

May 05, 2022, at 9:00

Strong growth in net sales and operational EBIT continued

January–March 2022

- Net sales grew by 30% to EUR 37.8 million (2021: 29.0).
- Operational EBIT increased by 22% to EUR 2.0 million (2021: 1.6).
- EBIT was EUR 1.4 million (2021: 2.2). EBIT for the comparison period was significantly affected by a non-recurring EUR 0.8 million sales gain from the Espoo headquarters.
- Free cash flow was EUR 0.9 million (2021: -0.1).
- Operational EPS was EUR 0.48 (2021: 0.45).
- EPS was EUR 0.30 (2021: 0.61).
- In February, issuance of a EUR 20 million hybrid loan and a EUR 55 million credit facility with OP Corporate Bank Plc were announced.
- The acquisitions of Pronius Oy, Infradex Oy and Vesterbacka Transport Oy were completed in March.

Financial guidance and business model

On March 4, 2021, Boreo announced its new strategy and strategic financial objectives for the strategy period 2021-2023. Boreo's business model is to own, acquire and develop business operations in Northern Europe. The main focus of the new announced strategy is acquisitions, operational efficiency and people & culture.

The company's long-term financial targets for the strategy period 2021–2023 are:

- At least 20 % average annual net sales growth over the strategy period,
- At least 8% operational EBIT at the end of the strategy period,
- Net debt/operational EBIT 2-3x (excluding items affecting comparability, including acquired business activities as if they had been held for 12 months at the reporting date), and
- Annually increasing dividend per share.

The above-mentioned strategic financial objectives serve as the company's financial guidelines. Due to the significant uncertainty arising from the crisis in Ukraine, the company currently assesses whether the crisis has an impact on its strategic financial objectives. In line with its guidance policy, the company does not give separate short-term financial guidance.

As of the Q1 2022 interim report, Boreo has changed the accounting principle of operational EBIT so that operational EBIT no longer takes into account the impact of the allocation of acquisition costs. The impact of the allocation of acquisition costs arise from the depreciation of fair value allocations at the time of acquisition based on IFRS during their useful life. The company sees that operational EBIT before allocation of acquisition costs better reflects the profitability of its operations. This change has an impact on operational EBIT and operational EPS. The figures for the comparison period have been adjusted to reflect the same principle in order to maintain comparability. Otherwise, the accounting principles of this review do not include any changes that materially affect comparability. The comparison figures in brackets refer to the corresponding period of the previous year, unless otherwise specified.

Key figures

EUR million	Q1 2022	Q1 2021	Change	2021
Net sales	37.8	29.0	30%	146.5
Operational EBIT*	2.0	1.6	22%	9.6
<i>relative to net sales, %</i>	5.2%	5.6%	-	6.6%
EBIT	1.4	2.2	-37%	8.1
Profit before taxes	1.3	2.0	-33%	6.8
Profit for the period	1.0	1.6	-35%	5.5
Free cash flow	0.9	-0.1	-	1.1

*The impact of the change in calculation due to the allocation of acquisition costs is taken into account in Q1 2022, Q1 2021 and 2021. The impact improved Q1 2022 operational EBIT by EUR 0.3 million, in Q1 2021 by EUR 0.2 million and in 2021 by EUR 0.8 million

Q1/2022 - CEO Kari Nerg:

During the first quarter of 2022, we took significant steps in developing our compounder business model, continued successful implementation of our acquisition-driven strategy and strengthened the Group's financial position as a result of financing arrangements of EUR 75 million. Our business operations developed as expected and the financial result was good, although profitability fell slightly below expectations due to delivery transitions. We were greatly shocked by Russia's military action in Ukraine. According to our disclosure in March, we initiated measures to exit the component distribution business in Russia including a divestiture process. Evaluation of the exit options is ongoing and our goal is to find a solution as soon as possible, taking into account our personnel and existing legislation and regulations.

As regards the development of our business model, we made significant progress in Q1 when we clarified the operations under the decentralized management system in our independent companies as part of the Boreo 2.0 project. In our People & Culture strategy, we launched the Boreo Academy and related key personnel training program, followed by the launch of a talent program in the second quarter of the year. Implementation of the Operational efficiency strategy also progressed as planned when we carried out the first Boreo strategy concept project in Yleiselektroniikka Finland and focused on defining common financial indicators for Group companies.

We continued the successful implementation of our acquisition program during the quarter and announced three add-on acquisitions in line with our strategy. Pronius Oy strengthened our Technical Trade business area, Infradex Oy complemented our electronics component distribution business excellently and Vesterbacka Transport Oy offers opportunities to grow ESKP's logistics businesses in the future. These successful acquisitions executed with moderate valuation multiples are excellent signals of our business model working from the viewpoint of entrepreneurial business owners, and we are excited to continue implementing the strategy in Finland and abroad.

Positive performance continued and the Group's financial position strengthened

The financial result for the review period was good, net sales grew by 30% and operational EBIT by 22%. The result was slightly below our expectations due to some of the Heavy Machines business area's deliveries moving to the next quarters. Net sales increased by 14% as a result of organic growth and by 16% as a result of acquisitions. The Group's financial position was strengthened by financial arrangements implemented in February (issuance of a EUR 20 million hybrid loan and a EUR 55 million credit facility). These arrangements created flexibility in the company's financial structure and support our acquisition-driven growth strategy.

