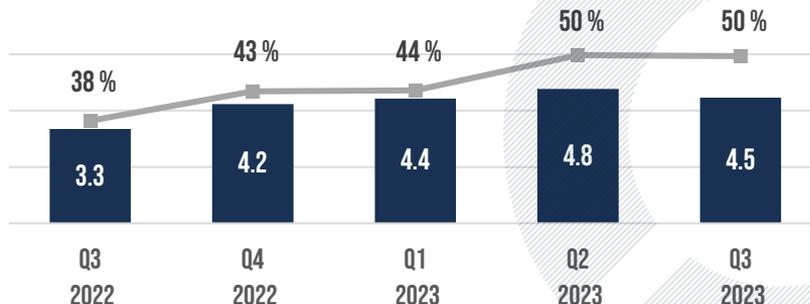
COMMENTS - Q3 2023

- Finnish operations (Yleiselektronikka, Noretron, Milcon, Infradex, SSN, Delfin)
 - Yleiselektronikka's result improved despite the demand environment being weaker than in the comparison period.
 - Noretron's performance below comparison period. Outlook remains stable.
 - Result below comparison period in Milcon. Outlook remains positive.
 - Infradex's result below comparison period. Short-term outlook declining due to slow activity in the construction industry.
 - SSN's main customer continued to slow-down its R&D activities which significantly impacted the quarters' result.
 - Delfin's first quarter as part of Boreo was successful.
- Baltic operations (Estonia, Latvia, Lithuania)
 - Better than expected performance in the third quarter in terms of sales and profitability.
- Capital efficiency
 - Management of working capital was successful in the third quarter and ROTWC% remained at 50%. Operating cash flow was strong although the result decreased from the comparison period.

NET SALES AND OPERATIONAL EBIT%



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



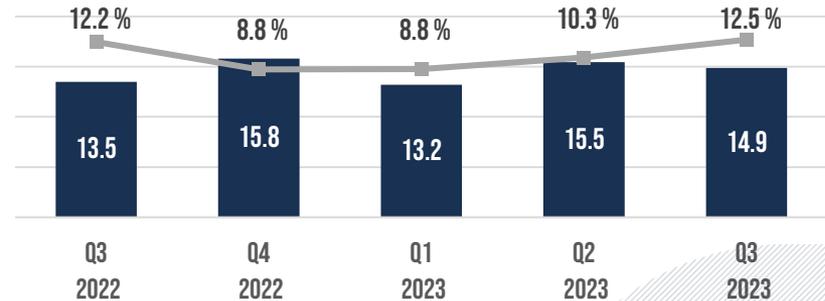
TECHNICAL TRADE

OPERATIONAL EBIT AT 12.5% - STABLE OUTLOOK AND IMPROVED CAPITAL EFFICIENCY

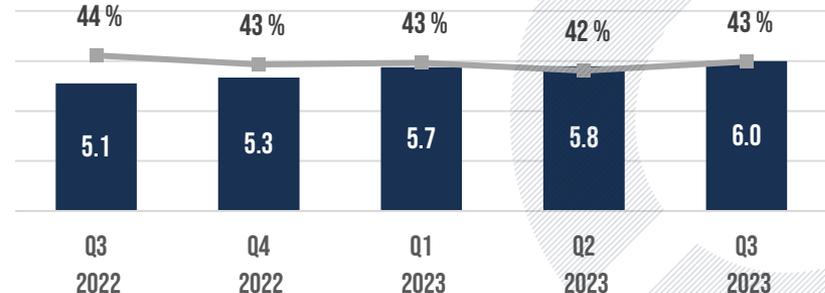
COMMENTS - Q3 2023

- Machinery Power
 - Strong operating profit above comparison period
 - Decent order backlog supporting outlook
- Construction (Muottikolmio and Machinery's Construction equipment)
 - Performance in line with expectations
 - Short-term outlook stays challenging
- Metal machines (Pronius and Machinery's Metal Machines)
 - Pronius: performance in line with expectations. Stable outlook despite investment uncertainties
 - Metal Machines: operating profit above LY
- J-Matic & Filterit
 - Good profitability in both businesses. Steady outlook and foundation for long-term profit growth
- Capital efficiency
 - ROTWC was 43%. Measures improving capital efficiency progressing as planned, Technical Trade managed to release c. 1.2m€ trade working capital, most of which from Machinery

