RELAIS

IFRS consolidated financial statements

as at and for the year ended 31 December 2021

Unofficial translation

Table of contents

Consolidated IFRS financial statements

CONSOLIDATED INCOME STATEMENT

In thousands of euro	Note	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Net sales	2, 4	237,830	128,978
Other operating income	5	3,074	1,040
Materials and services	6	(138,242)	(84,460)
Employee benefit expenses	7	(46,945)	(16,645)
Depreciation, amortisation and impairment losses	8	(12,963)	(3,982)
Other operating expenses	9	(19,712)	(7,081)
Operating profit		**23,042**	**17,851**
Financial income		1,222	2,235
Financial expenses		(5,794)	(3,853)
Net financial expenses	10	**(4,572)**	**(1,617)**
Profit before income taxes		**18,470**	**16,234**
Income tax expense	11	(4,093)	(3,071)
Profit for the financial year		**14,377**	**13,163**
Profit for the financial year attributable to			
Owners of the parent company		14,346	13,152
Non controlling interests		30	11
Earnings per share	12		
Basic earnings per share, euro		**0.81**	**0.79**
Diluted earnings per share, euro		**0.78**	**0.76**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Profit for the financial year		**14,377**	**13,163**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation difference		(620)	512
Total other comprehensive income for the financial year		**(620)**	**512**
Total comprehensive income for the financial year		**13,757**	**13,675**
Total comprehensive income attributable to			
Owners of the parent company		13,734	13,664
Non controlling interests		23	11

CONSOLIDATED BALANCE SHEET

EUR thousands	Note	31 Dec 2021	31 Dec 2020	1 Jan 2020
ASSETS				
Non-current assets				
Intangible assets	13	15,066	2,995	330
Goodwill	13	116,630	65,998	53,731
Tangible assets	14	4,897	865	951
Right-of-use assets	15	54,143	17,183	18,680
Deferred tax assets	11	798	646	579
Other non-current assets	17	85	81	62
Total non-current assets		**191,618**	**87,769**	**74,332**
Current assets				
Inventories	16	73,352	44,554	43,453
Current tax receivables		2,588	126	1,039
Trade and other receivables	17-18, 22	31,170	15,700	13,889
Cash and cash equivalents	17	11,803	34,669	29,600
Total current assets		**118,912**	**95,048**	**87,982**
Total assets		**310,531**	**182,817**	**162,314**
EQUITY				
Share capital		80	80	80
Reserve for invested unrestricted equity		71,436	56,226	51,007
Translation differences		(1,632)	(1,019)	(1,531)
Retained earnings		34,232	25,075	13,605
Total equity attributable to owners of the parent company		**104,117**	**80,362**	**63,161**
Non-controlling interests		**337**	**314**	**-**
Total equity	19	**104,454**	**80,676**	**63,161**
LIABILITIES				
Non-current liabilities				
Loans from financial institutions	20, 22	90,537	57,690	58,574
Lease liabilities	15, 20, 22	44,284	14,057	15,694
Other non-current financial liabilities	3, 20	1,609	632	195
Other non-current liabilities	7	650	-	-
Deferred tax liabilities	11	6,179	3,445	2,484
Total non-current liabilities		**143,259**	**75,823**	**76,947**
Current liabilities				
Loans from financial institutions	20, 22	6,042	5,000	4,763
Lease liabilities	15, 20, 22	10,641	3,345	2,986
Other current financial liabilities	3, 20	2,937	-	-
Current tax liabilities		4,305	-	433
Trade and other payables	20, 22, 23	38,893	17,974	14,024
Total current liabilities		**62,818**	**26,319**	**22,206**
Total liabilities		**206,077**	**102,142**	**99,153**
Total equity and liabilities		**310,531**	**182,817**	**162,314**

CONSOLIDATED CASH FLOW STATEMENT

In thousands of euro	Note	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Cash flows from operating activities			
Profit for the financial year		14,377	13,163
Adjustments:			
Depreciation, amortisation and impairment losses	8	12,963	3,982
Financial income and expenses less unrealised foreign exchange gains and losses	10	3,889	1,453
Unrealised foreign exchange gains and losses		683	163
Income tax expense	11	4,093	3,071
Other adjustments		2,467	24
Cash flows before change in net working capital		38,472	21,856
Change in net working capital:			
Change in trade and other receivables (increase (-) / decrease (+))		(1,317)	299
Change in inventories (increase (-) / decrease (+))		(14,814)	2,545
Change in trade and other payables and accruals (increase (+) / decrease (-))		(1,293)	(1,057)
Cash flows before finance items		21,048	23,643
Interest paid		(3,465)	(3,624)
Interest received		67	57
Other financial items		(404)	1,470
Income taxes paid		(4,052)	(2,546)
Net cash from operating activities (A)		**13,194**	**19,000**
Cash flows from investing activities			
Acquisition of intangible and tangible assets		(2,482)	(199)
Acquisition of subsidiaries, net of cash acquired	3	(52,872)	(9,259)
Proceeds from sale of tangible and intangible assets		197	(16)
Repayment of loan receivables		-	724
Net cash used in investing activities (B)		**(55,157)**	**(8,750)**
Cash flows from financing activities			
Proceeds from current loans and borrowings		4,500	5,000
Repayment of current loans and borrowings		(6,569)	(3,387)
Proceeds from non-current loans and borrowings		40,735	60,427
Repayment of non-current loans and borrowings		(6,743)	(63,247)
Dividends paid	19.2	(5,189)	(1,682)
Payment of lease liabilities	15.1	(8,306)	(2,903)
Proceeds from shares subscriptions based on share options	19.3	915	-
Net cash from financing activities (C)		**19,343**	**(5,792)**
Net cash from (used in) operating, investing and financing activities (A+B+C)		**(22,620)**	**4,458**
Net increase (decrease) in cash and cash equivalents		**(22,620)**	**4,458**
Cash and cash equivalents at 1 January		34,669	29,600
Effects of exchange rate fluctuations on cash held		(245)	611
Cash and cash equivalents at 31 December	17	**11,803**	**34,669**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to owners of the parent company						
In thousands of euro	**Note**	**Share capital**	**Reserve for invested unrestricted equity**	**Translation differences**	**Retained earnings**	**Total**	**Non-control-ling interests**	**Total equity**
Balance at 1 January 2021		**80**	**56,226**	**(1,019)**	**25,075**	**80,362**	**314**	**80,676**
Comprehensive income								
Profit for the financial year		-	-	-	14,346	14,346	30	14,377
Other comprehensive income		-	-	(612)	-	(612)	(8)	(620)
Total comprehensive income for the financial year		**-**	**-**	**(612)**	**14,346**	**13,734**	**23**	**13,757**
Transactions with owners of the parent company								
Shares issues related to business combinations	19	-	14,296	-	-	14,296		14,296
Shares subscribed by using options	19	-	915	-	-	915		915
Dividend distribution	19	-	-	-	(5,189)	(5,189)		(5,189)
Total transactions with owners of the parent company		**-**	**15,210**	**-**	**(5,189)**	**10,021**		**10,021**
						-		
Balance at 31 December 2021		**80**	**71,436**	**(1,631)**	**34,232**	**104,117**	**337**	**104,454**

		Equity attributable to owners of the parent company						
In thousands of euro	**Note**	**Share capital**	**Reserve for invested unrestricted equity**	**Translation differences**	**Retained earnings**	**Total**	**Non-control-ling interests**	**Total equity**
Balance at 31 December 2019, as reported in the FAS consolidated financial statements		**80**	**51,007**	**(1,531)**	**14,129**	**63,685**	**-**	**63,685**
Impact of IFRS transition	27	-	-	-	(524)	(524)	-	(524)
Restated IFRS balance at 1 January 2020		**80**	**51,007**	**(1,531)**	**13,605**	**63,161**		**63,161**
Total comprehensive income								
Profit for the financial year		-	-	-	13,152	13,152	11	13,163
Other comprehensive income			-	512	-	512	-	512
Total comprehensive income for the financial year		**-**	**-**	**512**	**13,152**	**13,664**	**11**	**13,675**
Transactions with owners of the parent company								
Share issues	19	-	5,219	-	-	5,219	-	**5,219**
Dividend distribution	19	-	-	-	(1,682)	(1,682)	-	**(1,682)**
Acquisition of subsidiary with NCI	3	-	-	-	-	-	303	**303**
Total transactions with owners of the parent company		**-**	**5,219**	**-**	**(1,682)**	**3,537**	**303**	**3,840**
Balance at 31 December 2020		**80**	**56,226**	**(1,019)**	**25,075**	**80,362**	**314**	**80,676**

1 Basis of preparation

1.1 Company information

Relais Group (hereafter ‘Relais’ or ‘Group’) is the leading consolidator and acquisition platform on the vehicle aftermarket in the Nordic and Baltic countries. The Group’s parent company, Relais Group Plc (or 'the Company’), is a Finnish public limited liability company established under the laws of Finland (business ID 2566730-3). It is domiciled in Helsinki, Finland and the Company’s registered address is Mannerheimintie 105, 00280 Helsinki, Finland. Company's share is listed on Nasdaq Helsinki Ltd's Nasdaq First North Growth Market Finland with the stock symbol RELAIS.

Relais Group is an industrial operator with a sector focus in vehicle life cycle enhancement and related services. It also serves as a growth platform for the companies it owns. Relais carries out targeted acquisitions in line with its growth strategy and wants to be an active player in the consolidation of the aftermarket in our area of operation. Relais' acquisitions are targeted at companies having a good strategic fit with its Group companies. Relais's revenue in 2021 totaled EUR 238 (129) million and it employed 950 (296) professionals in six different countries at the end of the year.

1.2 Basis of accounting

These are the first consolidated financial statements of Relais prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force as at 31 December 2021. In the EU IFRS are standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. Relais has consistently applied these policies both in the financial years 2021 and 2020 and in preparation of the opening IFRS balance sheet as at 1 January 2020, unless otherwise stated below. The Group has not early adopted any standard, amendment or interpretation before their effective dates.

The Group's date of transition to IFRS was 1 January 2020. Until 31 December 2021, the consolidated financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS). The FAS-based accounting policies were presented in the 2021 consolidated financial statements. Note 27 Transition to IFRS discloses the impacts resulting from the adoption of IFRS.

These consolidated financial statements for the financial year ended 31 December 2021 have been prepared solely for the purpose of inclusion in the Prospectus pursuant to Prospectus Regulation (EU) 2017/1129 and Commission Delegated Regulation (EU) 2019/980 prepared in connection with the listing of Relais Group Plc and the offering of the company's shares to the public and the listing of the shares in the stock exchange list of Nasdaq Helsinki Oy, and cannot be used for any other purposes. These consolidated financial statements are not the company's statutory financial statements, nor do they include the report of the Board of Directors or the parent company's financial statements, nor have they been approved by the company's Annual General Meeting.

The Board of Directors of Relais Group Plc approved these consolidated financial statements for issue in its meeting on 29 November 2022. A copy of the consolidated financial statements is available at the Group’s website www.relais.fi.

This section 1.2 addresses the general policies applied that relate to the consolidated financial statements as a whole. Accounting policies that are specific to a component of the financial statements, together with descriptions of management judgements, related estimates and assumptions, are incorporated into the relevant note to the consolidated financial statements.

The consolidated financial statements are drawn up on the historical cost basis of accounting, except for the following that are measured at fair value: share appreciation rights, derivative financial instruments, and contingent considerations (classified as financial liabilities). For the fair value hierarchy applied, refer to Note 1.7 Measurement of fair values. Further information about the assumptions made in measuring fair values is included in the following notes: Note 3 Business combinations, 7 Employee benefit expenses, and 21 Fair values of financial assets and financial liabilities.

The figures in the financial statements are presented in thousands of euro, except when otherwise indicated. All figures presented have been rounded, and consequently the sum of individual figures may deviate from the presented aggregate figure. The figures presented in brackets refer to the 2020 comparative period or date, unless otherwise stated. The financial year of Relais is the calendar year.

1.3 Critical management judgments and key sources of estimation uncertainty

The preparation of IFRS financial statements requires management to make judgments, estimates and assumptions. These affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the period-end as well as the reported amounts of income and expenses during the reporting period.

The Group bases its assumptions, estimates and adjustments on historical experience, current trends, and other justified factors, such as future expectations, that Relais management believes are reasonable under the circumstances at the end of the reporting period and the time when they were made.

Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Relais reviews the estimates and underlying assumptions on an on-going basis and when preparing financial statements. Changes in accounting estimates may be necessary as a result of new information or more experience, or if the underlying circumstances evolve. Consequently, the estimates made as at 31 December 2021 may have to be revised subsequently. The Group recognises such changes in the period in which the estimate or the assumption is revised.

Use of judgments

Judgements that the Group management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements, relate to the following areas:

Topic	Note	Nature of management judgement
Leases, Relais as a lessee	15 Leases	Determining the lease term for contracts with an option to extend or terminate a lease, and incremental borrowing rate

Estimates and assumptions

In Relais Group, the assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year comprise the following:

Topic	Note	Nature of estimates and assumptions
Goodwill impairment testing	13 Intangible assets and goodwill	Key assumptions used in determining the underlying recoverable amounts
Business combinations	3 Business combinations	Estimation of fair values of intangible assets resulting from business combinations.

1.4 Seasonality of Group's business, climate-related matters and Covid-19 impacts

The seasonality of the Group's business has an impact on the demand for Relais's services, which in turn affects its revenues, operating profit, and cash flows. Variation in seasonal temperatures, such as warm summers and cold winters, can have an effect on the demand for batteries, starter motors, and chargers as well as the need for vehicle air conditioning and heating. Furthermore, the demand for lighting products, such as LEDs and auxiliary lights, typically grows in the fall and winter months. Due to seasonal changes, Relais typically generates higher net sales in the second half of the year.

Management has considered the impact of climate change in preparing the consolidated financial statements. These considerations did not have a material impact on the consolidated financial statements at this time.

The impact of the COVID-19 pandemic on business in 2021 has been minor, but the indirect effects of global logistics and supply chains continued. The financial effects of the pandemic during the review period are related to the committed working capital as the subsidiaries significantly advance and increase their purchases related to seasonal products in the second half of the year, especially lighting products, to ensure product availability.

1.5 Consolidation

The consolidated financial statements incorporate the financial statements of the parent company, Relais Group Plc, and of all those subsidiaries over which the parent company has control at the period-end. Control is achieved when Relais is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Consolidation of a subsidiary begins when Relais obtains control over the subsidiary and ceases when Relais loses control of the subsidiary. Refer to Note 25 Related party transactions for disclosures on the Group structure.

Relais generally measures non-controlling interests (NCI) initially at their proportionate share of the acquiree’s identifiable net assets at the acquisition date. NCI in the net assets of the subsidiaries consolidated are identified separately from the Group’s equity therein. NCI consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder’s share of post-combination changes in equity. Total comprehensive income is attributed to to the owners of the parent and NCI even if this results in the NCI having a deficit balance. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

In preparation of consolidated financial statements intra-group transactions, balances and unrealised gains, as well as distribution of profits within the Group, are eliminated.

1.6 Foreign currency transactions and balances

Items included in the financial statements of each subsidiary are measured using the functional currency, which is the currency of the primary economic environment in which the company operates. The consolidated financial statements are presented in Euro, which is the functional and presentation currency of the parent company.

Subsidiaries’ foreign currency transactions are translated into local functional currencies using the exchange rates prevailing at the dates of the transactions. Receivables and liabilities denominated in foreign currencies in the balance sheet are translated into functional currencies using the exchange rate quoted on that date.

For those subsidiaries with non-Euro functional currency, the income and expenses for the income statement and comprehensive income statement, and the items for cash flow statement, are translated into Euro using the average exchange rates of the reporting period. The closing rates prevailing at the reporting date are used for translating the assets and liabilities for each balance sheet. The translation differences arising from the use of different exchange rates explained above are recognised in other comprehensive income.

Any goodwill arising on the acquisition of foreign operations and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of those foreign operations are treated as assets and liabilities of those foreign operations. They are translated into Euro using the exchange rates prevailing at the reporting date. When a foreign operation is sold, or is otherwise partially or completely disposed of, the associated translation differences accumulated in equity are reclassified to profit or loss, as part of the gain or loss on the transaction.

1.7 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are categorised into hierarchy levels that are representative of the inputs used in the valuation techniques as follows:

Level 1	Level 2	Level 3
Fair value is calculated on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that Relais can access at the measurement date.	Fair value is calculated on the basis of inputs other than quoted prices included in Level 1 that are observable for the asset or liability; either directly (i.e. as prices) or indirectly (i.e. derived from prices).	Fair value is calculated on the basis of inputs for the asset or liability that are not based on observable market data (unobservable inputs).

1.8 Operating profit

Relais considers operating profit to be a relevant subtotal in understanding the Group's financial performance. Since this concept is not defined under IFRS, the Group has defined it as follows:

Operating profit is the net amount attained when revenues are added by other operating income, less:
- material and service expenses, adjusted with change in inventories
- employee benefit expenses
- depreciation, amortisation and any impairment losses, and
- other operating expenses.

All other items are presented below operating profit in the income statement.

Relais recognises exchange rate differences as follows: realised and unrealised exchange rate differences related to sales are recognised under other income or other expenses, realised and unrealised exchange rate differences related to purchases are adjusted against purchases expenses, and financing-related exchange rate differences are recorded under financial items.

1.9 Adoption of new and amended standards in future financial years

The Group has not yet adopted the amended standards and interpretations already issued by the IASB applicable for annual periods beginning on or after 1 January 2022. Relais will adopt these pronouncements as of the effective date of each of the pronouncements, or if the effective date is not the first day of the financial year, as of the beginning of the next financial year following the effective date, provided they have been endorsed for use in the EU. Currently Relais believes that the adoption of these pronouncements will not have a significant effect on the future consolidated financial statements.

2 Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. The Group has two reportable segments: Finland&Baltics and Scandinavia. Group functions, including Relais Group Plc, does not meet the criteria of a reportable segment and are therefore presented under Other.

The Finland&Baltics segment sells car spare parts, equipment and commercial vehicle repair and maintanance services through companies operating in Finland, Estonia and Latvia. The Scandinavia segment also sells the above products and services through its companies in Sweden, Norway and Denmark. The items under the item Other include management and administration services to the Group through the Group's parent company.

The segment disclosures presented are based on the internal management reporting which is prepared in accordance with Finnish accounting standards (FAS). Relais has identified juridical entities as operating segments before aggregation. Relais has aggregated operating segments into reportable segments (Finland&Baltics / Scandinavia). The reportable segment Finland&Baltics comprises Finland, Estonia and Latvia, whereas the reportable segment Scandinavia includes Norway, Denmark and Sweden being the largest. Relais has evaluated the similarity of economic characteristics of the operating segments from both a historical and expected future performance perspective and considers that the related aggregation criteria are met:

- The nature of the products sold and services provided in the countries concerned are similar. Repair and maintenance services are also highly interconnected to spare part sales as these are used in provision of the said services.
- Economic environment is similar: in Finland &Baltics all the companies operate in Euro, and in Scandinavia most segment companies operate in SEK environment (companies operating in Norwegian or Danish Crowns (NOK/DKK) are not material for the Group currently). Competitive environment and the pricing model are similar. Possible changes in the economic environment have similar effects to the subsidiaries’ profitability. Customers are largely homogeneous (commercial vehicle users).
- None of the subsidiaries have their own production.
- Both reportable segments have their own area Managing Director who also serve in the Group Management Team.

In Relais Group the CEO has been identified as being the chief operating decision maker responsible for assessing performance of the segments and making resource allocating decisions. Operating profit is the key measure utilised in assessing the performance of the Group.