Businesses performed well, result was slightly below expectations due to delivery transitions

The year started out positively for our Electronics business area and good performance continued in line with previous quarters. Operational EBIT was 8.0%. Product demand continued as good and due to the allocation situation, our businesses' order books are historically high. Despite significant price increases, the margins in our businesses have remained good and our independent companies have managed to operate successfully in a challenging environment.

In our Technical Trade business area, the start of the year was stronger than we expected, as the profitability of Machinery's power business exceeded expectations. Profitability (operational EBIT of 7.1%) remained at a good level and operational EBIT increased by 92 % from the previous year to EUR 0.8 million (7%).

The first quarter of the year was below our expectations in the Heavy Machines business area as some of the deliveries of the concrete industry and wood transport vehicles moved to the next quarters. Net sales increased to EUR 8.2 million as a result of acquisitions, profitability (operational EBIT of 1.7%) was weak due to seasonality and delayed deliveries. In Putzmeister, Estonia performed very well and we delivered a significant number of concrete industry machines to new customers. In Finland, part of the deliveries were moved to coming quarters. In the Sany business that is being ramped up, Estonia exceeded expectations, Finland performed as expected, and Sweden's sales were below our expectations. Floby Nya Bilverkstad (FNB) had a successful start to the year in operational terms. Order books that remain record high, especially in the Putzmeister business and FNB, create strong preconditions for 2022.

The performance of Etelä-Suomen Kuriiripalvelu reported under Other Operations, continued to be good despite increasing cost pressures. With the new contracts won, the company's profitability is expected to develop positively despite the cost pressures.

The operations of Pronius, Infradex and Vesterbacka Transport that joined the Boreo family at the beginning of March, started as expected and the companies were consolidated into the Group for the first time.

The crisis in Ukraine has different impacts on our diversified businesses

Due to the diversified business model, the crisis in Ukraine has different impacts on our businesses. The most significant direct impact of the Ukrainian crisis is on the Russian component distribution business that is significantly affected by sanctions and other restrictions imposed by the Western world. The demand outlook of Finnish companies specializing in the distribution and assembly of components for defense industry customers (especially Milcon) is positively affected and the impact of the changed operating environment on our order books was already partially visible in March. Increased focus on security of supply is also expected to increase demand for Machinery's auxiliary power business. Companies specializing in the distribution of investment-driven machinery and equipment (like Machinery's machine tool operations and Pronius) suffer from the worsening geopolitical situation and the resulting increasing uncertainty. This is reflected as a delay in customers' investment decisions. The crisis has a negative impact on the demand outlook for the Baltic component distribution business. As a whole, we see the direct and indirect effects of the Ukrainian crisis putting pressure on the Group's performance in the near future, but we are confident about our companies' performance in the longer term.

Alternative Performance Measures

The guidelines of the European Securities and Markets Authority (ESMA) defines 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 (incl. unaudited consolidated pro forma financial information) 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.

According to Boreo, comparable indicators reflect better 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	Q1 2022	Q1 2021	Change	2021
Net sales	37.8	29.0	30%	146.5
Operational EBIT	2.0	1.6	22%	9.6
<i>relative to net sales, %</i>	5.2%	5.6%	-	6.6%
EBIT	1.4	2.2	-37%	8.1
Profit before taxes	1.3	2.0	-33%	6.8
Profit for the period	1.0	1.6	-35%	5.5
Free cash flow	0.9	-0.1	-	1.1
Equity ratio, %	35.9%	26.0%	-	24.3%
Interest-bearing net debt	27.1	26.1	-	37.9
Interest-bearing net debt relative to operational EBITDA of the previous 12 months*	1.6	2.5	-	2.6
Average number of personnel	424	345	23%	408
Personnel at end of the period	423	343	23%	415
Operational EPS, EUR**	0.48	0.45	6%	2.45
EPS, EUR**	0.30	0.61	-51%	1.99
Free cash flow per share, EUR	0.34	0.00	-	0.42

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

**The effect of the interest rate of the hybrid loan recorded in equity adjusted by the tax effect is considered in the calculation of Q1 2022 EPS. In Q1 the net impact was EUR 0.07 per share.

Group's financial performance

In the first quarter of the year, the Group's net sales increased to EUR 37.8 million (2021: 29.0), of which EUR 4.0 million was organic growth in business activities. Acquisitions increased net sales by EUR 4.7 million. Changes in exchange rates did not have a significant impact on net sales (the latest quotations by the European Central Bank is used for the RUB/EUR exchange rate. For the balance sheet, the exchange rate on March 1, 2022 of 117.201 and for the income statement the average exchange rate for the first quarter of 88.397 were used). At comparable exchange rates, net sales were about EUR 37.8 million. Net sales of the Electronics business area grew by EUR 2.9 million (20%) from the previous year to EUR 17.7 million. At comparable exchange rates, net sales were about EUR 17.6 million. Net sales of the Technical Trade business area in the first quarter increased by EUR 1.9 million (21%) to EUR 10.8 million. Net sales of the Heavy Machines business area increased by EUR 3.0 million in the first quarter and totaled EUR 8.2 million. At comparable exchange rates, net sales were about EUR 8.3 million