NET SALES AND OPERATIONAL EBIT%



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



HEAVY MACHINES

STABLE PERFORMANCE IN THE PUTZMEISTER BUSINESS, CONTINUED AVAILABILITY AND DELIVERY CHALLENGES IN FNB

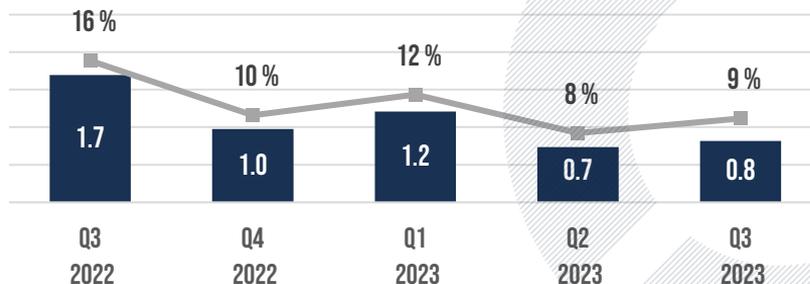
COMMENTS - Q3 2023

- Putzmeister business
 - Steady performance in all operating countries and strong aftermarket business.
 - Market outlook remains stable, although expecting lower volumes next year.
- Sany business
 - Soft market for excavators in Estonia during Q3.
 - Result was weakened by EUR 0.1 million related to the exit from SANY operations in Finland and Sweden.
- FNB & Lackmästarn
 - FNB had continued challenges in the implementation of the new ERP system and the availability of materials, which impacted delivery ability and sales.
- Capital efficiency
 - Capital efficiency gradually improved during the quarter but affected by FNB's weak profitability.

NET SALES AND OPERATIONAL EBIT%



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



OTHER OPERATIONS

STABLE PERFORMANCE IN A CHALLENGING ENVIRONMENT, MARGIN PRESSURES CONTINUE

COMMENTS - Q3 2023

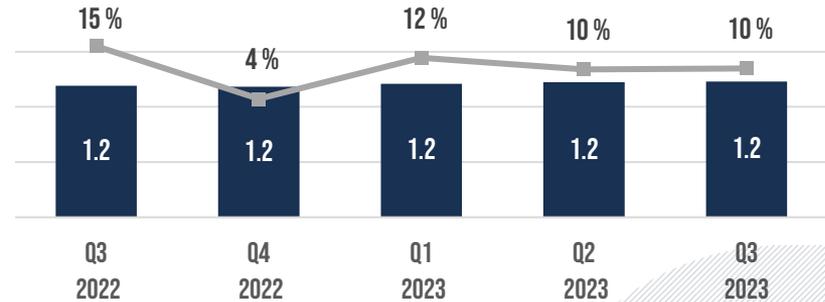


- In the third quarter, ESKP's and Vesterbacka Transport's net sales were affected by declining volumes in express transports. In addition to weakening demand, cost pressures continued to affect the profitability of the companies. Net sales 1.2m€ in third quarter and operational EBIT of 10%.

