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# REPORT BY THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS 2022

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# Report by the Board of Directors 1 January – 31 December 2022

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 and less sensitivity to economic fluctuations, the aftermarket.

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

- Acquisitions
- Synergies
- Operational excellence

On the balance sheet date, Relais Group comprised of the parent company Relais Group Plc and its subsidiaries Startax Finland Oy (Finland), Startax AS (Estonia), Raskone Oy (Finland), Lumise Oy (Finland), Optisell Oy (Finland), Strands Group AB (Sweden), Startax Maskin-Teknisk AS (Norway), SEC Scandinavia A/S (Denmark), Ecofoss A/S (Denmark), S-E-T A/S (Denmark), Startax Latvia SIA (Latvia) and Startax Lithuania UAB (Lithuania), and Relais Group Sweden AB (Sweden), whose subsidiaries are Aktiebolaget Reservdelar (Sweden), Huzells I Karlstad Aktiebolag (Sweden), Awimex International AB (Sweden), TD Tunga Delar Sverige AB (Sweden), Helsingborgs Bildelsbutik AB (Sweden) and Skeppsbrons Jönköping AB (Sweden). TD Tunga Delar Sverige AB has a fully owned subsidiary Trucknik Reservdelar AB (Sweden) and Lumise Oy a fully owned subsidiary Design by Scandinavian Metal AB (Sweden).

## Business review

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 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 Sydhamnens 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.

## Group Key Figures

| EUR thousand unless stated otherwise | Jan-Dec 2022 | Jan-Dec 2021 |
|---|---|---|
| Net sales | 19,665 | 237,830 |
| Gross profit | 117,214 | 99,588 |
| EBITDA | 36,581 | 36,005 |
| EBITDA margin, % | 14.0% | 15.1% |
| EBITA | 22,980 | 25,727 |
| EBITA margin, % | 8.8% | 10.8% |
| Operating profit | 19,648 | 23,042 |
| Operating profit margin, % | 7.5% | 9.7% |
| Profit (loss) for the period | 10,075 | 14,377 |
| Profit (loss) for the period margin, % | 3.9% | 6.0% |
| Comparable profit (loss) excluding amortisation of goodwill | 16,239 | 19,665 |
| Comparable profit (loss) excluding amortisation of goodwill margin, % | 6.2% | 8.3% |
| Return on equity (ROE) | 9.7% | 15.5% |
| Equity ratio | 33.6% | 33.6% |
| Net gearing | 87.0% | 81.2% |
| Earnings per share, basic (EUR) | 0.56 | 0.81 |
| Earnings per share, diluted (EUR) | 0.54 | 0.78 |
| Comparable earnings per share, basic (EUR) | 0.72 | 0.96 |
| Comparable earnings per share, diluted (EUR) | 0.69 | 0.92 |
| Comparable earnings per share excluding amortisation related to acquisitions, basic (EUR) | 0.90 | 1.11 |
| Comparable earnings per share excluding amortisation related to acquisitions, diluted (EUR) | 0.87 | 1.06 |
| Personnel at the end of the period, FTE | 1,009 | 950 |

## 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 ten 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.

On 31 December 2022, the members of the Board of Directors and the Executive Team of Relais owned a total of 4,025,774 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 controllerd 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.

## 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 First North Growth Market Finland marketplace 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.

## 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.

## Board of Directors, management and auditors

From 13 April 2022, the Board of Directors of Relais Group Plc consists of Jesper Otterbeck (chairman), Anders Borg, Olli-Pekka Kallasvuo, 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).

PricewaterhouseCoopers Oy, Authorized Public Accountants, acts as the company auditors, with Janne Rajalahti, Authorized Public Accountant, as the principal auditor.

## Personnel

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 totaled EUR 42.7 (36.4) million. The increase was driven by the acquisitions.

## Annual General Meeting on 13 March 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 Kallasvuo, 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.

## Disputes

The 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.

## Environment, Sustainability and Governance

Relais Group Plc is a leading consolidator and acquisition platform on the vehicle aftermarket in the Nordic and Baltic countries. One of the goals of the business is to promote sustainable transport and influence economic activity. We promote traffic safety by offering high-quality spare parts and equipment for different stages of vehicles' life cycle. We participate in providing economic growth and prosperity, from which many stakeholders benefit, such as the company's shareholders, personnel, customers, partners, suppliers and their employees together with society as a whole.

Relais Group Plc is committed to the UN sustainable development principles and has chosen six UN sustainable development targets, which are closely connected to the company's business operations. Four main themes have been selected for the responsibility program based on materiality assessment, which are safety, curbing climate change, creating economic growth and well-being, and ethics in operating methods.

Relais Group Plc complies with laws, regulations, the rules of Nasdaq Helsinki, good governance, as well as Relais Group Plc's ethical operating guidelines and agreed operating procedures. The purpose of the group-wide ethical operating principles is to support decision-making in an international operating environment and to ensure responsible operations.

Relais Group Plc chooses as partners parties who share the same ethical, social and environmental values and who follow good practices and standards regarding human rights, labour, health, safety and environmental protection. We respect local cultures, customs and values in all our countries of operation. We act honestly and ethically in all our business.

Relais Group Plc has zero tolerance towards all forms of bribery. We support the efforts of national and international authorities to eradicate anti-corruption and money laundering. Relais Group Plc uses a whistleblowing service in accordance with the EU whistleblower directive, which allows stakeholders to report serious risks of abuse that could affect, for example, human rights, the organization, society or environmental issues.

In terms of personnel, the most central corporate responsibility themes are the promotion of equality and well-being at work, e.g. with the help of self-directed organizations, education and career opportunities. The environmental impact of our own operations is small. We constantly strive to reduce energy consumption in our operations. We handle waste, scrap and chemicals appropriately. We work with well-established logistics partners and strive to favor low-emission modes of transport. We offer a comprehensive selection of approved spare parts and accessories. A significant portion of spare parts we offer are recyclable and some of the parts can be factory refurbished and re-sold. Among other things, we recycle batteries and report in accordance with the national recycling program.

Relais Group Plc publishes a sustainability review on Relais Group Plc's website at www.relais.fi by approximately 30 June 2023. The review describes the matters relevant to Relais Group Plc's corporate responsibility, such as the company's most significant societal, social and environmental impacts, and describes the corporate responsibility management model.

## Research and development activities

The company is not involved in direct research and development activities.

## 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 new long-term financial target, according to which the company aims to reach proforma EBITA of 50 MEUR by the end of the year 2025. The previous financial target of the Company was to reach pro forma net sales of 500 MEUR by the end of year 2026.

## Outlook for 2023

The Company does not provide a numeric guidance for financial year 2023. On 2 March 2023, the company issued a new 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. The previous financial target of the Company was to reach pro forma net sales of EUR 500 million by the end of year 2026.

## The Board's proposal to the Annual General Meeting

The Group's profit for the period was EUR 10,075 thousand and the parent company's profit for the period was EUR 172,487.86. The parent company's distributable earnings on 31 December 2022 totalled EUR 79, 894,570.32. The Board of Directors will propose to the Annual General Meeting on 5 April 2023, that the parent company's distributable earnings be distributed by paying a per-share dividend of EUR 0.40 or a total of EUR 7,252,903.20 against the total number of shares at the close of the reporting period. The remainder of the distributable earnings will be retained in equity. The dividend is proposed to be paid in two equal instalments at the times to be announced in the notice of the Annual General Meeting

In the Board's opinion, the proposed dividend distribution does not endanger the parent company's or Group's liquidity.

# Consolidated income statement

| In thousands of euro | Note | 1 Jan - 31 Dec 2022 | 1 Jan - 31 Dec 2021 |
|---|---|---|---|
| Net sales | 2, 4 | 260,683 | 237,830 |
| Other operating income | 5 | 2,754 | 3,074 |
| Materials and services | 6 | (143,469) | (138,242) |
| Employee benefit expenses | 7 | (54,990) | (46,945) |
| Depreciation, amortisation and impairment losses | 8 | (16,933) | (12,963) |
| Other operating expenses | 9 | (28,397) | (19,712) |
| **Operating profit** | | **19,648** | **23,042** |
| | | | |
| Financial income | | 4,658 | 1,222 |
| Financial expenses | | (11,113) | (5,794) |
| **Net financial expenses** | 10 | **(6,454)** | **(4,572)** |
| | | | |
| **Profit before income taxes** | | **13,194** | **18,470** |
| Income tax expense | 11 | (3,119) | (4,093) |
| **Profit for the financial year** | | **10,075** | **14,377** |
| | | | |
| **Profit for the financial year attributable to** | | | |
| Owners of the parent company | | 10,072 | 14,346 |
| Non-controlling interests | | 2 | 30 |
| | | | |
| **Earnings per share** | 12 | | |
| Basic earnings per share, euro | | **0.56** | **0.81** |
| Diluted earnings per share, euro | | **0.54** | **0.78** |

# Consolidated comprehensive income statement

| In thousands of euro | Note | 1 Jan - 31 Dec 2022 | 1 Jan - 31 Dec 2021 |
|---|---|---|---|
| **Profit for the financial year** | | **10,075** | **14,377** |
| | | | |
| **Other comprehensive income** | | | |
| | | | |
| Items that may be subsequently reclassified to profit or loss | | | |
| Foreign currency translation difference | | (4,289) | (620) |
| **Total other comprehensive income for the financial year** | | **(4,289)** | **(620)** |
| | | | |
| **Total comprehensive income for the financial year** | | **5,786** | **13,757** |
| | | | |
| **Total comprehensive income attributable to** | | | |
| Owners of the parent company | | 5,796 | 13,734 |
| Non-controlling interests | | (10) | 23 |

