

RELAIS



Financial Statements Review
January–December 2022

**RELAIS GROUP PLC FINANCIAL STATEMENTS REVIEW January–December 2022 (unaudited):
Strong cash flow growth and a solid sales result, dividend proposal EUR 0.40 per share**

Unless stated otherwise, figures in parentheses refer to the corresponding period of the previous year. In 2022 the Company adopted IFRS in its financial reporting. All figures presented in this Review are accordance with IFRS unless stated otherwise.

OCTOBER-DECEMBER 2022 IN BRIEF

- Net sales totalled EUR 75.2 million (October–December 2021: 73.5), +2.2% change. Organic growth was -5.4% and currency rate impact -2.3%
- EBITDA was EUR 10.1 (11.0) million, 13.4% (15.0%) of net sales
- Comparable EBITDA was EUR 11.8 (11.7) million, 15.7% (15.9%) of net sales
- EBITA was EUR 6.2 (8.0) million, 8.2% (10.9%) of net sales
- Comparable EBITA was EUR 7.9 (8.7) million, 10.5% (11.8%) of net sales
- EBIT was EUR 5.3 (7.3) million, 7.1% (9.9%) of net sales
- Comparable EBIT was EUR 7.1 (7.6) million, 10.9% (12.9%) of net sales
- Comparable earnings per share excluding amortisation of acquisitions (undiluted) was EUR 0.35 (0.37) *)
- Net cash flow from operations improved by MEUR 9.3 from previous year and was MEUR 17.2 (7.9)
- Inventory decreasing measures for improving cash flow were successful and effective
- The market situation in the repair and maintenance business was stable in all operating countries and its profitability developed favourably
- Sales of lighting products to B2B customers was stable. Consumer and online sales, on the contrary, were lower than in previous year
- The development of the EUR/SEK exchange rate during the review period had a negative impact on the Group's EBITA. At comparable exchange rates, EBITA during the review period would have been approximately EUR 0.2 million higher than reported
- The market situation in Sweden and Scandinavia was better than in Finland and the Baltics: In terms of net sales, the Scandinavia segment became the group's largest market area
- The earnings were impacted by significant non-recurring expense items affecting comparability. These expenses related mainly to acquisitions costs and main list transfer and amounted approximately to EUR 1.7 million
- The Board of Directors will propose to the Annual General Meeting on 5 April 2023 that a dividend of EUR 0.40 per share shall be paid. The dividend is proposed to be paid in two equal installments in April and November 2023.

*) The average undiluted number of shares Oct-Dec 2022 was 18,132,308 and Oct-Dec 2021 17,941,433

JANUARY-DECEMBER 2022 IN BRIEF

- Net sales totalled EUR 260.7 million (January–December 2021: 237.8), +9.6% change. Organic growth was -4.3% and currency rate impact -2.1
- EBITDA was EUR 36.6 (36.0) million, 14.0% (15.1%) of net sales
- Comparable EBITDA was EUR 39.4 (38.6) million, 15.1% (16.2%) of net sales
- EBITA was EUR 23.0 (25.7) million, 8.8% (10.8%) of net sales
- Comparable EBITA was EUR 25.8 (28.3) million, 9.9% (11.9%) of net sales
- EBIT was EUR 19.6 (23.0) million, 7.5% (9.7%) of net sales
- Comparable EBIT was EUR 22.5 (25.6) million, 7.5% (9.7%) of net sales
- Comparable earnings per share excluding amortisation of acquisitions (undiluted) was EUR 0.90 (1.11) *)
- The development of the EUR/SEK exchange rate during the review period had a negative effect on the Group's EBITA. At comparable exchange rates, EBITA during the review period would have been approximately EUR 0.7 million higher than reported
- The AGM of 13 April 2022 decided on a dividend of 0.36 (0.30) EUR per share be paid for FY2021
- On 25 October 2022, the company decided on transition on IFRS and completed the transition on to the Main Market of Nasdaq Helsinki on 1 December 2022

*) The average undiluted number of shares Jan-Dec 2022 was 18,051,682 and Jan-Dec 2021 17,658,106.

KEY FIGURES

EUR thousand unless stated otherwise	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net Sales	75,185	73,547	260,683	237,830
Net sales growth, %	2.2%	97.4%	9.6%	84.4%
Gross profit	33,670	31,803	117,214	99,588
Gross margin, %	44.8%	43.2%	45.0%	41.9%
EBITDA	10,076	11,042	36,581	36,005
EBITDA margin, %	13.4%	15.0%	14.0%	15.1%
Comparable EBITDA	11,796	11,717	39,414	38,607
Comparable EBITDA, %	15.7%	15.9%	15.1%	16.2%
EBITA	6,183	8,017	22,980	25,727
EBITA margin, %	8.2%	10.9%	8.8%	10.8%
Comparable EBITA	7,903	8,692	25,813	28,330
Comparable EBITA, %	10.5%	11.8%	9.9%	11.9%
Operating profit	5,308	7,270	19,648	23,042
Operating profit margin, %	7.1%	9.9%	7.5%	9.7%
Comparable operating profit	7,028	7,945	22,481	25,645
Comparable operating profit, %	9.3%	10.8%	8.6%	10.8%
Profit (loss) for the period	3,734	5,157	10,075	14,377
Profit (loss) for the period margin, %	5.0%	7.0%	3.9%	6.0%
Comparable profit (loss)	5,454	5,832	12,907	16,980
Comparable profit (loss) margin, %	7.3%	7.9%	5.0%	7.1%
Comparable profit (loss) excluding amortisation of acquisitions	6,329	6,580	16,239	19,665
Comparable profit (loss) excluding amortisation of acquisitions margin, %	8.4%	8.9%	6.2%	8.3%
Items affecting comparability included in profit (loss) for the period	1,720	675	2,832	2,603
Net working capital	62,738	60,975	62,738	60,975
Inventories	67,804	73,352	67,804	73,352
Free cash flow	16,417	6,458	24,070	9,056
Cash conversion	162.9%	58.5%	65.8%	25.2%
Net Debt excl. leasing Liabilities	90,056	84,775	90,056	84,775
Net Debt (excl. Leasing Liabilities) to EBITDA, rolling	2.46	2.35	2.46	2.35
Net gearing excl. leasing Liabilities	86.6%	81.2%	86.6%	81.2%
Equity ratio	33.6%	33.6%	33.6%	33.6%
Return on investment (ROI)	-	-	9.4%	11.6%
Return on equity (ROE)	-	-	9.7%	15.5%
Return on assets (ROA)	-	-	7.8%	9.8%
Earnings per share, basic (EUR)	0.20	0.29	0.56	0.81
Earnings per share, diluted (EUR)	0.20	0.27	0.54	0.78
Comparable earnings per share, basic (EUR)	0.30	0.32	0.72	0.96
Comparable earnings per share, diluted (EUR)	0.29	0.37	0.69	0.92

Comparable earnings per share excluding amortisation of acquisitions, basic (EUR)	0.35	0.31	0.90	1.11
Comparable earnings per share excluding amortisation of acquisitions, diluted (EUR)	0.34	0.35	0.87	1.06
Average number of employees	1,003	918	997	812
Personnel at the end of the period, FTE	1,009	950	1,009	950

The average undiluted number of shares Jan-Dec 2022 was 18,051,682 and Jan-Dec 2021 17,658,106. The average diluted number of shares Jan-Dec 2022 was 18,759,556 and Jan-Dec 2021 18,483,226.

2023 OUTLOOK AND LONG-TERM FINANCIAL TARGET

The Company does not provide a numeric guidance for financial year 2023. On 2 March 2023, the company issued a revised long-term financial target, according to which the company aims to reach a proforma EBITA of EUR 50 million by the end of the year 2025. Relais considers a profit target to be more relevant in describing the shareholder value creation potential of the Company, as opposed to a net sales target. The previous financial target of the Company was to reach pro forma net sales of EUR 500 million by the end of year 2026.

CEO ARNI EKHOLM COMMENTS FINANCIAL YEAR 2022

“Our decentralized and acquisition driven business model proved its resilience and strength. We reached an all-time high quarterly net sales of EUR 75 million and our cash flow from operations increased significantly by over EUR 9 million during the fourth quarter.