2.1 Reportable segments

2021 In thousands of euro	Finland& Baltics	Scandi-navia	Other[1]	Elimi-nations [1), 2)]	Group, FAS	IFRS adjust-ments[3]	Group, IFRS
External revenue	131,039	106,887	-	-	237,927	(97)	237,830
Internal revenue	8,324	751	300	(9,375)	0	-	0
Material and services	(82,079)	(64,011)	-	8,985	(137,104)	(1,138)	(138,242)
Gross profit	**57,285**	**43,627**	**300**	**(390)**	**100,822**	**(1,234)**	**99,588**
Depreciation, amortisation and impairment	(1,456)	(241)	(13)	(12,858)	(14,568)	1,606	(12,963)
Other income and expenses	(42,610)	(25,892)	(1,646)	307	(69,841)	6,258	(63,583)
Operating profit	**13,220**	**17,494**	**(1,360)**	**(12,941)**	**16,413**	**6,629**	**23,042**
Financial items	(166)	(1,627)	6,482	(7,992)	(3,303)	(1,269)	(4,572)
Profit before income taxes	**13,054**	**15,866**	**5,122**	**(20,932)**	**13,110**	**5,360**	**18,470**

2020 In thousands of euro	Finland& Baltics	Scandi-navia	Other[1]	Elimi-nations [1), 2)]	Group, FAS	IFRS adjust-ments[3]	Group, IFRS
External revenue	59,824	69,100	-	-	128,924	54	128,978
Internal revenue	4,213	474	286	(4,974)	-	-	-
Material and services	(45,377)	(43,250)	(120)	4,820	(83,928)	(532)	(84,460)
Gross profit	18,660	26,324	166	(154)	44,996	(478)	44,518
Depreciation, amortisation and impairment	(287)	(115)	(13)	(7,623)	(8,039)	4,058	(3,982)
Other income and expenses	(9,455)	(15,320)	(1,317)	223	(25,869)	3,184	(22,685)
Operating profit	**8,917**	**10,888**	**(1,164)**	**(7,554)**	**11,088**	**6,764**	**17,851**
Financial items	1,205	(2,202)	321	(0)	(677)	(941)	(1,617)
Profit before income taxes	**10,122**	**8,686**	**(843)**	**(7,554)**	**10,411**	**5,823**	**16,234**

[1] Other includes the FAS figures of the Group's parent company Relais Group Plc adjusted as monitored by the Group's chief operating decision maker and includes intra-group items eliminated in the column Eliminations.

[2] The goodwill amortisation recorded in the FAS accounts has not been allocated to the operating segments, but is presented in full in the column Eliminations. Financial items allocated to the operating segments only include the portion of intercompany financing allocated to them.

[3] The IFRS adjustments column includes the adjustments made in the IFRS transition. The most significant adjustments arise from the reversal of goodwill amortisation, the effects of the business combinations accounted for in accordance with IFRS 3, and the lease accounting under IFRS 16.

For further information see Note 27 Transition to IFRS.

2.2 Geographic information

In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets. Segment revenue and segment assets are measured in the same way as in the IFRS financial statements. Non current assets exclude financial instruments and deferred tax assets.

	Net sales		Non-current assets		
In thousands of euro	2021	2020	31 Dec 2021	31 Dec 2020	1 Jan 2020
Finland	123,475	53,698	47,007	14,211	16,389
Sweden	88,262	63,773	26,651	6,075	2,639
Estonia	4,796	3,561	258	287	374
Norway	6,412	3,207	34	277	543
Other countries	14,885	4,738	209	275	78
Total Group	**237,830**	**128,978**	**74,159**	**21,124**	**20,024**

3 Business combinations

Acquired entities are accounted for by using the acquisition method. The consideration transferred and the identifiable assets acquired and liabilities assumed in the acquiree are measured at the acquisition-date fair values. The consideration transferred includes:
- any assets transferred by Relais
- liabilities incurred by Relais to former owners of the acquiree, and
- any equity interests issued by the Group (typically directed shares issues).

Any contingent consideration (additional purchase price) is measured at fair value at the acquisition date. It is classified as either liability or equity. Relais has incurred contingent consideration liabilities which have all been classified as liabilities. Such financial liabilities are remeasured at fair value at the end of each reporting period and the resulting fair value changes are recognised in profit or loss.

The acquiree's identifiable assets and liabilities assumed are recognised at their fair values at the acquisition date, which is the date on which control is transferred to Relais. In some situations, e.g. when an acquisition takes place close to the end of a period, the initial accounting for the business combination may be incomplete by the end of that reporting period. In such cases, Relais discloses in its financial statements provisional amounts for the items for which the accounting is incomplete. If deemed necessary, the Group subsequently adjusts the provisional amounts recognised retrospectively in the measurement period up to 12 months from the acquisition date, to reflect new information obtained about facts and circumstances that existed as of the acquisition date, for example. For details on the accounting for goodwill, including impairment testing, refer to Note 13 Intangible assets and goodwill, and for the consolidation principles to Note 1.5 Consolidation. Measurement of non-compete agreements is based on margins saved due to a non-competing agreement.

Relais used the following valuation techniques for measuring the fair value of identified intangible assets acquired:

Customer-related intangibles (customer relationships) ─ multi-period excess earnings method: This method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

Marketing-related intangibles (brand/trademark) and technology-related assets (assets associated with Ecommerce) ─ relief-from-royalty method: This method considers the discounted estimated royalty payments that are expected to be avoided as a result of the marketing-related assets or technology acquired.

The related amortisation periods range from 5 to 7 years, refer to Note 13 Intangible assets and goodwill for details.

Inventory fair value calculations are typically derived by estimating the net realisable value for finished goods via book value and mark-up on sales.

The non-recurring fair value measurement for the acquisitions has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (for the fair value hierarchy refer to Note 1.7 Measurement of fair values).

The acquisition of SEC Scandinavia A/S made in 2020 involves a mutual put and call option over the shares held by a non-controlling interests (NCI) in the subsidiary. In a put and call option arrangement the seller grants the buyer a call option over shares and the buyer grants the seller a put option over the same shares. Relais has accounted for this option as a financial liability and therefore this acquiree is fully (100%) consolidated from the acquisition date.

Relais expenses all acquisition-related costs, such as professional fees, in the periods in which the costs are incurred and the services rendered (except for costs to issue debt or equity securities). These costs have been included in the line item Other operating expenses.

Accounting judgements, estimates and assumptions

Assets and liabilities acquired in a business combination are measured at their fair value. The fair value of acquired assets is determined based on the market value of similar assets (tangible assets), estimated future cash flows (intangible assets) and estimates for the net realisable value for finished goods via book value and mark-up on sales (inventories). In addition to the assumptions mentioned above, the valuation of the non-compete agreements has involved assumptions and estimates of the impact of potential competition on Relais's business. Valuation based on current replacement cost, expected cash flows or estimated selling price requires management judgment and assumptions. Management believes that the estimates and assumptions used are sufficiently reliable to determine fair value. The Group has used an external advisor in determining the fair values of the acquirees' assets and liabilities. Allocation of the purchase price between intangible assets and goodwill affects the subsequent results of the Group as intangible assets are amortised, whereas goodwill is not amortised. The fair value of the contingent consideration included in the purchase price for the acquisition has been estimated based on the present value of the expected cash flows. The final purchase price may differ from management's estimates.

3.1 2021 acquisitions

The new 2021 recalibrated strategy continues to rely on a combination of strong growth through acquisitions and a faster than market average organic growth. Relais aims to accelerate and reinforce its acquisition activities. In this context, the company has chosen to expand its potential acquisition target area to include the entire mobility-related aftermarket, with the main focus remaining on the Nordic vehicle aftermarket.

Relais Group made five acquisitions in 2021. Summaries of the acquisitions including the table showing the considerations transferred and the recognised amounts of assets acquired and liabilities assumed at the date of acquisitions are presented below. Had the acquisitions occurred on 1 January 2021, management estimates that the consolidated revenue would have amounted to EUR 267,053 thousand, and consolidated profit for the year would have been EUR 15,133 thousand. None of the goodwill recognised is deductible for tax purposes. Relais expects the gross contractual amount for the acquired trade receivables to equal their fair value in all acquisitions made.

In thousands of euro	**Note**	**Strands**	**Raskone**	**Lumise**	**STS**	**Trucknik**	**Total**
Acquisition date		11 Jan	29 Jan	31 Mar	14 Oct	16 Dec	
Share acquired		100%	100%	100%	100%	100%	
Domicile		Sweden	Finland	Finland	Sweden	Sweden	
Consolidated from		1 Jan	1 Feb	1 Apr	1 Nov	1 Dec	
Revenue from acquisition date until year-end 2021		22,296	55,839	11,083	4,199	901	94,318
Profit/loss from acquisition date until year-end 2021		2,964	2,234	726	(155)	92	5,861
Consideration transferred							
Cash	20	15,805	29,797	3,124	9,217	1,379	59,322
Equity instruments	19.1	5,580	1,052	7,664	-	-	14,296
Contingent consideration	20.1, 22.5	1,533	-	-	2,033	591	4,157
Non-competing agreement		(704)	(1,144)	(233)	(263)	-	(2,344)
Total consideration transferred		**22,213**	**29,705**	**10,555**	**10,987**	**1,970**	**75,430**
Identified assets acquired and liabilities assumed							
Customer-related intangibles	13	3,250	2,636	-	1,006	296	7,188
Marketing-related intangibles	13	789	3,069	470	-	-	4,328
Technology-based intangibles	13	-	-	505	-	-	505
Other intangibles		-	680	84	128	-	892
Buildings and land		-	-	-	35	-	35
Machinery and equipment		78	1,792	134	653	87	2,744
Right-of-use assets		178	28,329	207	3,504	247	32,465
Inventories		4,473	5,179	2,955	1,714	851	15,172
Trade and other receivables		2,259	6,570	801	4,474	335	14,440
Cash and cash equivalents		1,475	3,706	1,139	38	267	6,625
Non-current liabilities		-	(1,200)	(662)	-	-	(1,862)
Deferred tax liabilities		(1,559)	(1,370)	(219)	(262)	(116)	(3,526)
Provisions		-	-	(1)	-	-	(1)
Lease liabilities		(178)	(28,329)	(207)	(3,504)	(247)	(32,465)
Trade and other payables		(2,728)	(12,946)	(2,081)	(4,797)	(864)	(23,416)
Total identifiable net assets acquired		**8,037**	**8,117**	**3,125**	**2,991**	**856**	**23,126**
Goodwill	**13**	**14,176**	**21,588**	**7,430**	**7,997**	**1,114**	**52,305**
Acquisition-related costs incurred		142	867	313	237	14	1,573
Cash consideration		(15,805)	(29,797)	(3,124)	(9,217)	(1,379)	(59,322)
Less: cash acquired		1,475	3,706	1,139	38	267	6,625
Net outflow of cash - investing activities		**(14,330)**	**(26,091)**	**(1,985)**	**(9,179)**	**(1,112)**	**(52,697)**

All acquisitions, with the exception of Trucknik Reservdelar AB, included a non-compete agreement in the deed of sale, which have been accounted for separately from the acquisition, as the non-compete agreement was not included in the acquired assets of the companies concerned. Therefore, EUR 2,344 thousand has been deducted from the acquisition price in relation to the non-compete agreements and treated as a separate intangible asset in Relais's balance sheet. The duration of the non-compete agreements is between 24 and 36 months, depending on the acquisition.

Strands

Founded in 2002, Strands Group AB ("Strands") is one of the fastest growing brands in the vehicle lighting and accessories aftermarket in Europe. The acquisition significantly broadens Relais range of lighting products and brands and opens up additional geographic markets for the Group in Europe and elsewhere.

The fair value of the Relais shares transferred as consideration for the acquisition of Strands, EUR 5,580 thousand, was based on the number of shares, 388,851 shares, and the Relais share price at the acquisition date (closing share price EUR 14.35 on 11 January 2021).

The sellers will also be entitled to an additional consideration in 2022 subject to the fulfilment of the financial targets agreed between the parties. The contingent consideration is based on Strands' EBITA in 2022 as defined in the purchase agreement and is expected to be paid in spring 2023. The sellers can choose to receive the additional consideration in cash or in a variable number of Relais shares. The identifiable assets acquired include customer relationships and the brand, which have been recognised separately from goodwill. A fair value allocation was made to the inventories. The goodwill is mainly attributable to skilled workforce and strong market positions. Strands' purchase agreement also includes a call option to acquire the seller's shares in Scandinavian Car Styling AB and Lastbilsprylar i Hudiksvall AB.

Raskone

Raskone Oy ("Raskone") is Finland's largest nationwide multi-brand maintenance and repair workshop chain for commercial vehicles, with a total of 19 workshops throughout Finland. Raskone's commercial vehicle maintenance and repair business creates a new pillar for Relais' growth, and moves Relais one step closer to the commercial vehicle operators/customers. Key benefits also include economies of scale through optimisation of spare part purchases.

The fair value of the Relais shares transferred as consideration for the acquisition of Raskone, EUR 1,051 thousand, is based on the number of shares, 67,423 shares, and the Relais share price at the acquisition date (closing share price EUR 15.6 on 29 January 2021).

The identifiable assets acquired include customer relationships, brand and non-competing agreements, which have been recognised separately from goodwill. The goodwill is mainly attributable to skilled workforce and strong market positions.

Lumise and Optisell

Lumise is one of Europe's leading e-commerce operator specialising in lighting solutions for vehicles and working machinery. The acquisition included a procurement company Optisell Ltd (jointly" Lumise"). Lumise has a Swedish subsidiary Design by Scandinavian Metal AB, which, in addition to engaging in e-commerce, develops model-specific auxiliary lighting. The acquisition is establishing a much stronger digital channel for the Group and serves as an accelerator for the growth of Relais' own brands within the lighting business. With the acquisition, Relais accrues significant capabilities in digitalisation, e-commerce platforms and data analytics.

The fair value of the Relais shares transferred as consideration for the acquisition of Lumise, EUR 7,664 thousand, is based on the number of shares, 430,559 shares, and the Relais share price at the acquisition date (closing share price EUR 17.8 on 31 March 2021).

The sellers will also be entitled to an additional payment of a maximum of EUR 1.31 million in 2022 subject to the fulfilment of the financial and operational targets agreed between the parties. This arrangement is considered a transaction separate from the business combination, and consequently accounted for separately from the business combination as post-combination services (remuneration). The identifiable assets acquired include customer brand and technology-based intangible assets, which have been recognised separately from goodwill. A fair value allocation was made to the inventories. The goodwill is mainly attributable to skilled workforce and strong market positions.

STS

STS Sydhamnens Trailer Service AB ("STS") is the largest independent nationwide repair and maintenance workshop chain for heavy and light commercial vehicles in Sweden. With a nationwide coverage from Malmö in the south to Luleå in the north STS supports its customers with 15 full-service workshops. The acquisition further strengthens the position of Relais within the strategically important commercial vehicle aftermarket in the Nordic region and it enables significant synergy benefits especially in spare parts procurement and creates cross sales opportunities for Relais' own lighting and equipment products in Sweden.

The purchase agreement also includes the sellers' right to a contingent consideration of a maximum of EUR 2.2 million depending on the financial results of STS for the financial year 2021. The contingent consideration will be paid in full in spring 2022. The identifiable assets acquired include customer relationships, which have been recognised separately from goodwill. The goodwill is mainly attributable to skilled workforce and strong positions in the markets.

Trucknik

Founded in 2013, Trucknik Reservdelar AB ("Trucknik") is a wholesaler of spare parts and accessories specialised in heavy commercial vehicles. Trucknik has its sales office and warehouse in Skellefteå. The identifiable assets acquired include customer relationships, which have been recognised separately from goodwill. The goodwill recognised is mainly attributable to skilled workforce.

The sellers are also entitled to an additional purchase price in 2022 provided that the financial targets agreed by the parties are achieved. The contingent consideration is based mainly on the company's EBITA in 2021 as defined in the purchase agreement.

3.2 2020 acquisitions

Relais made three acquisitions in 2020. Below are presented the summaries of the acquisitions, including the table showing the considerations transferred and the recognised amounts of assets acquired and liabilities assumed at the date of acquisitions. Had the acquisitions occurred on 1 January 2020, management estimates that the consolidated revenue would have amounted to EUR 132,687 thousand, and consolidated profit for the year would have been EUR 13,397 thousand. None of the goodwill recognised is deductible for tax purposes. Relais expects the gross contractual amount for the acquired trade receivables to equal their fair value.

In thousands of euro	**Note**	**SEC**	**TD**	**HB**	**Total**
Acquisition date		16 Jan	6 Feb	30 Sep	
Share acquired		70%	95.25%	100%	
Domicile		Denmark	Sweden	Sweden	
Consolidated from		1 Jan	1 Feb	1 Oct	
Revenue from acquisition date until year-end 2020		2,080	8,474	182	10,736
Profit/loss from acquisition date until year-end 2020		93	886	(82)	897
Consideration transferred					
Cash	20	802	8,612	970	10,384
Equity instruments	19.1	-	5,219	-	5,219
Redemption liability	20.1	344	-	-	344
Non-competing agreement		-	(468)	-	(468)
Total consideration transferred		**1,145**	**13,364**	**970**	**15,479**
Identified assets acquired and liabilities assumed					
Customer-related intangibles	13	209	2,255	146	2,610
Land and buildings		122	-	-	122
Machinery and equipment		-	42	9	51
Right-of-use assets		79	1,362	-	1,441
Other investments		-	720	-	720
Inventories		443	2,281	205	2,929
Trade and other receivables		557	530	156	1,243
Cash and cash equivalents		0	1,040	117	1,157
Non-current liabilities		(8)	-	-	(8)
Deferred tax liabilities		(46)	(1,073)	(30)	(1,149)
Lease liabilities		(79)	(1,362)	(9)	(1,450)
Trade and other payables		(892)	(910)	(458)	(2,260)
Total identifiable net assets acquired		**385**	**4,885**	**136**	**5,406**
Non-controlling interest		-	(432)	-	(432)
Goodwill	**13**	**760**	**8,047**	**834**	**9,641**
Acquisition-related costs incurred		74	78	15	167
Cash consideration		(802)	(8,612)	(970)	(10,384)
Less: cash acquired		-	1,040	117	1,157
Net outflow of cash - investing activities		**(802)**	**(7,572)**	**(853)**	**(9,227)**

The acquisition of Tunga Delar included a non-compete agreement in the deed of sale, which has been accounted for separately from the acquisition, as the non-compete agreement was not included in the acquired assets. Therefore, EUR 468 thousand has been deducted from the acquisition price and it is treated as a separate intangible asset in Relais's balance sheet.

SEC

Founded in 1991, SEC Scandinavia A/S ("SEC") is a wholesaler specialised in auxiliary and working lights, power management systems, and automotive camera systems for commercial vehicles. The acquisition strengthened Relais' product portfolio and vehicle lighting expertise while increasing the Group's cross-selling potential.

The contract includes a mutual put and call option for the 30% non-controlling interest in SEC, valid between 1 January and 30 June 2022. Consequently, no non-controlling interest has been recognised, but a financial liability of EUR 344 thousand. The redemption liability will be based on the acquiree's EBITDA for the financial year 2021.
The identifiable assets acquired include customer relationships, which have been recognised separately from goodwill. The goodwill recognised is mainly attributable to skilled workforce.

TD

TD Tunga Delar Sverige AB ("TD", "Tunga Delar") is a wholesaler of spare parts and equipment for heavy duty vehicles with multiple locations in Sweden. The acquisition strengthed Relais' position as an independent importer and technical wholesaler of spare parts and equipment for heavy-duty vehicles and buses in Sweden.

The fair value of the Relais shares transferred as consideration for the acquisition of TD, EUR 5,219 thousand, is based on the number of shares, 606 250 shares, and the Relais share price at the acquisition date.

The parties have agreed on an arrangement whereby Relais will pay a contingent consideration if certain financial targets agreed on by the parties are met by the end of 2022.