BOREO

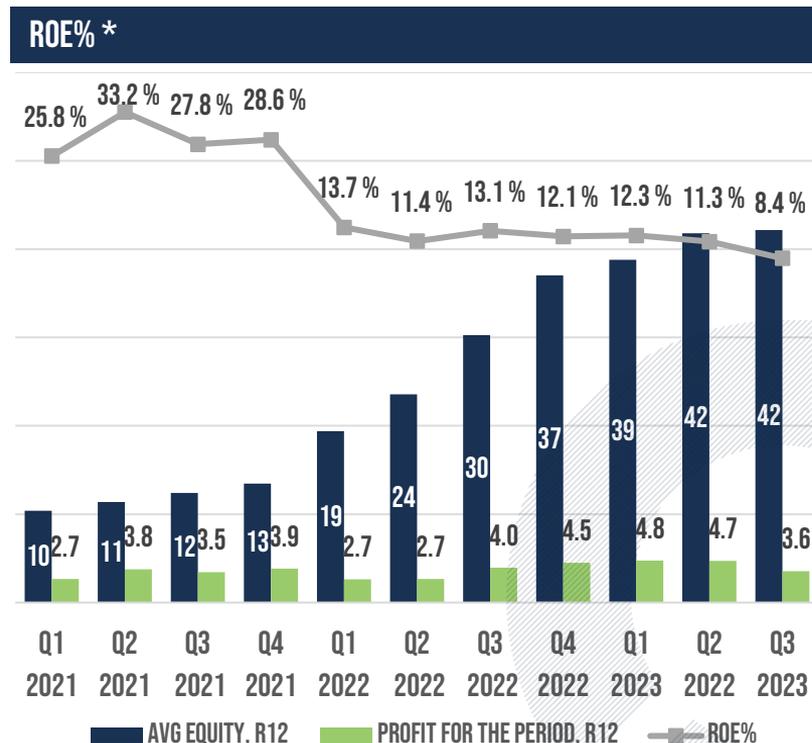
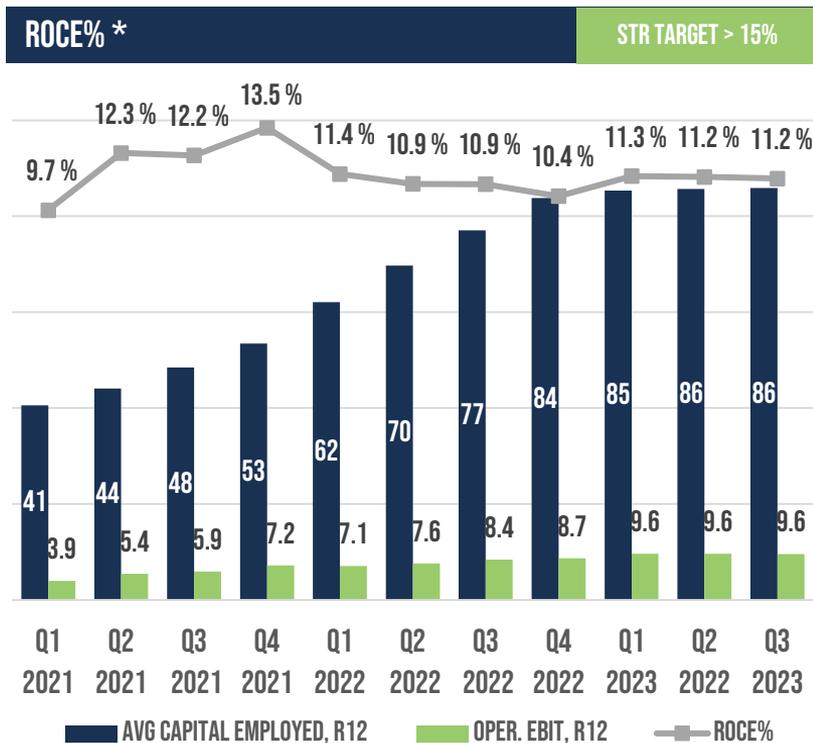
- Group costs of 0.4m€ in Q3/23 (0.5m€)