Net sales, business areas Q1

EUR million	Q1 2022	Q1 2021	Change	2021
Electronics	17.7	14.8	20%	67.9
Technical Trade	10.8	8.9	21%	45.6
Heavy Machines	8.2	5.2	57%	29.7
Other Operations	1.0	-	-	3.4
Total	37.8	29.0	30%	146.5

The geographical distribution of the Group's net sales during the first quarter was as follows: Net sales in Finland increased by 29% mainly as a result of the Milcon and Infradex acquisitions and totaled EUR 21.3 million. Sweden's net sales in the first quarter totaled EUR 4.4 million and grew by EUR 0.6 million from the corresponding period in 2021. Net sales of Baltic operations increased by EUR 74%, or EUR 2.6 million as a result of organic growth in the electronics component distribution business and in the Sany and Putzmeister businesses, reaching EUR 6.1 million in the first quarter of the year. In the first quarter, the euro-denominated net sales of the Russian businesses increased by EUR 0.8 million to EUR 6.0 million.

Net sales by geographic area

EUR million	Q1 2022	Q1 2021	Change	2021
Finland	21.3	16.5	29%	90.4
Sweden	4.4	3.8	-	15.6
Baltic countries	6.1	3.5	74%	16.0
Russia	6.0	5.2	16%	24.6
Total	37.8	29.0	30%	146.5

In the first quarter, the Group's operational EBIT increased by 22% to EUR 2.0 million (2021: 1.6). Operational EBIT margin was 5.2% (2021: 5.6%). The Group's reported EBIT stood at EUR 1.4 million (2020: 2.2). Reported EBIT included non-recurring costs of EUR 0.6 million that affect comparability related to corporate and structural arrangements. These were primarily related to implemented financial arrangements and acquisitions. Changes in exchange rates did not have a significant impact on the Group's EBIT. Operational EBIT of the Electronics business area was EUR 1.4 million in the first quarter (2021: 1.2). Operational EBIT of the Technical Trade business area was EUR 0.8 million (2021: 0.4). EBIT was increased especially by the strong performance of Machinery's power unit. Operational EBIT of the Heavy Machines business area was EUR 0.1 million (2021: 0.3), which was particularly affected by the transition of concrete industry and the timber transport vehicle orders to future quarters. Operational EBIT of Other Operations was EUR -0.4 million, consisting of EUR 0.2 million in EBIT from ESKP and Vesterbacka Transport, and EUR 0.5 million (2021: 0.3) in Group costs not allocated to business areas.

Operational EBIT, business areas Q1

EUR million	Q1 2022	Q1 2021	Change	2021
Electronics	1.4	1.2	18%	5.1
Technical Trade	0.8	0.4	92%	4.2
Heavy Machines	0.1	0.3	-53%	1.6
Other Operations	-0.4	-0.3	-	-1.3
Total	2.0	1.6	22%	9.6

Financial position

At the end of the first quarter of 2022, the Group's interest-bearing net debt amounted to EUR 26.7 million (2021: 26.1). Interest-bearing net debt decreased by EUR 11.3 million from the end of 2021. Net debt was substantially affected by the EUR 20.0 million hybrid loan, which increased cash assets, but which is classified as equity under IFRS. The share of IFRS 16 liabilities in net debt was EUR 5.4 million (2021: 3.3). Net debt relative to operational EBIT of the previous 12 months was 1.6 (2021: 2.5), which was below the company's strategic target level (2-3x).

At the end of the first quarter, shareholders' equity was EUR 40.0 million (2021: 15.6), of which the effect of directed share issues carried out during the review period was EUR 0.6 million and the net effect of withdrawing the hybrid loan was EUR 19.6 million. The Group's shareholders' equity was significantly affected by the translation difference of about EUR 2.6 million caused by the weakening ruble during the first quarter. The equity ratio was 35.9% (2021: 26.0%) and the consolidated balance sheet total was EUR 118.0 million (2021: 65.0).

Cash flow

Net cash flow from operating activities was EUR 1.5 million in the first quarter (2021: 0.0). Free cash flow, i.e. operational net cash flow excluding investments in intangible and tangible assets, was EUR 0.9 million (2021: -0.1) and free cash flow per share was EUR 0.34 (2021: 0.00). Cash flow after investments was EUR -5.1 million, where the net effect of acquisitions was EUR -6.0 million.

The Group's cash and cash equivalents at the end of the reporting period totaled EUR 17.6 million (2021: 7.5). The net effect of the withdrawal of the hybrid loan on the increase in cash assets at the end of 2021 was EUR 19.6 million.

Significant events during the first quarter

On January 27, 2022, Boreo announced that it would strengthen its Technical Trade business by acquiring Pronius Oy and organize a directed share issue for the company owner Kari Lehtomaa as part of the acquisition. The transaction was completed on March 1, 2022.

On January 28, 2022, Boreo announced that it considered issuing a hybrid loan of EUR 20 million and that it had made a preliminary agreement on a financing arrangement of EUR 55 million with OP Corporate Bank plc.

On February 2, 2022, Boreo announced the launch of a EUR 20 million hybrid loan.

On February 25, 2022, Boreo announced that it had signed a EUR 55 million credit facility with OP Corporate Bank plc, which will replace the company's previous credit facilities totaling EUR 39.5 million.