Buy and build strategy

A core component of Relais Group's strategy is the consolidation of the vehicle aftermarket in the Nordic region. During 2022 Relais made three acquisitions and strengthened our position in both Denmark and Sweden. We are now clearly the leading operator of independent repair and maintenance workshops for commercial vehicles in Sweden and Finland. An important part of our acquisition driven strategy is also building and developing the operations of the acquired companies. I am pleased that we managed to clearly improve the sales and profitability of our workshop business and were among other things successful in recruiting more mechanics in both Finland and Sweden during the past year.

Strong growth in Scandinavia, challenging market conditions in Finland

After the generally weak market demand caused by the exceptional global circumstances during the first half of the year, the improved market situation combined with our increased commercial efforts started to show positive results. The sales growth was strong especially in Scandinavia, whilst Finland faced some challenges deriving from the weak consumer confidence and relatively mild winter conditions during the quarter.

The Group's net sales increased by 2% to EUR 75.2 million during the quarter (+5% with comparable exchange rates). The organic growth in Scandinavia was +5% and -8% in Finland/Baltic compared to the record high sales of 2021, which reflects the general market conditions according to our estimates. The net sales for the full year 2022 reached an all-time high level of EUR 260.7 million, corresponding to a growth of 10% (+12% with comparable exchange rates). The organic growth in Scandinavia was 2% and -7% in Finland/Baltic.

Relais Group is one of the biggest actors within the European vehicle aftermarket lighting business. Despite the overall challenging market conditions, we managed to grow the Group's lighting sales with 3 per cent with comparable exchange rates. The sluggish consumer demand in Finland was offset by the strong growth of our Strands-lighting business in Scandinavia and rest of Europe.

Operational excellence

During the second half of the year, we took several measures in order to improve the profitability and cash flow of the Group. We succeeded in increasing prices in all our operating units to fence off the negative effects of the inflation-driven cost increases. We resolutely decreased the inventory levels by over 14 million euros from peak level in early Q3, without compromising the gross margin levels, which lead to a significant cash flow growth.

Stabilizing profitability

After the challenging first half of the year, the profitability of the Group started to recover during the third quarter. In the fourth quarter the EBITA amounted to EUR 6.2 million compared with EUR 8.0 million in the same quarter of the record strong year of 2021. This resulted in an EBITA margin of 8.2 (10.9) per cent. The EBITA level was impacted by items affecting comparability of EUR 1.7 million, mainly deriving from the costs relating to the Group's transfer to Nasdaq Helsinki main list and some acquisition transaction costs. The comparable EBITA amounted to EUR 7.9 (8.7) million resulting in a comparable EBITA-margin of 10.5 (11.8) per cent. The decline of the comparable EBITA relates mainly to the weak consumer demand in Finland for discretionary products during Q4, the increased marketing and other operating costs in the Group's on-line business in Finland and currency effects. The weakened SEK/EUR ratio had a negative impact of ca EUR 0.2 million during the quarter.

Outlook for 2023

We feel we are well prepared to continue the implementation of our strategy during 2023. The solid financial position of the Group is also reflected in the Board of Director's dividend proposal. We will continue focusing on driving further acquisitions, accelerating organic sales growth and improving the profitability with operational efficiency measures during the year.

I want to express my warmest thanks to all our employees, shareholders, and business partners for the past year."

STRATEGY

Relais Group Plc is a consolidator and smart compounder with a sector focus on vehicle aftermarket in the Nordic region. We serve as a growth platform for our group companies and build them into great businesses.

We consider the value generated during the whole vehicle life cycle and are focused on the sector with biggest potential for earnings growth, the aftermarket.

We create shareholder value by delivering strong earnings growth through a strategy based on three reinforcing themes:

- Acquisitions
- Synergies
- Operational excellence

BUSINESS REVIEW 1 JANUARY–31 DECEMBER 2022

The Group's net sales in January–December was EUR 260.7 (237.8) million and it increased by 9.6% compared to the previous year. The increase in net sales was largely contributed by acquisitions made in 2021-2022. The market situation in the first half of the year was overall weak due to the market uncertainty caused by the war in Ukraine, the rise in energy prices and other inflationary developments. The COVID-19 Omicron variant caused a lot of sick leaves in the Group's personnel in the first quarter, which especially affected the service capacity of the commercial vehicle maintenance and repair chains. The same effect was also noticeable in the customer base, which negatively affected the demand for spare parts and equipment. Also in the first quarter, the mild winter conditions reduced the demand for certain electrical spare parts and accessories, such as batteries, chargers and starter motors, compared to the exceptionally strong demand prevalent during the first quarter of the year 2021.

In the second half of the year, the market demand stabilized at a satisfactory level considering the conditions of high inflation. The issues related to the capacity utilization of the Group's maintenance and repair operations were resolved and the customer demand developed favourably in this business area.

The sales of vehicle lighting products during H2 form a significant part of the Group's business, business cash flow and business seasonality, with a particular weight of consumer sector sales in the last quarter. Sales of lighting products to professional B2B customers were stable. The Group company Strands Group AB achieved a significant growth, especially in the export markets. The sales of discretionary lighting products to consumer customers suffered from the low consumer confidence and the reduced purchasing power caused by extremely high energy prices and inflation. This effect was especially visible in the on-line sales of lighting products to the consumers, which led to an increased spending in on-line marketing and other operational expenditure in that sector.

The market situation during the financial year had clear geographical differences. The market situation was most favourable in Sweden and elsewhere in Scandinavia, but significantly weaker in Finland. On the other hand, the weakness of the Swedish krona had a negative impact on the Group's profitability. At comparable exchange rates, the Group's EBITA in the review period would have been approximately EUR 0.7 million higher than reported. In addition, the strengthening of the US dollar created an upward pressure on import product prices from Far East, which was mitigated by additional price increases towards the customers.

Despite the challenges in the market situation, the Group managed to clearly increase its gross margin level. In addition to the implemented price increases, increase in the share of the repair and maintenance business, where the sales margin is relatively higher than in the Group's technical wholesale and products business area, also contributed to a higher gross margin for the Group.

FINANCIAL REVIEW 1 JANUARY–31 DECEMBER 2022

Financial result

EBITDA for the period was EUR 36.6 (36.0) million or 14.0 (15.1) % of net sales, up by 1.6% in year-on-year comparison. The comparable EBITDA was EUR 39.4 (38.6) million or 15.1 (16.2) %, up by 2.1%.

The increasing proportion of the commercial vehicle repair and maintenance business acquired during 2021-2022 led to a shift in the Group's cost structure. The inherent high sales margin of the maintenance and repair business is offset by relatively higher personnel and other operating expenses, when compared to the Group's technical wholesale and products business area. Apart from this mainly business mix-driven increase in the Group's personnel and other operating expenses the cost development in other respects was moderate.

EBITA for the period was EUR 23.0 (25.7) million or 8.8 (10.8) % of net sales, down by -10.7. Comparable EBITA was EUR 25.8 (28.3) million or 9.9 (11.9) % of net sales, down by -8.9%.

Operating profit for the period was EUR 19.6 (23.0) million or 7.5 (9.7) % of net sales, down by -14.7%. Comparable operating profit was EUR 22.5 (25.6) million or 8.6 (10.8) % of net sales, down by -12.3%.

The profit for the period was EUR 10.1 (14.4) million or 3.49 (6.0) % of net sales, down by -29.9%. The comparable profit for the period was EUR 12.9 (17.0) million or 5.0 (7.1) % of net sales, down by -24.0. In addition to the development of the business, the decrease in profit for the review period was caused by increased financial expenses from acquisition loans and leasing liabilities related to acquisitions, as well as the effect of exchange rate differences on SEK-denominated loans.

When calculating comparable alternative performance measures, transaction costs and certain additional purchase price items of company acquisitions as well as listing costs are eliminated as items affecting comparability. These items, related to the implementation of the company's strategy, can be significant and vary significantly between reporting periods. Therefore, the comparable alternative performance measures calculated in this way are considered to better describe the Group's profitability and business performance. In 2022, items affecting comparability totaled EUR 2.8 (2.6) million.

Balance sheet, financing, and investments

The Group's balance-sheet total at the end of the review period on 31 December 2022 amounted to EUR 309.2 (310.5) million. The Group's equity was EUR 104.0 (104.5) million and its net debt excluding leasing liabilities at the end of the period was EUR 90.1 (84.8) million. Net gearing excluding leasing liabilities was 87.0% (81.2%), and the equity ratio was 33.6% (33.6%). Cash assets at the end of the review period were EUR 13.5 (11.8) million. The changes in the consolidated balance sheet key figures arose mainly from acquisitions, dividend distribution and changes in net working capital.