NET SALES AND EBIT% OF OPERATIONAL COMPANIES



Q3 2023 | ROCE & ROE

ROCE INTACT DESPITE OF WEAK PERFORMANCE IN SSN AND FNB. ROE IMPACTED BY HIGHER INTEREST EXPENSES

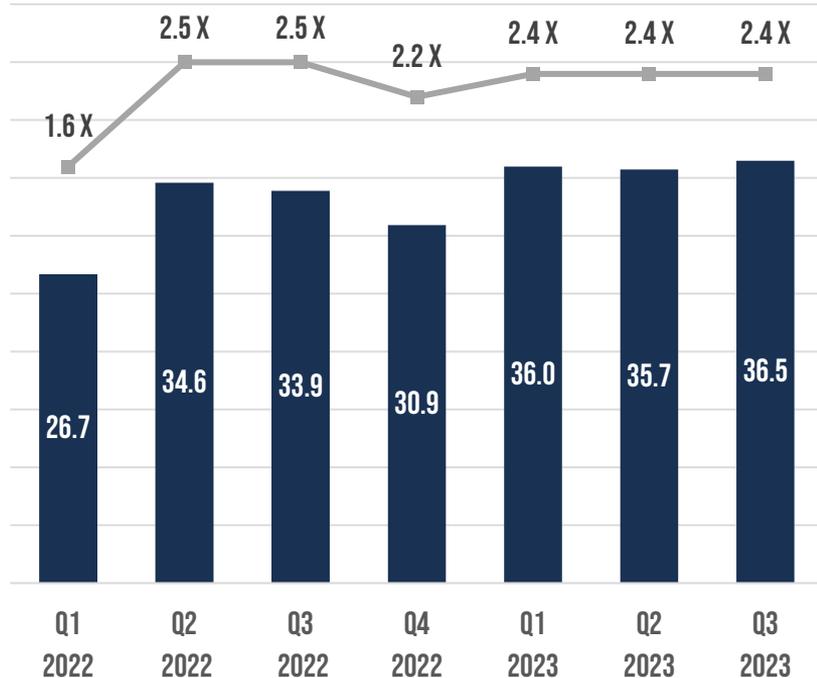


*Adjusted for continued operations

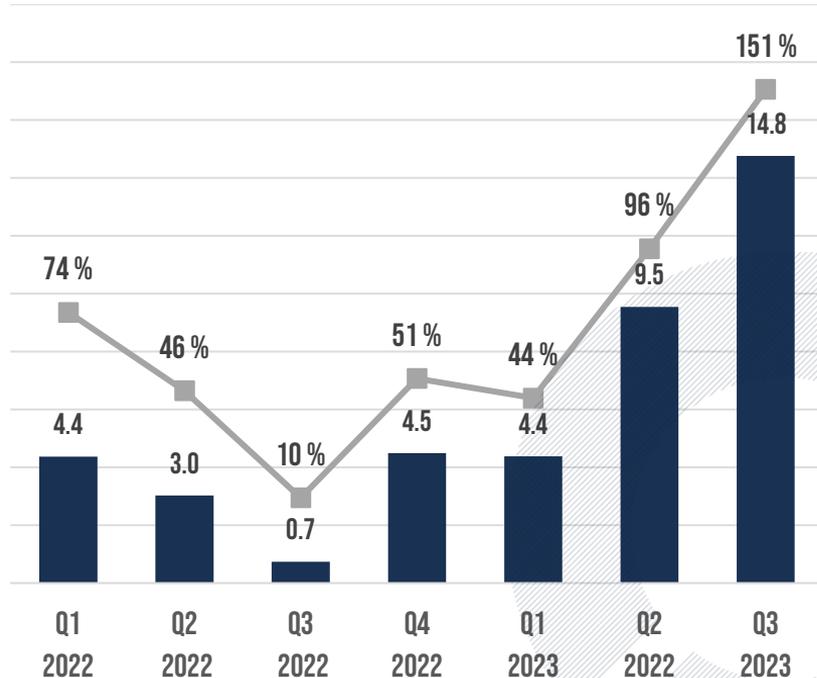
Q3 2023 | NET DEBT AND CASH CONVERSION