On March 1, 2022, Boreo announced that it had completed the acquisition of Pronius Oy and implemented the planned directed share issue in connection with the transaction to the owner of the company Kari Lehtomaa. On the same day, the company also announced that it would implement two add-on acquisitions in line with its strategy by acquiring Infradex Oy and Vesterbacka Transport Oy. As part of the Vesterbacka Transport Oy acquisition, Boreo Plc organizes a directed share issue for Jari Vesterbacka, the owner of the company.

Russia launched a large-scale attack on Ukraine on February 24, 2022. As a result, e.g., the United States, the European Union and the Great Britain have imposed sanctions on access to Russia's capital and financial markets. These sanctions and possible countersanctions, as well as possible follow-up measures by the United States, the European Union and the Great Britain, will have extensive impact on our business in Russia.

Business Areas

Boreo's business operations are organized into three business areas:

The Electronics business area consists of businesses that distribute and assemble professional electronic components. The companies act as representatives of the world's leading principals in Northern Europe. The companies offer storage and logistics services, as well as technical sales services for principals and customers. The brands of the business area are Yleiselektronikka, YE International, Noretron Komponentit, Milcon and Infradex.

The Technical Trade business area consists of businesses involved in technical trade that represent well-known principals in power, metal machines, construction and welding technique products and system solutions in Finland. The brands of the business area include Machinery, Muottikolmio and Pronius.

The Heavy Machines business area consists of Putzmeister and Sany dealerships in Finland, Sweden and Estonia, and the design, equipment and construction of timber bodies in Sweden. The businesses serve customers in the concrete, construction and the forest industry in Finland, Sweden and Estonia. The brands of the business area are PM Nordic, Tornokone, Sany Nordic and FNB.

In addition to the above-mentioned business areas, Boreo's organization includes ESKP that provides logistics and courier services, and Vesterbacka Transport Oy that operate under Other Operations. The companies operate in the Finnish and Baltic markets.

Electronics business area

In the first quarter of the year, net sales of the Electronics business area grew by 20% to EUR 17.7 million (2021: 14.8). At comparable exchange rates, net sales were EUR 17.6 million. The net sales of the Electronics businesses grew in all Finnish companies, despite the continuing allocation situation and challenges in the availability of components, which limit the companies' ability to deliver their products. The net sales of the Finnish businesses were increased by Yleiselektronikka's organic growth and the acquisitions of Milcon and Infradex. The order books of the Finnish companies developed positively in the first quarter of the year. The Ukrainian crisis has a positive effect especially on the order book of Milcon due to increased demand among defense industry customers. The net sales of the Baltic operations increased significantly from the comparison period, mainly due to materialization of deliveries transferred from 2021. However, the crisis in Ukraine has started to show gradually as a decline in order intake and is expected to affect the profitability development in the rest of the year, especially in Latvia and Lithuania. Efforts are made to compensate for the negative impact by developing the sales mix and implementing measures to improve cost efficiency.

Operational EBIT of the business area for the first quarter increased from the comparison period and was EUR 1.4 million (2021: 1.2). The operational EBIT margin was good at 8.0% despite significant price increases and our independent companies have managed to operate successfully in a changing operating environment.

In the first quarter, Russian net sales totaled EUR 6.0 million and operational EBIT was EUR 0.8 million. At the end of the first quarter, the equity of the Russian businesses amounted appr. to EUR 5.2 million and cash assets appr. to EUR 3.0 million. The companies employ some 140 people. If the quotations by Refinitiv would have been used (the exchange rate on March 1, 2022 of 90.7589 and the average exchange rate for the first quarter of 98.6413), net sales would have amounted to EUR 5.4 million, operational EBIT to EUR 0.7 million, equity to EUR 7.0 million and cash assets to EUR 4.0 million.

Key figures Electronics

EUR million	Q1 2022	Q1 2021	Change	2021
Net sales	17.7	14.8	20%	67.9
Operational EBIT	1.4	1.2	18%	5.1
<i>relative to net sales, %</i>	8.0%	8.1%	-	7.5%
EBIT	1.4	1.0	36%	4.9
Capital expenditure	0.1	0.0	-	0.3
Average number of personnel	252	240	5%	252
Personnel at end of the period	251	244	3%	254

Technical Trade business area

The Technical Trade business area represents well-known principals in power, metal machines, construction and welding technique products and system solutions in Finland. The brands of the business area are Machinery, Muottikolmio and Pronius starting from March 2022.

Net sales of the Technical Trade business area in the first quarter totaled EUR 10.8 million (2021: 8.9). Organic growth in net sales was mainly caused by the good performance of Machinery's businesses relative to the comparison period. In particular, the strong performance of Machinery's power business in the first quarter increased net sales despite longer delivery times and other supply chain disruptions. The demand for construction equipment also remained strong. However, the worsening geopolitical situation and the resulting increasing uncertainty have started to be reflected as delays in customers' investment decisions, especially in Machinery's metal machines and Pronius Oy. Increased focus on security of supply is, in turn, expected to have a positive impact on the demand outlook of Machinery's auxiliary power business.

Operational EBIT of the business area increased in the first quarter to EUR 0.8 million (2021: 0.4) and the operational EBIT margin was 7.1%. Operational EBIT was mainly strengthened by Machinery, whose profitability was supported by the strong demand for power and construction equipment in the second quarter.