The maturity of the Group's senior financing agreement was extended by one year until the end of May 2024. At the same time the financing limits included in the agreement were raised. The maximum financial exposure under the restated financing agreement is EUR 133.7 million, consisting of a maximum of EUR 101.7 million in acquisition financing, EUR 25 million in uncommitted senior facilities agreement and an RCF limit of EUR 7 million. At the end of the review period, the undrawn portion of the uncommitted senior facilities was EUR 15.5 million and of RCF limit EUR 4.8 million.

Cash flow from operations was EUR 28.8 (13.2) million. Cash flow was significantly burdened by working capital tied up for advanced and increased product purchases during the first and second quarters. The growth of working capital discontinued in the third quarter, when the operating cash flow turned clearly positive, and in the last quarter there was a very strong increase.

Cash flow used in investing activities was EUR -16.2 (-55.2) million, including additional consideration for STS Sydhammens Trailer Service AB shares, cash consideration for Skeppsbrons Jönköping AB shares and cash consideration for S-E-T A/S shares. Investments of EUR -1.5 million in machinery and equipment mainly for repair workshop business were also included.

Cash flow from financing activities was EUR -10.5 (19.3) million. The amount of new acquisition loans drawn down from the existing facility during the review period was approximately EUR 16.5 million. Repayments, EUR 7.0 million, and interest payments on the loans were made in accordance with the repayment program. A total of EUR 6.5 million in dividends was paid out. Repayments of lease liabilities amounted EUR -11.2 million. EUR 2.5 million was paid for the acquisition of SEC Scandinavia A/S and TD Tunga Delar Sverige AB minority shares.

CHANGES IN THE GROUP STRUCTURE

On 24 May 2022, Relais completed the acquisition of the shares of Skeppsbrons Jönköping AB announced on 5 May 2022. Skeppsbrons is a highly profitable and professionally managed heavy commercial vehicle repair and maintenance workshop in Jönköping, Sweden. It was established in 1984 and employs 37 professionals. Skeppsbrons is a multibrand workshop for heavy commercial vehicles and is also a certified service partner for MAN, Iveco and DAF. Skeppsbrons is specialized in the repair and maintenance of trucks, buses, trailers, cooling systems and lifts. The company also has a special competence in customizing heavy military vehicles for the defense sector.

Skeppsbrons Net Sales for the year 2021 was approximately SEK 75.7 million and the adjusted EBITDA was approximately SEK 14.6 million.

On 5 May 2022 Relais acquired the remaining 30 percent of shares in SEC Scandinavia A/S and 4.75 percent of shares in TD Tunga Delar Sverige AB from the minority 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.

The 70 percent majority stake in SEC Scandinavia A/S and 95.25 percent stake in TD Tunga Delar Sverige AB had been acquired by Relais in 2020.

On 12 December 2022, Relais acquired the entire stock of Danish S-E-T A/S "S-E-T". S-E-T is a highly regarded importer and wholesaler of electrical equipment, such as rear-view and side-view cameras, inverters and battery chargers for heavy commercial vehicles and the marine sector. The company is located in Aarhus, Denmark. It was established in 2003 and employs 6 professionals.

S-E-T's net sales for the year 2021 was approximately DKK 29.7 million and the EBIT was approximately DKK 8.0 million (figures in Danish GAAP). The purchase price for the shares of S-E-T is DKK 41.6 million.

PERSONNEL AND MANAGEMENT

The Group employed an average of 997 (812) employees between January and December. On 31 December 2022, at the end of the financial year, the personnel amounted to 1,009 (950), representing an increase of 59. The increase in personnel was due to acquisitions.

Salaries and fees paid from January to June totalled EUR 42.7 (35.3) million. The increase was driven by the acquisitions.

From 13 April 2022, the Board of Directors of Relais Group Plc consists of Jesper Otterbeck (chairman), Anders Borg, Olli-Pekka Kallasvuori, Katri Nygård and Lars Wilsby.

The Group CEO is Arni Ekholm. In addition to Mr. Ekholm, the Management Team of the company and group consists of Chief Financial Officer Pekka Raatikainen, Managing Director (Scandinavia) Juan Garcia and Managing Director (Finland and Baltics) Ville Mikkonen. In addition, from 11 August 2022, the Management Team has been consisting of Jan Popov, Managing Director of Raskone Oy, Johan Carlos, Managing Director of Strands Group Oy, Sebastian Seppänen, Director, M&A and Business Development and Jon Strand, Director Marketing and Sales Development (interim).

ANNUAL GENERAL MEETING ON 13 APRIL 2022 AND THE BOARD AUTHORIZATIONS IN EFFECT

The AGM 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 Kallasvuori, Katri Nygård and Jesper Otterbeck as board members. Anders Borg and Lars Wilsby were elected as new Board members. In the Board Meeting held after the AGM, the Board of Directors elected Jesper Otterbeck as Chairman of the Board.

The AGM decided that the members of the Board of Directors will not be paid any remuneration for Board or potential Committee membership.

The AGM re-elected PricewaterhouseCoopers Oy, Authorized Public Accountants, as the company's auditors with Janne Rajalahti, Authorized Public Accountant, acting as the principal auditor. The AGM decided to pay the auditors' fees as invoiced and approved by the company.

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 to shareholders who are registered in the Company's shareholders' register maintained by Euroclear Finland Oy on the dividend record date, 19 April 2022. The dividend was paid on 26 April 2022.

The AGM authorized 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. The company may buy back shares in order to develop its capital structure, finance or 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 authorization period and their maximum price equals the highest market price quoted in public trading during that period.

The authorization is effective until the end of the Annual General Meeting to be held in 2023, yet no further than until 30 June 2023. This authorization shall supersede the buyback authorization granted at the earlier General Meetings.

The AGM authorized the Board of Directors 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.

This authorization 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 authorization grants the Board the right to decide on all terms and conditions governing said share issue and the granting of special rights, including the subscribers or the grantees of said special rights and the payable consideration. The authorization also includes the right to issue shares by deviating from the shareholders' pre-emptive rights, i.e. in a directed manner. The authorization of the Board covers both the issue of new shares and the assignment of any shares that may be held in the company's treasury.

The authorization is effective until the closing of the Annual General Meeting to be held in 2023, yet no further than until 30 June 2023. This authorization shall supersede previous authorizations resolved in General Meetings concerning the issue of shares and special rights entitling to shares.

CURRENT OPTION SCHEMES

The company has option-based incentive plans intended for the company's management personnel. On 31 December 2022, the current members of the Board of Directors and the Management Team of Relais owned a total of 383,450 option rights, corresponding to approximately 2.1% of Relais shares and votes. In addition, a former Board member owned a total of 375,000 option rights. Moreover, on 31 December 2022, the inheritors of a late board member owned a total of 18,800 option rights. All option rights entitle their holders 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 777,250 shares. The current options are divided into several option series with varying subscription prices and subscription periods (2017E, 2017F and 2019E).

During the financial year, a total of 58,350 new Relais shares were subscribed based on the option rights.

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 on 25 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.

The rewards payable under the plan will be paid in cash based on the value of a specific number of incentive units included in the plan. The maximum aggregate number of incentive units to be settled in cash based on the Plan is 258,000 units. The incentive units are allocated to the participants free of charge. The value of each incentive unit is linked to Relais Group's share price development during the plan period. The earned reward represents a gross earning, 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's share on the First North Growth Market Finland marketplace of Nasdaq Helsinki Ltd during the last twenty-five trading days preceding March 16, 2021. The end price of each incentive unit is the trade volume weighted average price of Relais Group's share on the main list of Nasdaq Helsinki Ltd during the twenty-five trading days following the publication date of Relais Group's annual results for the year immediately preceding the year of payment, i.e., for the years 2022, 2023 and 2024 respectively. The threshold price of the incentive unit is deducted with the dividends paid between the start and end price determination periods.

The amount of the reward payable based on the Plan is limited by a maximum cap linked to the company's share price development.

SHARES AND SHAREHOLDERS

The 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 of the shares provide equal entitlements to the dividend and other fund distribution (including fund distribution in dissolution situations).