In connection with the transaction, Relais has been granted an option to acquire the remaining non-controlling interests in March-April 2022. As Relais has no obligation to acquire shares from the sellers, Relais has separated the non-controlling interests from the acquired assets and liabilities.

The identifiable assets acquired include customer relationships, which have been recognised separately from goodwill. A fair value allocation was made to the inventories. The goodwill is mainly attributable to skilled workforce and strong market positions.

HB

Helsingborgs Bildelsbutik AB ("Helsingborg", "HB") is a wholesaler of spare parts and accessories specialising in vehicles. The identifiable assets acquired include customer relationships, which have been recognised separately from goodwill. The goodwill recognised is mainly attributable to skilled workforce.

4 Net sales

Relais business includes car and commercial vehicle accessories, spare parts and specialist services of repair and maintenance for commercial vehicles in the Nordic and Baltic countries. The Group generates revenue from the sale of lighting, other vehicle equipment and spare parts and from repair and maintenance service business. The Group serves a broad customer base of retailers under our Startax concept in Finland, Sweden, Norway and the Baltic states, and under our Awimex, AB Reservdelar, Huzells and TD Tunga Delar concept in Sweden. In Denmark, customers are served by SEC Scandinavia. The repair and maintenance service business of the Group has in practice started in 2021 through the acquisitions of Raskone in February 2021 and STS Sydhamnens Trailer Service (STS) in November 2021. Raskone is Finland’s largest nationwide multi-brand maintenance and repair workshop chain for commercial vehicles, including trucks, vans, trailers and work machines. STS is the largest independent nationwide repair and maintenance workshop chain for heavy and light commercial vehicles in Sweden.

The Group’s net sales derive from the following revenue streams: wholesale, e-commerce and repair and maintenance. The performance obligations identified under wholesale contracts comprise goods to be sold. In respect of e-commerce business, the performance obligations are the goods ordered by customers through the online shop. The performance obligations under service business consist of repair and maintenance services. In wholesale and e-commerce business, the delivery services of goods to the customer are considered a part of fulfilment of the promise and it is not a separate performance obligation, as control of the goods passes to the customer once they have been delivered. The transaction price is generally determined based on the price list or stated prices in the contract, and the applicable contractual terms. Relais Group companies have different policies relating to discounts and bonuses (variable considerations), including volume-based and flat discounts and bonuses.

Revenue is recognised when performance obligations under the terms of a contract with a customer are satisfied, in an amount representing the consideration Relais expects to receive in exchange for transferring goods and/or services to the customer. Revenue from sale of goods is recognised when control of the goods is transferred, which normally occurs when the merchandise is delivered to the customer. Revenues from repair and maintenance services provided by the Group are generally short-term in nature and this revenue is recognised as services are provided. Revenues are recorded net of discounts, estimated returns allowances, and taxes. Variable considerations in contracts are estimated and included in net sales only to the extent that it is highly probable that no significant reversal in the amount of cumulative revenue recognised will subsequently be required. The amount of variable consideration is estimated at each reporting period-end.

The Group's payment terms vary to some extent geographically and in different business areas, but the term of payment provided is nonetheless always clearly less than a year. The payment terms vary from 20 to 90 days. Hence, no significant financing components are identified.

Customers may return defective products within the warranty period. Historically, the warranty costs related to defective products and reimbursements from the supplier have not been material to the Group.

Relais recognises a refund liability for products with a right to return expected to be returned and for some certain reusable and returnable core parts. The reduction to revenues and cost of sales for returns is based on current sales levels and historical return experience. When a said core part is sold, Relais charges the customer a deposit for the core part. If the customer returns the core, the Group will refund the deposit which was charged in the original core part sales.

4.1 Disaggregation of net sales

Consolidated net sales is disaggregated below by product line and geographical market, based on the geographic location of customers.

In thousands of euro	2021		2020	
Equipment	33,222	14 %	24,949	19 %
Lighting	61,892	26 %	29,890	23 %
Spare parts	80,062	34 %	71,837	56 %
Repair and maintenance	60,039	25 %	198	0 %
Other	2,616	1 %	2,105	2 %
Total	**237,830**	**100 %**	**128,978**	**100 %**
Finland	123,475	52 %	53,698	42 %
Sweden	88,262	37 %	63,773	49 %
Estonia	4,796	2 %	3,561	3 %
Norway	6,412	3 %	3,207	2 %
Other countries	14,885	6 %	4,738	4 %
Total	**237,830**	**100 %**	**128,978**	**100 %**

The Group has no significant contract assets, as Relais generally has an unconditional right to consideration at the time of delivery and it recognises a receivable. The Group has recorded a liability related to products with a right of return and which customers are expected to return, as well as to certain returnable spare parts that can be reused (core parts). Relais presents the liability related to the returned products and spare parts under the balance sheet item Trade and other payables, and the asset related to the returned products and spare parts under the balance sheet item Trade and other receivables.

In thousands of euro	**31 Dec 2021**	**31 Dec 2020**	**1 Jan 2020**
Asset, returnable products and spare parts	1,435	1,342	1,380
Refund liability, returnable products and spare parts	(1,813)	(1,724)	(1,765)

Accounting for trade receivables and related credit losses are described in Note 17 Financial assets and Note 22.4 Credit risk.

5 Other operating income

Other operating income comprises income from activities outside the ordinary business of the Group, such as lease income and gains from disposals of tangible and intangible assets.

5.1 Breakdown of other operating income

In thousands of euro	**2021**	**2020**
Rental income	1,385	382
Gains on sale of tangible and intangible assets	123	-
Other	1,565	658
Total	**3,074**	**1,040**

6 Materials and services

Cost of goods sold is determined on the basis of the cost of purchase, adjusted for the variation of inventories. Realised and unrealised exchange differences for purchases are included in purchase expenses, refer to Note 1.8 Operating profit.

6.1 Breakdown of expenses for materials and services

In thousands of euro	**2021**	**2020**
Purchase expenses	(140,506)	(81,271)
Change in inventories	9,198	(3,171)
External services	(6,934)	(19)
Total	**(138,242)**	**(84,460)**

The increase in purchase expenses in 2021 was driven by the acquisitions made, refer to Note 3 Business combinations. In the financial year ended the subsidiaries significantly advanced and increased their purchases of different product lines, especially vehicle lighting products, to ensure product availability and delivery capacity during the rest of the year.

7 Employee benefit expenses

The line item Employee benefit expenses in the consolidated income statement comprises expenses from short-term and post-employment employee benefits and share-based payments (share appreciation rights, SARs). Relais provided no other long-term employee benefits nor termination benefits in the financial years 2021-2020.

Short-term and post-employment employee benefits

Short-term employee benefits comprise wages, salaries, fringe benefits, annual leave and bonuses. They are recognised in the period in which employees perform the work.

Post-employment benefits are payable to employees after the completion of employment. In Relais these benefits relate to pensions. Pension coverage of the Group is arranged through external pension insurance companies in each country where Relais operates. Pension plans are classified as either defined benefit plans or defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity, and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the related benefits. All other plans are classified as defined benefit plans. The Group’s contributions are charged to profit or loss in the period during which the services are rendered.

Relais has identified one defined benefit plan in Norway, which Relais considers to be immaterial from the Group perspective. In Sweden, Relais participates in defined benefit plan in Alecta insurance company. However, it has not been possible to get sufficient information for the calculation of obligations and assets by employer from the plan operators, and therefore this plan has been accounted for as a defined contribution plan.

Share-based long-term incentive plan

The Board of Directors of Relais Group Plc decided on the establishment of a new share-based long-term incentive plan for the company's management in February 2021. The objectives of the plan are to align the interests of Relais Group's management with those of the company's shareholders and, thus, to promote shareholder value creation in the long term as well as to reward and retain the company's management. Eligible to participate in the plan are at the maximum 15 individuals, including the members of the Management Team of Relais Group.

In March 2021, Relais issued synthetic options (share appreciation rights, SARs) to its key employees. The options have been issued for no consideration and they entitle their holders to a cash payment at the settlement date, based on the value of a specific number of incentive units included in the plan. The incentive plan is subject to the service condition (for the 2021A options until 2023; for 2021B until 2024; for 2021C until 2025). The options are measured at the grant-date fair value using the Black-Scholes model and recognised as employee benefit expenses over the vesting period, and as a non-current liability. The liability is remeasured on a quarterly basis, and the resulting change is also recorded under the said line item. The maximum aggregate number of incentive units to be settled based on the plan is 258,000 units. The value of each incentive unit is linked to Relais Group Plc's share price development during the plan period. The earned reward represents a gross earning, less from which the applicable payroll tax is withheld.

The incentive units allocated to the participants are divided into three separate tranches. The potential rewards payable under these tranches will be paid during the first half of the years 2023, 2024 and 2025 respectively. The threshold price of each incentive unit in each of the three tranches is the trade volume weighted average price of Relais Group Plc's share on the First North Growth Market Finland marketplace during the last 25 trading days preceding 16 March 2021. The amount of the reward payable is limited by a maximum cap linked to the parent company's share price development.

The vesting period for the Group's previous share option plans has expired prior to the IFRS transition date, 1 January 2020, and therefore no more expense is recognised for these options. For the related share subscriptions refer to Note 19.3 Option incentive plans

7.1 Amounts recognised through profit or loss

In thousands of euro	2021	2020
Wages, salaries and fees	(36,399)	(12,876)
Pension expenses	(5,119)	(1,538)
Other social security expenses	(4,777)	(2,231)
Share-based incentive plan (share appreciation rights)	(650)	-
Total	**(46,945)**	**(16,645)**
The average number of employees for the financial year	812	290

The increase in employee benefit expenses and the average number of employees in 2021 was primarily driven by the acquisitions made, refer to Note 3 Business combinations.

Disclosures on the remuneration of the key management personnel are provided in Note 25 Related party transactions.

7.2 Share-based payment

The range of the key inputs used in the measurement of the fair values of the SARs was as follows.

	31 Dec 2021
Share price at measurement date	26.3
Expected volatility	40 %
Remaining term, years	1.25-3.25
Fair value per SAR, Euro	8.11-10.87
Total number of outstanding share appreciation rights (SARs) (pcs)	258,000
Total carrying amount of liability for SARs, in thousands of euro	650

Expected volatility has been based on an evaluation of the historical volatility of the parent company's share price.
The maximum payout of the plan, payable at a share price of EUR 64.24, is capped at about EUR 8.4 million.
At the share price as at 31 December 2021 the total payout would be about EUR 2.6 million.

8 Depreciation, amortisation and impaiment losses

8.1 Depreciation, amortisation and impaiment losses by asset categories

In thousands of euro	2021	2020
Intangible assets	(2,940)	(575)
Tangible assets	(1,225)	(306)
Total depreciation and amortisation, owned assets	(4,165)	(881)
Right-of-use assets (leased assets)[1]	(8,798)	(3,101)
Total depreciation and amortisation in the income statement	**(12,963)**	**(3,982)**

[1] Refer to Note 15.1 Amounts recognised in income statement and cash flow statement for the related analysis by class of right-of-use asset.

9 Other operating expenses

The Group's other operating expenses include expenses other than the cost of goods sold, such as:
- sales and marketing, travel and IT expenses
- changes in expected and realised credit losses (for credit loss accounting see Note 22.4 Credit risk), and
- any losses on the disposal of tangible and intangible assets.

9.1 Breakdown of other operating expenses

In thousands of euro	2021	2020
Sales and marketing expenses	(2,222)	(527)
Administrative expenses	(5,456)	(2,068)
IT expenses	(2,327)	(1,323)
Other expenses	(9,706)	(3,162)
Total	**(19,712)**	**(7,081)**

The increase in other operating expenses in 2021 was driven by the acquisitions made, refer to Note 3 Business combinations.

9.2 Auditor's fees

In thousands of euro	2021	2020
Audit fees	(376)	(132)
Audit-related assignments	(14)	(6)
Tax advisory services	(18)	-
Other services	(173)	(64)
Total	**(581)**	**(202)**

10 Financial income and expenses

Relais recognises interest income and interest expenses using the effective interest method (EIR). The Group expenses all interest costs. Interest expenses, EIR amortisation, foreign exchange gains and losses as well as any gain or loss on derecognition are recorded in profit or loss under financial items. Relais recognises realised and unrealised financing-related exchange rate differences under financial income and financial expenses, as appropriate.

The accounting policies applied to financial assets and financial liabilities, including derivatives, are provided in Note 17 Financial assets, 20 Financial liabilities, 21 Fair values of financial assets and financial liabilities, and 22 Financial risk management.

10.1 Amounts recognised through profit or loss

In thousands of euro	2021	2020
Financial income		
Foreign exchange gains	1,155	2,015
Interest income	67	57
Other financial income	0	164
Total	**1,222**	**2,235**
Financial expenses		
Foreign exchange losses	(1,997)	(345)
Interest expenses - financial liabilities measured at amortised cost[1]	(3,570)	(3,084)
Other financial expenses	(228)	(424)
Total	**(5,794)**	**(3,853)**
Net financial expenses	**(4,572)**	**(1,617)**

1 Includes loans from financial institutions and lease liabilities. In 2021, the interest expenses on lease liabilities totaled EUR 1,205 (451) thousand, refer to Note 15 Leases.

11 Income taxes

The income tax expense for the period comprises current tax, and change in deferred tax assets and deferred tax liabilities. Income tax is recognised in the income statement, except when they relate to items charged or credited directly in other comprehensive income (OCI) or equity. In this instance the income taxes are also charged or credited to OCI or equity.

Current tax

The current income tax charge is calculated on the basis of the taxable income. It is determined in accordance with the tax rates and laws enacted (or substantively enacted) in the countries where the Group operates and generates taxable income. Income taxes are adjusted with any taxes relating to previous financial years. Any other taxes not based on income are included within other operating expenses.

Taxable profit generally differs from the profit reported in the consolidated income statement, since some income or expense items may be taxable or deductible in other years, and/or certain income items are not taxable or certain expense items are non-deductible for taxation purposes.

Deferred tax

Generally deferred tax is provided using the liability method on:
- temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and
- unused tax losses or unused tax credits.

Deferred tax liabilities are usually recognised in full. However, deferred tax liability is not accounted for, if it arises from the initial recognition of goodwill, or the initial recognition of an asset or a liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for investments in subsidiaries, except to the extent that Relais is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Accordingly, for subsidiaries which are fully consolidated, a deferred tax liability is only recognised in the amount of the taxes payable on planned dividend distributions by Relais.

Deferred tax assets are recognised for deductible temporary differences only to the extent that it is probable that future taxable profits will be available, against which Relais can utilise deductible temporary differences. In respect of the recognised deferred tax assets, Relais reviews the amount and the probability of the utilisation of such assets at each period-end. If the utilisation of the related tax benefit is no more considered probable, the Group recognises a write-down on the deferred tax asset. Unrecognised deferred tax assets are re-assessed at each period-end, and are recognised to the extent that it has become probable that future taxable profits of the entity in question will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are determined using tax rates (and laws) that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The applied tax rate is the rate enacted or substantively enacted by the balance sheet date in the respective countries.

Uncertain tax positions

Where the amount of tax payable or recoverable is uncertain, Relais considers such instances in recording current or deferred taxes, based on the Group’s interpretation of tax law and judgment of the liability or recovery.

11.1 Amounts recognised in the income statement

In thousands of euro	2021	2020
Current tax for the reporting year	(4,956)	(3,457)
Current tax adjustments for prior years	(30)	-
Change in deferred taxes	893	386
Total	**(4,093)**	**(3,071)**

11.2 Reconciliation between income tax expense in profit or loss and tax expense calculated using the Finnish corporate tax rate

In thousands of euro	2021	2020
Profit before income tax	18,470	16,234
Tax using the Finnish corporate tax rate (20%)	(3,694)	(3,248)
Effect of tax rate in foreign jurisdictions	101	(18)
Income tax for prior years	(30)	-
Unrecognised deferred tax assets on tax losses	(34)	-
Non-deductible expenses and tax-free income included in the accounting profit	(142)	(89)
Deductible expenses and taxable income not included in the accounting profit	89	(22)
Use of previously unrecognised tax losses for previous years	109	306
Reverse of previously recognised tax losses for previous years	(283)	-
Consolidation-related adjustments	(209)	-
Taxes in the income statement	**(4,093)**	**(3,071)**

In Sweden, the corporate tax rate decreased from 21.4% in 2020 to 20.6% in 2021. This had no significant effect on the Group's income taxes.

11.3 Movements in deferred tax asset and deferred tax liability balances

2021 In thousands of euro	At 1 Jan	Business combinations	Recognised through profit or loss	Exchange differences and other changes	At 31 Dec
Deferred tax assets					
Losses available for offsetting against future taxable income	283	-	(285)	2	-
Leases	40	-	99	(1)	137
Allowance for expected credit losses	40	-	166	-	206
Deferred income	283	-	43	(1)	325
Share-based payments	-	-	130	-	130
Total	**646**	-	**153**	**(0)**	**798**
Deferred tax liabilities					
Intangible assets	564	3,045	(753)	(21)	2,835
Tangible assets	26	41	-	(8)	59
Tax-based provisions	2,790	474	41	(57)	3,248
Loans and borrowings	65	-	(28)	-	37
Total	**3,445**	**3,560**	**(740)**	**(86)**	**6,179**
2020					
Deferred tax assets					
Losses available for offsetting against future taxable income	285	-	-	(2)	283
Leases	-	-	39	1	40
Allowance for expected credit losses	36		4	-	40
Deferred income	258	-	17	8	283
Total	**579**	**-**	**60**	**9**	**646**
Deferred tax liabilities					
Intangible assets	-	711	(175)	28	564
Tangible assets	27	-	(2)	1	26
Tax-based provisions	2,294	443	(51)	104	2,790
Loans and borrowings	163	-	(98)	-	65
Total	**2,484**	**1,154**	**(326)**	**133**	**3,445**

At 31 December 2021, the Group has a small amount of tax losses on which no deferred tax asset has been recognised.

The item Tax-based provisions primarily comprises untaxed reserves in the Swedish subsidiaries. Tax laws in Sweden allow companies to defer payment of income taxes through allocations to untaxed reserves. In the consolidated financial statements, such untaxed reserves give rise to temporary differences which are accounted for as a deferred tax liability.

12 Earnings per share (EPS)

Basic earnings per share is calculated by dividing the profit (loss) attributable to owners of the parent company by the weighted average number of ordinary shares outstanding during the financial year (excluding any treasury shares held).

In calculating diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to assume conversion of all dilutive potential ordinary shares. At financial year-ends 2021 and 2020 Relais had 835,600 (1,070,150; 1,070,150 at 1 January 2020) option rights entitling the shareholders to subscibe the respective amount of the company's new shares. Refer to Note 19.3 Option incentive plans for details.

12.1 Basic and diluted earnings per share

	2021	**2020**
Basic earnings per share		
Profit attributable to owners of the parent company, in thousands of euro	14,346	13,152
Weighted average number of ordinary shares outstanding during the financial year, pieces	17,658,106	16,688,834
Basic earnings per share (euro/share)	**0.81**	**0.79**
Diluted earnings per share		
Profit attributable to owners of the parent company, in thousands of euro	14,346	13,152
Weighted average number of ordinary shares outstanding during the financial year, pieces	17,658,106	16,688,834
Dilution from share options, pieces	825,160	709,827
Weighted average number of shares adjusted for the effect of dilution, pieces	18,483,266	17,398,661
Diluted earnings per share (euro/share)	**0.78**	**0.76**

13 Intangible assets and goodwill

Goodwill

Goodwill represents the excess of the
- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity,

over the fair value of the net identifiable assets acquired in business combinations. Goodwill reflects for example expected future synergies resulting from acquisitions. Goodwill is carried at historical cost less accumulated impairment losses, and is not subject to amortisation but is tested at least annually for impairment (Note 13.2 Impairment testing of goodwill). Impairment losses on goodwill are recorded in the income statement and may not be subsequently reversed.