# Consolidated balance sheet

| EUR thousands | Note | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| ASSETS | | | |
| **Non-current assets** | | | |
| Intangible assets | 13 | 15,014 | 15,066 |
| Goodwill | 13 | 118,163 | 116,630 |
| Tangible assets | 14 | 4,463 | 4,897 |
| Right-of-use assets | 15 | 52,312 | 54,143 |
| Deferred tax assets | 11 | 579 | 798 |
| Other non-current financial assets | 17 | 73 | 79 |
| Other non-current assets | 17 | 42 | 6 |
| **Total non-current assets** | | **190,645** | **191,618** |
| | | | |
| **Current assets** | | | |
| Inventories | 16 | 67,804 | 73,352 |
| Current tax receivables | | 4,106 | 2,588 |
| Other current financial assets | 17 | 350 | - |
| Trade and other receivables | 17-18, 22 | 32,752 | 31,170 |
| Cash and cash equivalents | 17 | 13,527 | 11,803 |
| **Total current assets** | | **118,538** | **118,912** |
| | | | |
| **Total assets** | | **309,183** | **310,531** |
| | | | |
| EQUITY | | | |
| Share capital | | 80 | 80 |
| Reserve for invested unrestricted equity | | 74,125 | 71,436 |
| Translation differences | | (5,907) | (1,632) |
| Retained earnings | | 35,686 | 34,232 |
| **Total equity attributable to owners of the parent company** | | **103,983** | **104,117** |

| EUR thousands | Note | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| **Non-controlling interests** | | **0** | **337** |
| **Total equity** | **19** | **103,983** | **104,454** |
| | | | |
| LIABILITIES | | | |
| **Non-current liabilities** | | | |
| Loans from financial institutions | 20, 22 | 95,695 | 90,537 |
| Lease liabilities | 15, 20, 22 | 41,611 | 44,284 |
| Other non-current financial liabilities | 3, 20 | 1,009 | 1,609 |
| Other non-current liabilities | 7 | 71 | 650 |
| Deferred tax liabilities | 11 | 5,785 | 6,179 |
| **Total non-current liabilities** | | **144,171** | **143,259** |
| | | | |
| **Current liabilities** | | | |
| Loans from financial institutions | 20, 22 | 7,228 | 6,042 |
| Lease liabilities | 15, 20, 22 | 11,877 | 10,641 |
| Other current financial liabilities | 3, 20 | 2,513 | 2,937 |
| Current tax liabilities | | 4,114 | 4,305 |
| Trade and other payables | 20, 22, 23 | 35,296 | 38,893 |
| **Total current liabilities** | | **61,029** | **62,818** |
| | | | |
| **Total liabilities** | | **205,199** | **206,077** |
| | | | |
| **Total equity and liabilities** | | **309,183** | **310,531** |

# Consolidated cash flow statement

| In thousands of euro | Note | 1 Jan - 31 Dec 2022 | 1 Jan - 31 Dec 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Profit for the financial year** | | **10,075** | **14,377** |
| Adjustments: | | | |
| Depreciation, amortisation and impairment losses | 8 | 16,933 | 12,963 |
| Financial income and expenses less unrealised foreign exchange gains and losses | 10 | 4,137 | 3,889 |
| Unrealised foreign exchange gains and losses | | 2,316 | 683 |
| Income tax expense | 11 | 3,119 | 4,093 |
| Other adjustments | | 2,029 | 2,467 |
| **Cash flows before change in net working capital** | | **38,608** | **38,472** |
| **Change in net working capital:** | | | |
| Change in trade and other receivables (increase (-) / decrease (+)) | | (1,147) | (1,317) |
| Change in inventories (increase (-) / decrease (+)) | | 5,123 | (14,814) |
| Change in trade and other payables and accruals (increase (+) / decrease (-)) | | (4,106) | (1,293) |
| **Cash flows before finance items** | | **38,479** | **21,048** |
| Interest paid | | (4,008) | (3,465) |
| Interest received | | 165 | 67 |
| Other financial items | | (144) | (404) |
| Dividends received | | 31 | - |
| Income taxes paid | | (5,742) | (4,052) |
| **Net cash from operating activities (A)** | | **28,780** | **13,194** |

| In thousands of euro | Note | 1 Jan - 31 Dec 2022 | 1 Jan - 31 Dec 2021 |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Acquisition of intangible and tangible assets | | (1,720) | (2,482) |
| Acquisition of subsidiaries, net of cash acquired | 3 | (14,654) | (52,872) |
| Proceeds from sale of tangible and intangible assets | | 176 | 197 |
| **Net cash used in investing activities (B)** | | **(16,198)** | **(55,157)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from current loans and borrowings | | 3,500 | 4,500 |
| Repayment of current loans and borrowings | | (3,515) | (6,569) |
| Proceeds from non-current loans and borrowings | | 16,500 | 40,735 |
| Repayment of non-current loans and borrowings | | (7,020) | (6,743) |
| Dividends paid | 19.2 | (6,459) | (5,189) |
| Payment of lease liabilities | 15.1 | (11,243) | (8,306) |
| Acquisition of non-controlling interest | 3 | (2,487) | - |
| Proceeds from shares subscriptions based on share options | 19.3 | 207 | 915 |
| **Net cash from financing activities (C)** | | **(10,518)** | **19,343** |
| | | | |
| **Net cash from (used in) operating, investing and financing activities (A+B+C)** | | **2,065** | **(22,620)** |
| | | | |
| **Net increase (decrease) in cash and cash equivalents** | | **2,065** | **(22,620)** |
| Cash and cash equivalents at 1 January | | 11,803 | 34,669 |
| Effects of exchange rate fluctuations on cash held | | (342) | (245) |
| Cash and cash equivalents at 31 December | 17 | **13,527** | **11,803** |

# Consolidated statement of changes in equity

| In thousands of euro | Note | Share capital | Reserve for invested unrestricted equity | Translation differences | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| | | Equity attributable to owners of the parent company | | | | | | |
| **Balance at 1 January 2022** | | **80** | **71,436** | **(1,631)** | **34,232** | **104,117** | **337** | **104,454** |
| | | | | | | | | |
| **Comprehensive income** | | | | | | | | |
| Profit for the financial year | | – | – | – | 10,072 | 10,072 | 2 | 10,075 |
| Other comprehensive income | | – | – | (4,276) | – | (4,276) | (12) | (4,288) |
| **Total comprehensive income for the financial year** | | **-** | **-** | **(4,276)** | **10,072** | **5,796** | **(10)** | **5,786** |
| | | | | | | | | |
| **Transactions with owners of the parent company** | | | | | | | | |
| Shares issues related to business combinations | 19 | – | 1,168 | – | – | 1,168 | – | 1,168 |
| Share-based payments | 19 | – | 1,314 | – | – | 1,314 | – | 1,314 |
| Shares subscribed by using options | 19 | – | 207 | – | – | 207 | – | 207 |
| Acquisition of non-controlling interest | 3 | – | – | – | (2,160) | (2,160) | (327) | (2,487) |
| Dividend distribution | 19 | – | – | – | (6,459) | (6,459) | – | (6,459) |
| **Total transactions with owners of the parent company** | | **-** | **2,689** | **-** | **(8,619)** | **(5,930)** | **(327)** | **(6,257)** |
| | | | | | | | | |
| **Balance at 31 December 2022** | | **80** | **74,125** | **(5,907)** | **35,685** | **103,983** | **0** | **103,983** |

| In thousands of euro | Note | Share capital | Reserve for invested unrestricted equity | Translation differences | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| | | Equity attributable to owners of the parent company | | | | | | |
| **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** |

# 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 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 2022 totaled EUR 261 (238) million and it employed 1,009 (950) professionals in six different countries at the end of the year.

## 1.2 Basis of accounting

Relais Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, including International Accounting Standards (IAS) and Interpretations issued by the IFRS Interpretations Committee (IFRIC) or its predecessor Standing Interpretations Committee (SIC). The notes to the consolidated financial statements also comply with Finnish accounting and corporate law.

The Board of Directors of Relais Group Plc approved these consolidated financial statements for issue in its meeting on 14 March 2023, after which, in accordance with Finnish Companies Act, the financial statements are either approved, amended or rejected at the next Annual General Meeting. 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 and acquisitions of non-controlling interests, 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 2021 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 2022 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 and acquisitions of non-controlling interests | Estimation of fair values of intangible assets resulting from business combinations. |

## 1.4 Seasonality of Group's business and climate-related matters

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.

## 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

Amendments and annual improvements effective from the beginning of January 2022 have not had a major impact on Group's result, financial position or the presentation of the financial statement.

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 2023. 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.

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.

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

| 2022<br>In thousands of euro | Finland&Baltics | Scandinavia | Other [1] | Eliminations [2] | Group, IFRS |
|---|---|---|---|---|---|
| External revenue | 125,048 | 135,635 | - | - | 260,683 |
| Internal revenue | 8,378 | 852 | 330 | (9,561) | - |
| 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** |

| 2021<br>In thousands of euro | Finland&Baltics | Scandinavia | Other [1] | Eliminations [2] | Group, IFRS |
|---|---|---|---|---|---|
| External revenue | 130,851 | 106,979 | - | 0 | 237,830 |
| Internal revenue | 8,324 | 751 | - | (9,075) | - |
| 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** |

[1] Other- item includes management and administrative services provided by the parent company to the group.
[2] Eliminations- column includes internal eliminations as well as postings and amortizations related to acquisitions.

## 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, deferred tax assets and goodwill.

| | Net sales | | Non-current assets | |
|---|---|---|---|---|
| In thousands of euro | 2022 | 2021 | 31 Dec 2022 | 31 Dec 2021 |
| Finland | 116,972 | 123,475 | 40,836 | 47,007 |
| Sweden | 108,433 | 88,262 | 28,669 | 26,651 |
| Estonia | 5,158 | 4,796 | 169 | 258 |
| Norway | 6,343 | 6,412 | 320 | 34 |
| Other countries | 23,778 | 14,885 | 2,023 | 209 |
| **Total Group** | **260,683** | **237,830** | **72,016** | **74,159** |

# 3 Business combinations and acquisitions of non-controlling interests

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).