Key figures Technical Trade

EUR million	Q1 2022	Q1 2021	Change	2021
Net sales	10.8	8.9	21%	45.6
Operational EBIT	0.8	0.4	92%	4.2
<i>relative to net sales, %</i>	7.1%	4.5%	-	9.2%
EBIT	0.7	0.4	68%	4.0
Capital expenditure	0.1	0.1	-41%	0.2
Average number of personnel	90	82	10%	78
Personnel at end of the period	87	75	16%	80

Heavy Machines business area

First-quarter net sales of the Heavy Machines business area were EUR 8.2 million, increasing significantly from the comparison period (2021: 5.2). The strong demand from Putzmeister and Sany businesses in Estonia especially contributed to net sales growth. In addition, the FNB acquisition carried out in September 2021 affected net sales growth. Despite the significant increase in net sales from the comparison period, the development of the business continued to be affected by the significantly extended delivery times and shift in chassis deliveries of concrete industry machinery especially in Finland.

Operational EBIT for the first quarter totaled EUR 0.1 million, down from EUR 0.3 million in the comparison period. Relative profitability was low at 1.7%. Profitability was negatively affected by the sales mix and moved

deliveries in the Putzmeister business. In addition, profitability was weakened by investments in the ramp-up of Sany's business in Finland and Sweden.

Due to global component shortage, delivery times for machinery in the concrete industry are still exceptionally long. At the same time, rising inflation puts pressure on profitability development in coming quarters. At the end of March, however, the order books of the Putzmeister business in Finland and Sweden were still at historically high levels.

Key figures Heavy Machines

EUR million	Q1 2022	Q1 2021	Change	2021
Net sales	8.2	5.2	57%	29.7
Operational EBIT	0.1	0.3	-53%	1.6
<i>relative to net sales, %</i>	1.7%	5.7%	-	5.5%
EBIT	0.0	0.3	100%	1,2
Capital expenditure	0.0	0.0	-	0.1
Average number of personnel	49	18	172%	48
Personnel at end of the period	53	19	179%	49

Other Operations

Operational EBIT from Other Operations was EUR -0.4 million in the first quarter of the year. The demand for services from ESKP that is reported under Other Operations and specializes in logistics and courier services, remained at a good level despite increasing cost pressures. With the new contracts won, the company's profitability is expected to develop positively despite the cost pressures. The company's net sales were EUR 1.1 million and the EBIT margin was 12%. In addition to ESKP's operational EBIT, the operational EBIT of Other Operations included EUR 0.5 million of Group administration costs (2021: 0.3).

Key Figures Other Operations

EUR million	Q1 2022	Q1 2021	Change	2021
Net sales	1.0	-	-	3.4
Operational EBIT	-0.4	-0.3	23%	-1.3
<i>relative to net sales, %</i>	-36.7%	-	-	-38.1%
EBIT	-0.7	0.4	-277%	-1.9
Capital expenditure	0.3	0.0	-	0.2
Average number of personnel	33	5	560%	30
Personnel at end of the period	32	5	5	32

Group personnel

Boreo Group's number of personnel stood at 423 at the end of the reporting period (2021: 343) and was divided into business areas as follows: Electronics 251 (2021: 244), Technical Trade 87 (2021: 75), Heavy Machines 53 (2021: 19), Other Operations 32 (2021: 5), of which ESKP accounted for 24 and Group Administration for 8 (2021: 5). The average number of employees in the Group was 424 (2021: 345), which was divided into business areas as follows: Electronics 252 (2021: 240), Technical Trade 90 (2021: 82), Heavy Machines 49 (2021: 18), Other Operations 33 (2021: 5), of which ESKP accounted for 25 and Group Administration for 8 (2021: 5).

Employment related expenses for the review period totaled EUR 5.6 million (2021: 3.7).

Managers' transactions

During the first quarter of 2022, Boreo Plc received four notifications concerning Managers' transactions (Article 19 of MAR).

On February 04, 2022, Boreo Plc notified that AK Capital Oy, a corporation controlled by Kari Nerg, CEO, had acquired 131 shares at an average price of EUR 72.38626 per share.

On February 07, 2022, Boreo Plc notified that AK Capital Oy, a corporation controlled by Kari Nerg, CEO, had acquired 39 shares at an average price of EUR 68.40 per share.

On February 07, 2022, Boreo Plc notified that MYK Partners Oy, a corporation controlled by Martti Yrjö-Koskinen, member of the Board of Directors, had acquired 15 debt instruments at an average price of EUR 20,000 per instrument.

On February 08, 2022, Boreo Corporation notified that Camilla Grönholm, member of the Board of Directors, had acquired 117 shares at an average price of EUR 69.98291 per share.

Main short-term risks and operational uncertainties

Boreo Group 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.

Country risk related to Russia: The main risks and uncertainties relate to the Ukraine crisis and sanctions set by the Western world, as well as counter-sanctions that have considerable effects on the operating environment and operational preconditions in Russia. In addition, key risks are related to regulation and policy changes and an instable currency. In addition to the direct transaction risk, the ruble also creates a translational risk for the Group. The laborious certification process for imports and economic sanctions against the country also have a detrimental effect on the import of technical products.