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

The Directed Share Issue will be carried out in derogation of the pre-emptive subscription right of the shareholders on the authorization of the Company's Annual General Meeting held on 13 April 2022. The

Additional Shares issued in the Directed Share Issue are issued on the basis of terms and conditions binding on the parties to the purchase agreement in order to meet the terms and conditions of the acquisition of Lumise Oy completed on 31 March 2021, and thus there is a particularly weighty financial reason for the Directed Share Issue for the company and for the interests of all its shareholders.

The new shares were entered into the trade register on 10 May 2022 and were listed on the Nasdaq First North Growth Market Finland on 11 May 2022 in the same series as the company's existing shares.

On 24 May 2022, Relais decided on issuing a directed share issue. The company paid SEK 14 million of the purchase price of the shares of Skeppsbrons Jönköping AB by issuing a total of 68,118 new Relais Group's shares to the Sellers.

The share issue was carried out by the decision of the Board of Directors of Relais Group under the authorization given by the Annual General Meeting of Relais Group on 13 April 2022. 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.

The subscription price for the consideration shares was EUR 19.79 per share, which corresponds to the share's trade volume weighted average rate on Nasdaq Helsinki First North Growth Market for 30 trading days preceding the signing of the transaction.

The new shares were entered into the trade register on 17 June 2022 and were listed on the Nasdaq First North Growth Market Finland on 20 June 2022 in the same series as the company's existing shares.

During the review period, a total of 58,350 new shares were subscribed by using Relais Group Plc's option rights.

On 31 December 2022, the company's registered share capital was EUR 80,000, and the number of shares recorded in the trade register 18,132,308.

According to the shareholder register maintained by Euroclear Finland, Relais had 2,798 shareholders at the end of the review period. Relais owned 50 of its own shares.

The company's ten² largest registered shareholders and their holdings on 31 December 2022:

Shareholder	Number of shares	%
1. Ari Salmivuori	5,368,800	29.6
2. Nordic Industry Development AB ¹	3,015,600	16.6
3. Helander Holding Oy	885,130	4.9
4. Rausanne Oy	606,179	3.3
5. Ajanta Oy ²	469,800	2.6
6. Finnish Industry Investment Ltd (Tesi)	462,949	2.6
7. Evli Finland Small Cap Fund	448,816	2.5
8. Kauhanen Kari	435,571	2.4
9. Evli Finland Select Fund	399,850	2.2
10. Elo Mutual Insurance Company	396,813	2.2
11. Stadigh Kari	292,200	1.6
Ten largest combined	12,781,708	70.5
Other shareholders	5,350,600	29.5
Total	18,132,308	100.0

¹ In Nordic Industry Development AB, control is indirectly held by Jesper Otterbeck.

² In Ajanta Oy, control is held by Ari Salmivuori. In the table below, Salmivuori and Ajanta Oy are considered as one shareholder

On 31 December 2022, the members of the Board of Directors and the Executive Team of Relais owned a total of 4,086,774 Relais shares, corresponding to approximately 22.2% of all shares and the resulting vote share. The number of shares includes those held by the persons themselves as well as those held by close associates and controlled corporations.

	Shares
Arni Ekholm	67,450
Anders Borg	60,000
Johan Carlos	6,688
Juan Garcia ¹	62,050
Olli-Pekka Kallasvuo ²	84,300
Ville Mikkonen	174,800
Katri Nygård	106,050
Jesper Otterbeck ³	3,024,450
Jan Popov	67,823
Sebastian Seppänen	1,000
Jon Strand ⁴	382,163
Pekka Raatikainen	20,000
Lars Wilsby ⁵	30,000
Total	4,086,774

¹ Owned through JG Management AB, which is controlled by Juan Garcia.

² Owned directly and through Entrada Oy, which is controlled by Olli-Pekka Kallasvuo.

³ Owned through Nordic Industry Development AB, which is controlled indirectly by Jesper Otterbeck and Otterbeck Management AB, which is controlled by Jesper Otterbeck

⁴ Owned by Tailor Made Global Investment AB, which is controlled by Jon Strand

⁵ Owned by Wilsby Invest AB which is controlled by Lars Wilsby

ASSESSMENT OF RISKS AND UNCERTAINTIES RELATING TO BUSINESS ACTIVITIES

The Company is exposed to macroeconomic risks and other macro-level trends that may reduce demand for its products. It operates in a competitive and fragmented market in certain areas, and competition and consolidation may increase in the future. The ongoing coronavirus pandemic and its potential impact on demand for Relais products and availability of products supplied via global supply- and logistics chains can be mentioned as specific examples of current macroeconomic risk. The deteriorating international security situation comprises also a macroeconomic risk.

The Company has a growth strategy that involves risks, particularly with acquisition-based growth. Such risks may include the scarcity of suitable acquisition targets, unfavorable valuation of acquisition targets, and risks associated with the successful integration of acquisitions.

The Company's business ties up working capital in the storage of a large product range. In the event of a failure to predict demand or to manage the range of products, this may have adverse financial effects. Relais is dependent on its retailer network and its net sales can suffer if retailers' businesses underperform or customer relationships change.

The importance of the Company's key personnel to business success is significant, and the loss of key personnel can cause adverse effects. The company's business may also be affected by new or changed laws and regulations that affect the markets.

The Company is subject to normal risks of damage that are mitigated by insurance against loss or damage, third party insurance and business interruption insurance.

When it comes to finance, fluctuating exchange rates can have an adverse effect on Relais' business activities, profits, and balance sheet position. By financing its loans, the company also exposed to the risk of heightened interest rates. This risk is managed with interest rate swap contracts.

Risks related to the company's business activities are described in more detail in the 29 November 2022 Prospectus.

MAJOR EVENTS AFTER THE REVIEW PERIOD

On 15 February 2023, Relais appointed Thomas Ekström, M.Sc. (Econ.) as Group CFO starting from August 2023 at the latest.

On 24 February 2023, Relais announced to have agreed on an one-year extension on the maturity of its Senior Facilities Agreement with its main bank. The restated maturity date of the SFA is 31 May 2025.

On 2 March 2023, the company issued a revised long-term financial target, according to which the company aims to reach proforma EBITA of EUR 50 million by the end of the year 2025. The previous financial target of the Company was to reach pro forma net sales of EUR 500 million by the end of year 2026.

FINANCIAL RELEASES IN 2023

- Q1/2023 Interim Management Statement on Thursday 4 May 2023
- H1/2023 Half-Year report on Thursday 10 August 2023
- Q3/2023 Interim Management Statement on Thursday 2 November 2023

INVITATION TO THE WEBCAST

Relais Group's CEO Arni Ekholm and CFO Pekka Raatikainen will present the result to the media, investors and analysts at a webcast on 2 March 2023 from 2:00 pm EET. The webcast can be followed at: <https://relais.videosync.fi/2022-q4-results>.

Presentation material and video will be available on the company's website at <https://relais.fi/en/investors/> after the event.

ACCOUNTING PRINCIPLES APPLIED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

This financial statement release has been drawn up in accordance with IAS 34 Interim Financial Reporting and the same principles as the financial statements for 2021, except for the following amendments to the existing standards, which the Group has applied as of January 1, 2022:

Amendments made to IFRS 3, IAS 16, and IAS 37 and yearly improvements 2018-2020. In the management's estimate, the adoption of the above-mentioned standards does not have a material impact on the Group's financial statements.

The figures in the financial statement release are unaudited.

COMPARABILITY OF FINANCIAL INFORMATION

Relais Group acquired Raskone Oy on 29 January 2021, Lumise Oy on 31 March 2021, Sydhammens Trailer Service AB on 18 November 2022 and Trucknik Reservdelar AB on 16 December 2021. The 2021 reference data in this Financial Statements Review does not include the figures for the companies acquired from the period preceding the commencement of their consolidation in 2021.

Relais Group acquired the shares of Skeppsbrons Jönköping AB on 24 May 2022 and the shares of S-E-T A/S on 12 December 2022. The 2021 reference data in this Financial Statements Review does not include the figures for Skeppsbron's and S-E-T A/S.

Relais Group Plc

Board of Directors

Further information:

Arni Ekholm, CEO
Phone: +358 40 760 3323
E-mail: arni.ekholm@relais.fi

Relais Group

Relais Group is a leading consolidator and acquisition platform on the vehicle aftermarket in the Nordic and Baltic countries. We have a sector focus in vehicle life cycle enhancement and related services. We also serve as a growth platform for the companies we own.