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 2022 acquisitions

In 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.

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.

| In thousands of euro | Note | Skeppbrons 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 year-end 2022 | | 4,760 | 326 | 5,086 |
| Profit/loss from acquisition date until year-end 2022 | | 415 | 22 | 437 |
| Goodwill deductible for tax purposes | | No | No | |
| | | | | |
| Consideration transferred | | | | |
| Cash | 20 | 7,013 | 4,457 | 11,470 |
| Equity instruments | 19.1 | 1,168 | – | 1,168 |
| Financial liabilities | 20.1 | – | 1,146 | 1,146 |
| Non-competing agreement | | (379) | (284) | (663) |
| **Total consideration transferred** | | **7,802** | **5,319** | **13,121** |
| | | | | |
| Identified assets acquired and liabilities assumed | | | | |
| | | | | |
| Customer-related intangibles | 13 | 1,683 | 1,307 | 2,990 |
| Machinery and equipment | | 70 | 17 | 87 |
| Right-of-use assets | | 2,918 | – | 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) | – | (24) |
| Deferred tax liabilities | | (457) | (406) | (863) |
| Lease liabilities | | (2,918) | – | (2,918) |
| Trade and other payables | | (1,082) | (391) | (1,473) |
| **Total identifiable net assets acquired** | | **2,461** | **2,394** | **4,855** |
| **Goodwill** | **13** | **5,341** | **2,925** | **8,266** |

| In thousands of euro | Note | Skeppsbrons Jönköping Ab | S-E-T A/S | Total |
|---|---|---|---|---|
| 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)** |

**Skeppsbrons Jönköpping**

The company signed in May the acquisition of the entire share capital of the Swedish company Skeppsbrons Jönköping AB. 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. 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.

**S-E-T**

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 company is located in Aarhus, Denmark. It was established in 2003 and employs 6 professionals.

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.

**TD Tunga Delar**

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

| In thousands of euro | |
|---|---|
| Carrying amount of NCI acquired | 334 |
| Consideration paid to NCI | 2,543 |
| **A decrease in equity attributable to owners of the Company** | **2,209** |

**SEC Scandinavia**

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.

## 3.2 2021 acquisitions

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 |
| | | | | | | | |
| <u>Consideration transferred</u> | | | | | | | |
| 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** |
| | | | | | | | |
| <u>Identified assets acquired and liabilities assumed</u> | | | | | | | |
| 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** |

| In thousands of euro | Note | Strands | Raskone | Lumise | STS | Trucknik | Total |
|---|---|---|---|---|---|---|---|
| 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.

# 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, STS Sydhamnens Trailer Service and TD Tunga Delar concept in Sweden. In Denmark, customers are served by SEC Scandinavia and Ecofoss. The repair and maintenance service business of the Group has in practice started in 2021 through the acquisitions of Raskone (February 2021) and STS Sydhamnens Trailer Service (STS) (November 2021). 2022 the Group acquired Swedish Skeppsbrons Jönköping. 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. Skeppsbrons Jönköping is a multibrand workshop for heavy 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 | 2022 | | 2021 | |
|---|---|---|---|---|
| Equipment | 33,141 | 13% | 33,222 | 14% |
| Lighting | 62,053 | 24% | 61,892 | 26% |
| Spare parts | 78,925 | 30% | 80,062 | 34% |
| Repair and maintenance | 85,565 | 33% | 60,039 | 25% |
| Other | 998 | 0% | 2,616 | 1% |
| **Total** | **260,683** | **100%** | **237,830** | **100%** |
| | | | | |
| Finland | 116,972 | 45% | 123,475 | 52% |
| Sweden | 108,433 | 42% | 88,262 | 37% |
| Estonia | 5,158 | 2% | 4,796 | 2% |
| Norway | 6,343 | 2% | 6,412 | 3% |
| Other countries | 23,778 | 9% | 14,885 | 6% |
| **Total** | **260,683** | **100%** | **237,830** | **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 2022 | 31 Dec 2021 |
|---|---|---|
| Asset, returnable products and spare parts | 1,180 | 1,435 |
| Refund liability, returnable products and spare parts | (1,496) | (1,813) |

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 | 2022 | 2021 |
|---|---|---|
| Rental income | 1,326 | 1,385 |
| Gains on sale of tangible and intangible assets | 164 | 123 |
| Other | 1,264 | 1,565 |
| **Total** | **2,754** | **3,074** |

# 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 | 2022 | 2021 |
|---|---|---|
| Purchase expenses | (136,620) | (140,506) |
| Change in inventories | 1,806 | 9,198 |
| External services | (8,656) | (6,934) |
| **Total** | **(143,469)** | **(138,242)** |

# 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 2022-2021.

## 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 until 30th November 2022 and Nasdaq Helsinki marketplace from 1 December 2022 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 | 2022 | 2021 |
|---|---|---|
| Wages, salaries and fees | (42,710) | (36,399) |
| Pension expenses | (6,094) | (5,119) |
| Other social security expenses | (6,758) | (4,777) |
| Share-based incentive plan (share appreciation rights) | 573 | (650) |
| **Total** | **(54,990)** | **(46,945)** |
| | | |
| The average number of employees for the financial year | 997 | 812 |

The increase in employee benefit expenses and the average number of employees in 2022 was primarily driven by the acquisitions made, refer to Note 3 Business combinations and acquisition of non-controlling interests.

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 2022 | 31 Dec 2021 |
|---|---|---|
| Share price at measurement date | 10.2 | 26.3 |
| Expected volatility | 46% | 40% |
| Remaining term, years | 0.25-2.25 | 1.25-3.25 |
| Fair value per SAR, Euro | 0.08-1.10 | 8.11-10.87 |
| | | |
| Total number of outstanding share appreciation rights (SARs) (pcs) | 258,000 | 258,000 |
| Total carrying amount of liability for SARs, in thousands of euro | 77 | 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 62.8, is capped at about EUR 8.4 million. At the share price as at 31 December 2022 the total payout would be about EUR 0.0 million (EUR 2.6 million).

# 8 Depreciation, amortisation and impaiment losses

### 8.1 Depreciation, amortisation and impaiment losses by asset categories

| In thousands of euro | 2022 | 2021 |
|---|---|---|
| Intangible assets | (3,724) | (2,940) |
| Tangible assets | (1,545) | (1,225) |
| Total depreciation and amortisation, owned assets | (5,269) | (4,165) |
| | | |
| Right-of-use assets (leased assets)[1] | (11,664) | (8,798) |
| **Total depreciation and amortisation in the income statement** | **(16,933)** | **(12,963)** |

[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 | 2022 | 2021 |
|---|---|---|
| Sales and marketing expenses | (2,960) | (2,222) |
| Administrative expenses | (2,290) | (1,813) |
| Consulting services | (2,899) | (1,950) |
| IT expenses | (2,493) | (2,327) |
| Non-statutory employee benefits | (2,267) | (1,428) |
| Costs of vehicles, machinery & equipments | (3,156) | (1,617) |
| Other cost of premises | (4,663) | (3,637) |
| Listing expenses | (1,183) | (119) |
| Fair value adjustment of contingent considerations | (1,063) | - |
| Transaction costs of acquisitions | (182) | (1,574) |
| Other expenses | (5,241) | (3,024) |
| **Total** | **(28,397)** | **(19,712)** |

## 9.2 Auditor's fees

| In thousands of euro | 2022 | 2021 |
|---|---|---|
| Audit fees | (373) | (376) |
| Audit-related assignments | - | (14) |
| Tax advisory services | - | (18) |
| Other services[1] | (463) | (173) |
| **Total** | **(836)** | **(581)** |

[1] In 2022 includes EUR 285 thousand auditor expenses reported in income statement in operating expenses as listing expenses.

# 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 | 2022 | 2021 |
|---|---|---|
| Financial income | | |
| Foreign exchange gains | 4,200 | 1,155 |
| Interest income | 165 | 67 |
| Other financial income | 32 | - |
| Changes in fair values | 261 | - |
| **Total** | **4,658** | **1,222** |
| | | |
| Financial expenses | | |
| Foreign exchange losses | (6,659) | (1,997) |
| Interest expenses - financial liabilities measured at amortised cost[1] | (4,259) | (3,570) |
| Other financial expenses | (194) | (228) |
| **Total** | **(11,113)** | **(5,794)** |
| | | |
| **Net financial expenses** | **(6,454)** | **(4,572)** |

[1] Includes loans from financial institutions and lease liabilities. In 2022, the interest expenses on lease liabilities totaled EUR 1,446 (1,205) 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 are reviewed at each period-end. If the utilisation of the related tax benefit is no more considered probable, the Group recognises a valuation allowance against 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 | 2022 | 2021 |
|---|---|---|
| Current tax for the reporting year | (3,820) | (4,956) |
| Current tax adjustments for prior years | (96) | (30) |
| Change in deferred taxes | 797 | 893 |
| **Total** | **(3,119)** | **(4,093)** |

### 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 | 2022 | 2021 |
|---|---|---|
| **Profit before income tax** | 13,194 | 18,470 |
| | | |
| Tax using the Finnish corporate tax rate (20%) | (2,639) | (3,694) |
| Effect of tax rate in foreign jurisdictions | 60 | 101 |
| Income tax for prior years | (96) | (30) |
| Unrecognised deferred tax assets on tax losses | (92) | (34) |
| Non-deductible expenses and tax-free income included in the accounting profit | (366) | (351) |
| Deductible expenses and taxable income not included in the accounting profit | (14) | 89 |
| Use of previously unrecognised tax losses for previous years | - | 109 |
| Reverse of previously recognised tax losses for previous years | - | (283) |
| Tax deduction for new investments - Covid-19 relief | 27 | - |
| **Taxes in the income statement** | **(3,119)** | **(4,093)** |