Intangible assets

The intangible assets of the Group primarily comprise intangible assets identified and recognised in business combinations, including customer-related and technology and market-based intangible assets, measured initially at fair value. Relais recognises an intangible asset only if the item meets the definition of an intangible asset, it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. All other expenditure is expensed as incurred. Intangible assets acquired separately are measured on initial recognition at cost. Subsequently intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The accounting for cloud computing arrangements depends on whether the cloud-based software classifies as a software intangible asset or a service contract. Those arrangements where Relais does not have control over the underlying software are accounted for as service contracts providing the Group with the right to access the cloud provider's application software over the contract period. The ongoing fees to obtain access to the application software, together with related configuration or customisation costs incurred, are recognised under Other operating expenses when the services are received.

The Group capitalises development costs when all the following criteria are met, i.e. Relais:
- can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- intends to complete the intangible asset and use or sell it, and is able to use or sell the intangible asset.
- is able to demonstrate how the intangible asset will generate probable future economic benefits.
- has adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset.
- is able to measure the development expenditure reliably.

Capitalised development costs comprise all directly attributable costs necessary to prepare the asset to be capable of operating in the manner intended. Development expenditure that was initially expensed is not capitalised at a later date.

Amortisation is provided on a straight-line basis over the estimated useful lives of the assets, which are as follows:

Customer-related intangible assets (customer relationships)	7 years
Technology-based intangibles (assets associated with Ecommerce)	5 years
Market-based intangibles (brand/trademark)	5-7 years
Non-competing agreements	2-3 years
Development costs	5 years
Intangible rights	5 years
Other intangible assets	5-10 years

Relais reviews the amortisation periods applied at least at each financial year-end. If the expected useful life of an asset is significantly different from previous estimates, the amortisation period is adjusted prospectively. The changes in useful lives may arise from restructuring actions, competition or changes in demand, for example.

At each reporting date the Group assesses whether there is an indication that an intangible asset may be impaired. If any indication exists, Relais estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the difference, i.e. an impairment loss, is recognised in the income statement.

13.1 Reconciliation of carrying amounts

At 31 December 2021		Business combinations						
In thousands of euro	Goodwill	Customer relation-ships	Other assets[1]	Intan-gible rights	Deve-lopment costs	Other intan-gible assets	Assets under deve-lopment	Total
Cost								
Balance at 1 January	65,998	2,729	491	827	-	408	-	70,452
Business combinations	52,342	7,188	6,841	18	274	2,694	-	69,356
Additions	-	-	-	24	157	374	-	555
Transfers between classes	-	-	-	(34)	-	40	-	5
Exchange differences	(1,710)	(107)	(32)	(7)	-	(6)	-	(1,862)
Disposals	-	-	-	-	-	(22)	-	(22)
Balance at 31 December	116,630	9,810	7,299	828	431	3,486	-	138,485
								-
Accumulated amortisation and impairment losses								-
Balance at 1 January	-	(346)	(150)	(718)	-	(246)	-	(1,459)
Business combinations		(1,221)	(1,464)	(1)	(80)	(2,432)	-	(5,198)
Amortisation	-	-	-	(53)	(54)	(147)	-	(254)
Exchange differences	-	6	5	7	-	4	-	21
Transfers between classes and deductions	-	-	-	16	-	85	-	101
Balance at 31 December	-	(1,561)	(1,609)	(748)	(134)	(2,737)	-	(6,789)
								-
Carrying amount at 1 January	**65,998**	**2,383**	**341**	**109**	**-**	**162**	**-**	**68,994**
Carrying amount at 31 December	**116,630**	**8,249**	**5,690**	**79**	**297**	**750**	**-**	**131,696**

At 31 December 2020		Business combinations						
In thousands of euro	Goodwill	Customer relation-ships	Other assets[1]	Intan-gible rights	Deve-lopment costs	Other intan-gible assets	Assets under deve-lopment	Total
Cost								
Balance at 1 January	53,731	-	-	787	-	409	2	54,928
Business combinations	9,641	2,610	472	-	-	-	-	12,723
Additions	-	-	-	26	-	(2)	-	24
Exchange differences	2,626	119	19	14	-	0	-	2,778
Transfers between classes	-	-	-	-	-	-	(2)	(2)
Balance at 31 December	65,998	2,729	491	827	-	408	-	70,452
								-
Accumulated amortisation and impairment losses								-
Balance at 1 January	-	-	-	(655)	-	(212)	-	(867)
Business combinations	-	(341)	(148)	-	-	-	-	(489)
Amortisation	-	-	-	(49)	-	(34)	-	(84)
Exchange differences	-	(4)	(2)	(13)	-	-	-	(19)
Balance at 31 December	-	(346)	(150)	(718)	-	(246)	-	(1,459)
								-
Carrying amount at 1 January	**53,731**	**-**	**-**	**132**	**-**	**198**	**2**	**54,062**
Carrying amount at 31 December	**65,998**	**2,383**	**341**	**109**	**-**	**162**	**-**	**68,994**

[1] At 31 December 2021, comprised marketing-related intangibles, non-competing agreements and technology-based intangibles identified and recognised (at 31 December 2020 included marketing-related intangibles and non-competing agreements), refer to Note 3 Business combinations for details.

13.2 Impairment testing of goodwill

For the purposes of impairment testing goodwill is allocated to the cash-generating units (CGUs) that are expected to benefit from the business combination in which the goodwill arose. A cash-generating unit is the smallest identifiable group of assets in the Group that generates inflows that are largely independent from the cash inflows from other assets or groups of assets.In Relais goodwill is allocated to the subsidiary level. A cash-generating unit is impaired when its carrying amount exceeds its recoverable amount.

Relais determines recoverable amounts based on value-in-use calculations prepared using discounted future net cash flows. Value in use refers to the continuing use of the asset in its current condition by the owner of the asset. The calculations use cash flow projections based on the most recent long-term forecast approved by management and the Board of Directors, covering a five-year period. The cash flow projections exclude expansion investments. The Group defines the discount rate as WACC (weighted average cost of capital), which reflects the total cost of equity and debt while considering the asset-specific risks.

Accounting judgements, estimates and assumptions

At each period-end Relais management assesses if there is any indication of impairment of goodwill (or intangible, tangible asset or right-of-use asset). The Group regularly monitors indicators such as Group's management reporting, changes in economic environment and market developments. Such indications may include, among others:
- unexpected changes in factors underlying impairment tests (revenues and profitability levels), and
- changes in market conditions, such as exchange rates

The recoverable amount determined is based on assumptions and estimates made by management on, among others, future sales, production costs, sales growth rate and discount rate.

Key data on impairment tests

Carrying amounts of goodwill at reporting segment level

In thousands of euro	31 Dec 2021	31 Dec 2020	1 Jan 2020
Finland & Baltics	29,483	478	478
Scandinavia	87,147	65,520	53,253
Total	**116,630**	**65,998**	**53,731**

Carrying amount of goodwill allocated to each cash-generating unit

	31 Dec 2021		31 Dec 2020		1 Jan 2020	
In thousands of euro / Per cent	Goodwill	Pre-tax WACC	Goodwill	Pre-tax WACC	Goodwill	Pre-tax WACC
Awimex International AB	3,787	18,0 %	3,869	12,1 %	3,716	12,1 %
Startax Estonia AS	412	12,1 %	424	12,1 %	424	12,1 %
Huzells i Karlstad AB	5,320	18,4 %	5,434	12,1 %	5,220	12,1 %
AB Reservdelar	45,167	17,9 %	46,139	12,1 %	44,317	12,1 %
TD Tunga Delar Sverige AB	8,270	18,0 %	8,448	12,1 %		
SEC Scandinavia AS	764	16,1 %	763	12,1 %		
Helsingborgs Bildelsbutik AB	849	16,3 %	867	12,1 %		
Strands Group AB	14,031	20,4 %				
Raskone Oy	21,587	14,5 %				
Lumise Oy & DSM AB & Optisell Oy	7,430	14,4 %				
STS AB	7,845	15,9 %				
Trucknik Reservdelar AB	1,114	17,6 %				
Other	54		54		54	
Total	**116,630**		**65 998**		**53 731**	

Growth rate after the forecast period used in impairment testing

	31 Dec 2021	31 Dec 2020	1 Jan 2020
Awimex International AB	2%	2%	2%
Startax Estonia AS	1,5%	2%	2%
Huzells i Karlstad AB	2%	2%	2%
AB Reservdelar	2%	2%	2%
TD Tunga Delar Sverige AB	2%	2%	
SEC Scandinavia AS	2%	2%	
Helsingborgs Bildelsbutik AB	2%	2%	
Strands Group AB	1,5%		
Raskone Oy	1,5%		
Lumise Oy & DSM AB & Optisell Oy	2%		
STS AB	2%		
Trucknik Reservdelar AB	2%		

The key assumptions of impairment testing are the discount rate, five-year average sales growth, the ratio of EBITDA to net sales and the growth rate after the forecast period.

Based on the impairment tests carried out, the goodwill was not impaired at 31 December 2021, 31 December 2020 nor at 1 January 2020. The outcome of the tests performed indicate that the recoverable amount exceeded the carrying amount for all cash-generating units. Management estimates that any reasonably possible change in the key assumptions used would not cause the carrying amount to exceed the recoverable amount in any of the tested cash-generating units.

14 Tangible assets

Tangible assets of the Group mainly include machinery and equipment, capitalised leasehold improvement costs and other tangible assets. The cost comprises directly attributable incremental costs incurred in acquisition and installation, as applicable. Subsequently tangible assets are carried at cost, less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated by charging equal annual instalments to the income statement, over the estimated useful lives of the assets, which are as follows:

Machinery and equipment	5-8 years
Other tangible assets	3-8 years

Relais reviews expected useful lives and residual values at least at each financial year-end. If they differ significantly from previous estimates, the useful lives are adjusted prospectively. At each reporting date the Group assesses whether there is an internal or external indication that a tangible asset may be impaired. If any indication exists, Relais estimates the asset's recoverable amount. The Group recognises an impairment loss when the carrying amount of an asset exceeds its recoverable amount.

14.1 Reconciliation of carrying amounts

In thousands of euro	Buildings and constructions		Machinery and equipment		Leasehold improvements		Other tangible assets		Under construction		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Cost												
Balance at 1 January	-	-	3,194	2,929	345	337	352	316	-	-	3,891	3,583
Additions	-	-	1,280	123	77	3	476	27	95	-	1,928	152
Business combinations	169	-	8,470	99	692	-	357		-	-	9,688	99
Exchange differences	(2)	-	(74)	43	(3)	5	(10)	9	(1)	-	(89)	57
Disposals	-	-	(331)	-	-	-	(75)	-	-	-	(406)	-
Transfers between classes	-	-	52	-	(161)	-	171	-	(19)	-	44	-
Balance at 31 December	167	-	12,592	3,194	949	345	1,271	352	76	-	15,055	3,891
											-	-
Accumulated depreciation and impairment losses											-	-
Balance at 1 January	-	-	(2,592)	(2,276)	(144)	(120)	(291)	(235)	-	-	(3,026)	(2,631)
Accumulated depreciation											-	-
Business combinations	(134)	-	(5,855)	(52)	85	-	(255)	-	-	-	(6,158)	(52)
Disposals	-	-	245	-	-	-	75	-	-	-	320	-
Transfers between classes	-	-	(27)	-	-		(106)	-	-	-	(133)	-
Depreciation	(2)	-	(934)	(230)	(205)	(20)	(84)	(47)	-	-	(1,225)	(298)
Exchange differences	1	-	57	(34)	1	(3)	5	(9)	-	-	65	(46)
Balance at 31 December	(134)	-	(9,107)	(2,592)	(262)	(144)	(656)	(291)	-	-	(10,159)	(3,026)
											-	-
Carrying amount at 1 January	**-**	**-**	**602**	**653**	**201**	**217**	**62**	**81**	**-**	**-**	**865**	**951**
Carrying amount at 31 December	**33**	**-**	**3,485**	**602**	**688**	**201**	**616**	**62**	**76**	**-**	**4,897**	**865**

Refer to Note 15 Leases for disclosures on Group's tangible assets acquired under lease contracts.

15 Leases

Relais as a lessee

Relais leases mainly premises, vehicles and other machinery and equipment used in business operations. Generally the Group recognises a leased asset (right-of-use asset) and a lease liability for all leases, except for short-term leases and leases of low-value items. Relais assesses at contract inception whether a contract is, or contains, a lease at inception of a contract. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>Recognition and measurement</u>

Relais recognises a lease as a right-of-use asset and a corresponding lease liability when the leased asset is made available to the Group.

Lease liability

Initially the lease liability is measured at the present value of the lease payments that are not paid at the commencement date. The discount rate used by the Group is its incremental borrowing rate.

Relais does not separate non-lease-components, such as maintenance fees for leased premises, from lease components, but instead accounts for these together as a single lease component. The Group applies this practical expedient for all classes of underlying assets. This is mainly relevant for offices and workshops.

Lease payments included in the measurement of the lease liability comprise:
- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, such as consumer price index, initially measured using the index or rate as at the commencement date of the contract
- amounts expected to be payable under a residual value guarantee, and
- the exercise price under a purchase option that the Group is reasonably certain to exercise.

Subsequently the lease liability is measured at amortised cost using the effective interest method. It is remeasured when
- there is a change in future lease payments arising from change in an index or rate
- if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or
- if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use asset

The right-of-use asset is initially measured at cost, which comprises:
- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives
- any initial direct costs incurred by the Group, and
- an estimate of restoration costs, if any, to be incurred by the Group.

Subsequently the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for certain remeasurements of the lease liability. Relais depreciates right-of-use assets on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Management considers various factors in determining useful lives and depreciation rates, such as historical experience and nature of assets. Right-of-use assets are tested for impairment if there is an indicator for impairment, as for owned assets. Any impairment loss identified is recorded in the income statement. The amount of the non-removable leasehold improvements is low.

<u>Lease term</u>

The lease term is the non-cancellable period for which Relais has the right to use the underlying asset. The Group’s leases typically are valid until terminated by either the lessor or Relais, or they have a fixed term with certain agreements having an option for extension. The lease term of leases with non-fixed term (i.e. valid until further notice) is determined by management. As for leases with an extension option, the estimated impact of the option is included in the lease liability if it is reasonably certain that the option will be exercised. If there is a change in the likelihood of the option being exercised, the lease liability and the related asset are reassessed.

Leases in cash flow statement

Relais classifies cash payments for the principal portion of the lease liability within financing activities, payments for short-term leases, low-value assets and variable amounts, if any, within operating activities, and the interest portion of the lease liability as operating cash flows.

Short-term leases and leases of low-value assets (exemptions)

Relais does not recognise right-of-use assets and lease liabilities for:
- leases of low-value assets (each asset with a value of approximately EUR 5,000 or less when new). Such assets mainly include IT equipment, and
- short-term leases (that have a lease term of 12 months or less). The Group applies the practical expedient for all classes of underlying assets.

Relais expenses the related lease payments on a straight-line basis over the lease term.

Relais as a lessor (subleases)

Some subsidiaries of the Group act as a lessor, for example subleasing office premises to third parties. Such subleases are accounted for as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Resulting lease income is recognised over the lease term on a straight-line basis. The amount of sublease income is not significant for the Group.

Accounting judgements, estimates and assumptions

Relais management has applied judgement in the following areas: determining the lease term for non-fixed-term leases and determing the incremental borrowing rate.

The Group uses extension and termination options to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extention options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease terms are negotiated on individual basis. The impact of the most extension option periods have not been included in the lease liability as the Group could replace the assets without significant cost or business disruption. In determining the lease period for renewable or cancellable leases with no specific incentive the Group uses a lease period of three to five years. The lease term for renewable or cancellable contracts and for any extension options have been determined by each company based on the Relais strategy and management's best estimate.

Relais determines incremental borrowing rate for each subsidiary considering the underlying lease term, and updates rates annually. The rate used impacts the lease liabilities, value of right-of-use assets, and the split between depreciation and interest expenses. Management uses judgement in determining the incremental borrowing rate that would reflect the rate of interest that Relais would have to pay to borrow the amount necessary to obtain an asset of similar value, in a similar economic environment with similar terms and conditions. To arrive at the incremental borrowing rate Relais applies the respective country’s (economic environment) risk-free rate for the term corresponding to the lease term, adjusted for own credit risk.

15.1 Items recognised in income statement and cash flow statement

In thousands of euro		2021	2020
Income statement			
Expense relating to leases of low-value assets (included in the line item Other operating expenses)		(21)	(18)
Expense relating to short-term leases (included in the line item Other operating expenses)		(34)	(7)
Depreciation charge for right-of-use assets (included in the line item Depreciation, amortisation and impairment losses)	Premises	(8,288)	(2,860)
	Vehicles and others	(510)	(241)
	Total	(8,798)	(3,101)
Interest expense on lease liabilities (Included in the line item Financial expenses)		(1,205)	(451)
Cash flow statement			
Total cash outflow for leases		(8,306)	(2,903)

15.2 Lease liabilities

In thousands of euro	31 Dec 2021	31 Dec 2020	1 Jan 2020
Current	10,641	3,345	2,986
Non-current	44,284	14,057	15,694
Total	**54,925**	**17,402**	**18,680**

The weighted average incremental borrowing rate of the Group applied for discounting purposes was 2.47%. The above liabilities are presented on the line item Lease liabilities (non-current / current) in the consolidated balance sheet, based on their maturity. For the maturity analysis refer to Note 22.5 Liquidity risk.

15.3 Leased tangible assets

	Premises		Vehicles and other		Total	
In thousands of euro	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Balance at 1 January	16,823	18,324	360	356	17,183	18,680
Additions to right-of-use assets	44,890	1,359	867	245	45,757	1,604
Depreciation charge for the year	(8,288)	(2,860)	(510)	(241)	(8,798)	(3,101)
Balance at 31 December	53,425	16,823	717	360	54,143	17,183

Leased tangible assets are presented as a separate line item Right-of-use assets in the consolidated balance sheet.

15.4 Lease commitments

The Group has various lease contracts for premises and vehicles that had not yet commenced at 31 December 2021. The future discounted lease payments for these non-cancellable leases amount to EUR 439 thousand.

16 Inventories

Inventories are stated at the lower of cost and net realisable value. Relais determines cost by using the first-in, first-out (FIFO) method. The cost of purchased products consists of:
- the purchase price
- other variable costs, such as freight, custom duties and product handling to ready-to-sell state
  incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Write-downs of inventories are recognised under the line item Materials and services. Subsidiaries monitor the turnover rate of inventories regularly using various methods, based, for example, on recent sales transactions.

16.1 Carrying amounts

EUR thousands	31 Dec 2021	31 Dec 2020	1 Jan 2020
Finished goods	60,225	40,022	41,820
Goods in transit	7,616	2,528	200
Prepayments for inventories	5,243	2,004	1,433
Other inventories	268	-	-
Total	**73,352**	**44,554**	**43,453**

In 2021, the Group has increased inventories signficantly to secure delivery capacity. Refer also to Note 3 Business combinations for details on the impact from the acquisitions made in 2021. Inventories have been reduced by the obsolescence provision of EUR 2,386 thousand to write the inventories to net realisable value (31 December 2020 EUR 2,231 thousand and 1 January 2020 EUR 2,047 thousand).

17 Financial assets

Classification

Relais classifies financial assets of the Group either as financial assets measured at amortised cost, or financial assets measured at fair value through profit or loss (FVTPL). Classification of financial assets is made based on their purpose of use upon initial recognition. Classification relies on the objectives of Relais's business model and the contractual cash flows from financial assets, or by applying the fair value option upon initial recognition.

All purchases and sales of financial assets are recognised at the trade date. For financial assets not carried at fair value through profit or loss, transaction costs are included in the initial carrying amount. Financial assets are derecognised when Relais loses the rights to receive the contractual cash flows on the financial asset or it has transferred substantially all the risks and rewards of ownership outside the Group.