We are a profitable company seeking strong growth. We carry out targeted acquisitions in line with our growth strategy and want to be an active player in the consolidation of the aftermarket in our area of operation. Our acquisitions are targeted at companies having a good strategic fit with our group companies.

Our net sales in 2022 was EUR 260.7 (2021: 237.8) million. During 2022, we completed a total of three acquisitions. We employ approximately 1,000 professionals in six different countries. The Relais Group share is listed on the Main Market of Nasdaq Helsinki with the stock symbol RELAIS.

www.relais.fi

ACCOUNTING PRINCIPLES FOR KEY FIGURES

Key figure	Definition
EBITA ¹	Operating profit + amortisation of acquisitions
Comparable EBITA ¹	Operating profit + amortisation of acquisitions + items affecting comparability included in EBITA for the period
EBITDA ¹	Operating profit + depreciation, amortisation, and impairments
Comparable EBITDA ¹	Operating profit + depreciation, amortisation, and impairments+ items affecting comparability included in EBITDA for the period
Comparable operating profit ¹	Operating profit + items affecting comparability included in Operating profit for the period
Gross profit	Net sales - materials and services
Gross margin	Gross profit/net sales *100
Items affecting comparability	Listing expenses + transaction costs of acquisitions+ contingent consideration costs of acquisitions + other non-recurring expenses + tax impact of items affecting comparability
Comparable profit (loss) for the period ¹	Profit (loss) for the period + items affecting comparability included in profit (loss) for the period
Comparable profit (loss) for the period excluding amortisation of acquisitions ¹	Profit (loss) for the period + items affecting comparability included in profit (loss) for the period + amortisation of acquisitions
Comparable earnings per share, basic	Comparable profit (loss) / weighted average number of shares outstanding during the period
Comparable earnings per share, diluted	Comparable profit (loss) / weighted average number of shares outstanding during the period + dilutive potential shares
Comparable earnings per share excluding amortisation of acquisitions, basic	Comparable profit (loss) excluding amortisation of acquisitions / weighted average number of shares outstanding during the period
Comparable earnings per share excluding amortisation of acquisitions, diluted	Comparable profit (loss) excluding amortisation of acquisitions / weighted average number of shares outstanding during the period + dilutive potential shares
Earnings per share, basic	Profit (loss) for the period / weighted average number of shares outstanding during the period
Earnings per share, diluted	Profit (loss) for the period / weighted average number of shares outstanding during the period + dilutive potential shares
Net working capital	Inventories + short-term trade receivables + other receivables + prepaid expenses and accrued income - trade payables - other current liabilities - accrued expenses and deferred income
Net debt excluding leasing liabilities	Loans from financial institutions + other loans + capital loans – loan receivables – receivables from Group companies – subscribed capital unpaid – cash at bank and in hand
Net debt excl. leasing liabilities to comparable EBITDA	Net debt excl. leasing liabilities / last twelve month's comparable EBITDA
Net gearing excl. leasing liabilities	Net debt excl. leasing liabilities / Equity + minority interest

Equity ratio	Equity + minority interest / Equity and liabilities, total
Return on investment (ROI)	(Operating profit + other interest and financial income - listing expenses (periodical figures have been annualized) / (Equity + minority interest + loans from financial institutions + other loans + capital loans + convertible bonds, average)
Return on equity (ROE)	Profit (loss) for the period + minority interest, (periodical figures have been annualized) / (Equity + minority interest, average)
Return on assets (ROA)	(Operating profit + other interest financial income - listing expenses (periodical figures have been annualized) / (Total assets, average)
¹ Key measure margin, % has been calculated by dividing the measure with net sales and multiplying by 100.	

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

In thousand euros unless stated otherwise	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	75,185	73,547	260,683	237,830
Materials and services	-41,515	-41,744	-143,469	-138,242
Gross profit	33,670	31,803	117,214	99,588
Gross margin, %	44.8%	43.2%	45%	41.9%
Operating profit	5,308	7,270	19,648	23,042
Items affecting comparability included in profit (loss) for the period				
Listing expenses	762	119	1,183	119
Transaction costs of acquisitions	112	252	182	1,574
Contingent consideration costs of acquisitions	846	303	1,467	910
Items affecting comparability included in profit (loss) for the period	1,720	675	2,832	2,603
Comparable operating profit	7,028	7,945	22,481	25,645
Depreciation, amortisation and impairments	4,768	3,772	16,933	12,963
EBITDA	10,076	11,042	36,581	36,005
EBITDA margin, %	13.4%	15%	14%	15.1%
Items affecting comparability included in profit (loss) for the period	1,720	675	2,832	2,603
Comparable EBITDA	11,796	11,717	39,414	38,607
Operating profit	5,308	7,270	19,648	23,042
Amortisation of acquisitions	875	747	3,332	2,685
EBITA	6,183	8,017	22,980	25,727
EBITA margin, %	8.2%	10.9%	8.8%	10.8%
Items affecting comparability included in profit (loss) for the period	1,720	675	2,832	2,603
Comparable EBITA	7,903	8,692	25,813	28,330
Profit (loss) for the period	3,734	5,157	10,075	14,377
Comparable profit (loss)	5,454	5,832	12,907	16,980

Comparable profit (loss) margin, %	7.3%	7.9%	5%	7.1%
Amortisation of acquisitions	875	747	3,332	2,685
Comparable profit (loss) excluding amortisation of acquisitions	6,329	6,580	16,239	19,665
Comparable profit (loss) excluding amortisation of acquisitions margin, %	8.4%	8.9%	6.2%	8.3%
Operating cash flow before working capital changes	11,774	11,547	38,608	38,472
Repayment of lease liabilities	-3,749	-2,410	-11,542	-8,306
Interest expenses on leases	-352	-347	-1,446	-1,205
Change in working capital	8,923	-1,417	-130	-17,424
Purchase of tangible and intangible assets	-478	-915	-1,720	-2,482
Free cash flow	16,118	6,458	23,771	9,056
Cash conversion to EBITDA	162.9%	58.5%	65.8%	25.2%

Content

Consolidated income statement
 Consolidated comprehensive income statement
 Consolidated balance sheet
 Changes in the Group's equity
 Consolidated cash flow statement
 Notes

CONSOLIDATED INCOME STATEMENT

EUR thousand	Note	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	3	75,185	73,547	260,683	237,830
Other operating income		742	939	2,754	3,074
Materials and services		-41,515	-41,744	-143,469	-138,242
Employee benefit expenses		-14,587	-14,997	-54,990	-46,945
Depreciation, amortisation and impairments		-4,768	-3,772	-16,933	-12,963
Other operating expenses		-9,749	-6,703	-28,397	-19,712
Operating profit		5,308	7,270	19,648	23,042
Financial income	4	1,117	502	4,658	1,222
Financial expenses	4	-2,751	-1,706	-11,113	-5,794
Net financial expenses		-1,634	-1,204	-6,454	-4,572
Profit before income taxes		3,674	6,066	13,194	18,470
Income taxes		59	-908	-3,119	-4,093
Profit for the financial year		3,734	5,157	10,075	14,377
Profit for the financial year attributable to					
Owners of the parent company		3,734	5,149	10,072	14,346
Non-controlling interest		0	8	2	30
Earnings per share					
Basic earnings per share, euro	5	0.20	0.17	0.56	0.81
Diluted earnings per share, euro	5	0.20	0.16	0.54	0.78

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR thousand	Oct- Dec 2022	Oct- Dec 2021	Jan- Dec 2022	Jan- Dec 2021
Profit for the financial year	3,734	5,157	10,075	14,377
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation difference	-1,075	-273	-4,289	-620
Total other comprehensive income for the financial year	-1,075	-273	-4,289	-620
Total comprehensive income for the financial year	2,659	4,884	5,786	13,757
Total comprehensive income attributable to				
Owners of the parent company	2,662	4,879	5,796	13,734
Non-controlling interests	-3	5	-10	23