LEVERAGE INTACT DESPITE OF DELFIN ACQUISITION, VERY GOOD CASH CONVERSION IN THE QUARTER

NET DEBT & NET DEBT/OPERATIONAL EBITDA* STR TARGET 2-3X



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



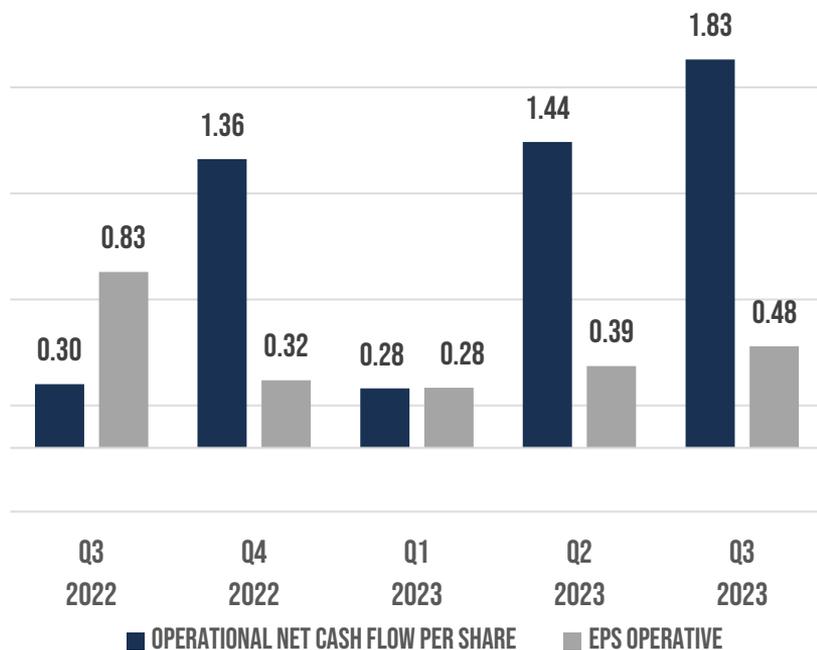
*ND/EBITDA adjusted for continued operations since Q2/22