### 11.3 Movements in deferred tax asset and deferred tax liability balances

| 2022<br>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 | | | | | |
| Leases | 137 | - | 85 | (4) | 218 |
| Allowance for expected credit losses | 206 | - | 30 | - | 236 |
| Deferred income | 325 | - | (44) | (2) | 279 |
| Share-based payments | 130 | - | (115) | - | 15 |
| **Total** | **798** | **-** | **(44)** | **(6)** | **749** |
| Set-off of deferred taxes | - | | | | (170) |
| **Deferred tax assets, net** | **798** | | | | **579** |
| | | | | | |
| Deferred tax liabilities | | | | | |
| Intangible assets | 2,835 | 938 | (742) | (121) | 2,911 |
| Tangible assets | 59 | - | 7 | 41 | 107 |
| Tax-based provisions | 3,248 | 30 | (53) | (299) | 2,925 |
| Loans and borrowings | 37 | - | (26) | - | 10 |
| **Total** | **6,179** | **968** | **(814)** | **(378)** | **5,954** |
| Set-off of deferred taxes | - | | | | (170) |
| **Deferred tax liabilities, net** | **6,179** | | | | **5,784** |

| 2021<br>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** |

At 31 December 2022, 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 2022 Relais had 777,250 (2021: 835,600) 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

| | 2022 | 2021 |
|---|---|---|
| Basic earnings per share | | |
| Profit attributable to owners of the parent company, in thousands of euro | 10,072 | 14,346 |
| Weighted average number of ordinary shares outstanding during the financial year, pieces | 18,051,682 | 17,658,106 |
| **Basic earnings per share (euro/share)** | **0.56** | **0.81** |
| | | |
| Diluted earnings per share | | |
| Profit attributable to owners of the parent company, in thousands of euro | 10,072 | 14,346 |
| Weighted average number of ordinary shares outstanding during the financial year, pieces | 18,051,682 | 17,658,106 |
| Dilution from share options, pieces | 707,874 | 825,160 |
| Weighted average number of shares adjusted for the effect of dilution, pieces | 18,759,556 | 18,483,266 |
| **Diluted earnings per share (euro/share)** | **0.54** | **0.78** |

# 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 2022 In thousands of euro | Goodwill | Business combinations Customer relation-ships | Business combinations Other assets[1] | Intangible rights | Develoment costs | Other intangible assets | Assets under development | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| Balance at 1 January | 116,630 | 9,810 | 7,299 | 828 | 431 | 3,486 | - | 138,485 |
| Business combinations | 8,404 | 3,180 | 740 | - | - | - | - | 12,325 |
| Additions | 130 | - | - | 49 | 96 | 195 | 26 | 497 |
| Exchange differences | (7,002) | (618) | (190) | (24) | - | (64) | (1) | (7,899) |
| Disposals | - | - | - | - | - | (11) | - | (11) |
| Transfers between classes | - | - | - | - | - | (4) | - | (4) |
| Balance at 31 December | 118,162 | 12,372 | 7,849 | 853 | 527 | 3,603 | 25 | 143,393 |
| | | | | | | | | |
| **Accumulated amortisation and impairment losses** | | | | | | | | |
| Balance at 1 January | - | (1,561) | (1,609) | (748) | (134) | (2,737) | - | (6,789) |
| Business combinations | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | 9 | - | 9 |
| Transfers between classes | - | - | - | - | - | 4 | - | 4 |
| Amortisation | - | (1,554) | (1,778) | (43) | (100) | (248) | - | (3,724) |
| Exchange differences | - | 139 | 83 | 24 | - | 37 | - | 283 |
| Balance at 31 December | - | (2,976) | (3,304) | (768) | (234) | (2,935) | - | (10,217) |
| | | | | | | | | |
| **Carrying amount at 1 January** | **116,630** | **8,249** | **5,690** | **79** | **297** | **750** | **-** | **131,696** |
| **Carrying amount at 31 December** | **118,162** | **9,397** | **4,546** | **85** | **293** | **668** | **25** | **133,176** |

| At 31 December 2021<br>In thousands of euro | Goodwill | Business combinations<br>Customer relation-ships | Other assets[1] | Intangible rights | Develoment costs | Other intangible assets | Assets under development | 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** |

[1] Comprised marketing-related intangibles, non-competing agreements and technology-based intangibles identified and recognised, refer to Note 3 Business combinations and acquisition of non-controlling interests 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 2022 | 31 Dec 2021 |
|---|---|---|
| Finland & Baltics | 29,613 | 29,483 |
| Scandinavia | 88,551 | 87,147 |
| **Total** | **118,163** | **116,630** |

*Carrying amount of goodwill allocated to each cash-generating unit*

| | 31 Dec 2022 | | 31 Dec 2021 | |
|---|---|---|---|---|
| In thousands of euro / Per cent | Goodwill | Pre-tax WACC | Goodwill | Pre-tax WACC |
| Awimex International AB | 3,490 | 12,9% | 3,787 | 18.0% |
| Startax Estonia AS | 412 | 11,2% | 412 | 12.1% |
| Huzells i Karlstad AB | 4,903 | 12,5% | 5,320 | 18.4% |
| AB Reservdelar | 41,628 | 12,7% | 45,167 | 17.9% |
| TD Tunga Delar Sverige AB | 7,622 | 12,4% | 8,270 | 18.0% |
| SEC Scandinavia AS | 764 | 13,2% | 764 | 16.1% |
| Helsingborgs Bildelsbutik AB | 782 | 12,2% | 849 | 16.3% |
| Strands Group AB | 12,932 | 13,2% | 14,031 | 20.4% |
| Raskone Oy | 21,717 | 11,9% | 21,587 | 14.5% |
| Lumise Oy & DSM AB | 7,430 | 13,3% | 7,430 | 14.4% |
| STS AB | 7,231 | 12,0% | 7,845 | 15.9% |
| Trucknik Reservdelar AB | 1,027 | 12,8% | 1,114 | 17.6% |
| Skeppsbrons Jönköpping AB | 5,043 | 12,0% | | |
| Ecofoss A/S | 211 | 13,7% | | |
| S-E-T A/S | 2,918 | 13,3% | | |
| Other | 54 | | 54 | |
| **Total** | **118,163** | | **116,630** | |

*Growth rate after the forecast period used in impairment testing*

| Per cent | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Awimex International AB | 2% | 2% |
| Startax Estonia AS | 1.5% | 1.5% |
| Huzells i Karlstad AB | 2% | 2% |
| AB Reservdelar | 2% | 2% |
| TD Tunga Delar Sverige AB | 2% | 2% |
| SEC Scandinavia AS | 2% | 2% |
| Helsingborgs Bildelsbutik AB | 2% | 2% |
| Strands Group AB | 1.5% | 1.5% |
| Raskone Oy | 1.5% | 1.5% |
| Lumise Oy & DSM AB & Optisell Oy | 2% | 2% |
| STS AB | 2% | 2% |
| Trucknik Reservdelar AB | 2% | 2% |
| Skeppsbrons Jönköpping AB | 1.5% | |
| Ecofoss A/S | 2% | |
| S-E-T A/S | 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 2022 nor 31 December 2021. 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 2022 | 2021 | Machinery and equipment 2022 | 2021 | Leasehold improvements 2022 | 2021 | Other tangible assets 2022 | 2021 | Under construction 2022 | 2021 | Total 2022 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | | | |
| Balance at 1 January | 167 | – | 12,592 | 3,194 | 949 | 345 | 1 271 | 352 | 76 | – | 15,055 | 3,891 |
| Additions | 8 | – | 912 | 1,280 | 29 | 77 | 127 | 476 | 147 | 95 | 1,223 | 1,928 |
| Business combinations | – | 169 | 889 | 8,470 | – | 692 | 285 | 357 | – | – | 1,174 | 9,688 |
| Exchange differences | (13) | (2) | (529) | (74) | – | (3) | (73) | (10) | (6) | (1) | (622) | (89) |
| Disposals | – | – | (68) | (331) | (37) | – | (197) | (75) | – | – | (301) | (406) |
| Transfers between classes | – | – | 177 | 52 | 4 | (161) | 87 | 171 | (150) | (19) | 118 | 44 |
| Balance at 31 December | 161 | 167 | 13,973 | 12,592 | 946 | 949 | 1,500 | 1,271 | 67 | 76 | 16,647 | 15,055 |
| | | | | | | | | | | | | |
| **Accumulated depreciation and impairment losses** | | | | | | | | | | | | |
| Balance at 1 January | (134) | – | (9,107) | (2,592) | (262) | (144) | (656) | (291) | – | – | (10,159) | (3,026) |
| Business combinations | – | (134) | (851) | (5,855) | – | – | (236) | (255) | – | – | (1,088) | (6,244) |
| Disposals | – | – | 88 | 245 | 16 | – | 169 | 75 | – | – | 274 | 320 |
| Transfers between classes | – | – | (101) | (27) | (4) | 85 | (13) | (106) | – | – | (118) | (48) |
| Depreciation | (10) | (2) | (1,222) | (934) | (166) | (205) | (146) | (84) | – | – | (1,545) | (1,225) |
| Exchange differences | 11 | 1 | 412 | 57 | – | 1 | 28 | 5 | – | – | 451 | 65 |
| Balance at 31 December | (133) | (134) | (10,781) | (9,107) | (415) | (262) | (854) | (656) | – | – | (12,184) | (10,159) |
| | – | – | – | – | – | – | – | – | – | – | – | – |
| **Carrying amount at 1 January** | **33** | **–** | **3,485** | **602** | **688** | **201** | **616** | **62** | **76** | **–** | **4,897** | **865** |
| **Carrying amount at 31 December** | **28** | **33** | **3,192** | **3,485** | **530** | **688** | **646** | **616** | **67** | **76** | **4,463** | **4,897** |

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.

**Recognition and measurement**

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.