Financial assets measured at amortised cost

At Relais financial assets measured at amortised cost primarily comprise trade receivables and cash and cash equivalents. The Group also has a small amount of investments. Assets classified in this category are measured at amortised cost using the effective interest (EIR) method. In the Group trade receivables are held within a business model whose objective is to collect the contractual cash flows, and those cash flows that are solely payments of principal and interest. Trade receivables are current assets that the Group has the intention to hold for less than 12 months from the end of reporting period. The carrying amounts of trade receivables are expected to substantially equal their fair values. For credit loss accounting, refer to Note 22.4 Credit risk. The Group's cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments. Items qualifying as cash equivalent have a maturity of three months or less from the date of acquisition.

Financial assets measured at fair value through profit or loss

Relais classifies in this category derivative instruments (interest swaps) with positive fair values at the period-end, acquired for hedging purposes but which are not hedge accounted. These financial assets are classified either as non-current or current financial assets, based on their maturity. All interest swaps of the Group had negative fair values at 31 December 2021, 31 December 2020 and 1 January 2020 (refer to Note 20 Financial liabilities).

17.1 Carrying amounts

In thousands of euro	Note	31 Dec 2021	31 Dec 2020	1 Jan 2020
At amortised cost				
Trade receivables	22.4	26,725	12,925	11,731
Cash and cash equivalents		11,803	34,669	29,600
Investments		79	81	62
Total		**38,608**	**47,675**	**41,393**

The decrease in cash and cash equivalents in 2021 was primarily due to the cash considerations of the acquisitions and the parent company’s decision to increase inventories in order to ensure delivery capacity.

The book value of pledged bank accounts totaled EUR 23,537 thousand at 1 January 2020 (zero at 31 December 2021 and 31 December 2020).

18 Other receivables

In thousands of euro	31 Dec 2021	31 Dec 2020	1 Jan 2020
Current income tax receivables	2,588	126	1,039
Other prepayments and accrued income	3,611	2,385	1,801
Other receivables	739	390	356
Total	**6,938**	**2,900**	**3,196**

19 Equity

Relais classifies the instruments it has issued either as financial liabilities or equity instruments, based on their nature.
- A financial liability is an instrument that obligates Relais to deliver cash or another financial asset, or the holder has a right to demand cash or another financial asset.
- An equity instrument is any contract that evidences a residual interest in the assets of Relais after deducting all of its liabilities.

The parent company has one class of shares, and each share entitles the shareholder to one vote at the General Meeting. No voting restrictions or limits on the number of shares that can be held are in place. The company's shares do not have a nominal value. All shares provide equal entitlements to the dividend and other fund distribution (including fund distribution in dissolution situations). All shares issued have been fully paid.

The Group's equity comprises the following:

Share capital: consists of the parent company Relais Group Plc's ordinary shares. The subscription price of a share received by the company in connection with share issues is credited to the share capital, unless it is provided in the share issue decision that a part of the subscription price is to be recorded in the Reserve for invested unrestricted equity. Transaction costs directly attributable to the issue of new shares are recorded in equity as a deduction, net of tax, from the proceeds.

Reserve for invested unrestricted equity: this reserve comprises other equity investments and that part of the share subscription price that has not specifically been allocated to share capital.

Treasury shares: the consideration paid for treasury shares including any attributable transaction costs, net of taxes, is deducted from the parent company’s equity until the shares are cancelled. In case such shares are subsequently sold or reissued, any consideration received is recognised directly in equity.

Translation differences: The reserve includes cumulative translation differences arisen from the translation of the financial statements of foreign operations into euro.

Retained earnings: Retained earnings are earnings accrued over the previous financial years that have not been transferred to equity reserves or issued as dividends to owners.

19.1 Movements in share numbers and Group's equity

The table below discloses changes in the number of shares and respective changes in Group's equity.

In thousands of euro/pcs	Number of shares (pcs)	Share capital	Reserve for invested unrestricted equity
At 1 January 2020	16,213,800	**80**	**51,007**
Share issue — acquisition of TD Tunga Delar AB	606,250	-	5,219
At 31 December 2020	**16,820,050**	**80**	**56,226**
At 1 January 2021	**16,820,050**	**80**	**56,226**
Share issue 1 — acquisition of Strands Group AB	388,851	-	5,580
Share issue 2 — acquisition of Raskone Ltd	67,423	-	1,052
Share issue 3 — acquisition of Lumise	430,559	-	7,664
Shares subscribed under share option plans (Note 19.3)	234,550	-	915
Total movements	**1,121,383**	**-**	**15,210**
At 31 December 2021	**17,941,433**	**80**	**71,436**

According to the shareholder register maintained by Euroclear Finland, Relais had 2,857 (2,462) shareholders at the end of the financial year. At 31 December 2021 Relais owned 50 treasury shares (50).

Refer to Note 3 Business combinations for details on the business combinations effected in 2021 and 2020.

Share issues

Year 2021

In 2021 the Group executed three share issues as disclosed below. All share issues were carried out in order to develop Relais Group's business and finance the business combinations, so there was a weighty financial reason for deviating from the pre-emptive right of the shareholders within the meaning of the Finnish Limited Liability Companies Act. The share issues 1 and 2 (Strands and Raskone acquisitions) were carried out by the decision of the Board of Directors of Relais Group Plc under the authorisation given by the Annual General Meeting on 8 June 2020, and the share issue 3 (Lumise acquisition) under the authorisation given by the Annual General Meeting held on 30 March 2021. The related transaction costs were not significant for the Group.

Share issue 1 — acquisition of Strands Group AB

On 11 January 2021, Relais Group Plc decided on executing a directed share issue. The company paid part of the consideration for the shares by issuing a total of 388,851 new Relais Group Plc's shares to the shareholders of Strands Group AB in connection with the closing of the acquisition.

Share issue 2 — acquisition of Raskone Ltd

On 29 January 2021, Relais Group Plc decided on executing out a directed share issue. The company paid part of the consideration for the shares in Raskone Oy by issuing a total of 67,423 new Relais Group Plc's shares to Mr. Jan Popov, a shareholder and the CEO of Raskone Oy in connection with the closing of the acquisition.

Share issue 3 — acquisition of Lumise

On 31 March 2021, Relais Group Plc decided on executing a directed share issue. The company paid part of the consideration for the shares in Lumise by issuing a total of 430,559 new Relais Group Plc's shares to the shareholders of Lumise in the closing of the acquisition.

Year 2020

On 6 February 2020, Relais Group Plc decided on executing a directed share issue as part of the acquisition of the 95.25% stake in TD Tunga Delar Sverige AB ("Tunga Delar", "TD"). The parent company paid part of the consideration for TD by issuing a total of 606,250 new Relais Group Plc's shares to the shareholders of TD in the closing of the acquisition. The related transaction costs were not significant for the Group.

The share issue was carried out by the decision of the Board of Directors of Relais Group Plc under the authorisation given by the Extraordinary General Meeting of Relais Group Plc on 18 September 2019. The share issue was carried out in order to develop Relais Group's business and finance the corporate transaction, so there was a weighty financial reason for deviating from the pre-emptive right of the shareholders within the meaning of the Finnish Limited Liability Companies Act.

Details on the acquisitions made in 2021 and 2020 are provided in Note 3 Business combinations.

19.2 Dividend distribution

Dividend distribution to the parent company’s shareholders is recognised as a liability in the balance sheet in the period in which the dividends are approved by the Annual General Meeting. Relais’s dividend policy is to target annual dividends that exceed 30 percent of the average comparable earnings per share of the Group, over a business cycle. In proposing the dividend, the Group’s equity, acquisition opportunities and financing needs related to them, liquidity position, long-term financing and investment needs, growth plans, the requirements of the Limited Liability Companies Act for distribution of dividends and other factors that the company’s Board of Directors consider important are taken into account.

For each year, the future amount of dividends, if any, and their timing will depend on the future results of the subsidiaries, financial position, cash flows, investment needs, solvency, the ability of the company’s subsidiaries to distribute dividends or otherwise transfer assets to the company, and other factors.

Under the Finnish Limited Liability Companies Act, the amount of capitalised development costs (accounted for in accordance with the Finnish Accounting Act) is deducted from unrestricted equity in calculating distributable funds.

The Annual General meeting held 30 March 2021 approved the proposal of the Board of Directors that a dividend of EUR 0.30 (0.10) per share shall be paid from the parent company's distributable funds to shareholders who are registered in the company's shareholders' register maintained by Euroclear Finland Oy on the dividend record date, 1 April 2021. The dividend, in total EUR 5,189 thousand, was paid on 12 April 2021.

19.3 Option incentive plans

At 31 December 2021, the members of the Board of Directors and the Management Team of Relais owned a total of 816,800 (1,032,550; 1,032,550 at 1 January 2020) option rights, entitling their holders to subscribe in total 816,800 (1,032,550; 1,032,550 at 1 January 2020) Relais shares, corresponding to approximately 4.4% (6.1 %; 7.6% at 1 January 2020) of Relais shares and votes on a post-subscription basis. Moreover, on 31 December 2021, the inheritors of a late Board member owned a total of 18,800 (37,600; 37,600 at 1 January 2020) option rights, entitling them to the issue of a corresponding number of shares. In total, the issued option rights entitled the option holders to the issue of a total of 835,600 (1,070,150; 1,070,150 at 1 January 2020) shares. The current options are divided into several option series with varying subscription prices and subscription periods (2017E, 2017F, 2019D, 2019E and 2019G).

During the financial year 2021, a total of 234,550 (zero) new Relais shares were subscribed based on the option rights.

The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year (excluding SARs):

	2021		2020	
Pcs / Euro	**Number**	**Weighted average exercise price**	**Number**	**Weighted average exercise price**
Outstanding at 1 January	1,070,150	2.68	1,070,150	2.78
Granted during the year	-		-	
Forfeited during the year	-		-	
Excercised during the year	234,550	3.89	-	
Expired during the year	-		-	
Outstanding at 31 December[1]	**835,600**	**2.38**	**1,070,150**	**2.68**
Excercisable at 31 December	835,600	2.38	1,070,150	2.68

[1] The difference of EUR 0.1 in the weighted average exercise price for 2020 arises from the dividend distribution.

The expiration dates for the option series are as follows:

Option series	**Expiration date**
2017 A-H, 2019 E	31 December 2030
2019 A, 2019 C, 2019 F	31 May 2021
2019 B, 2019 D, 2019 G	31 May 2022

19.4 Capital management

The target for Group's capital management is to increase shareholder value by enabling the execution of Group's growth strategy in terms of corporate acquisitions and organic growth.The key elements of capital management are operative cash flow, debt financing, share issues and dividend distribution.

Debt financing, share issues and operative cash flow, separately or jointly, may be used for financing Group's acquisitions. According to the SFA (Senior Facility Agreement) between the Group and its main bank, the use of debt financing is subject to customary financial covenants. The covenents, reported to the bank by quarter, are monitored on a monthly basis. Group's target is to maintain adequate safety margins against covenant tresholds at all times.

Group’s dividend policy is to target annual dividends that exceed 30% of the average comparable profit of the Group over a business cycle. Any issuance of new shares in connection with corporate transactions is subject to the Board’s discretion and respective Board’s authorisations in effect.

In the financial years 2021 and 2020, Relais monitored capital using the equity ratio which is calculated by dividing total equity by total assets (current and non-current) in the consolidated FAS balance sheet. The equity ratio indicates how much of the assets are financed by the owners’ capital. Refer to Note 20.4 Financial covenants.

19.5 Authorisations

On 30 March 2021, the Annual General Meeting (AGM) authorised the Board of Directors to resolve on the acquisition of a maximum of 1,720,890 of the company's own shares in one or more tranches using the company's unrestricted equity. The company may buy back shares in order to develop its capital structure, finance and implement any corporate acquisitions or other transactions, implement share-based incentive plans, pay board fees, or otherwise transfer or cancel them. The company may buy back shares in public trading on marketplaces whose rules and regulations allow the company to trade in its own shares. In such a case, the company buys back shares through a directed purchase, i.e. in a proportion other than its shareholders' holdings of company shares, with the consideration paid for the shares based on their publicly quoted market price so that the minimum price of the purchased shares equals the lowest market price quoted in public trading during the authorisation period and, similarly, their maximum price equals the highest market price quoted in public trading during that period. The authorisation is effective until the end of the Annual General Meeting held in 2022, yet no further than until 30 June 2022. This authorisation shall supersede the buyback authorisation granted at the earlier General Meetings.

On 30 March 2021, the AGM authorised the Board of Directors to decide on issuing a maximum of 3,441,780 shares in a share issue or on granting special rights (including share options) entitling holders to shares as referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act, in one or several tranches. This authorisation may be used to finance and implement any prospective corporate acquisitions or other transactions, to implement the company's share-based incentive plans, or for other purposes determined by the Board. The authorisation grants the Board the right to decide on all terms and conditions governing the share issue and the granting of said special rights, including the subscribers or the recipients of said special rights and the payable consideration. The authorisation also includes the right to issue shares by deviating from the shareholders' pre-emptive rights, i.e. by issuing them in a directed manner. The authorisation of the Board covers the issue of new shares and the transfer of any shares that may be held by the company. The authorisation is effective until the end of the AGM held in 2022, yet no further than until 30 June 2022. This authorisation shall supersede previous authorisations resolved in General Meetings concerning the issue of shares and special rights entitling to shares.

20 Financial liabilities

Relais classifies financial liabilities in two measurement categories as follows: financial liabilities measured at fair value through profit or loss (FVTPL), and financial liabilities measured at amortised cost. The categorisation determines whether and where any remeasurement to fair value is recognised.

Generally financial liabilities are classified either as non-current or current financial liabilities based on their maturity. However, a financial liability is classified as current if Relais does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. In respect of loans and borrowings current financial liabilities comprise the portion falling due within less than 12 months.

A financial liability (or part of the liability) is not derecognised until the liability has ceased to exist, that is, when the obligation identified in a contract has been fulfilled, cancelled or is no longer effective.

Financial liabilities at fair value through profit or loss (FVTPL)

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Such financial liabilities are measured at fair value both at initial recognition and thereafter, and resulting fair value changes are recognised under financial items in profit or loss. In Relais this category includes:
- derivative instruments (interest swaps) with negative fair values at the end of the reporting period, acquired for hedging purposes but which are not hedge accounted, and
- contingent considerations arisen from business combinations (refer to Note 3 Business combinations).

Financial liabilities at amortised cost (other financial liabilities)

In Relais, this category primarily includes borrowings from financial institutions, lease liabilities and trade payables. Other financial liabilities are initially recognised at fair value. Transaction costs are included in the original carrying amount. Subsequently these financial liabilities are measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

20.1 Breakdown of financial liabilities

In thousands of euro	Note	31 Dec 2021	31 Dec 2020	1 Jan 2020
At amortised cost				
Non-current				
Borrowings from financial institutions	22	90,537	57,690	58,574
Lease liabilities	15	44,284	14,057	15,694
Redemption liability of non-controlling interest	3.2	-	345	-
		134,821	**72,092**	**74,268**
Current				
Borrowings from financial institutions	22	6,042	5,000	4,763
Lease liabilities	15	10,641	3,345	2,986
Trade payables	22	15,402	8,606	6,560
Redemption liability of non-controlling interests	3.2	345	-	-
Other financial liabilities		13	-	17
		32,444	**16,951**	**14,325**
Total financial liabilities at amortised cost		**167,265**	**89,043**	**88,593**
At fair value through profit or loss				
Non-current				
Contingent considerations	3, 21	1,561	129	122
Derivative instruments	21, 22.2	48	157	73
		1,609	**286**	**195**
Current				
Contingent considerations	3, 21	2,578	**-**	**-**
Total financial liabilities at fair value through profit or loss		**4,187**	**286**	**195**
Total financial liabilities		**171,452**	**89,329**	**88,788**

The contingent considerations and the redemption liability arisen from the obligation to redeem the shares of non-controlling interests shown in the table on the previous page are included in the balance sheet items Other non-current financial liabilities and Other current financial liabilities. Their terms are disclosed in Note 3 Business combinations. The fair value of the redemption liability is based on management's assessment of the probability of the cash flows being realised. The current contingent considerations will be paid in cash in 2022.

20.2 Terms of loans and borrowings, lease liabilities and repayment schedule

The major terms and conditions of outstanding loans and borrowings and lease liabilities are as follows:

	At 31 Dec 2021				
	Currency	**Nominal interest rate**	**Year of maturity**	**Fair value**	**Carrying amount**
Borrowings from financial institutions (acquisition loan)	EUR	EURIBOR 6KK+2.1%	2023	51,538	51,538
Borrowings from financial institutions (acquisition loan)	SEK	STIBOR 6KK+2.1%	2023	45,041	45,041
Lease liabilities	several	several	2023-2030	54,925	54,925

The related company mortgages are disclosed in Note 24 Provisions, contingencies and commitments.

20.3 Changes in financing arrangements

In 2019 and 2020, the parent company negotiated a multicurrency term loan facility of EUR 104.1 million, primarily for financing the acquisitions of ABR, Huzells, Raskone and Strands, and for amortising debt that pre-dated those acquisitions. The facility was used to finance the considerations for the acquisitions that were effected in 2021 and 2020. Disclosures on the acquisitions are provided in Note 3 Business combinations.

The amount of the acquisition loans drawn down from the facility in the balance sheet was EUR 96.6 (62.7) million at the financial year-end. In addition to the term loan facility, the company has a EUR 7 million multicurrency (EUR+SEK) revolving credit facility that can be used for purposes such as checking account credit limits and bank guarantees. The finance limit is in force until 31 May 2023.

20.4 Financial covenants

The Group's borrowings from financial institutions involve financial covenants. The related liabilities amounted to EUR 96.7 (63.0) million at 31 December 2021. The Group has to comply with the financial covenant terms concerning leverage, equity ratio and cash flow on a quarterly basis. Leverage is calculated by dividing net debt with proforma EBITDA. When calculating equity ratio, consolidated equity is divided with total consolidated assets. The Group includes within cash flow cover the ratio of cash flow to debt service. Specific terms agreed in the SFA are taken into consideration when calculating leverage and cash flow cover covenants. All the financial covenants were monitored based on financial information prepared in accordance with the Finnish accounting standards (FAS). Relais was in compliance with the covenants during the financial years 2021 and 2020. Refer to Note 19.4 Capital management.

	31 Dec 2021	**31 Dec 2020**	**1 Jan 2020**
Equity ratio[1], %,	37.9	46.7	44.5
Leverage	2.65	1.47	2.13
Cash flow cover	1.32	3.73	1.98

[1] Under FAS, total equity comprises equity attributable to owners of the parent company.

20.5 Movements of liabilities to cash flows arising from financing activities

The following table provides a reconciliation between the opening and closing balances for liabilities arising from financing activities.

	2021		2020	
In thousands of euro	**Lease liabilities**	**Borrowings from financial institutions**	**Lease liabilities**	**Borrowings from financial institutions**
Balance at 1 January	**17,402**	**62,690**	**18,680**	**63,337**
Proceeds from borrowings	-	45,235	-	65,427
Transactions costs related to loans and borrowings	-	-	-	-
Repayment of borrowings	-	(13,312)	-	(66,634)
Payment of lease liabilities	(8,306)	-	(2,903)	-
Total changes from financing cash flows	(8,306)	31,923	(2,903)	(1,207)
Business combinations	33,049	2,780	1,450	-
New leases	12,701	-	160	-
Other changes	80	(814)	15	560
Balance at 31 December	**54,925**	**96,579**	**17,402**	**62,690**

21 Fair values of financial assets and financial liabilities

At financial year-end 2021 the Group's financial assets and liabilities measured at fair value comprised derivative liabilities (interest swaps), and the liabilities associated with contingent considerations for the business combinations.