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

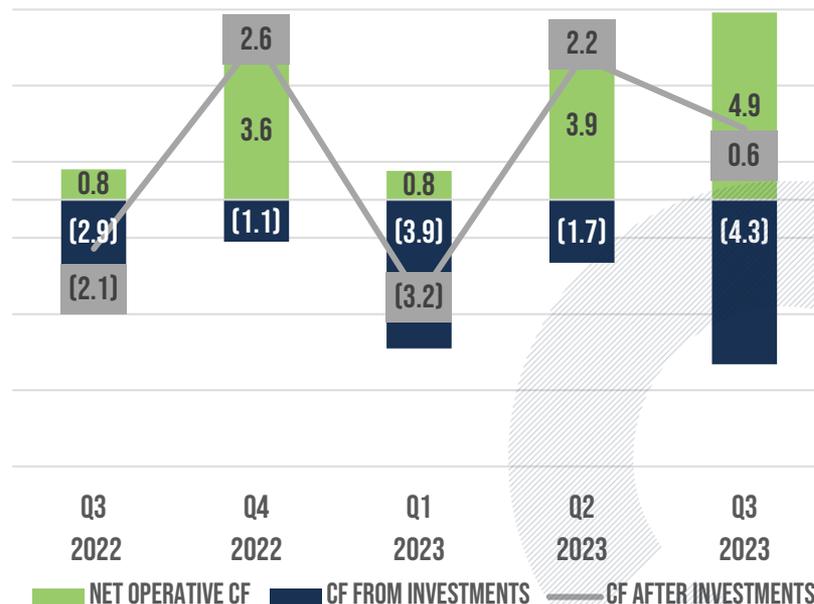
Q3 2023 | EPS AND CASH FLOW

STRONG OPERATIONAL CASH FLOW SUPPORTED BY WORKING CAPITAL RELEASE

CASH FLOW AND EARNINGS PER SHARE*



CASH FLOW*



*Cash flow includes discontinued operations until Q3/22



AGENDA

- Q3 2023 HIGHLIGHTS
- Q3 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

136

Professionals

7

Markets



TECHNICAL TRADE

53M€

2022 Sales

116

Professionals

1

Market



HEAVY MACHINES

42M€

2022 Sales

65

Professionals

3

Markets



OTHER OPERATIONS

5M€

2022 Sales
(illustrative)

31

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)**

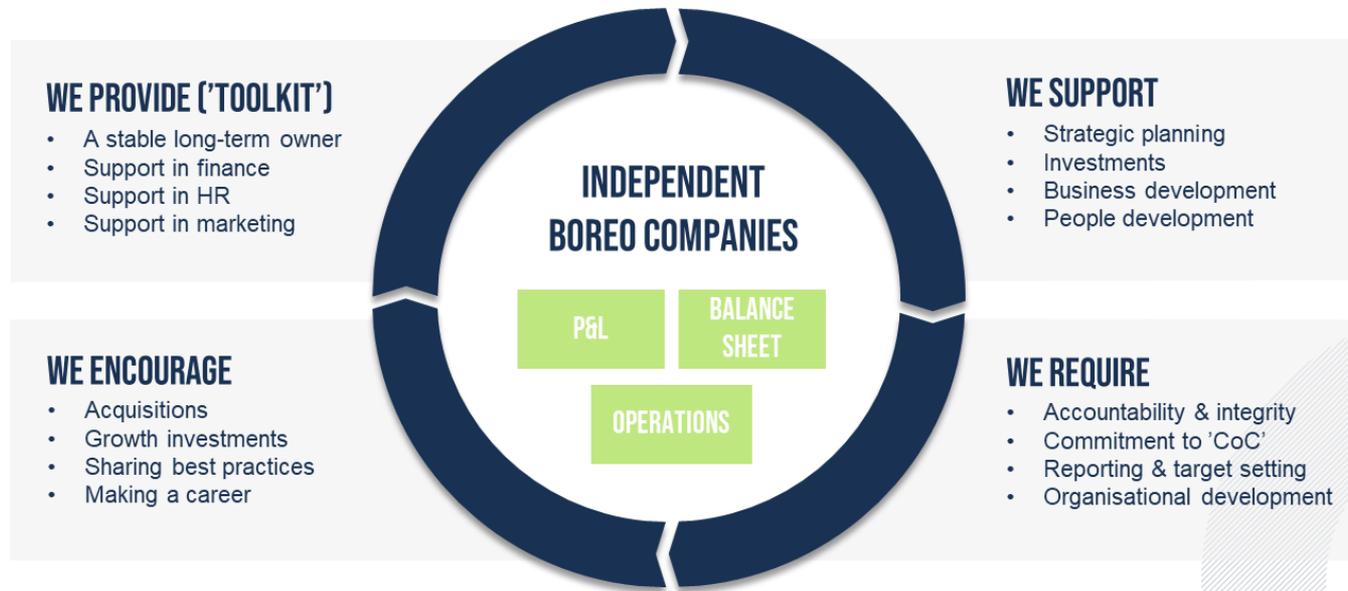
INVESTMENT CHARACTERISTICS

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)



14,560 shares



ELECTRONICS



TOMI SUNDBERG
SVP, HEAD OF BA



5,728 shares



TECHNICAL TRADE



JANNE SILVENNOINEN
SVP, HEAD OF BA
Former CEO of
Yleiselektroniikka



23,643 shares



HEAVY MACHINES



RICHARD KARLSSON
SVP, HEAD OF BA
Former entrepreneur
& CEO of PM Nordic



24,916 shares



BOREO

GROW & PROSPER