**Lease term**

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 | | 2022 | 2021 |
|---|---|---|---|
| Income statement | | | |
| Expense relating to leases of low-value assets (included in the line item Other operating expenses) | | (227) | (21) |
| Expense relating to short-term leases (included in the line item Other operating expenses) | | (262) | (34) |
| Depreciation charge for right-of-use assets (included in the line item Depreciation, amortisation and impairment losses) | Premises | (10,845) | (8,288) |
| | Vehicles and others | (819) | (510) |
| | Total | (11,664) | (8,798) |
| Interest expense on lease liabilities (Included in the line item Financial expenses) | | (1,446) | (1,205) |
| | | | |
| Cash flow statement | | | |
| Total cash outflow for leases | | (11,243) | (8,306) |

### 15.2 Lease liabilities

| In thousands of euro | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Current | 11,877 | 10,641 |
| Non-current | 41,611 | 44,284 |
| **Total** | **53,488** | **54,925** |

The weighted average incremental borrowing rate of the Group applied for discounting purposes was 2.47% (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

| In thousands of euro | Premises 2022 | Premises 2021 | Vehicles and other 2022 | Vehicles and other 2021 | Total 2022 | Total 2021 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance at 1 January | 64,449 | 19,717 | 1,368 | 606 | 65,818 | 20,323 |
| Additions | 1,427 | 12,370 | 949 | 331 | 2,376 | 12,701 |
| Business combinations | 2,216 | 32,506 | 372 | 543 | 2,587 | 33,049 |
| Exchange differences | (1,765) | (196) | (106) | (13) | (1,871) | (210) |
| Disposals | (2,790) | (146) | (286) | (99) | (3,075) | (245) |
| Revaluations | 7,779 | 200 | 134 | 0 | 7,913 | 200 |
| Balance at 31 December | 71,317 | 64,449 | 2,431 | 1,368 | 73,747 | 65,764 |
| | | | | | | |
| **Accumulated depreciation and impairment losses** | | | | | | |
| Balance at 1 January | (11,024) | (2,894) | (651) | (246) | (11,675) | (3,140) |
| Disposals | 1,314 | 146 | 194 | 99 | 1,508 | 245 |
| Depreciation | (10,845) | (8,288) | (819) | (510) | (11,664) | (8,798) |
| Exchange differences | 349 | 12 | 46 | 6 | 395 | 18 |
| Balance at 31 December | **(20,206)** | **(11,024)** | **(1,230)** | **(651)** | **(21,436)** | **(11,675)** |
| | | | | | | |
| **Carrying amount at 1 January** | **53,425** | **16,823** | **717** | **360** | **54,143** | **17,183** |
| **Carrying amount at 31 December** | **51,110** | **53,425** | **1,201** | **717** | **52,312** | **54,089** |

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 lease contracts for premises and vehicles that had not yet commenced at 31 December 2022. The future discounted lease payments for these non-cancellable leases amount EUR 1,383 (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 2022 | 31 Dec 2021 |
|---|---|---|
| Finished goods | 67,976 | 62,611 |
| Goods in transit | 811 | 7,616 |
| Prepayments for inventories | 1,292 | 5,243 |
| Obsolescence provision | (2,843) | (2,386) |
| Other inventories | 568 | 268 |
| **Total** | **67,804** | **73,352** |

# 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 (refer to Note 20 Financial liabilities).

## 17.1 Carrying amounts

| In thousands of euro | Note | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| At amortised cost | | | |
| Trade receivables | 22.4 | 27,943 | 26,725 |
| Cash and cash equivalents | | 13,527 | 11,803 |
| Investments | | 115 | 79 |
| Other current financial assets | | 89 | - |
| **Total** | | **41,673** | **38,608** |
| | | | |
| At fair value through profit or loss | | | |
| Derivative instruments | 21.1 | 261 | - |
| **Total** | | **261** | **-** |

The book value of pledged bank accounts totaled zero at 31 December 2022 (zero at 31 December 2021).

# 18 Other receivables

| In thousands of euro | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Current income tax receivables | 4,106 | 2,588 |
| Annual discounts from suppliers (assets) | 1,354 | 1,974 |
| Other prepayments and accrued income | 2,368 | 1,731 |
| VAT receivable | 469 | 171 |
| Other receivables | 617 | 567 |
| **Total** | **8,914** | **7,032** |

# 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 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** |
| | | | |
| **At 1 January 2022** | **17,941,433** | **80** | **71,436** |
| Share issue – share-based payments / Lumise Oy | 64,407 | - | 1,314 |
| Share issue 2 – acquisition of Skeppsbrons Jönköping AB | 68,118 | - | 1,168 |
| Shares subscribed under share option plans (Note 19.3) | 58,350 | - | 207 |
| **Total movements** | **190,875** | **-** | **2,689** |
| **At 31 December 2022** | **18,132,308** | **80** | **74,125** |

According to the shareholder register maintained by Euroclear Finland, Relais had 2,798 (2,857) shareholders at the end of the financial year. At 31 December 2022 Relais owned 50 treasury shares (50).

Refer to Note 3 Business combinations and acquisitions of non-controlling interests for details on the business combinations effected in 2022 and 2021.

## Share issues

**Year 2022**
In 2022 the Group executed two 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 issue 1 (Lumise) and the share issue 2 (Skeppsbrons Jönköping acquisition) 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 13 April 2022. The related transaction costs were not significant for the Group.

*Share issue 1 – share-based payments / Lumise Oy*
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.

*Share issue 2 – acquisition of Skeppsbrons Jönköping AB*
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.

**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.

Details on the acquisitions made in 2022 and 2021 are provided in Note 3 Business combinations and acquisitions of non-controlling interests.

## 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 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.

### 19.3 Option incentive plans

At 31 December 2022, the members of the Board of Directors and the Management Team of Relais owned a total of 383,450 (816,800) option rights, entitling their holders to subscribe in total 383,450 (816,800) Relais shares, corresponding to approximately 2.1% (4.4%) of Relais shares and votes on a post-subscription basis. Moreover, on 31 December 2022, the inheritors of a late Board member owned a total 18,800 (18,800) 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 777,250 (835,600) 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 2022, a total of 58,350 (234,550) 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):

| Pcs / Euro | 2022 Number | 2022 Weighted average exercise price | 2021 Number | 2021 Weighted average exercise price |
|---|---|---|---|---|
| **Outstanding at 1 January** | 835,600 | 2.38 | 1,070,150 | 2.68 |
| Granted during the year | - | | - | |
| Forfeited during the year | - | | - | |
| Excercised during the year | 58,350 | | 234,550 | 3.89 |
| Expired during the year | - | | - | |
| **Outstanding at 31 December[1]** | **777,250** | **1.8** | **835,600** | **2.38** |
| Excercisable at 31 December | 777,250 | 1.8 | 835,600 | 2.38 |

The expiration dates for the option series are as follows:

| Option series | Expiration date |
|---|---|
| 2017 E-F, 2019 E | 31 December 2030 |

[1] The difference of EUR 0.58 in the weighted average exercise price for 2022 arises from the dividend distribution and options excercised during year 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 2022 and 2021, Relais monitored capital using the equity ratio which is calculated by dividing total equity by total assets (current and non-current) in the consolidated 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 13 April 2022, the Annual General Meeting (AGM) authorised the Board of Directors to resolve on the acquisition 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 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 2023, yet no further than until 30 June 2023. This authorisation shall supersede the buyback authorisation granted at the earlier General Meetings.

On 13 April 2022, the AGM authorised the Board of Directors to decide on issuing a maximum of 2,998,286 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 2023, yet no further than until 30 June 2023. 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 and acquisition of non-controlling interests).

**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 2022 | 31 Dec 2021 |
|---|---|---|---|
| At amortised cost | | | |
| | | | |
| *Non-current* | | | |
| Borrowings from financial institutions | 22 | 95,695 | 90,537 |
| Lease liabilities | 15 | 41,611 | 44,284 |
| Other non-current financial liabilities | 22 | 1,009 | - |
| | | **138,315** | **134,821** |
| *Current* | | | |
| Borrowings from financial institutions | 22 | 7,228 | 6,042 |
| Lease liabilities | 15 | 11,877 | 10,641 |
| Trade payables | 22 | 15,125 | 15,402 |
| Redemption liability of non-controlling interests | 3,2 | - | 345 |
| Other current 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 | 3, 21 | - | 1,561 |
| Derivative instruments | 21, 22.2 | - | 48 |
| | | **-** | **1,609** |
| *Current* | | | |
| Contingent considerations | 3, 21 | 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** |

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.

The contingent considerations shown in the table 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 and acquisitions of non-controlling interests. The current contingent considerations will be paid in cash in 2023.

## 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 2022 | | | | |
|---|---|---|---|---|---|
| | Currency | Nominal interest rate | Year of maturity | Fair value | Carrying amount |
| Borrowings from financial institutions (acquisition loan) | EUR | EURIBOR 6 KK+2,1% | 2024 | 64,372 | 64,372 |
| Borrowings from financial institutions (acquisition loan) | SEK | STIBOR 6 KK+2,1% | 2024 | 38,552 | 38,552 |
| Lease liabilities | several | several | 2023-2034 | 53,488 | 53,488 |

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

## 20.3 Changes in financing arrangements

The Senior Facilities Agreement between the Company and its main bank has initially been entered into in May 2019, 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.

## 20.4 Financial covenants

The Group's borrowings from financial institutions involve financial covenants. The related liabilities amounted to EUR 157,4 (96,7) million at 31 December 2022. 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. During the year 2022 all the financial covenants were monitored based on financial information prepared in accordance with the International Financial Standards (IFRS). Relais was in compliance with the covenants during the financial years 2022 and 2021. Refer to Note 19.4 Capital management.

