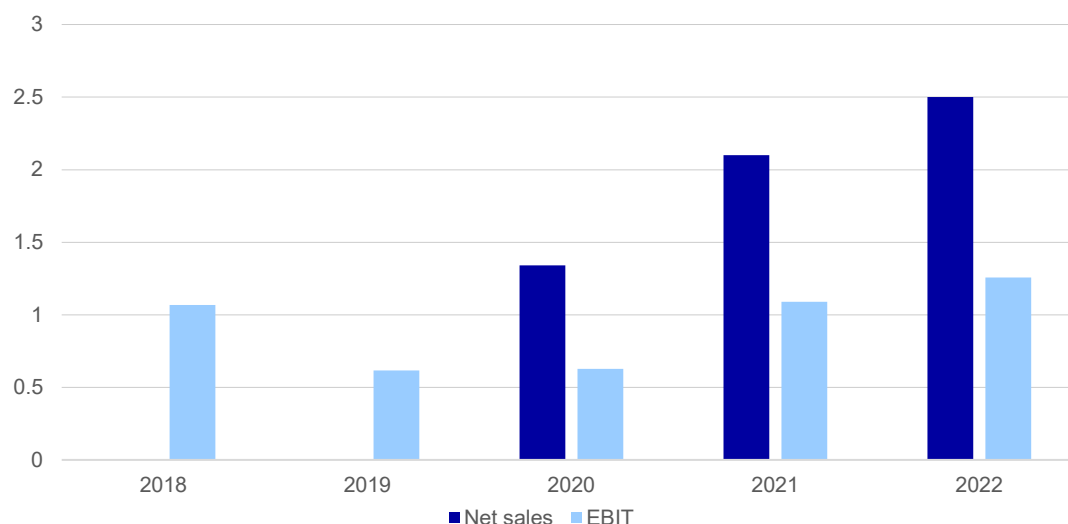


## Commissioned research: Boreo – Expanding to healthcare sector through M&A in Finland

*Marketing material commissioned by Boreo*

Boreo announced this morning acquisition of Delfin Technologies, a Finnish health technology company with EUR 2.5m sales and EUR 1.3m EBIT (based on Finnish Accounting Standards). The company has grown strongly since 2020 with ~37% CAGR while EBIT margin has remained around 50%. Delfin serves its customers through distributors in more than 40 countries with main markets being US, China and Europe. If we assume 10% sales growth for Delfin in 2023E-24E with an unchanged EBIT margin of 50%, our 2023E-24E top line estimates would rise 1-2% and adjusted EBIT ex-PPA estimates by 7-13%. Delfin will be reported under Boreo's Electronics Business Area. Delfin develops, produces and markets scientifically validated and specialized, hand-held skin and edema measurement instruments. Products are used in medical and dermatological research, as well as in R&D, safety and performance validation of self-care and cosmetics products. Acquisition price is not disclosed, while two thirds are paid at closing of the deal (beginning of July) and one third in one year from the closing. Payment is made with existing financial facilities. We believe the acquisition price to remain below EUR 10m and view acquisition as an interesting expansion which opens up a new segment for Boreo. In addition, acquisition should improve return on capital on group level if our assumption of acquisition price is correct. Following the acquisition, we see only limited room for additional M&A in 2023. We have a fair value range of EUR 44-53 per Boreo share.

### Delfin: Net sales and EBIT (EURm), 2018-22



Source: Company data and Asiakastiето

## SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	98	147	160	177	183	189
EBITDA (adj)	8	12	11	13	14	15
EBIT (adj)	6	9	7	9	10	12
EBIT (adj) margin	5.9%	6.0%	4.6%	4.9%	5.5%	6.5%
EPS (adj, EUR)	1.53	2.25	-0.13	1.48	2.02	3.19
EPS (adj) growth	69.3%	47.0%	-105.7%	1,253.5%	36.4%	57.9%
DPS (ord, EUR)	0.40	0.42	0.44	0.46	0.50	0.60
EV/Sales	1.0	1.3	0.8	0.8	0.7	0.8
EV/EBIT (adj)	16.5	21.7	17.7	15.7	13.1	11.9
P/E (adj)	19.2	26.3	n.m.	25.0	18.4	11.6
P/BV	4.8	7.1	2.4	2.3	2.1	2.9
Dividend yield (ord)	1.4%	0.7%	1.2%	1.2%	1.3%	1.6%
FCF Yield bef A&D, lease adj	9.6%	-0.3%	0.3%	4.2%	8.1%	6.1%
Net debt	20	38	31	33	29	46
Net debt/EBITDA	3.2	3.5	2.9	2.6	2.1	3.1
ROIC after tax	19.2%	14.4%	8.5%	8.8%	10.1%	12.1%

Source: Company data and Nordea estimates

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