CONSOLIDATED BALANCE SHEET

EUR thousand	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets		15,014	15,066
Goodwill		118,163	116,630
Tangible assets	7	4,463	4,897
Right-of-use assets	7	52,312	54,143
Deferred tax assets		579	798
Other non-current financial assets		73	79
Other non-current assets	8	42	6
Total non-current assets		190,645	191,619
Current assets			
Inventories		67,804	73,352
Current tax receivables		4,106	2,588
Other current financial asset		350	0
Trade and other receivables		32,752	31,170
Cash at bank and in hand		13,527	11,803
Total current assets		118,538	118,912
Total assets		309,183	310,531

EUR thousand	Note	31 Dec 2022	31 Dec 2021
EQUITY			
Share capital		80	80
Reserve for invested unrestricted equity	5, 9	74,125	71,436
Translation differences		-5,907	-1,632
Retained earnings	5	35,686	34,232
Equity attributable to owners of the parent company		103,983	104,117
Non-controlling interests		0	337
Total equity		103,983	104,454
LIABILITIES			
Non-current liabilities			
Loans from financial institutions	8	95,695	90,537
Lease liabilities	8	41,611	44,284
Other non-current financial liabilities	8	1,009	1,609
Other non-current liabilities		71	650
Deferred tax liabilities		5,785	6,179
Total non-current liabilities		144,171	143,259
Current liabilities			
Loans from financial institutions	8	7,228	6,042
Lease liabilities	8	11,877	10,641
Other current financial liabilities	8	2,513	2,937
Current tax liabilities		4,114	4,305
Trade and other payables	8	35,296	38,893
Total current liabilities		61,029	62,818
Total liabilities		205,199	206,076
Total equity and liabilities		309,183	310,531

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Cash flows from operating activities				
Profit for the financial year	3,734	5,157	10,075	14,377
Adjustments:				
Depreciation, amortisation and impairment losses	4,768	3,772	16,933	12,963
Financial income and expenses	863	890	4,137	3,889
Unrealised foreign exchange gains and losses	769	314	2,316	683
Income tax expense	-59	908	3,119	4,093
Other adjustments	1,700	506	2,029	2,467
Cash flows before change in net working capital	11,774	11,547	38,608	38,472
Change in net working capital:				
Change in trade and other receivables (increase (-) / decrease (+))	4,237	3,996	-1,147	-1,317
Change in inventories (increase (-) / decrease (+))	9,185	-5,219	5,123	-14,814
Change in trade and other payables (increase (+) / decrease (-))	-4,500	-194	-4,106	-1,293
Cash flows before finance items	20,697	10,130	38,479	21,048
Interest paid	-1,832	-1,010	-4,008	-3,465
Interest received	101	26	165	67
Other financial items	103	-144	-144	-404
Dividends received	26	0	31	0
Income taxes paid	-1,876	-1,077	-5,742	-4,052
Net cash from operating activities (A)	17,219	7,924	28,780	13,194
Cash flows from investing activities				
Acquisition of intangible and tangible assets	-478	-915	-1,720	-2,482
Proceeds from sale of tangible and intangible assets	-2	186	176	197
Acquisition of subsidiaries, net of cash acquired	-4,915	-8,661	-14,654	-52,872
Net cash used in investing activities (B)	-5,394	-9,390	-16,198	-55,157
Cash flows from financing activities				
Proceeds from current loans and borrowings	-10	3	3,500	4,500
Repayment of current loans and borrowings	-3,502	-380	-3,515	-6,569
Proceeds from non-current loans and borrowings	0	0	16,500	40,735
Repayment of non-current loans and borrowings	-3,673	-3,723	-7,020	-6,743
Dividends paid	0	0	-6,459	-5,189
Repayment of lease liabilities	-3,450	-2,410	-11,243	-8,306
Acquisition of non-controlling interest	24	0	-2,487	0
Proceeds from shares subscriptions based on share options	0	0	207	915
Net cash from financing activities (C)	-10,610	-6,510	-10,518	19,343
Net cash from (used in) operating, investing and financing activities (A+B+C)	1,215	-7,976	2,065	-22,620
Net increase (decrease) in cash and cash equivalents	1,215	-7,976	2,065	-22,620
Cash and cash equivalents, at the beginning of the period	12,526	19,862	11,803	34,669
Effects of exchange rate fluctuations on cash held	-213	-83	-342	-245
Cash and cash equivalents, at the end of the period	13,527	11,804	13,527	11,804

CHANGES IN THE GROUP'S EQUITY

Equity attributable to owners of the parent company							
EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total	Non-control-ing interests	Total equity
Equity 1 Jan 2022	80	71,436	-1,632	34,232	104,117	337	104,454
Comprehensive income							
Profit (loss) for the period				10,072	10,072	2	10,075
Change in translation differences			-4,276	0	-4,276	-12	-4,288
Total comprehensive income for the financial year	0	0	-4,276	10,072	5,796	-10	5,786
Transactions with owners of the parent company							
Shares issues related to business combinations		1,168			1,168		1,168
Share-based payments		1,314			1,314		1,314
Shares subscribed by using option rights		207			207		207
Acquisition of non-controlling interest				-2,160	-2,160	-327	-2,487
Dividend distribution				-6,459	-6,459	0	-6,459
Total transactions with owners of the parent company	0	2,689	0	-8,619	-5,930	-327	-6,257
Equity 31 Dec 2022	80	74,125	-5,907	35,685	103,983	0	103,983

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total	Non-control-ing interests	Total equity
Equity 1 Jan 2021	80	56,226	-1,019	25,075	80,362	314	80,676
Profit (loss) for the period			0	14,346	14,346	30	14,377
Change in translation differences			-612	0	-612	-8	-620
Total comprehensive income for the financial year	0	0	-612	14,346	13,734	23	13,757
Transactions with owners of the parent company							
Shares issues related to business combinations		14,296		0	14,296		14,296
Shares subscribed by using option rights		915		0	915		915
Dividend distribution				-5,189	-5,189		-5,189
Total transactions with owners of the parent company	0	15,210	0	-5,189	10,022	0	10,022
Equity 31 Dec 2021	80	71,436	-1,632	34,232	104,117	337	104,454

NOTES

1. Basis of accounting
2. Seasonality
3. Disaggregation of net sales
4. Financial income and expenses, effect of exchange rates
5. Earnings per share, dividend payment and share-based payments
6. Segment information
7. Changes to tangible and right-of-use assets
8. Financing arrangements
9. Business combinations and acquisitions of non-controlling interests
10. Related party transactions
11. Events after the reviewed period

1. BASIS OF ACCOUNTING

This financial statement review has been prepared in accordance with the IAS 34 standard for interim financial reporting and using the same principles as for the annual financial statement. The financial statement review and interim reports have not been audited. The company's financial statements for 2022 have been audited.

All figures in the summarised financial statement have been rounded to the nearest figure, therefore the sum of reported figures may not exactly match those presented.

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). The segment information according to the new accounting basis is presented in note 6.

2. SEASONALITY

The seasonality of the group's business has an impact on the demand for Relais' services, which in turn affects its net sales, net 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 produces greater Net sales in the second half of the year.

3. DISAGGREGATION OF NET SALES

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

EUR thousand	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Equipment	9,528	9,332	33,141	33,222
Lighting	21,921	22,554	62,053	61,892
Spare parts	19,949	20,679	78,925	80,062
Repair and maintenance	23,637	19,434	85,565	60,039
Other	150	1,549	998	2,616
Total	75,184	73,547	260,683	237,830

EUR thousand	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Finland	34,440	37,595	116,972	123,475
Sweden	30,021	28,577	108,433	88,262
Estonia	1,766	1,563	5,158	4,796
Norway	1,872	1,810	6,343	6,412
Other countries	7,086	4,002	23,778	14,885
Total	75,184	73,547	260,683	237,830

4. FINANCE INCOME AND EXPENSES, EFFECT OF EXCHANGE RATES

Financial income and expenses are detailed in the table below.

The increase in net financial expenses in the reporting period is due to unrealized exchange rate gains and losses of unhedged foreign currency loans. The increase in reference interest rates on loans from financial institutions increased the interest expenses by approximately EUR 0.2 million in the review period.

The strengthening of the USD against the euro increased the costs of the materials and services item in the group's income statement by approximately EUR 3.3 million in the review period. The development of the EUR/SEK exchange rate during the review period had a negative impact on the Group's EBITA. At comparable exchange rates, EBITA during the review period would have been approximately EUR 0.7 million higher than reported.