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Equity ratio, %, | 33.6 | 37.9 |
| Leverage | 3.75 | 2.65 |
| Cash flow cover | 1.44 | 1.32 |

## 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.

| | 2022 | | 2021 | |
|---|---|---|---|---|
| In thousands of euro | Lease liabilities | Borrowings from financial institutions and from others | Lease liabilities | Borrowings from financial institutions and from others |
| **Balance at 1 January** | **54,925** | **96,578** | **17,402** | **62,690** |
| Proceeds from borrowings | - | 20,000 | - | 45,235 |
| Repayment of borrowings | - | (10,535) | - | (13,312) |
| Payment of lease liabilities | (11,243) | - | (8,306) | - |
| Total changes from financing cash flows | (11,243) | 9,465 | (8,306) | 31,923 |
| Business combinations | 2,587 | 28 | 33,049 | 2,780 |
| New leases | 2,376 | - | 12,701 | - |
| Other changes | 4,842 | (2,139) | 80 | (814) |
| **Balance at 31 December** | **53,488** | **103,932** | **54,925** | **96,579** |

# 21 Fair values of financial assets and financial liabilities

At financial year-end 2022 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.

| In thousands of euro | Note | 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) | 17.1 | 261 | - | 261 | - | **261** |
| **Total** | | **261** | **-** | **261** | **-** | **261** |
| | | | | | | |
| Financial liabilities measured at fair value | | | | | | |
| Contingent considerations | 3, 20.1 | 2,248 | - | - | 2,248 | **2,248** |
| **Total** | | **2,248** | **-** | **-** | **2,248** | **2,248** |
| | | | | | | |
| Financial liabilities not measured at fair value | | | | | | |
| Current borrowings from financial institutions | 20, 22 | 7,228 | - | - | 7,228 | **7,228** |
| Non-current borrowings from financial institutions | 20, 22 | 95,695 | - | - | 95,695 | **95,695** |
| Other non-current financial liabilities | 20, 22 | 1,009 | - | - | 1,009 | **1,009** |
| **Total** | | **103,932** | **-** | **-** | **103,932** | **103,932** |
| | | | | | | |
| **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 interest | 3, 20.1 | 345 | - | - | 345 | **345** |
| **Total** | | **96,924** | **-** | **-** | **96,924** | **96,924** |

# 22 Financial risk management

## 22.1 Financial instruments - risk management objectives and policies

Relais's 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<br>31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| 6 month Euribor | +100 | (644) | (516) |
| 6 month Stibor | +100 | (385) | (451) |
| 6 month Euribor | -100 | 644 | 516 |
| 6 month Stibor | -100 | 385 | 451 |

For interest-bearing financial liabilities, the interest rate ranged between 2.1%-3.54% 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 2022 had been 10% stronger than realised, the effect on profit before taxes - without the impact of customer prices increases - would have been EUR -3,390 thousand (2021: EUR -3,929 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 -53 thousand (2021: EUR -265 thousand).

## 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 2022<br>In thousands of euro | % | Gross value | Expected credit loss | Net value |
|---|---|---|---|---|
| Current | 0.6% | 23,278 | (140) | 23,138 |
| Past due 1-30 days | 2.5% | 3,245 | (81) | 3,164 |
| Past due 31-90 days | 10.7% | 1,335 | (142) | 1,193 |
| Past due 91-360 days | 53.3% | 960 | (511) | 449 |
| Past due > 365 days | 100.0% | 538 | (538) | 0 |
| **Total** | | **29,356** | **(1,413)** | **27,943** |

| 31 December 2021<br>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) | - |
| **Total** | | **27,727** | **(1,002)** | **26,725** |

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

#### Reconciliation of loss allowance

| In thousands of euro | 2022 | 2021 |
|---|---|---|
| Balance at 1 January | 1,002 | 331 |
| Realised credit losses | (26) | (96) |
| Business combinations (Note 3) | 16 | 739 |
| Net remeasurement of loss allowance | 420 | 28 |
| **Balance at 31 December** | **1,413** | **1,002** |

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 7,0 % of the Group's debt will mature in less than one year at 31 December 2022 (31 December 2021: 6,25%) 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 2023 | 2024 | 2025 | 2026 | 2027 | Later |
|---|---|---|---|---|---|---|---|---|
| **31 December 2022** | | | | | | | | |
| | | | | | | | | |
| *Non-derivative instruments* | | | | | | | | |
| Borrowings from financial institutions | 102,923 | 109,911 | 12,198 | 97,713 | – | – | – | – |
| Lease liabilities | 53,488 | 59,754 | 11,877 | 10,931 | 9,305 | 6,886 | 6,294 | 14,460 |
| Trade payables | 15,125 | 15,125 | 15,125 | – | – | – | – | – |
| Contingent considerations | 2,482 | 2,482 | 2,482 | – | – | – | – | – |
| Other financial liabilities | 1,039 | 1,039 | 31 | 1,009 | – | – | – | – |
| | **175,058** | **188,311** | **41,713** | **109,653** | **9,305** | **6,886** | **6,294** | **14,460** |
| | | | | | | | | |
| **Total** | **175,058** | **188,341** | **41,743** | **109,653** | **9,305** | **6,886** | **6,294** | **14,460** |

| 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** |

# 23 Trade and other payables

| In thousands of euro | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Non-current | | |
| Liability for share appreciation rights (SARs) (note 7) | 71 | 650 |
| **Total non-current** | **71** | **650** |
| | | |
| Current | | |
| Current tax liabilities | 4,114 | 4,305 |
| | | |
| Trade payables | 15,125 | 15,402 |
| Accrued employee expenses | 8,530 | 8,703 |
| Other accruals and deferred income | 2,274 | 4,228 |
| Refund liability | 1,496 | 1,813 |
| VAT liability | 3,988 | 4,252 |
| Other liability | 3,884 | 4,495 |
| Total trade and other payables and accruals | 35,297 | 38,893 |
| **Total current** | **39,411** | **43,198** |
| | | |
| **Total** | **39,482** | **43,848** |

# 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 2022 or at 31 December 2021.

## 24.2 Collaterals and other obligations

| In thousands of euro | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Loans from financial institutions | | |
| Financing loans | 102,923 | 96,762 |
| 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 |
| Book value of pledged bank accounts | - | - |
| **Total collaterals for loans from financial institutions** | **213,301** | **212,722** |

| In thousands of euro | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| 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 obligations | | |
| Rental securities | 1,865 | 1,858 |
| Other guarantees | 346 | 205 |
| **Total** | **2,210** | **2,063** |

## 24.3 Commitments

The Group has various lease contracts that have not yet commenced as at 31 December 2022, 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 32.2% at 31 December 2022 (35.5%), and
- Nordic Industry Development AB, where control is held by Jesper Otterbeck, a Board member of Relais Group Plc, with the ownership of 16.7% at 31 December 2022 (21.9%).

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 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
|---|---|---|---|---|---|---|
| | CEO Arni Ekholm | | Other members of Management Team | | 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)** |

From 31 May 2019 until the AGM 13 April 2022, the Board of Directors of Relais Group Plc consisted of Kari Stadigh (Chairman), Olli-Pekka Kallasvuo, Jesper Otterbeck and Katri Nygård. The AGM 13 April 2022 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.No compensation was paid to the members of the Board of Directors for Board or any Committee membership during the financial years 2021-2022.

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, was a member of the Management Team from August 2021 until June 2022. From August 2022 Johan Carlos, Managing Director, Strands Group AB, Jan Popov, Managing Director, Raskone Oy, Sebastian Seppänen, Director M&A and Business Development sekä Jon Strand, Director Marketing and Sales Development (interim) have been members of the Mangement Team.

*) 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.

## 25.2 Transactions with related parties and outstanding balances

| In thousands of euro | 2022 / 31 Dec 2022 | 2021 / 31 Dec 2021 |
|---|---|---|
| **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.

## 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 2022 | 31 Dec 2021 |
|---|---|---|
| Board of Directors | | |
| Jesper Otterbeck [1)] | 3,024,450 | 3,932,100 |
| Anders Borg | 60,000 | - |
| Olli-Pekka Kallasvuo [2)] | 84,300 | 64,300 |
| Katri Nygård | 106,050 | 67,700 |
| Lars Wilsby [3)] | 30,000 | - |
| Kari Stadigh | - | 292,200 |
| | **3,304,800** | **4,356,300** |
| Management Team | | |
| Arni Ekholm | 67,450 | 66,450 |
| Johan Carlos | 6,688 | - |
| Juan Garcia [4)] | 62,050 | 62,050 |
| Ville Mikkonen | 174,800 | 174,800 |
| Jan Popov | 67,823 | - |
| Pekka Raatikainen | 20,000 | 20,000 |
| Sebastian Seppänen | 1,000 | - |
| Jon Strand [5)] | 382,163 | - |
| | **781,974** | **323,300** |
| | | |
| **Total** | **4,086,774** | **4,679,600** |
| | | |
| Of all shares and the resulting vote share | **22.8%** | **26.1%** |

[1)] At 31 December 2022 3,015,600 of the shares are owned by Nordic Industry Development AB, of which Jesper Otterbeck indirectly owns
50 per cent, and 8,850 are owned by Otterbeck Management AB, a company controlled by Jesper Otterbeck.
[2)] Owned partly through Entrada Oy, a company controlled by Olli-Pekka Kallasvuo.
[3)] Owned by Wilsby Invest AB which is controlled by Lars Wilsby.
[4)] Owned through JG Management AB, which is controlled by Juan Garcia.
[5)] Through Tailor Made Global Investment AB, a company controlled by Jon Strand.

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

At 31 December 2022, the members of the Board of Directors and the Management Team of Relais owned a total of 383,450 (835,600) option rights, entitling their holders to subscribe in total 383,450 (835,600) Relais Group Plc shares, corresponding to approximately 2.1%

(4.4%) 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 2022 totalled EUR 1,415 (3,542) thousand.