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 and project-like by nature and 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 weakens, 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: Boreo 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.

The Group's financial risks include interest rate, currency, liquidity and credit risks. Other risks include risks related to equity and impairment. Since the beginning of 2021, the Group has operations in six 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 Russian rubles and US dollars, and, as of 2021, also Swedish kronas. Currency risks arise mainly come from translation differences (net investments in foreign subsidiaries and their equity) and foreign currency transactions. Changes in market interest rates impact the Group's net interest rates. Most of the Group's interest-bearing liabilities are euro-denominated liabilities of the parent company.

COVID pandemic: The global and still continuing COVID pandemic increases uncertainty in the Group's operating areas and it is expected to continue to have negative impacts on supply chains, delivery reliability of products, supply times and prices, and on demand for products and services in the business environment.

Material events after the financial year

On May 3, 2022, Boreo Plc announced that it had signed an agreement to purchase the entire share capital of Signal Solutions Nordic Oy from the company's CEO Tony Aaltonen and from a company owned by Lassi Kuosmanen. As part of the acquisition, Boreo will arrange a direct share issue to the sellers. Following the transaction, the company will continue to operate independently as part of the Boreo Group's Electronics business area.

At the Annual General Meeting of Boreo Plc held on April 19, 2022, it was resolved, in accordance with the agenda, to adopt the financial statements for the previous financial year, to pay a dividend of EUR 0.21 per share and to authorize the Board of Directors to decide on a second dividend of max. EUR 0.21 per share during 2022. The Annual General Meeting resolved to discharge the members of the Board of Directors and the CEO from liability for the financial period 2021. It was resolved that the number of members of the Board of Directors is six and Simon Hallqvist, Ralf Holmlund, Jouni Grönroos, Camilla Grönholm and Michaela von Wendt were re-elected as Board members. Juhani Mykkänen was elected as a new Member of the Board of Directors. It was resolved that the Chairman of the Board be paid EUR 4,000 per month as remuneration and the other members of the Board of Directors EUR 2,000 per month. In addition, it was resolved to pay a meeting fee of EUR 500 for each meeting of the Board and the Committee to the members of the Board of Directors and the Committee. It was resolved that the Chairman of the Audit Committee would receive a remuneration of EUR 1,000 per month in addition to the Board remuneration and that the Chairman of the Remuneration and Nomination Committee would receive a remuneration of EUR 500 per month in addition to the Board remuneration. It was resolved that approximately 40% of the total monthly remuneration would be paid in company shares and 60% in cash. The remuneration to the Chairman of the Board will, however, be fully paid in cash. Moore Rewinet Oy was elected as the auditors with APA Jari Paloniemi as the responsible auditor. The Board of Directors was authorized to decide on issuing a maximum of 525,500 shares, which corresponds to approximately 20% of all the shares in the company at the date of the notice of the meeting and the Board of Directors was authorized to decide on the purchase of a maximum of 262,200 own shares, which corresponds to approximately 10 per cent of all the shares in the company at the date of the notice of the meeting. The authorizations are valid until the end of the next Annual General Meeting, but no later than June 30, 2023.

On April 19, 2022, the Board of Directors of Boreo Plc approved the company's disclosure policy updated on April 19, 2022, which describes the main communication and investor relations policies and principles that Boreo applies in its external communication. A key change in the disclosure policy concerned the language in which the company's financial reporting is published. In future, the company publishes its financial reports and other regulated information both in Finnish and English. The updated disclosure policy will become effective and applied for the first time in the Q1/22 interim report published by the company on May 5, 2022.

Reconciliation statements of key indicators

Reconciliation, operational EBIT

EUR million	Q1 2022	Q1 2021	2021
EBIT	1.4	2.2	8.1
ITEMS AFFECTING COMPARABILITY			
Electronics			
Structural arrangements	0.0	0.0	-0.1
Costs related to acquisitions	0.0	0.0	0.0
Sale of real estate	0.0	0.0	0.0
Depreciation related to allocation of acquisition costs	0.0	0.0	-0.1
Technical Trade			
Structural arrangements	0.0	0.0	-0.1
Costs related to acquisitions	0.0	0.0	0.0
Depreciation related to allocation of acquisition costs	-0.1	0.0	-0.2
Heavy Machines			
Structural arrangements	0.0	0.0	0.0
Costs related to acquisitions	0.0	0.0	0.0
Depreciation related to allocation of acquisition costs	-0.1	-0.1	-0.4
Other Operations			
Structural arrangements	-0.1	-0.1	0.0
Costs related to acquisitions	-0.2	0.0	-1.2
Sale of real estate	0.0	0.8	0.8
Depreciation related to allocation of acquisition costs	0.0	0.0	-0.1
TOTAL ITEMS AFFECTING COMPARABILITY	-0.6	0.5	-1.4
OPERATIONAL EBIT	2.0	1.6	9.6

Operational EPS

EUR million	Q1 2022	Q1 2021	2021
Profit for the review period to shareholders	0.8	1.6	5.2
Items affecting comparability	0.5	-0.4	1.1
Operational profit for the review period to shareholders	1.3	1.2	6.3
Average number of outstanding shares, thousand	2,613	2,567	2,583
Operational EPS*	0.48	0.45	2.45