EUR thousand	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Financial income				
Foreign exchange gains	1,051	508	4,200	1,155
Interest income	101	26	165	67
Other financial income	26	-31	32	0
Changes in fair values	-61	0	261	0
Financial income total	1,117	502	4,658	1,222
Financial expenses				
Foreign exchange losses	-1,584	-767	-6,659	-1,997
Interest expenses	-978	-788	-4,259	-3,570
Other financial expenses	-189	-152	-194	-228
Financial expenses total	-2,751	-1,707	-11,113	-5,794
Net financial expenses	-1,634	-1,204	-6,454	-4,572

5. EARNINGS PER SHARE, DIVIDEND PAYMENT AND SHARE-BASED PAYMENTS

EUR	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Earnings per share, basic	0.20	0.29	0.56	0.81
Earnings per share, diluted	0.20	0.27	0.54	0.78
Comparable earnings per share, basic	0.30	0.32	0.72	0.96
Comparable earnings per share excluding amortisation of acquisitions, basic	0.35	0.31	0.90	1.11
Comparable earnings per share, diluted	0.29	0.37	0.69	0.92
Comparable earnings per share excluding amortisation of acquisitions, diluted	0.34	0.35	0.87	1.06

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Number of outstanding shares at the end of the period	18 132 308	17 941 433	18 132 308	17 941 433
Weighted average number of shares, basic	18 132 258	17 941 433	18 051 682	17 658 106
Weighted average number of shares, diluted	18 777 120	18 691 240	18 759 556	18 483 266

The AGM of 13 April 2022 decided that, in accordance with the board's proposal, a dividend of EUR 0.36 per share will be paid from the parent company's distributable assets to the shareholders who, on the record date of the dividend payment, April 19, 2022, were entered in the company's shareholder register maintained by Euroclear Finland Oy. The dividend was paid on April 26, 2022.

A total of EUR 6.5 million in dividends was paid out.

Share-based payment arrangement was related to Lumise and was considered a transaction separate from the business combination, and consequently was accounted as an employee benefit expense. The terms of the arrangement were fulfilled and EUR 1.3 million was paid in 64,407 company shares.

6. SEGMENT INFORMATION

EUR thousand	Finland&Baltics	Scandi- navia	Other	Eliminations	Total
Jan-Dec 2022					
External revenue	125,048	135,635	0	0	260,683
Internal revenue	8,378	852	330	-9,561	0
Material and services	-78,061	-74,245	0	8,837	143,469
Gross profit	55,365	62,242	330	-724	117,214
Depreciation, amortisation and impairment	-8,244	-5,307	-49	-3,332	-16,933
Other income and expenses	-36,741	-38,624	-3,775	-1,493	-80,633
Operating profit	10,380	18,311	-3,494	-5,548	19,648
Financial items	-764	-2,682	-3,001	-7	-6,454
Profit before income taxes	9,616	15,629	-6,495	-5,555	13,194

EUR thousand	Finland& Baltics	Scandi- navia	Other	Elimina- tions	Total
Jan-Dec 2021					
External revenue	130,851	106,979	0	0	237,830
Internal revenue	8,324	751	0	-9,075	0
Material and services	-82,164	-64,053	0	7,976	-138,242
Gross profit	57,011	43,676	0	-1,099	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	13,680	17,751	-2,428	-5,961	23,042
Financial items	-1,038	-1,959	6,459	-8,034	-4,572
Profit before income taxes	12,642	15,793	4,031	-13,996	18,470

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

Eliminations- column includes internal eliminations as well as postings and amortisations of acquisitions.

Relais segment information for 2021 has been restated to reflect the change in the basis of preparation. Until year-end 2021 segment information for management reporting was prepared in accordance with Finnish accounting standards (FAS). Starting 1st of September 2022 segment information preparation for management reporting is based on International Financial Reporting Standards (IFRS). Restatement had no impact on the Group's total figures.

7. CHANGES TO TANGIBLE AND RIGHT-OF-USE ASSETS

CHANGES TO RIGHT-OF-USE ASSETS

EUR thousand	31 Dec 2022	31 Dec 2021
Cost at the beginning of period	65,818	20,323
Additions	2,376	12,701
Business combinations	2,587	33,049
Exchange differences	-1,871	-210
Disposals	-3,075	-245
Revaluations	7,913	200
Cost at the end of period	73,747	65,818
Accumulated depreciation and impairment at the beginning of the period	-11,675	-3,140
Disposals	1,508	245
Depreciation	-11,664	-8,798
Exchange differences	395	18
Accumulated depreciation and impairment at the end of the period	-21,436	-11,675
Book value at the beginning of the period	54,143	17,183
Book value at the end of the period	52,312	54,143

CHANGES TO TANGIBLE ASSETS

EUR thousand	31 Dec 2022	31 Dec 2021
Cost at the beginning of period	15,055	3,891
Additions	1,223	1,928
Business combinations	1,174	9,688
Exchange differences	-622	-88
Disposals	-301	-406
Reclassifications	118	42
Cost at the end of period	16,647	15,055
Accumulated depreciation and impairment at the beginning of the period	-10,159	-3,026
Business combinations	-1,088	-6,244
Disposals	274	320
Reclassifications	-118	-47
Depreciation	-1,545	-1,225
Exchange differences	451	64
Accumulated depreciation and impairment at the end of the period	-12,184	-10,159
Book value at the beginning of the period	4,897	865
Book value at the end of the period	4,463	4,897

The most significant additions in the review period and comparison period are related to premises, of which right-of-use assets acquired with lease agreements have been recorded in connection with business acquisitions.

Revaluations in rents include additions to right-of-use assets and lease liabilities due to rent increases and due to changes in lease terms in lease agreements for existing premises.

8. FINANCING ARRANGEMENTS

Changes in financing arrangements

The Senior Facilities Agreement between the Company and its main bank has initially been entered into in May 2022, after with it has been restated and extended three times during 2020-2022.

On 30 March 2022, the Company agreed on extensions and amendments of its Senior 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 was extended by one year until the end of May 2024, which means that EUR 100.0 million of the loans will be repaid in 2024 instead of 2023 and are presented as long-term loans from financial institutions.

The maximum amount of financial limits under the Amended and Restated Facilities Agreement is EUR 133.7 million, comprising of financing for corporate acquisitions of a maximum of EUR 101.7 million, an uncommitted term loan facility of EUR 25 million and an RCF limit of EUR 7 million. During the review period, the Company increased both the loan facility and the RCF limit so, that at the end of the review period, the undrawn portion of the uncommitted senior facilities was EUR 15.5 million and of RCF limit EUR 4.7 million.

During the review period, MEUR 16.5 Acquisition financing was drawn down, and the undrawn portion EUR 15.5 million. After these drawdowns, the annual repayment amount of acquisition loans is total EUR 7.2

million. No material Financing expenses incurred regarding drawdowns and Senior Facilities Agreement amendment.

On May 5, 2022, the company redeemed the remaining 30% of SEC Scandinavia A/S's shares from the companies' minority shareholders. The company had previously recorded a redemption debt of EUR 345 thousand and accounted the acquisition of SEC Scandinavia A/S as the acquisition of a 100% subsidiary in its financial statements. The cash purchase price for the shares of SEC Scandinavia A/S was DKK 3.0 million.

The company paid an additional purchase price of STS Sydhamnens Trailer Service AB of SEK 22.0 million in the period ending December 31, 2022. The company had previously recognised a contingent consideration of EUR 2.0 million.

The company paid an additional purchase price of Trucknick AB of SEK 6.2 million in the period ending December 31, 2022. The company had previously recognised a contingent consideration of EUR 0.6 million.

The company recognised a contingent consideration of EUR 1.6 million in 2021 in connection with the acquisition of Strands Group AB, which was reported in long-term contingent consideration in the last financial period. In the period ended the liability was revalued with fair value costs of EUR 2.2 million and was reported in short-term contingent consideration financial liabilities.

Breakdown of financial liabilities

EUR thousand	31 Dec 2022	31 Dec 2021
At amortised cost		
Non-current		
Borrowings from financial institutions	95,695	90,537
Lease liabilities	41,611	44,284
Loans from others	1,009	0
	138,315	134,821
Current		
Borrowings from financial institutions	7,228	6,042
Lease liabilities	11,877	10,641
Trade payables	15,125	15,402
Redemption liability of non-controlling interest	0	345
Other financial liabilities	265	13
	34,495	32,444
Total financial liabilities at amortised cost	172,810	167,265
At fair value through profit or loss		
Non-current		
Contingent considerations	0	1,561
Derivative instruments	0	48
	0	1,609
Current		
Contingent considerations	2,248	2,578
Total financial liabilities at fair value through profit or loss	2,248	4,187

Total financial liabilities	175,058	171,452
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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. 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.