Relais measures interest swaps by using valuations obtained from the counterparty (bank). The fair value of the hedges is recognised, depending on whether it is positive or negative, as follows in the consolidated balance sheet:
- positive: under Other non-current/current financial assets, or
- negative: under Other non-current/current financial liabilities.

The liabilities recorded for the contingent considerations reflect various acquisition-specific assumptions but generally relate to the financial performance of the acquiree for certain post-transaction period measured using EBIT or EBITDA, for example, and may also include operating targets agreed upon, as appropriate. Refer to Note 3 Business combinations for details.

21.1 Accounting classification and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy (for the fair value hierarchy refer to Note 1.7 Measurement of fair values). The table excludes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount	Fair value			
In thousands of euro	Note		Level 1	Level 2	Level 3	Total
At 31 December 2021						
Financial liabilities measured at fair value						
Interest rate swaps (not hedge accounted)	20, 22.2	48	-	48	-	**48**
Contingent considerations	3, 20.1	4,139	-	-	4,139	**4,139**
Total		**4,187**	**-**	**48**	**4,139**	**4,187**
Financial liabilities not measured at fair value						
Current borrowings from financial institutions	20, 22	6,042	-	-	6,042	**6,042**
Non-current borrowings from financial institutions	20, 22	90,537	-	-	90,537	**90,537**
Redemption liability of non-controlling interests	3, 20.1	345	-	-	345	**345**
Total		**96,924**	**-**	**-**	**96,924**	**96,924**
At 31 December 2020						
Financial liabilities measured at fair value						
Interest rate swaps (not hedge accounted)	20, 22.2	157	-	157	-	**157**
Contingent considerations	3, 20.1	129	-	-	129	**129**
Total		**286**	**-**	**157**	**129**	**286**
Financial liabilities not measured at fair value						
Current borrowings from financial institutions	20, 22	5,000	-	-	5,000	**5,000**
Non-current borrowings from financial institutions	20, 22	57,690	-	-	57,690	**57,690**
Redemption liability of non-controlling interest	3, 20.1	345	-	-	345	**345**
Total		**63,035**	**-**	**-**	**63,035**	**63,035**
At 1 January 2020						
Financial liabilities measured at fair value						
Interest rate swaps (not hedge accounted)	20, 22.2	73	-	73	-	**73**
Contingent considerations	3, 20.1	122	-	-	122	**122**
Total		**195**	**-**	**73**	**122**	**195**
Financial liabilities not measured at fair value						
Current borrowings from financial institutions	20, 22	4,763	-	-	4,763	**4,763**
Non-current borrowings from financial institutions	20, 22	58,574	-	-	58,574	**58,574**
Total		**63,337**	**-**	**-**	**63,337**	**63,337**

22 Financial risk management

22.1 Financial instruments - risk management objectives and policies

Relaisin principal financial instruments are exposed to risk factors where the principal variables are:
- changes in the market, and
- customer behavior.

Risks affecting the Group's financial assets are mainly related to changes in counterparties payment behavior and credit risk. The Group's financial liabilities which comprise floating rate loans are effected by changes in the interest rate, and are thus exposed to interest rate risk. Liquidity or refinancing risk may arise if Relais is not able to to arrange funding at terms and conditions corresponding to its creditworthiness.

The management assesses the risk framework periodically and the senior management oversees the management of these risks in accordance to the Group's financial risk governance framework. Relais has appropriate policies and procedures and financial risks are identified, measured and managed in accordance with the Group’s policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Relais uses derivative instruments for hedging interest rate risks, refer to Note 22.2 Interest rate risk for details. The Group does not apply hedge accounting.

Market risk is the risk that the fair value or future cash flows arising from financial instruments will fluctuate beacause of changes in market prices or market conditions. Market risk comprises three types of risk:
- interest rate risk,
- foreign currency risk, and
- other price risk, such as equity price risk and commodity risk.

The financial instruments of the Group affected by market risk include loans and borrowings and deposits.

22.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the interest rate fluctuations relates primarily to the portion of the Group's non-current debt obligations that have floating interest rates. The non-current bank loans that have floating interest rates are linked to Euribor and Stibor rates. Changes in market interest rates have a direct effect on the Group's future interest payments.

Relais's policy of reducing the effects of interest rate risk is to maintain a predetermined balance between the total amount of loan facilities acquired and the liquidity position. Management assesses the interest rate risk at each reporting date to establish the actions required to maintain a stable interest rate environment. The Group has the ability to renegotiate the terms of the financial instruments in case the market environment and interest rate environment changes.

Relais uses derivatives for hedging interest rate risks. The derivatives are measured at fair value through profit or loss.

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. The sensitivity analysis has been performed based on the assumption of a positive reference interest rate and outstanding loan amount at the end of the reporting period excluding any future amortisations. The changes in the insterest rate level are shown in full without considering the effects of possible contractual interest rate floors related to loans. With all other variables held constant and the interest rate is changed by 100 basis points, the Group’s profit before tax is affected through the impact on floating rate borrowings, as follows:

In thousands of euro	Increase/ decrease in bps	Effect on profit before tax		
		31 Dec 2021	31 Dec 2020	1 Jan 2020
6 month Euribor	+100	(516)	(275)	(287)
6 month Stibor	+100	(451)	(355)	(355)
6 month Euribor	-100	516	275	287
6 month Stibor	-100	451	355	355

For interest-bearing financial liabilities, the interest rate ranged between 2.1%-3.28% during the financial year.

22.3 Foreign currency risk

The parent company's functional currency is euro, and the subsidiaries' functional currencies, depending on the subsidiary's economic environment, are Swedish Krona, Norwegian Krone and Danish Krone. When consolidating the financial statements of the subsidiaries operating in these countries in the consolidated financial statements in euro, the parent company is exposed to translation risk. The Group does not hedge translation risk.

Relais Group companies are exposed to exchange rate risk (transaction risk) from transactions that are made in a currency other than the company's functional currency. The Group is exposed to transaction risk mainly concerning its goods imports from the Far East, where the main trading currency is the US Dollar. Relais is exposed to exchange rate risk related to fluctuations in the exchange rate between the parent company's functional currency and the US Dollar. The parent company manages the Group's transaction risk by using forward contracts, if necessary, and by transferring exchange rate changes to the sales prices of products, thereby trying to eliminate the effect of exchange rate changes on the Group's gross margin. If the average USD exchange rate in the financial year 2021 had been 10% stronger than realised, the effect on profit before taxes - without the impact of customer prices increases - would have been EUR (3,929) thousand (2020: EUR (2,252) thousand). If the USD closing rate on the balance sheet date had been 10% stronger compared to the actual closing rate, the effect on the profit before taxes due to the exchange rate difference of trade payables would have been approximately EUR (265) thousand (2020: EUR (157) thousand).

Exposure to translation risk

The summary quantitative data about the Group’s exposure to translation risk is as follows.

		Effect on profit before tax		Pre-tax effect on equity		
In thousands of euro	**Increase/ decrease in FX rate**	**31 Dec 2021**	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**	**1 Jan 2020**
SEK/ EUR	10 %	1,502	790	1,502	790	14
SEK/ EUR	-10 %	(1,365)	(718)	(1,365)	(718)	(13)
NOK/ EUR	10 %	69	65	68	65	4
NOK/ EUR	-10 %	(63)	(59)	(63)	(59)	(4)
DKK / EUR	10 %	18	12	18	12	-
DKK / EUR	-10 %	(16)	(11)	(16)	(11)	-

22.4 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Relais is exposed to credit risk from its operating activities, which primarily include trade receivables and bank balances.

Customer credit risk is managed by each business unit by recognising the customer prior the trading. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Relais trades only with recognised, creditworthy parties. Receivable balances are monitored and collected on an ongoing basis. The maximum exposure to credit risk at the reporting date is the carrying amount of financial assets. There are no significant concentrations of credit risk within the Group.

Trade receivables - expected credit losses

Relais assessess the status of the trade receivables at each reporting date on a quarterly basis. The Group uses the simplified method of assessing the potential expected credit losses (ECL) on its trade receivables, and the senior management uses the following metrics to judge the level of impairment for the trade receivables:

- Future economic conditions in relation to industry financial status
- Historical credit losses
- Customers' historical payment behavior
- Customer type (public or private sector)
- The discounted cash flow effect of the matured and past due payments based on the time value of money.

All trade receivables over 360 days past due are considered to be defaulted and are subject to the ECL provisions in full.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due from different customer segments with similar loss patterns (i.e., by public sector and private sector). The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables which are over 360 days past due are considered as defaulted. Past due trade receivables are subject to enforcement activity and collection. The collection process is managed by the customer responsible subsidiairies.

The Group's maximum exposure to credit risk at any given moment is its trade receivables. The Group's trade related transactions are both mainly from private but also from public clients. The public sector sales are typically less than 10% of the total sales. Relais recognises the underlying credit risk position but the public sector receivables carry considerably less risk than the private sector sales.

Relais considers the concentration of risk with respect to trade receivables low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. Thus the risks are not concentrated, which decreases the amount of expected credit losses. The Group does not hold collaterals as security.

Expected credit loss assessment

Set out below is the information about the credit risk exposure on Group's trade receivables.

31 December 2021 **In thousands of euro**	**%**	**Gross value**	**Expected credit loss**	**Net value**
Current	0,6 %	23,117	(139)	22,978
Past due 1-30 days	2,3 %	2,727	(62)	2,665
Past due 31-90 days	11,8 %	984	(116)	868
Past due 91-360 days	53,0 %	456	(242)	214
Past due > 365 days	100,0 %	443	(443)	0
Total		**27,727**	**(1,002)**	**26,725**

31 December 2020 **In thousands of euro**	**%**	**Gross value**	**Expected credit loss**	**Net value**
Current	0,5 %	10,559	(53)	10,506
Past due 1-30 days	1,2 %	1,647	(19)	1,628
Past due 31-90 days	2,3 %	573	(13)	560
Past due 91-360 days	26,2 %	313	(82)	231
Past due > 365 days	100,0 %	164	(164)	0
Total		**13,256**	**(331)**	**12,925**

1 January 2020 **In thousands of euro**	**%**	**Gross value**	**Expected credit loss**	**Net value**
Current	0,5 %	8,816	(44)	8,772
Past due 1-30 days	1,2 %	1,880	(22)	1,858
Past due 31-90 days	2,5 %	976	(24)	952
Past due 91-360 days	9,7%	165	(16)	149
Past due > 365 days	100,0 %	143	(143)	0
Total		**11,980**	**(249)**	**11,731**

There are no significant changes in the ECL valuation methods or assumptions between the comparison period.

Reconciliation of loss allowance

In thousands of euro	2021	2020
Balance at 1 January	331	249
Realised credit losses	(96)	(102)
Business combinations (Note 3)	739	29
Net remeasurement of loss allowance	28	155
Balance at 31 December	**1,002**	**331**

The item Net remeasurement of loss allowance includes any amounts received for items previously recorded as credit losses. Changes in expected and realised credit losses are recognised under Other operating expenses.

Expected credit loss (ECL) calculation

The Group applies the simplified approach to calculate the expected credit losses. The expected credit loss (ECL) calculation is based on historical credit loss experience and for the future parameters based on customers' payment behaviour. Management estimates the customers' payment behaviour and economic events quarterly. The trade receivables used in the ECL calculations includes all the open invoices from the sales ledger. The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due and calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Trade receivables are written off when there is no reasonable expectation of recovery.

In order to avoid excessive concentrations of risk, the Group policies and procedures of Relais include specific guidelines to focus on the maintenance of a diversified customer portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Financial instruments and cash deposits

Liquid assets such as cash and cash equivalents and other short-term deposits, which are part of the Group's liquidity management, have a maturity of less than 3 months. These assets are recognised at amortised cost. The Group's cash deposits are deposited to banks with a low credit risk.

22.5 Liquidity risk

The Group's management assesses the business forecast and the related cash flows to maintain the liquidity. Relais's objective is to maintain a balance between continuity of funding and flexibility through the use of bank balances and bank loans. Approximately 6.25% of the Group's debt will mature in less than one year at 31 December 2021 (31 December 2020: 9.5%; 1 January 2020: 9.4%) based on the carrying amount of borrowings reflected in the financial statements. Relais assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing or new lenders. Relais has secured loans with underlying covenants, such as equity ratio and interest-bearing debt to EBITDA.

Relais has a satisfactory headroom for covenants at their current position. The Group has not had any repayment events caused by breaches of covenants. Refer to Note 19.4 Capital management and 20.4 Financial covenants.

Contractual maturities of financial liabilities

The following are the remaining contractual maturities of undiscounted financial liabilities at year-end.

In thousands of euro	Carrying amount	Total cash flows	Contractual cash flows 2022	2023	2024	2025	2026	Later
31 December 2021								
Non-derivative instruments								
Borrowings from financial institutions	96,578	99,544	8,041	91,503	-	-	-	-
Lease liabilities	54,925	63,636	11,502	10,430	9,444	8,277	9,951	14,033
Trade payables	15,402	15,402	15,402	-	-	-	-	-
Contingent considerations	4,139	4,566	3,005	1,561	-	-	-	-
Redemption liability	345	345	345	-	-	-	-	-
	171,391	**183,493**	**38,295**	**103,494**	**9,444**	**8,277**	**9,951**	**14,033**
Derivative instruments								
Interest rate swaps	48	107	77	30	-	-	-	-
	48	**107**	**77**	**30**	**-**	**-**	**-**	**-**
Total	**171,439**	**183,600**	**38,372**	**103,524**	**9,444**	**8,277**	**9,951**	**14,033**

In thousands of euro	Carrying amount	Total cash flows	2021	2022	2023	2024	2025	Later
31 December 2020								
Non-derivative instruments								
Borrowings from financial institutions	62,690	65,939	7,264	7,138	51,537	-	-	-
Lease liabilities	17,402	19,117	3,396	2,921	2,471	2,045	1,733	6,551
Trade payables	8,606	8,606	8,606	-	-	-	-	-
Contingent considerations	129	129	129	-	-	-	-	-
Redemption liability	345	345	-	345	-	-	-	-
	89,172	**94,136**	**19,396**	**10,404**	**54,008**	**2,045**	**1,733**	**6,551**
Derivative instruments								
Interest rate swaps	157	191	84	77	30	-	-	-
	157	**191**	**84**	**77**	**30**	**-**	**-**	**-**
Total	**89,329**	**94,327**	**19,480**	**10,481**	**54,038**	**2,045**	**1,733**	**6,551**

In thousands of euro	Carrying amount	Total cash flows	2020	2021	2022	2023	2024	Later
1 January 2020								
Non-derivative instruments								
Borrowings from financial institutions	63,337	69,016	6,907	6,302	6,206	49,601	-	-
Lease liabilities	18,680	20,767	3,081	3,095	2,669	2,294	1,873	7,755
Trade payables	6,560	6,560	6,560	-	-	-	-	-
Contingent considerations	122	122	-	122	-	-	-	-
	88,698	**96,465**	**16,548**	**9,519**	**8,875**	**51,895**	**1,873**	**7,755**
Derivative instruments								
Interest rate swaps	73	276	90	82	75	29	-	-
	73	**276**	**90**	**82**	**75**	**29**	**-**	**-**
Total	**88,772**	**96,741**	**16,638**	**9,601**	**8,950**	**51,924**	**1,873**	**7,755**

23 Trade and other payables

In thousands of euro	31 Dec 2021	31 Dec 2020	1 Jan 2020
Non-current			
Liability for share appreciation rights (SARs) (note 7)	**650**	**-**	**-**
Total non-current	**650**	**-**	**-**
Current			
Current tax liabilities	4,305	-	433
Trade payables	15,402	8,606	6,560
Accruals and deferred income	12,931	3,972	2,476
Refund liability	1,813	1,724	1,765
Other	8,747	3,671	3,223
Total trade and other payables and accruals	38,893	17,974	14,024
Total current	**43,198**	**17,974**	**14,457**
Total	**43,848**	**17,974**	**14,457**

24 Provisions, contingencies and commitments

Provisions comprise liabilities of uncertain timing or amount. Relais recognises a provision when the Group has a present obligation (legal or constructive) as a result of a past event, an outflow of resources is probable, and the amount of the obligation can be estimated reliably. A restructuring provision is recorded when the Group has prepared a detailed restructuring plan and has begun to implement the plan or has announced it to those concerned.

The amount recognised is the best estimate of the Group of the settlement amount at the end of the reporting period, being the present value of the expected expenditures after taking account of the risks and uncertainties surrounding the obligation.

Contingent assets and contingent liabilities are possible rights and obligations. They arise from past events and their existence will be confirmed only by the occurence or non-occurence of one or more uncertain events not fully within the control of Relais.

24.1 Provisions

The Group had no provisions at 31 December 2021, 31 December 2020 or 1 January 2020.

24.2 Collaterals and other obligations

In thousands of euro	31 Dec 2021	31 Dec 2020	1 Jan 2020
Loans from financial institutions			
Financing loans	96,762	63,014	64,150
Amount of overdraft limit granted	4,856	4,856	4,648
Available limit	4,856	4,856	4,648
Book value of pledged subsidiary shares	105,222	105,222	105,218
Mortgage on company assets	107,500	107,500	107,672
Book value of pledged bank accounts	-	-	23,537
Total collaterals for loans from financial institutions	**212,722**	**212,722**	**236,426**
Guarantees given on behalf of the companies belonging to the same group			
General guarantee	4,712	-	-
Other	8,570	8,099	-
Total	**13,282**	**8,099**	**-**
Other obligations			
Rental securities	1,858	1,922	1,944
Other guarantees	205	248	200
Total	**2,063**	**2,170**	**2,144**

24.3 Commitments

The Group has various lease contracts that have not yet commenced as at 31 December 2021, refer to Note 15.4 Lease commitments.

24.4 Legal proceedings and disputes

The parent company is not currently involved in any disputes or trials that would have a significant impact on the Group's financial position according to the opinion of the Board.

25 Related party disclosures

The parent company Relais Group Plc's related parties comprise the members of the Relais Group Plc's Board of Directors, CEO and Deputy CEO, and the Management Team members, and its subsidiaries and shareholders Ari Salmivuori and Nordic Industry Development, which are considered to have significant influence over Relais Group Plc (see below). Related parties also include close family members of all the above-mentioned persons and entities over which they have control or joint control.

- Ari Salmivuori, through a direct shareholding and through Ajanta Oy, controlled by Ari Salmivuori, the total ownership being 32.52 % at 31 December 2021 (40.39%), and
- Nordic Industry Development AB, where control is held by Jesper Otterbeck, a Board member of Relais Group Plc, with the ownership of 21.92% at 31 December 2021 (23.38%).

The related party transactions disclosed consist of transactions carried out with related parties that are not eliminated in the consolidated financial statements.

25.1 Key management personnel compensation

The amounts disclosed below represent the expenses recognised in those financial years. Salary amounts include any fringe benefits. The pension benefits of the key management personnel consist of the pensions provided under the statutory Finnish and Swedish pension plan. The Group has no voluntary supplementary pension plans.

The terms of the share option plans for key management personnel are the same as for other participants. Details are disclosed in Note 7 Employee benefit expenses.

In thousands of euro	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	CEO Arni Ekholm		**Other members of Management Team**		**Total**	
Salaries and other short-term employee benefits	(276)	(224)	(557)	(475)	(833)	(699)
Pension benefits (defined contribution plans)	(47)	(38)	(93)	(75)	(140)	(113)
Share-based payments	(180)	-	(353)	-	(533)	-
Total	**(503)**	**(262)**	**(1,003)**	**(550)**	**(1,506)**	**(812)**

From 31 May 2019, the Board of Directors of Relais Group Plc consists of Kari Stadigh (Chairman), Olli-Pekka Kallasvuo, Jesper Otterbeck and Katri Nygård. No compensation was paid to the members of the Board of Directors for Board or any Committee membership during the financial years 2019-2021.