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

Interest-bearing net debt

EUR million	Q1 2022	Q1 2021	2021
Long-term financial liabilities	35.7	28.3	34.6
Short-term financial liabilities	8.6	5.3	9.6
Cash and cash equivalents	17.6	7.5	6.2
Interest-bearing net debt	26.7	26.1	37.9

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 of the previous 12 months (including acquired businesses as if they had been held for 12 months at the reporting date) =
$$\frac{\text{Interest-bearing net debt}}{\text{Operational EBITDA for the previous 12 months}}$$

Equity ratio, % =
$$\frac{\text{Total equity} + \text{minority interest}}{\text{Balance sheet total} - \text{advances received}} \times 100$$

Free cash flow = Operational net cash flow - capital expenditure

Free cash flow per share =
$$\frac{\text{Free cash flow}}{\text{Average number of outstanding shares}}$$

Interest-bearing net debt = Interest-bearing liabilities - cash and cash equivalents

Earnings per share (EPS) =
$$\frac{\text{Profit for the review period to shareholders} - \text{the interest cost on the hybrid loan recorded in equity minus the tax effect}}{\text{Average number of outstanding shares}}$$

Operational EPS =
$$\frac{\text{Profit for the review period to shareholders} - \text{the interest cost on the hybrid loan recorded in equity minus the tax effect} \pm \text{items affecting comparability}}{\text{Average number of outstanding shares}}$$

TABLES January 1 to March 31, 2022

Accounting principles of the interim report

The interim report is prepared in accordance with the IAS 34 Interim financial reporting standard. The accounting principles of the interim report are the same applied to the financial statements compiled on December 31, 2021. The figures of the interim report are unaudited.

CONSOLIDATED INCOME STATEMENT (MEUR)	Q1/2022	Q1/2021	1-12/2021
Net sales	37.8	29.0	146.5
Other operating income	0.0	1.1	1.5
Materials and services	-27.6	-21.4	-109.5
Employee benefit expenses	-5.6	-4.2	-18.8
Depreciation, amortization and impairment losses	-1.1	-0.8	-3.4
Other operating expenses	-2.2	-1.5	-8.4
EBIT	1.4	2.2	8.1
Financial income	0.9	0.3	0.9
Financial expenses	-0.9	-0.5	-2.3
Profit before taxes	1.3	2.0	6.8
Income taxes	-0.3	-0.3	-1.3
Profit for the period	1.0	1.6	5.5
Allocated to			
Shareholders of the parent company	1.0	1.6	5.2
Minorities	0.1	0.0	0.3
EPS (undiluted) EUR	0.30	0.61	1.99
EPS (diluted) EUR	0.30	0.61	1.99
Items of the comprehensive income statement (EUR thousand)			
Items that may be reclassified subsequently to profit or loss:			
Translation differences from foreign units	-2.6	0.0	0.3
Other comprehensive income items after tax during the period	0.0	0.0	0.0
Total comprehensive income for the period	-1.5	1.6	5.7
Allocated to			
Shareholders of the parent company	-1.4	1.6	5.5
Minorities	-0.1	0.0	0.3
Number of outstanding shares (thousand)	2,613	2,567	2,583
Outstanding shares at the end of the period	2,620	2,571	2,617
Number of shares (thousand)	2,628	2,581	2,609

CONSOLIDATED BALANCE SHEET (MEUR)	3/31/2022	3/31/2021	12/31/2021
ASSETS			
Non-current assets			
Intangible capital assets	5.5	3.3	3.3
Goodwill	33.2	26.0	29.0
Property, plant and equipment	7.6	4.1	6.9
Other financial assets	0.4	0.3	0.3
Deferred tax assets	0.1	0.2	0.2
Total non-current assets	46.8	33.9	39.6
Current assets			
Inventories	31.4	21.1	28.2
Accounts receivable and other receivables	22.2	14.7	23.3
Cash and cash equivalents	17.6	7.5	6.2
Total current assets	71.2	44.3	57.7
TOTAL ASSETS	118.0	77.2	97.4
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	20.0	0.0	0.0
Reserve for invested unrestricted equity	2.6	0.5	2.0
Retained earnings	13.9	12.7	11.7
Profit for the period	1.0	1.6	5.2
Total	40.0	17.4	21.4
Minority interest	0.8	0.9	1.0
Non-current liabilities			
Financial liabilities	35.7	25.3	34.6
Deferred tax liabilities	1.6	0.8	1.0
Provisions	0.0	0.0	0.0
Total non-current liabilities	37.3	29.1	35.5
Current liabilities			
Trade and other payables	25.2	24.5	29.8
Provisions	6.1	0.1	0.1
Financial liabilities	8.6	5.3	9.6
Total current liabilities	39.9	29.8	39.4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	118.0	77.2	97.4