### 25.4 Group structure

At 31 December 2022 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% |
| 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 | 100.00% |
| Ecofoss A/S | Denmark | 100.00% |
| S-E-T A/S | Denmark | 100.00% |
| Relais Group Sweden AB | Sweden | 100.00% |
| AB Reservdelar | Sweden | 100.00% |
| Awimex International AB | Sweden | 100.00% |
| Huzells i Karlstad AB | Sweden | 100.00% |
| Helsingborgs Bildelsbutik AB | Sweden | 100.00% |
| Skeppsbrons Jönköping AB | Sweden | 100.00% |
| STS Sydhamnens Trailer Service AB | Sweden | 100.00% |
| TD Tunga Delar Sverige AB | Sweden | 100.00% |
| Trucknik Reservdelar AB | Sweden | 100.00% |

The acquisition of Skeppsbrons Jönköping AB, Ecofoss A/S and S-E-T A/S were completed in 2022 and the acquisitions of Strands Group AB, Raskone Oy, Lumise, STS Sydhamnens Trailer Service AB, and Trucknik Reservdelar AB carried out in 2021, are disclosed in Note 3 Business combinations and acquisitions of non-controlling interests.

During 2022 Optisell Oy was merged into Lumise Oy, Startax Sweden AB into Relais Group Sweden AB and EKG Automotive AB into AB Reserdelar.

# 26 Events after the end of the financial year

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 new 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.

# Income statement

| EUR | 1.1. - 31.12.2022 | 1.1. - 31.12.2021 |
|---|---|---|
| **NET SALES** | **325,854.91** | **299,840.21** |
| **Other operating income** | **-** | **84.64** |
| **Personnel expenses** | | |
| Wages and salaries | (666,132.94) | (572,737.54) |
| Social security expenses | | |
| Pension expenses | (126,873.50) | (97,773.02) |
| Other social security expenses | (22,742.64) | (21,616.62) |
| | **(815,749.08)** | **(692,127.18)** |
| **Depreciation, amortisation and impairments** | **(11,379.72)** | **(13,239.07)** |
| **Other operating expenses** | **(1,991,453.69)** | **(954,360.04)** |
| **OPERATING PROFIT** | **(2,492,727.58)** | **(1,359,801.44)** |
| **Financial income and expenses** | | |
| Income form holdings in Group companies | - | 8,000,000.00 |
| Other interest and financial income | | |
| From Group companies | 2,575,704.19 | 1,788,478.63 |
| From others | 4,292,453.61 | 970,108.76 |
| Interest expenses and other financial expenses | | |
| To Group companies | (7,011,483.28) | (1,896,742.25) |
| To others | (3,908,082.77) | (2,379,737.43) |
| | **(4,051,408.25)** | **6,482,107.71** |
| **PROFIT BEFORE APPROPRIATIONS AND TAXES** | **(6,544,135.83)** | **5,122,306.27** |
| Appropriations | 6,750,000.00 | 3,000,000.00 |
| Income taxes | (33,376.31) | (107,984.35) |
| **PROFIT FOR THE PERIOD** | **172,487.86** | **8,014,321.92** |

# Balance sheet

| EUR | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **ASSETS** | | |
| **NON-CURRENT ASSETS** | | |
| | | |
| **Intangible assets** | | |
| Immaterial rights | - | 7,435.95 |
| Other intangible assets | - | 2,268.00 |
| **Intangible assets total** | **-** | **9,703.95** |
| | | |
| **Tangible assets** | | |
| Machinery and equipment | 0.00 | 1,675.77 |
| **Other tangible assets** | **-** | **1,675.77** |
| | | |
| **Investments** | | |
| Holdings in Group companies | 119,928,599.63 | 111,660,816.38 |
| | | |
| **TOTAL NON-CURRENT ASSETS** | **119,928,599.63** | **111,672,196.10** |

| EUR | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **CURRENT ASSETS** | | |
| **Receivables** | | |
| | | |
| **Long-term** | | |
| Receivables from Group companies | 63,319,034.08 | 58,946,726.75 |
| | | |
| **Short-term** | | |
| Receivables from Group companies | 31,570,763.79 | 31,182,508.29 |
| Loan receivables | - | 13.00 |
| Financial assets | 260,934.00 | - |
| Other receivables | 516,413.89 | 31,328.60 |
| Prepaid expenses and accrued income | 57,476.70 | 50,131.45 |
| | **32,405,588.38** | **31,263,981.34** |
| | | |
| **Cash at bank and in hand** | **11,532,117.23** | **8,839,331.00** |
| | | |
| **TOTAL CURRENT ASSETS** | **107,256,739.69** | **99,050,039.09** |
| | | |
| **TOTAL ASSETS** | **227,185,339.32** | **210,722,235.19** |

| EUR | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **EQUITY AND LIABILITIES** | | |
| **EQUITY** | | |
| Share capital | 80,000.00 | 80,000.00 |
| Reserve for invested unrestricted equity | 72,150,446.26 | 69,281,678.88 |
| Retained earnings | 7,571,636.20 | 6,016,212.16 |
| Profit (loss) for the period | 172,487.86 | 8,014,321.92 |
| **TOTAL EQUITY** | **79,974,570.32** | **83,392,212.96** |
| Provisions | - | 48,047.00 |
| **LIABILITIES** | | |
| **Non-current** | | |
| Loans from financial institutions | 95,747,061.71 | 90,720,380.27 |
| Other financial liabilities | 1,008,538.96 | 1,560,929.92 |
| | **96,755,600.67** | **92,281,310.19** |

| EUR | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Current** | | |
| Loans from financial institutions | 7,200,000.00 | 6,000,000.00 |
| Trade payables | 396,055.90 | 231,978.65 |
| Intra-group liabilities | 39,851,957.42 | 27,185,683.94 |
| Other financial liabilities | 2,413,270.17 | 1,314,028.85 |
| Other liabilities | 342,522.98 | 15,987.17 |
| Accrued expenses and deferred income | 251,361.86 | 252,986.43 |
| | **50,455,168.33** | **35,000,665.04** |
| **TOTAL LIABILITIES** | **147,210,769.00** | **127,281,975.23** |
| **EQUITY AND LIABILITIES TOTAL** | **227,185,339.32** | **210,722,235.19** |

# Cash flow statement

| EUR | 1.1. - 31.12.2022 | 1.1. - 31.12.2021 |
|---|---|---|
| **Profit (loss) for the period** | **172,487.86** | **8,014,321.92** |
| Adjustments | | |
| Depreciation, amortisation and impairments | 11,379.72 | 13,239.07 |
| Financial income and expenses | 4,051,408.25 | (6,482,107.54) |
| Income tax | 33,376.31 | 107,984.35 |
| Appropriations | (6,750,000.00) | (3,000,000.00) |
| **Operating cash flow before working capital changes** | **(2,481,347.86)** | **(1,346,562.20)** |
| | | |
| Changes in working capital | | |
| Increase/decrease short-term receivables | (545,148.23) | 1,173,333.63 |
| Increase/decrease short-term liabilities | 441,123.48 | 2,795,773.76 |
| Interest and other financial expenses | (4,112,746.83) | (2,634,567.74) |
| Dividends received | - | 8,000,000.00 |
| Interest received | 443,840.67 | 60,338.18 |
| Income taxes paid | (3,601.02) | (104,383.33) |
| **Net cash from operating activities** | **(6,257,879.79)** | **7,943,932.30** |
| | | |
| **Net cash used in investing activities** | | |
| Acquisition of subsidiaries, net of cash acquired | (4,964,520.77) | (53,093,151.56) |
| Loans granted | (1,465,917.41) | (1,756,374.98) |
| Repayment of loan receivables | - | 3,339,752.74 |
| **Net cash used in investing activities** | **(6,430,438.18)** | **(51,509,773.80)** |

| EUR | 1.1. - 31.12.2022 | 1.1. - 31.12.2021 |
|---|---|---|
| **Net cash used in financing activities** | | |
| Proceeds from non-current borrowings | 16,500,000.00 | 40,735,013.89 |
| Repayment of non-current borrowings | (6,996,311.71) | (6,074,198.58) |
| Increase/decrease cash pool receivables/liabilities | 10,410,575.61 | 17,459,159.50 |
| Proceeds from current borrowings | 3,500,000.00 | 5,880,820.82 |
| Repayment of current borrowings | (4,780,820.82) | (7,429,266.92) |
| Dividends paid | (6,458,897.88) | (5,188,522.20) |
| Group contribution | 3,000,000.00 | - |
| Proceeds from share issues and unrestricted equity invesments | 206,559.00 | 914,637.00 |
| **Net cash used in financing activities** | **15,381,104.20** | **46,297,643.51** |
| | | |
| Net change in cash and cash equivalents | 2,692,786.23 | 2,731,802.01 |
| | | |
| Cash and cash equivalents, opening amount | 8,839,331.00 | 6,107,528.99 |
| **Cash and cash equivalents** | **11,532,117.23** | **8,839,331.00** |

# Changes in equity - Parent company

| EUR | Share capital | Reserve for invested unrestricted equity | Retained earnings | Equity total |
|---|---|---|---|---|
| **Equity 1.1.2022** | **80,000.00** | **69,281,678.88** | **14,030,534.08** | **83,392,212.96** |
| Proceedings from share subsrictions by option rights | | 206,559.00 | | 206,559.00 |
| Share issue | | 2,662,208.38 | | 2,662,208.38 |
| Dividend distribution | | | (6,458,897.88) | (6,458,897.88) |
| Profit (loss) for the period | | | 172,487.86 | 172,487.86 |
| **Equity 31.12.2022** | **80,000.00** | **72,150,446.26** | **7,744,124.06** | **79,974,570.32** |
| | | | | |
| **Equity 1.1.2021** | **80,000.00** | **56,225,973.24** | **11,204,734.36** | **67,510,707.60** |
| Proceedings from share subsrictions by option rights | | 914,637.00 | | 914,637.00 |
| Share issue | | 12,141,068.64 | | 12,141,068.64 |
| Dividend distribution | | | (5,188,522.20) | (5,188,522.20) |
| Profit (loss) for the period | | | 8,014,321.92 | 8,014,321.92 |
| **Equity 31.12.2021** | **80,000.00** | **69,281,678.88** | **14,030,534.08** | **83,392,212.96** |

### Calculation of distributable non-restricted equity in accordance with the Companies Act 13:5 §

| EUR | 2022 | 2021 |
|---|---|---|
| Retained earnings | 7,571,636.20 | 6,016,212.16 |
| Profit (loss) for the period | 172,487.86 | 8,014,321.92 |
| Reserve for invested unrestricted equity | 72,150,446.26 | 69,281,678.88 |
| **Distributable funds total** | **79,894,570.32** | **83,312,212.96** |

# Basis of preparation

The financial statements of the parent company Relais Group Plc have been prepared in accordance with the Finnish Accounting Act, Limited Liability Companies Act, and the Finnish Accounting Standards (FAS).