In addition to Arni Ekholm, Group CEO, the Management Team of the Company and Group consists of Group CFO Pekka Raatikainen, Managing Director Juan Garcia (Scandinavia), and Managing Director Ville Mikkonen (Finland and Baltic). Lennart Sjöblom, Head of M&A and business development, has been a member of the Management Team from 1 August 2021.

25.2 Transactions with related parties and outstanding balances

In thousands of euro	2021 / 31 Dec 2021	2020 / 31 Dec 2020	1 Jan 2020
Transactions			
Sales	374	171	
Purchases	525	364	
Services	325	260	
Outstanding balances			
Trade receivables	19	17	9
Trade payables	13	17	41

The related party transactions disclosed in the table above consist of transactions with those companies, in which key management personnel of Relais has control or significant influence.

25.3 Share holdings of key management personnel

The shareholdings of the members of the Board of Directors and the Management Team of Relais are disclosed below:

Pcs	31 Dec 2021	31 Dec 2020	1 Jan 2020
Board of Directors			
Olli-Pekka Kallasvuo[1)]	64,300	44,300	44,300
Katri Nygård	67,700	29,350	29,350
Jesper Otterbeck[2)]	3,932,100	3,932,100	4,375,350
Kari Stadigh	292,200	292,200	292,200
	4,356,300	**4,297,950**	**4,741,200**
Management Team			
Arni Ekholm	66,450	30,250	30,250
Juan Garcia[3)]	62,050	62,050	62,050
Ville Mikkonen	174,800	174,800	174,800
Pekka Raatikainen	20,000	5,000	5,000
	323,300	**272,100**	**272,100**
Total	**4,679,600**	**4,570,050**	**5,013,300**
Of all shares and the resulting vote share	**26.1%**	**27.2%**	**30.9%**

The number of shares includes those held by the persons themselves as well as those held by their related parties and controlled entities.

[1)] Owned directly and through Entrada Oy, which is controlled by Olli-Pekka Kallasvuo.

[2)] Owned through Nordic Industry Development AB, which is controlled by Jesper Otterbeck

[3)] Owned through JG Management AB, which is controlled by Juan Garcia.

At 31 December 2021, the members of the Board of Directors and the Management Team of Relais owned a total of 835,600 (1,070,150; 1,070,150 at 1 January 2020) option rights, entitling their holders to subscribe in total 835,600 (1,070,150; 1,070,150 at 1 January 2020) Relais Group Plc shares, corresponding to approximately 4.4% (6.1 %; 7.6% at 1 January 2020) of Relais shares and votes on a post-subscription basis. Refer to Note 19.3 Option incentive plans.

Dividends paid to the related parties in the financial year 2021 totalled EUR 3,542 (1,181) thousand.

25.4 Group structure

At 31 December 2021 the Group comprised the following companies:

Entity	Domicile	Ownership interest, %
Parent company Relais Group Plc	Finland	
Raskone Oy	Finland	100,00 %
Lumise Oy	Finland	100,00 %
Design by Scandinavian Metal AB	Sweden	100,00 %
Optisell Oy	Finland	100,00 %
Startax Finland Oy	Finland	100,00 %
Startax AS	Estonia	100,00 %
Startax Maskin-Teknisk AS	Norway	100,00 %
Startax Latvia SIA	Latvia	100,00 %
Startax Lithuania UAB	Lithuania	100,00 %
Strands Group AB	Sweden	100,00 %
SEC Scandinavia A/S	Denmark	70.00 %
Relais Group Sweden AB	Sweden	100,00 %
AB Reservdelar	Sweden	100,00 %
EKG Automotive AB	Sweden	100,00 %
Awimex International AB	Sweden	100,00 %
Huzells i Karlstad AB	Sweden	100,00 %
Helsingborgs Bildelsbutik AB	Sweden	100,00 %
Startax Sweden AB	Sweden	100,00 %
STS Sydhamnens Trailer Service AB	Sweden	100,00 %
TD Tunga Delar Sverige AB	Sweden	95.25 %
Trucknik Reservdelar AB	Sweden	100,00 %

The acquisitions of Strands Group AB, Raskone Oy, Lumise, STS Sydhamnens Trailer Service AB, and Trucknik Reservdelar AB carried out in 2021, and the acquisitions of SEC Scandinavia A/S, TD Tunga Delar Sverige AB, and Helsingborgs Bildelsbutik AB completed in 2020 are disclosed in Note 3 Business combinations.

26 Events after the end of the financial year

On 30 March 2022, the company agreed on extensions and amendments of its Facilities Agreement with its main bank. The Amended and Restated Facilities Agreement includes a new committed term loan facility of EUR 7 million and uncommitted term loan facility of EUR 25 million for possible future corporate acquisitions. At the same time, the Amended and Restated Facilities Agreement has been extended by one year until the end of May 2024.

The AGM of 13 April 2022 confirmed the company's financial statements for the financial year 1 January-31 December 2021, and discharged the members of the Board of Directors and the Managing Director from liability.

The AGM decided that five members be elected to the Board of Directors and re-elected Olli-Pekka Kallasvuo, Katri Nygård and Jesper Otterbeck as board members. Anders Borg and Lars Wilsby were elected as new board members. In board meeting held after the AGM, the Board of Directors elected Jesper Otterbeck as Chairman of the Board.

The AGM approved the proposal of the Board of Directors that a dividend of EUR 0.36 per share shall be paid from the parent company's distributable funds.

The AGM authorised the Board of Directors to resolve on the acquisition or accepting as pledge of a maximum of 1,794,143 of the company's own shares in one or more tranches using the company's unrestricted equity and, to decide on issuing a maximum of 2,988,286 shares in a share issue or on granting special rights (including stock options) entitling holders to shares as referred to in Chapter 10 Section 1 of the Limited Liability Companies Act, in one or several tranches.

On 25 April 2022, the company decided on a directed free share issue and issued a total of 64,407 new Relais Group shares to be subscribed for free of charge by former shareholders of Lumise Oy.

On 5 May 2022, the company decided to use the right to purchase the remaining 30% of shares in SEC Scandinavia A/S and 4.75% of shares in TD Tunga Delar Sverige AB from the non-controlling shareholders. The purchase price of the remaining shares paid in cash was DKK 3.0 million for the shares of SEC Scandinavia A/S and SEK 26.4 million for the additional consideration and shares of TD Tunga Delar Sverige AB.

On 24 May 2022, the company completed the acquisition of the entire share capital of the Swedish company Skeppsbrons Jönköping AB decided on 5 May 2022. The purchase price of Skeppsbrons was SEK 87.6 million, of which SEK 14.0 million was paid by new Relais Group shares issued upon closing.

The following persons have been appointed to the Group Management Team of Relais Group Plc as of 11 August 2022:
- Johan Carlos (b. 1990), Managing Director Strands Group AB.
- Jan Popov (b. 1989), LLM, Managing Director Raskone Oy.
- Sebastian Seppänen (b. 1990), B.Sc. (Econ.), Director, M&A and Business Development.
- Jon Strand (b. 1976), Interim member, Director Marketing and Sales Development (interim).

In addition to the newly appointed members the following persons continue in the Group Management Team: Arni Ekholm (CEO), Pekka Raatikainen (CFO), Juan Garcia (Regional Managing Director Scandinavia, PMO) and Ville Mikkonen (Managing Director Startax Finland and Baltics).

As of September 1, 2022, Relais has changed the basis of internal reporting for the reporting segments and reports them to the chief operating decision maker based on international financial reporting standards (IFRS). Previously, the basis of preparation was in accordance with the Finnish accounting and financial statement regulations (FAS). Restatement had no impact on the Group's total figures. Segment information from the financial years 2021 and 2020 adjusted to the new basis of preparation are presented below.

Segment information according to the new accounting basis

In thousands of euro	Finland& Baltics	Scandi-navia	Other	Elimi-nations	Total
2021					
External revenue	130,851	106,979	0	0	237,830
Internal revenue	8,324	751	0	-9,075	0
Material and services	-82,101	-64,030	0	7,889	-138,242
Gross profit	**57,075**	**43,700**	**0**	**-1,186**	**99,588**
Depreciation, amortisation and impairment	-7,913	-2,325	-40	-2,685	-12,963
Other income and expenses	-35,418	-23,600	-2,389	-2,176	-63,584
Operating profit	**13,743**	**17,775**	**-2,428**	**-6,048**	**23,042**
Financial items	-1,038	-1,959	6,459	-8,034	-4,572
Profit before income taxes	**12,705**	**15,816**	**4,031**	**-14,082**	**18,470**

In thousands of euro	Finland& Baltics	Scandi-navia	Other	Elimi-nations	Total
2020					
External revenue	59,857	69,121	0	0	128,978
Internal revenue	4,213	474	286	-4,974	0
Material and services	-45,543	-43,257	-120	4,459	-84,460
Gross profit	**18,527**	**26,338**	**166**	**-514**	**44,518**
Depreciation, amortisation and impairment	-2,308	-1,182	-27	-465	-3,982
Other income and expenses	-7,241	-14,194	-1,321	71	-22,685
Operating profit	**8,979**	**10,963**	**-1,182**	**-909**	**17,851**
Financial items	854	-2,302	320	-490	-1,617
Profit before income taxes	**9,833**	**8,661**	**-861**	**-1,398**	**16,234**

The item Other includes management and administrative services provided by the parent company to the group.

The column Eliminations includes internal eliminations as well as postings and amortizations related to the acquisitions.

27 Transition to IFRS

These are the first consolidated financial statements of Relais prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force as at 31 December 2021. The date of transition to IFRS was 1 January 2020. The Group applied IFRS 1 *First-time Adoption of International Financial Reporting Standards* in the transition. Relais applied the accounting policies presented above in these financial statements in preparing the opening IFRS balance sheet and the consolidated financial statements for the financial years 2021 and 2020.

Previously Relais's consolidated financial statements were drawn up in accordance with Finnish Accounting Standards (FAS). In preparing the opening IFRS balance sheet the Group adjusted FAS-based financial statement information. The IFRS adjustments made in the transition are explained below the following tables.

27.1 Reconciliation of consolidated opening balance sheet at 1 January 2020

		(A)	(B)		(C)	(D)	(E)	(F)		
		Leases	Business combinations		Revenue recog-nition	Financial instru-ments	Lease-hold impro-vements	Reclassi-fications		
In thousands of euro	FAS		(B1) Pre-transition date	(B2) Year 2020					Tran-sition impact	IFRS
ASSETS										
Non-current assets										
Intangible assets	547	-	-	-	-	-	(217)	-	(217)	330
Goodwill	53,731	-	-	-	-	-	-	-	-	53,731
Tangible assets	735	-	-	-	-	-	217	-	217	951
Right-of-use assets	-	18,680	-	-	-	-	-	-	18,680	18,680
Deferred tax assets	-	-	-	-	258	36	-	285	579	579
Other non-current assets	62	-	-	-	-	-	-	-	-	62
Total non-current assets	**55,074**	**18,680**	**-**	**-**	**258**	**36**	**-**	**285**	**19,259**	**74,332**
Current assets										
Inventories	43,094	-	-	-	360	-	-	-	360	43,453
Deferred tax assets	285	-	-	-	-	-	-	(285)	(285)	-
Trade and other receivables and prepayments	14,991	-	-	-	116	(179)	-	-	(64)	14,928
Cash and cash equivalents	29,600	-	-	-	-	-	-	-	-	29,600
Total current assets	**87,970**	**-**	**-**	**-**	**475**	**(179)**	**-**	**(285)**	**11**	**87,982**
Total assets	**143,044**	**18,680**	**-**	**-**	**733**	**(143)**	**-**	**-**	**19,270**	**162,314**
EQUITY										
Share capital	80	-	-	-	-	-	-	-	-	80
Reserve for invested unrestricted equity	51,007	-	-	-	-	-	-	-	-	51,007
Translation differences	(1,531)	-	-	-	-	-	-	-	-	(1,531)
Retained earnings	14,129	-	-	-	(1,032)	508	-		(524)	13,605
Total equity	**63,685**	**-**	**-**	**-**	**(1,032)**	**508**	**-**	**-**	**(524)**	**63,161**
Provisions	**73**	-	-	-	-	-	-	(73)	(73)	**-**
LIABILITIES										
Non-current liabilities										
Borrowings from financial institutions	59,388	-	-	-	-	(814)	-	-	(814)	58,574
Lease liabilities	-	15,694	-	-	-	-	-	-	15,694	15,694
Other non-current financial liabilities	122	-	-	-	-	-	-	73	73	195
Deferred tax liability	2,321	-	-	-	-	163	-	-	163	2,484
Total non-current liabilities	**61,831**	**15,694**	**-**	**-**	**-**	**(651)**	**-**	**73**	**15,116**	**76,947**
Current liabilities										
Borrowings from financial institutions	4,763	-	-	-	-	-	-	-	-	4,763
Lease liabilities	-	2,986	-	-	-	-	-	-	2,986	2,986
Trade and other payables	12,692	-	-	-	1,765	-	-	-	1,765	14,457
Total current liabilities	**17,455**	**2,986**	**-**	**-**	**1,765**	**-**	**-**	**-**	**4,751**	**22,206**
Total liabilities	**79,286**	**18,680**	**-**	**-**	**1,765**	**(651)**	**-**	**73**	**19,867**	**99,153**
Total equity and liabilities	**143,044**	**18,680**	**-**	**-**	**733**	**(143)**	**-**	**-**	**19,270**	**162,314**

27.2 Reconciliation of consolidated closing balance sheet at 31 December 2020

In thousands of euro	FAS	(A) Leases	(B) Business combinations (B1) Pre-transition date	(B) Business combinations (B2) Year 2020	(C) Revenue recog-nition	(D) Financial instru-ments	(E) Lease-hold impro-vements	(F) Reclassi-fications	Tran-sition impact	IFRS
ASSETS										
Non-current assets										
Intangible assets	472	-	-	2,724	-	-	(201)	-	2,523	2,995
Goodwill	58,215	-	8,751	(968)	-	-	-	-	7,783	65,998
Tangible assets	664	-	-	-	-	-	201	-	201	865
Right-of-use assets	-	17,183	-	-	-	-	-	-	17,183	17,183
Deferred tax assets	-	40	-	-	283	40	-	284	646	646
Other non-current assets	81	-	-	-	-	-	-	-	-	81
Total non-current assets	**59,433**	**17,223**	**8,751**	**1,756**	**283**	**40**	**-**	**284**	**28,336**	**87,769**
Current assets										
Inventories	44,273	-	-	-	281	-	-	-	281	44,554
Deferred tax assets	284	-	-	-	-	-	-	(284)	(284)	-
Trade and other receivables	15,972	20	-	-	31	(198)	-	-	(147)	15,825
Cash and cash equivalents	34,669	-	-	-	-	-	-	-	-	34,669
Total current assets	**95,198**	**20**	**-**	**-**	**312**	**(198)**	**-**	**(284)**	**(149)**	**95,048**
Total assets	**154,630**	**17,243**	**8,751**	**1,756**	**595**	**(158)**	**-**	**-**	**28,187**	**182,817**
EQUITY										
Share capital	80	-	-	-	-	-	-	-	-	80
Reserve for invested unrestricted equity	56,226	-	-	-	-	-	-	-	-	56,226
Translation differences	(3,745)	(1)	2,189	534	4	-	-	-	2,726	(1,019)
Retained earnings	12,447	-	-	-	(1,032)	508	-	-	(524)	11,923
Profit for the financial year	6,937	(158)	6,562	318	(101)	(406)	-	-	6,214	13,152
Equity attributable to owners of the parent company	**71,946**	**(159)**	**8,751**	**852**	**(1,129)**	**101**	**-**	**-**	**8,416**	**80,362**
Non-controlling interests	**319**	**-**	**-**	**(5)**	**-**	**-**	**-**	**-**	**(5)**	**314**
Total equity	**72,264**	**(159)**	**8,751**	**847**	**(1,129)**	**101**	**-**	**-**	**8,412**	**80,676**
Provisions	157	-	-	-	-	-	-	(157)	(157)	-
LIABILITIES										
Non-current liabilities										
Borrowings from financial institutions	58,014	-	-	-	-	(324)	-	-	(324)	57,690
Lease liabilities	-	14,057	-	-	-	-	-	-	14,057	14,057
Other non-current financial liabilities	129	-	-	345	-	-	-	157	502	632
Deferred tax liability	2,816	-	-	564	-	65	-	-	629	3,445
Total non-current liabilities	**60,959**	**14,057**	**-**	**909**	**-**	**(260)**	**-**	**157**	**14,863**	**75,823**
Current liabilities										
Borrowings from financial institutions	5,000	-	-	-	-	-	-	-	-	5,000
Lease liabilities	-	3,345	-	-	-	-	-	-	3,345	3,345
Trade and other payables	16,250	-	-	-	1,724	-	-	-	1,724	17,974
Total current liabilities	**21,250**	**3,345**	**-**	**-**	**1,724**	**-**	**-**	**-**	**5,069**	**26,319**
Total liabilities	**82,209**	**17,402**	**-**	**909**	**1,724**	**(260)**	**-**	**157**	**19,932**	**102,142**
Total equity and liabilities	**154,630**	**17,243**	**8,751**	**1,756**	**595**	**(158)**	**-**	**-**	**28,187**	**182,817**

27.3 Reconciliation of consolidated income statement for 1 January 2020 - 31 December 2020

		(A)	(B)		(C)	(D)	(E)	(F)		
		Leases	Business combinations		Revenue recognition	Financial instruments	Leasehold improvements	Reclassifications		
In thousands of euro	**FAS**		**(B1) Pre-transition date**	**(B2) Year 2020**					**Transition impact**	**IFRS**
Net sales	128,924	-	-	-	54	-	-	-	54	128,978
Other operating income	1,040	-	-	-	-	-	-	-	-	1,040
Materials and services	(83,928)	-	-	(360)	(172)	-	-	-	(532)	(84,460)
Employee benefit expenses	(16,645)	-	-	-	-	-	-	-	-	(16,645)
Depreciation, amortisation and impairment losses	(8,039)	(3,101)	6,562	597	-	-	-	-	4,058	(3,982)
Other operating expenses	(10,264)	3,354	-	(153)	-	(18)	-	-	3,184	(7,081)
Operating profit	**11,088**	**254**	**6,562**	**84**	**(118)**	**(18)**	**-**	**-**	**6,764**	**17,851**
Financial income	2,235	-	-	-	-	-	-	-	-	2,235
Financial expenses	(2,912)	(451)	-	-	-	(489)	-	-	(941)	(3,853)
Net financial expenses	(677)	(451)	-	-	-	(489)	-	-	(941)	(1,617)
Profit before income taxes	10,411	(197)	6,562	84	(118)	(508)	-	-	5,823	16,234
Income tax expense	(3,404)	39	-	175	17	102	-	-	333	(3,071)
Profit for the financial year	**7,007**	**(158)**	**6,562**	**259**	**(101)**	**(406)**	**-**	**-**	**6,156**	**13,163**

Profit for the financial year attributable to										
Owners of the parent company	6,937	(158)	6,562	318	(101)	(406)	-	-	6,214	**13,152**
Non controlling interests	70	-	-	(59)	-	-	-	-	(59)	**11**
	7,007	**(158)**	**6,562**	**259**	**(101)**	**(406)**	**-**	**-**	**6,156**	**13,163**