EUR thousand	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
At 31 December 2022					
Financial assets measured at fair value					
Interest rate swaps (not hedge accounted)	261	-	261	-	261
Total	261	-	261	-	261
Financial liabilities measured at fair value					
Interest rate swaps (not hedge accounted)	-	-	-	-	-
Contingent considerations	2 248	-	-	2,248	2,248
Total	-	-	-	2,248	2,248
Financial liabilities not measured at fair value					
Current borrowings from financial institutions	7,228	-	-	7,228	7,228
Non-current borrowings from financial institutions	95,695	-	-	95,695	95,695
Other non-current financial liabilities	1,009	-	-	1,009	1,009
Total	103,932	-	-	103,932	103,932

EUR thousand	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
At 31 December 2021					
Financial liabilities measured at fair value					
Interest rate swaps (not hedge accounted)	48	-	48	-	48
Contingent considerations	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	6,042	-	-	6,042	6,042
Non-current borrowings from financial institutions	90,537	-	-	90,537	90,537
Redemption liability of non-controlling interest	345	-	-	345	345
Total	96,924	-	-	96,924	96,924

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).

The Group has determined the fair value of the contingent consideration according to the terms of the agreement by discounting probability-weighted cash flows at the time of reporting. Determining fair value involves management judgment. The contingent consideration will be paid within a year, and the management does not expect the cash flows to differ significantly from the fair value. The change in fair value is recognised in the income statement and is fully unrealized.

The Group has estimated that the fair value of its bank loans corresponds to their book value, because the loans have variable interest rates and according to the management's assessment, the interest rate on the loans is close to the market rate on the reporting date. The increase in interest rates does not have a significant effect on the fair value of loans, but they directly increase interest expenses.

Collaterals and other obligations

EUR thousand	31 Dec 2022	31 Dec 2021
Loans from financial institutions		
Financing loans	102,975	96,762
Overdraft limit	0	0
Amount of overdraft limit granted	4,856	4,856
Available limit	4,856	4,856
Book value of pledged subsidiary shares	105,222	105,222
Mortgage on company assets	108,079	107,500
Collateral for financial institution loans, total	213,301	212,722
Guarantees given on behalf of the companies belonging to the same group		
General guarantee	3,145	4,712
Other	791	8,570
Total	3,936	13,282
Other liabilities		
Rental securities	1,865	1,858
Other guarantees	346	205
Total	2,210	2,063

9. BUSINESS COMBINATIONS AND ACQUISITIONS OF NON-CONTROLLING INTERESTS

Summary of the acquisition 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. Goodwill is mainly generated from skilled personnel and a strong market position.

Had the acquisitions occurred on 1 January 2022, management estimates that the consolidated revenue would have amounted to EUR 265,411 thousand, and consolidated profit for the year would have been EUR

10,997 thousand in the period ended 31 December 2022. 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.

EUR thousand	Skeppsbrons Jönköping Ab	S-E-T A/S	Total
Acquisition date	5 May	12 Dec	
Share acquired	100%	100%	
Domicile	Sweden	Denmark	
Consolidated from	1 May	1 Dec	
Revenue from acquisition date until 31 December 2022	4,760	326	5,086
Profit/loss from acquisition date until 31 December 2022	415	22	437
Goodwill deductible for tax purposes	No	No	
<u>Consideration transferred</u>			
Cash	7,013	4,457	11,470
Equity instruments	1,168	-	1,168
Financial liabilities	-	1,146	1,146
Non-competing agreement	-379	-284	-663
Total consideration transferred	7,802	5,319	13,121
<u>Identified assets acquired and liabilities assumed</u>			
Customer-related intangibles	1,683	1,307	2,990
Machinery and equipment	70	17	87
Right-of-use assets	2,918	0	2,918
Inventories	475	1,233	1,708
Trade and other receivables	1,171	604	1,775
Cash and cash equivalents	625	30	655
Non-current liabilities	-24	0	-24
Deferred tax liabilities	-457	-406	-863
Lease liabilities	-2,918	0	-2,918
Trade and other payables	-1,082	-391	-1,473
Total identifiable net assets acquired	2,461	2,394	4,855
Goodwill	5,341	2,925	8,266
Acquisition-related costs incurred	41	69	110
Cash consideration	-7,013	-4,457	-11,470
Less: cash acquired	625	30	655
Net outflow of cash - investing activities	-6,388	-4,427	-10,815

The company signed in May the acquisition of the entire share capital of the Swedish company Skeppsbrons Jönköping AB. The purchase price of Skeppsbrons was EUR 8,181 thousand, of which EUR 1,168 thousand was paid by new 68,118 Relais Group shares issued upon closing.

The company signed in December the acquisition of the entire share capital of the Danish company S-E-T A/S. 2003 established S-E-T is a highly regarded importer and wholesaler of electrical equipment, such as rear-view and side-view cameras, inverters and battery chargers for heavy commercial vehicles and the marine sector.

The purchase price for the shares of S-E-T is EUR 5,603 thousand, based on an enterprise value of EUR 5,507 thousand. Of the purchase price, EUR 4 457 thousand was paid at closing and EUR 135 thousand will be paid by end of May 2023. Additionally, EUR 1,011 thousand of the purchase price will be financed through a two-year vendor note issued by the Seller.

In addition Relais' subsidiary SEC Scandinavia A/S completed the acquisition of the entire share capital of the Danish Ecofoss A/S on 1 July 2022. Acquisition has no material effect on the Group's income statement nor financial position.

In May 2022, Relais Group acquired with cash an additional 4,75% interest in TD Tunga Delar Sverige AB, increasing its ownership to 100%.

EUR thousand	
Carrying amount of NCI acquired	334
Consideration paid to NCI	2,543
<hr/>	
A decrease in equity attributable to owners of the Company	2,209

On May 2022, the company redeemed the remaining 30% of SEC Scandinavia A/S's shares from the companies' minority shareholders. The company had previously recorded a redemption debt of EUR 345 thousand and accounted the acquisition of SEC Scandinavia A/S as the acquisition of a 100% subsidiary in its financial statements. The cash purchase price for the shares of SEC Scandinavia A/S was EUR 409 thousand.

10. RELATED PARTY TRANSACTIONS

Relais' board members and management team members subscribed for shares based on option rights during the reporting period 1-12/2022 58,350 shares (1-12/2021 234,550 shares).

Key management personnel compensation						
EUR thousand	Jan-Dec 2022	Jan-Dec 2021	Jan-Dec 2022	Jan-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
	CEO Arni Ekholm		Other members of Management		Total	
Salaries and other short-term employee benefits	-305	-276	-881	-557	-1,186	-833
Pension benefits (defined contribution plans)	-58	-47	-134	-93	-192	-140
Share-based payments*	129	-180	275	-353	404	-533
Total	-234	-503	-740	-1,003	-974	-1,506

*) The revaluation of the debt related to synthetic options has resulted in cost reversal during the review period, because of the related debt has decreased as the fair value of the share under the arrangement has decreased.

Transactions with related parties and outstanding balances		
	Jan-Dec 2022/ 31 Dec 2022	Jan-Dec 2021/ 31 Dec 2021
EUR thousand		
Transactions		
Sales	385	374
Purchases	555	525
Services	1,025	325
Outstanding balances		
Trade receivables	34	19
Trade payables	128	13

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.

11. EVENTS AFTER THE REVIEWED PERIOD

On 15 February 2023, Relais appointed Thomas Ekström, M.Sc. (Econ.) as Group CFO starting from August 2023 at the latest.

On 24 February 2023, Relais announced to have agreed on an one-year extension on the maturity of its Senior Facilities Agreement with its main bank. The restated maturity date of the SFA is 31 May 2025.

On 2 March 2023, the company issued a revised long-term financial target, according to which the company aims to reach proforma EBITA of EUR 50 million by the end of the year 2025. The previous financial target of the Company was to reach pro forma net sales of EUR 500 million by the end of year 2026.