CONSOLIDATED CASH FLOW STATEMENT (MEUR)	Jan 1 to Mar 31, 2022	Jan 1 to Mar 31, 2021
Operational cash flow		
Profit before taxes	1.3	2.0
Non-cash transactions		
Depreciation, amortization and impairment losses	1.1	0.8
Net financial items	0.0	0.3
Increase (-) / decrease (+) in inventories	-1.5	-0.9
Increase (-) / decrease (+) in current assets	2.8	0.4
Increase (+) / decrease (-) in current liabilities	-1.6	-1.1
Operational cash flow before financing items and taxes	2.1	1.4
Net financial items	-0.0	-0.3
Taxes paid	-0.6	-0.2
Other adjustments	0.0	-0.9
Operational net cash flow	1.5	0.0
Investments in intangible and tangible assets	-0.6	-0.1
Acquisition of subsidiaries, net of cash	-6.0	-6.3
Proceeds from sale of property, plant and equipment	0.0	1.5
Net cash flow from investments	-6.5	-4.9
Cash flow after investments	-5.1	-4.9
Repayments of loans	-37.3	-2.3
Withdrawals of loans	35.6	6.0
Withdrawal of hybrid loan	20.0	0.0
Interest rate and expenses on hybrid loan	-0.4	0.0
Dividends paid	-0.1	0.0
Net cash flow from financing	17.8	3.7
Change in cash and cash equivalents	12.7	-1.2
Cash and cash equivalents Jan 1	6.2	8.7
Impact of exchange rate fluctuations and consolidation	-1.3	0.0
Liquid funds Dec 31	17.6	7.5

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (MEUR)

	Share capital	Contingency reserve	Reserve for invested unrestricted equity	Translation difference	Hybrid loan	Retained earnings	Minority interest	Total
2022								
Equity								
31.12.2021	2.5	0.1	2.0	0.0	0.0	16.9	1.0	22.4
Profit/loss for the period						1.0	0.1	1.0
Translation differences				-0.5		-1.9	-0.2	-2.6
Share issue			0.6					0.6
Minority redemption						0.0	0.0	0.0
Withdrawal of hybrid loan					20.0			20.0
Interest rate and borrowing costs of the hybrid loan						-0.6		-0.6
Dividend payment						-	-0.1	-0.1
Other change		0.0						0.0
Equity								0.0
31.3.2022	2.5	0.1	2.6	-0.5	20.0	15.3	0.8	40.8

	Share capital	Contingency reserve	Reserve for invested unrestricted equity	Translation difference	Hybrid loan	Retained earnings	Minority interest	Total
2021								
Equity								
31.12.2020	2.5	0.1	0.0	-0.1	0.0	13.2	1.0	16.6
Profit/loss for the period						5.2	0.3	5.5
Translation differences				0.1		0.1	0.0	0.3
Share issue			2.0					2.0
Minority redemption						-0.1	-0.1	-0.2
Dividend payment						-1.0	-0.2	-1.2
Other change		0.0				-0.4		-0.4
Equity								0.0
31.12.2021	2.5	0.1	2.0	0.0	0.0	16.9	1.0	22.4

SEGMENT INFORMATION (MEUR)

1-3/2022	Electronics	Technical Trade	Heavy Machines	Other Operations	Inter-segment	Total
Profit						
Net sales	17.7	10.8	8.2	1.0	-	37.8
Depreciation	-0.4	-0.3	-0.3	-0.1	-	-1.1
EBIT	1.4	0.7	0.0	-0.7	-	1.4
Financial income	1.0	0.0	0.0	0.0	-0.1	0.9
Financial expenses	-1.0	-0.1	0.0	0.0	0.1	-0.9
Profit before taxes	1.4	0.6	0.0	-0.7	-	1.3
Balance sheet assets	47.2	39.4	33.9	4.9	-7.5	118.0
Balance sheet liabilities	49.7	19.1	14.8	0.9	-7.5	77.1
Investments	0.1	0.1	0.0	0.3	-	0.6
Average personnel	252	90	49	33	-	424

SEGMENT INFORMATION (MEUR)

1-3/2021	Electronics	Technical Trade	Heavy Machines	Other Operations	Inter-segment	Total
Net sales	14.8	9.8	5.2	-	-0.9	29.0
Depreciation	-0.3	-0.3	-0.1	-	-	-0.7
EBIT	1.0	0.4	0.3	0.5	-	2.2
Financial income	0.3	0.0	0.0	-	-	0.3
Financial expenses	-0.4	-0.1	0.0	-	-	-0.5
Profit before taxes	0.9	0.3	0.3	0.5	-	2.0
Balance sheet assets	32.9	31.7	18.0	-	-5.4	77.2
Balance sheet liabilities	40.9	17.6	5.9	-	-5.4	59.0
Investments	0.0	0.1	0.0	-	-	0.1
Average personnel	240	82	18	5	-	345

CONTINGENT LIABILITIES (MEUR)

	03/31/2022	03/31/2021
Liabilities		
Overdraft facility	6.4	3.0
Total liabilities	6.4	3.0
Collateral given		
Real estate mortgages	0.0	0.0
Corporate mortgages	71.5	38.5
Pledged securities	0.0	0.0
Guarantees	1.7	3.4
Total guarantees	73.2	41.9

The company has no liability arising from derivative contracts.

Vantaa, May 05, 2022

BOREO PLC

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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 Northern Europe. Boreo's business operations are organized into three business areas: Electronics, Technical Trade and Heavy Machines.

Boreo's main objective is to create shareholder value in the long-term. It aims to achieve this with an acquisition-driven strategy, creating optimal conditions for its businesses to increase sales and improve profitability, and by being a best-in-class home for its companies and personnel.

The Group's net sales in 2021 were EUR 146.5 million and it employs some 400 people in six countries. The company's headquarter is in Vantaa.