27.4 Reconciliation of consolidated income statement for 1 January 2021 - 31 December 2021

In thousands of euro	FAS	(A) Leases	(B) Business combinations (B1) Pre-transition date	(B2) Year 2020	(B3) Year 2021	(C) Revenue recognition	(D) Financial instruments	(E) Leasehold improvements	(F) Reclassifications	(G) SARs	Transition impact	IFRS
Revenue	237,927	-	-	-	-	(97)	-	-	-	-	(97)	237,830
Other operating income	3,074	-	-	-	-	-	-	-	-	-	-	3,074
Materials and services	(137,104)	-	-	-	(1,010)	(128)	-	-	-	-	(1,138)	(138,242)
Employee benefit expenses	(45,386)	-	-	-	(910)	-	-	-	-	(650)	(1,560)	(46,945)
Depreciation, amortisation and impairment losses	(14,568)	(8,798)	6,572	665	3,166	-	-	-	-	-	1,606	(12,963)
Other operating expenses	(27,529)	9,511	-	-	(1,574)	-	-	-	(119)	-	7,818	(19,712)
Operating profit	**16,413**	**713**	**6,572**	**665**	**(327)**	**(225)**	**-**	**-**	**(119)**	**(650)**	**6,629**	**23,042**
Financial income	1,222	-	-	-	-	-	-	-	-	-	-	1,222
Financial expenses	(4,525)	(1,205)	-	-	(43)	-	(141)	-	119	-	(1,269)	(5,794)
Net financial expenses	(3,303)	(1,205)	-	-	(43)	-	(141)	-	119	-	(1,269)	(4,572)
Profit before income taxes	13,110	(492)	6,572	665	(370)	(225)	(141)	-	-	(650)	5,360	18,470
Income tax expense	(5,312)	99	-	113	639	43	194	-	-	130	1,218	(4,093)
Profit for the financial year	**7,798**	**(393)**	**6,572**	**779**	**270**	**(181)**	**53**	**-**	**-**	**(520)**	**6,579**	**14,377**
Profit for the financial year attributable to												
Owners of the parent company	7,708	(393)	6,572	839	270	(181)	53	-	-	(520)	6,639	**14,346**
Non controlling interests	90	-	-	(60)	-	-	-	-	-	-	(60)	**30**
	7,798	**(393)**	**6,572**	**779**	**270**	**(181)**	**53**	**-**	**-**	**(520)**	**6,579**	**14,377**

27.5 Reconciliation of consolidated balance sheet at 31 December 2021

In thousands of euro	FAS	(A) Leases	Business combinations (B1) Pre-transition date	Business combinations (B2) Year 2020	(B) Business combinations (B3) Year 2021	(C) Revenue recognition	(D) Financial instruments	(E) Leasehold improvements	(F) Reclassifications	(G) SARs	Transition impact	IFRS
ASSETS												
Non-current assets												
Intangible assets	1,814	-	-	2,128	11,811	-	-	(688)	-	-	13,252	15,066
Goodwill	109,918	-	14,154	49	(7,491)	-	-	-	-	-	6,712	116,630
Tangible assets	4,209	-	-	-	-	-	-	688	-	-	688	4,897
Right-of-use assets	-	54,143	-	-	-	-	-	-	-	-	54,143	54,143
Deferred tax assets	-	138	-	-	-	326	205	-	(1)	130	798	798
Other non-current assets	79	-	-	-	-	-	-	-	6	-	6	85
Total non-current assets	**116,020**	**54,281**	**14,154**	**2,178**	**4,320**	**326**	**205**	**-**	**5**	**130**	**75,598**	**191,618**
Current assets												
Inventories	73,247	-	-	-	-	105	-	-	-	-	105	73,352
Deferred tax assets	(1)	-	-	-	-	-	-	-	1	-	1	-
Trade and other receivables	33,793	94	-	-	-	74	(198)	-	(6)	-	(35)	33,758
Cash and cash equivalents	11,803	-	-	-	-	-	-	-	-	-	-	11,803
Total current assets	**118,842**	**94**	**-**	**-**	**-**	**179**	**(198)**	**-**	**(5)**	**-**	**71**	**118,912**
Total assets	**234,862**	**54,375**	**14,154**	**2,178**	**4,320**	**505**	**8**	**-**	**-**	**130**	**75,669**	**310,531**
EQUITY												
Share capital	80	-	-	-	-	-	-	-	-	-	-	80
Reserve for invested unrestricted equity	69,282	-	-	-	2,155	-	-	-	-	-	2,155	71,436
Translation differences	(2,552)	0	1,021	302	(409)	6	-	-	-	-	920	(1,632)
Retained earnings	14,196	(158)	6,562	318	-	(1,132)	101	-	-	-	5,691	19,886
Profit for the financial year	7,708	(393)	6,572	839	270	(181)	53	-	-	(520)	6,639	14,346
Equity attributable to owners of the parent company	**88,713**	**(551)**	**14,154**	**1,458**	**2,015**	**(1,307)**	**154**	**-**	**-**	**(520)**	**15,404**	**104,117**
Non-controlling interests	**404**	**-**	**-**	**(66)**	**-**	**-**	**-**	**-**	**-**	**-**	**(66)**	**337**
Total equity	**89,117**	**(551)**	**14,154**	**1,392**	**2,015**	**(1,307)**	**154**	**-**	**-**	**(520)**	**15,337**	**104,454**
Provisions	48	-	-	-	-	-	-	-	(48)	-	(48)	-
LIABILITIES												
Non-current liabilities												
Borrowings from financial institutions	90,720	-	-	-	-	-	(183)	-	-	-	(183)	90,537
Lease liabilities	-	44,284	-	-	-	-	-	-	-	-	44,284	44,284
Other non-current financial liabilities	1,561	-	-	-	-	-	-	-	48	-	48	1,609
Other non-current liabilities	-	-	-	-	-	-	-	-	-	650	650	650
Deferred tax liability	3,307	-	-	441	2,394	-	37	-	-	-	2,872	6,179
Total non-current liabilities	**95,588**	**44,284**	**-**	**441**	**2,394**	**-**	**(147)**	**-**	**48**	**650**	**47,670**	**143,259**
Current liabilities												
Borrowings from financial institutions	6,042	-	-	-	-	-	-	-	-	-	-	6,042
Lease liabilities	-	10,641	-	-	-	-	-	-	-	-	10,641	10,641
Other current financial liabilities	13	-	-	345	2,578	-	-	-	-	-	2,924	2,937
Current tax liabilities	4,305	-	-	-	-	-	-	-	-	-	-	4,305
Trade and other payables	39,749	-	-	-	(2,669)	1,813	-	-	-	-	(856)	38,893
Total current liabilities	**50,109**	**10,641**	**-**	**345**	**(90)**	**1,813**	**-**	**-**	**-**	**-**	**12,709**	**62,818**
Total liabilities	**145,697**	**54,925**	**-**	**786**	**2,304**	**1,813**	**(147)**	**-**	**48**	**650**	**60,380**	**206,077**
Total equity and liabilities	**234,862**	**54,375**	**14,154**	**2,178**	**4,319**	**506**	**8**	**-**	**-**	**130**	**75,669**	**310,531**

27.6 Notes to the reconciliations of consolidated balance sheets at 1 January 2020, 31 December 2020 and 31 December 2021, as well as to the reconciliations of 2020 and 2021 consolidated income statements

In the transition Relais recognised the following adjustments. Deferred taxes were basically recognised on all adjustments, using the applicable current tax rate.

A) Lease arrangements, Relais as a lessee (IFRS 16 *Leases)*

Relais leases premises (workshops, offices and warehouses), vehicles and other assets. Under FAS Relais recorded rental expenses in the financial year to which they related. In the transition the Group recorded an adjustment, EUR 18,680 thousand, under the right-of-use assets and financial liabilities (non-current and current portions) at 1 January 2020. At financial year-end 2021 the right-of-use assets totaled EUR 54,143 (17,183) thousand and the associated lease liabilities EUR 54,925 (17,402) thousand. The increase was attributable to the business combinations effected in 2021 and 2020, refer to Note 3 Business combinations and 15 Leases.

Lease payments previously presented under other operating expenses are apportioned between the reduction of the lease liability and the interest charge on the lease liability. Furthermore, depreciation of the right-of-use assets is recorded in profit or loss. In the financial year 2021, the decrease in other operating expenses amounted to EUR 9,511 (3,354) thousand, the increase in depreciation EUR 8,798 (3,101) thousand and the related interest charge increasing financial expenses EUR 1,205 (451) thousand, respectively.

Relais applied certain recognition exemptions included in IFRS 1. The lease liability was discounted using the transition date incremental borrowing rate and the right-of-use assets were recognised at that amount. In addition, Relais has chosen to apply the recognition exemption for both short-term leases (a lease that, at the commencement date, has a lease term of 12 months or less), and for leases of low-value assets (each asset with a value of approximately EUR 5,000 or less when new).

(B) Acquisitions (IFRS 3 *Business Combinations)*

In 2021, Relais acquired Strands Group AB, Raskone Oy, Lumise Oy, STS Sydhamnens Trailer Service AB and Trucknik Reservdelar AB, and in 2020 SEC Scandinavia A/S, TD Tunga Delar Sverige AB and Helsingborgs Bildelsbutik AB, refer to Note 3 Business combinations for details.

Amortisation of goodwill

Under FAS goodwill is amortised according to plan. IFRS requires that goodwill is not amortised but tested for impairment at least annually. Accordingly, the annual goodwill amortisation totalling EUR 13,089 (7,647) thousand was reversed. Based on the impairment tests carried out as at 1 January 2020, 31 December 2020 and 31 December 2021 the goodwill was not impaired. Details on the impairment testing are provided in Note 13 Intangible assets and goodwill.

Business combinations

In the transition Relais applied the exemption for the accounting treatment of pre-transition date business combinations, which were not restated in accordance with IFRS 3. The related goodwill balance totaled EUR 53,731 thousand at 1 January 2020.

Balance sheet at 31 December 2021 / income statement for financial year 2021

The application of IFRS 3 resulted in recognition of the following:

<u>a) For pre-transition date acquisitions (column (B1))</u>

- Reversal of the accumulated goodwill amortisation recognised under FAS since 1 January 2020 totaling EUR 14,154 thousand, comprising the 2021 amortisation, EUR 6,572 thousand, and the amortisation for the previous year 2020, EUR 6,562 thousand, and the translation difference, EUR 1,021 thousand.

<u>b) For the acquisitions effected in 2020 (column (B2))</u>

- Net increase in goodwill, in total EUR 49 thousand, resulting from the reversal of the accumulated goodwill amortisation recognised under FAS in 2020, from the consolidation dates of the respective acquisitions. The net impact also reflects the decrease in goodwill owing to the adjustments for intangible assets, see below.

- Recognition of the intangible assets identified (customer relationships) separately from goodwill following from purchase price accounting, increasing the intangible assets balance by in total EUR 2,128 thousand and the deferred tax liabilities by EUR 441 thousand.

- The redemption liability payable in 2022 (current), EUR 345 thousand.

- Reversal of the non-controlling interests (NCI), EUR negative 66 thousand: One acquisition of the Group made in 2020 involves a mutual put and call option arrangement over the shares held by a non-controlling interests (NCI) in the subsidiary. Relais has accounted for this option as a financial liability and therefore this acquiree is fully (100%) consolidated from the acquisition date. Details are provided in Note 3 Business combinations.

- In respect of the consolidated income statement, the net impact comprising the goodwill amortisation reversal and recognition of the amortisation on the identified intangible assets in aggregate positive EUR 665 thousand, decreasing the amortisation charge for the financial year 2021.

<u>c) For the acquisitions effected in 2021 (column (B3))</u>

- Net decrease in goodwill in total EUR 7,540 thousand, mainly resulting in from the intangible assets identified, see below. The net impact also reflects the reversal of the goodwill amortisation recognised under FAS in 2021 from the consolidation dates of the respective acquisitions.

- Recognition of the intangible assets identified (customer and marketing-related intangibles, technology-based intangible assets) separately from goodwill following from purchase price accounting, increasing the intangible assets balance by in total EUR 11,811 thousand and the deferred tax liabilities by EUR 2,394 thousand. The share consideration was measured at fair value at the acquisition date, and as a result the reserve for invested unrestricted equity increased by EUR 2,155 thousand. See Note 13 Intangible assets and goodwill for details.

- In respect of the consolidated income statement:
    - Line item Materials and services: the increase in the said expenses, EUR 1,010 thousand, reflects the fair value adjustment made to the inventories of certain acquirees at the acquisition date and expensed as the related goods were subsequently sold.
    - Line item Employee benefit expenses: the adjustment, EUR 910 thousand, arises from an additional payment related to the Lumise acquisition accounted for as remuneration, since it is conditional to certain specific work performance, among others.
    - Line item Depreciation, amortisation and impairment losses: the net impact comprising recognition of the amortisation on the identified intangible assets and the goodwill amortisation reversal was in aggregate positive EUR 3,166 thousand, decreasing the amortisation charge for the financial year 2021.
    - Line item Other operating expenses: IFRS requires acquisition-related costs, such as professional fees, be expensed whereas under FAS they are generally capitalised. The adjustment was EUR (1,574) thousand.

Balance sheet at 31 December 2020 / income statement for financial year 2020

<u>a) For pre-transition date acquisitions (column (B1))</u>

- Reversal of the goodwill amortisation recognised under FAS since 1 January 2020, totaling EUR 6,562 thousand. The respective adjustment for the balance sheet totaled EUR 8,751 thousand, including the related translation difference EUR 2,189 thousand not recorded previously in accordance with FAS.

<u>b) For the acquisitions effected in 2020 (column (B2))</u>

- Net decrease in goodwill, totalling EUR 968 thousand, mainly reflecting the adjustments for intangible assets identified (see below). The goodwill balance, on the other hand, was increased due to the reversal of the accumulated goodwill amortisation recognised under FAS in 2020 from the consolidation dates of the respective acquisitions.

- Recognition of the intangible assets identified (customer relationships) separately from goodwill following from purchase price accounting, increasing the intangible assets balance by in total EUR 2,724 thousand and the deferred tax liabilities by EUR 564 thousand.

- The redemption liability (non-current), EUR 345 thousand.

- In respect of the consolidated income statement:
  - Line item Materials and services: the increase in the said expenses, EUR 360 thousand, reflects the fair value adjustment made to the inventories of certain acquirees at the acquisition date and expensed as the related goods were subsequently sold.
  - Line item Depreciation, amortisation and impairment losses: the net impact comprising recognition of the amortisation on the identified intangible assets and the goodwill amortisation reversal was in aggregate positive EUR 597 thousand, decreasing the amortisation charge for the financial year 2020.
  - Line item Other operating expenses: IFRS requires acquisition-related costs, such as professional fees, be expensed whereas under FAS they are generally capitalised. The adjustment was EUR 153 thousand.

(C) Revenue recognition (IFRS 15 *Revenue from Contracts with Customers)*

Under FAS, Relais generally recognised revenue as the goods had been sold or service rendered, without considering return rights, for example. In the transition Relais adjusted revenues for return rights and timing differences (deferring revenue recognition). Generally, the related impacts were not significant for the Group as a whole, except for the liabilities recorded to account for return rights as well as for core parts that are returnable and reusable. This increased the line item Trade and other payables and accruals by EUR 1,813 thousand at 31 December 2021, EUR 1,724 thousand at 31 December 2020, and EUR 1,765 thousand at 1 January 2020. The asset related to the returned products and spare parts increased balance sheet item Trade and other receivables by EUR 1,435 thousand at 31 December 2021, EUR 1,342 thousand at 31 December 2020, and EUR 1,380 thousand at 1 January 2020. Refer to Note 4 Revenue for details.

(D) Financial instruments (IFRS 9 *Financial Instruments)*

Transactions costs

Under FAS, Relais expensed transaction costs for financial instruments as incurred. Under IFRS, loans and borrowings measured at amortised cost are recognised net of transaction costs. Consequently, the transaction costs of EUR 814 thousand attributable to the borrowings from financial institutions were set off against the borrowings at 1 January 2020, EUR 324 thousand at 31 December 2020, and EUR 183 thousand at 31 December 2021. The transaction costs are recognised using the effective interest rate over the term of the borrowings. The resulting increase in 2021 financial expenses was EUR 141 (489) thousand.

Allowance for expected credit losses (ECL)

Prior to IFRS transition, Relais has recorded credit loss provisions in local bookkeeping, as applicable. The Group has adopted the expected credit loss model, measuring credit losses at an amount equal to the lifetime expected credit losses for a trade receivable. The resulting allowance, recorded as a deduction to trade receivables, totaled EUR 179 thousand at 1 January 2020, EUR 198 thousand at 31 December 2020, and EUR 198 thousand at 31 December 2021. See Note 22.4 Credit risk for more information.

(E) Leasehold improvements (IAS 16 *Property, Plant and Equipment)*

Relais has capitalised leasehold improvement costs for leased premises. Such capitalised costs are typically treated as intangible assets under FAS, but as tangible assets under IFRS, based on their nature. The adjustment amounted to EUR 217 thousand at 1 January 2020, EUR 201 thousand at 31 December 2020 and EUR 688 thousand at 31 December 2021. The related reclassification within the depreciation and amortisation charge totaled EUR 205 (20) thousand.

(F) Reclassifications (IFRS 9 *Financial Instruments* and IAS 12 *Income Taxes)*

This adjustment comprised:
- the reclassification of the interest rate swaps with negative fair values from provisions to other non-current financial liabilities, based on their nature and maturity (EUR 73 thousand at 1 January 2020, EUR 157 thousand at 31 December 2020, and EUR 48 thousand at 31 December 2021)
- the reclassification of deferred tax assets from current assets to non-current assets, based on their maturity (EUR 285 thousand at 1 January 2020, EUR 284 thousand at 31 December 2020, and EUR 1 thousand at 31 December 2021).
- the reclassification of listing expenses from financial expenses to other operating expenses in the financial year 2021 based on their nature, in total EUR 119 thousand.

(G) Share-based long-term incentive plan (IFRS 2 *Share-based Payment)*

Relais established a new share-based long-term incentive plan for its key employees in early 2021, comprising synthetic options (share appreciation rights, SARs). The options have been issued for no consideration and they entitle their holders to a cash payment at the settlement date, based on the value of a specific number of incentive units included in the plan. Under FAS, the plan has not been accounted for through profit or loss. Under IFRS, the options are measured at the grant-date fair value and recognised as employee benefit expenses over the vesting period, and as a liability. The expense for the financial year 2021 and the related non-current liability at the financial year-end 2021 totaled EUR 650 thousand. Details are provided in Note 7 Employee benefit expenses.

In the transition presentation of the consolidated cash flow statement was clarified and disaggregated.

SIGNATURES OF THE BOARD OF DIRECTORS

Helsinki, 29 November 2022

Jesper Otterbeck Chairman of the Board	Olli-Pekka Kallasvuo Board Member
Anders Borg Board Member	Katri Nygård Board Member
Lars Wilsby Board Member	Arni Ekholm Managing Director & Chief Executive Officer

Auditor's Report (Translation of the Finnish Original)

To the Board of Directors of Relais Group Oyj

Opinion

In our opinion the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

What we have audited

We have audited the consolidated financial statements of Relais Group Oyj (business identity code 2566730-3) for the year ended 31 December, 2021 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated financial statements comprise consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies.

The consolidated financial statements have been prepared only to be included in the prospectus ("prospectus") prepared in accordance with the prospectus regulation (EC) 2017/1129 and the Commission Delegated Regulation (EC) 2019/980. The prospectus has been prepared in connection with the listing Relais Group Oyj's shares on the official list Nasdaq Helsinki Ltd.

This auditor's report has been prepared only for the purpose of including it in the prospectus mentioned above.

Basis for Opinion

We conducted our audit in accordance with International Auditing Standards (ISA). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Matter – Comparative Information

The comparative information for the financial year ended 31 December 2020 included in the consolidated financial statements for the financial year ended 31 December 2021, which have been prepared in accordance with international financial reporting standards (IFRS) adopted in the EU, are unaudited.

Responsibilities of the Board of Directors and the Managing Director for the Consolidated Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and the Managing Director are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing consolidated financial statements. The consolidated financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA-standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA-standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

- Evaluate the appropriateness of accounting policies used for consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing consolidated financial statements and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events so that the consolidated financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 29 November 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Janne Rajalahti
Authorised Public Accountant (KHT)