## Valuation and depreciation principles

**Valuation of non-current assets**
The company's non-current assets are stated at acquisition cost less planned depreciation. The depreciation plan is defined based on experiences. Value adjustments are made based on the difference between the acquisition cost and the residual value and estimated useful life. The bases for planned depreciation are as follows:

*Intangible assets*
Intangible right ........ 5
Other intangible assets........ 5–10

*Tangible assets*
Machinery and equipment ........ 5–8
Other tangible assets........ 3–8

Small purchases (of under 850 euros) and fixed asset purchases the useful economic life of which is less than 3 years are recorded as annual expenses.

**Subsidiaries**
Direct expenses from the acquisition of subsidiary companies are recognized in the acquisition cost of subsidiary company holdings. The Group management continuously assess value of subsidiaries for any indication of impairment. If there are such indications, the amount recoverable from the said asset item is assessed.

**Foreign currency items**
Transactions in foreign currency are recorded at the exchange rate at the time of the transaction. Receivables and liabilities in foreign currency on the balance sheet are valued at the exchange rate on the balance sheet date. Exchange rate gains and losses related to the operations are treated as adjustment items for sales and purchases. Exchange rate differences of financial items are recorded as financial income or expenses.

**Financial assets and liabilities**
Financial assets and liabilities are are valued at acquisition cost or lower probable value.

**Derivative financial instruments**
The company uses derivative financial instruments mainly to hedge interest rate exposure. The company does not apply hedge accounting. Derivatives not qualified for hedge accounting are recognized in the income statement as financial income and expenses.

**Cash pool receivables/liabilities**
Cash pool items are presented as short-term receivables or liabilities.

**Employee benefits**
Personnel pension security is handled by external pension insurance companies. Pension costs are recorded as expenses in the year in which they are incurred.

The company's management team is involved in a long-term incentive plan that will run from 2021 to 2025. Cash commissions paid from the plan, including incidental expenses, are recorded in the accounting year in which they are paid.

**Appropriations**
Appropriations consist of received or given group contributions from or to Relais Group companies and depreciation above the plan.

**Net sales**
Net sales includes sales revenues from actual operations less discounts, indirect taxes such as value added tax. Revenue is recognised on accrual accounting basis.

**Voluntary change in accounting principle - Valuation of derivatives at fair value through profit and loss**
The parent company Relais Group Oyj has previously valued derivatives outside of hedge accounting at acquisition cost or a lower probable value. As of January 1, 2022, the company has moved to valuing derivatives at fair value in accordance with FAS 5:2a. In such valuation and presentation in the financial statements, the international accounting standards approved by the IAS regulation are followed. The change has no material effect on the comparability of the presented periods.

**Measurement of fair values**

A number of the Relais'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). |

# Notes to the income statement

## Net sales by market area

| | 2022 | 2021 |
|---|---|---|
| Finland | 159,600.00 | 145,005.00 |
| Sweden | 138,554.91 | 134,435.21 |
| Estonia | 7,400.00 | 6,800.00 |
| Norway | 7,400.00 | 6,800.00 |
| Denmark | 12,900.00 | 6,800.00 |
| | 325,854.91 | 299,840.21 |

## Auditor fees

| | 2022 | 2021 |
|---|---|---|
| Audit | (167,500.00) | (165,000.00) |
| Assignments referred to in section 1.1.2 of the Auditing Act | (4,956.50) | (14,060.00) |
| Tax advice | (0.00) | (17,646.00) |
| Other services | (433,843.20) | (173,117.00) |
| | (606,299.70) | (369,823.00) |

## Other operating income

| | 2022 | 2021 |
|---|---|---|
| Other | – | 84.64 |
| | – | 84.64 |

## Depreciation and amortisation

| | 2022 | 2021 |
|---|---|---|
| Other amortisations | (9,703.95) | (12,680.52) |
| Depreciation on tangible assets | (1,675.77) | (558.55) |
| | (11,379.72) | (13,239.07) |

## Notes on personnel

| | 2022 | 2021 |
|---|---|---|
| Average number of people employed during the year | 5 | 4 |

## Salaries and fees of the CEO and the management team

| | 2022 | 2021 |
|---|---|---|
| CEO | (304,575.78) | (275,771.77) |
| Management Team | (273,206.05) | (194,538.14) |
| | (577,781.83) | (470,309.91) |

## Financial income and expenses

| | 2022 | 2021 |
|---|---|---|
| **Income from holdings in Group companies** | | |
| From Group companies | - | 8,000,000.00 |
| | - | 8,000,000.00 |
| **Other interest and financial income** | | |
| From Group companies | 2,528,522.62 | 1,720,256.71 |
| From others | 84,686.96 | 172.79 |
| From derivatives | 260,934.00 | 0.00 |
| Exchange rate differences | 3,994,014.22 | 1,038,157.89 |
| | 6,868,157.80 | 2,758,587.39 |
| **Total financial income** | 6,868,157.80 | 10,758,587.39 |
| **Interst expenses** | | |
| To Group companies | (788,865.28) | (188,022.74) |
| To others | (2,624,113.10) | (2,112,751.91) |
| | (3,412,978.38) | (2,300,774.65) |
| **Other financial expenses** | | |
| To others | (100,827.52) | (116,075.59) |
| Listing expenses | (1,183,142.35) | (119,351.50) |
| Exchange rate differences | (6,222,618.00) | (1,740,277.94) |
| | (7,506,587.87) | (1,975,705.03) |
| **Total financial expenses** | (10,919,566.25) | (4,276,479.68) |
| **Total financial income and expenses** | **(4,051,408.45)** | **6,482,107.71** |

## Appropriations

| | 2022 | 2021 |
|---|---|---|
| Group contributions | 6,750,000.00 | 3,000,000.00 |

## Income taxes

| | 2022 | 2021 |
|---|---|---|
| Income tax on operating activities | (33,376.31) | (3,601.02) |
| Income tax from previous periods | 0.00 | (104,383.33) |
| | (33,376.31) | (107,984.35) |

# Notes to the balance sheet

**Company name**

| Company name | Domicile | | Group | Parent company |
|---|---|---|---|---|
| Raskone Oy | Helsinki | Finland | 100.00% | 100.00% |
| Lumise Oy | Rovaniemi | Finland | 100.00% | 100.00% |
| Design by Scandinavian Metal AB | Kungälv | Sweden | 100.00% | 0.00% |
| Startax Finland Oy | Tampere | Finland | 100.00% | 100.00% |
| Startax AS | Tallinn | Estonia | 100.00% | 100.00% |
| Startax Maskin-Teknisk AS | Oslo | Norway | 100.00% | 100.00% |
| Startax Latvia SIA | Riga | Latvia | 100.00% | 100.00% |
| Startax Lithuania UAB | Vilnus | Lithuania | 100.00% | 100.00% |
| Strands Group AB | Fritsla | Sweden | 100.00% | 100.00% |
| SEC Scandinavia A/S | Viborg | Denmark | 100.00% | 100.00% |
| Ecofoss A/S | Viborg | Denmark | 100.00% | 0.00% |
| S-E-T A/S | Aarhus | Denmark | 100.00% | 100.00% |
| Relais Group Sweden AB | Stockholm | Sweden | 100.00% | 100.00% |
| AB Reservdelar | Stockholm | Sweden | 100.00% | 0.00% |
| Awimex International AB | Simrishamn | Sweden | 100.00% | 0.00% |
| Huzells i Karlstad AB | Karlstad | Sweden | 100.00% | 0.00% |
| Helsingborgs Bildelsbutik AB | Helsingborg | Sweden | 100.00% | 0.00% |
| STS Sydhamnens Trailer Service AB | Helsingborg | Sweden | 100.00% | 0.00% |
| Skeppsbrons Jönköping AB | Jönköping | Sweden | 100.00% | 16.10% |
| TD Tunga Delar Sverige AB | Gävle | Sweden | 100.00% | 0.00% |
| Trucknik Reservdelar AB | Skelleftehamn | Sweden | 100.00% | 0.00% |

## Receivables

| | 2022 | 2021 |
|---|---|---|
| **Long-term receivables** | | |
| Loan receivables from Group companies | 63,319,034.08 | 58,946,726.75 |
| | 63,319,034.08 | 58,946,726.75 |
| **Short-term receivables** | | |
| **From Group companies** | | |
| Trade receivables | 368,497.52 | 335,519.30 |
| Group cash pool receivables | 11,978,804.87 | 8,414,083.62 |
| Loan receivables | 7,200,493.13 | 15,970,342.63 |
| Prepaid expenses and accrued income | 5,272,968.26 | 3,462,562.74 |
| Other receivables | 6,750,000.00 | 3,000,000.00 |
| | 31,570,763.78 | 31,182,508.29 |
| **Receivables from others** | | |
| Other financial assets | 260,934.00 | - |
| Prepaid expenses and accrued income | 57,476.70 | 50,131.45 |
| Loan receivables | - | 13.00 |
| Other receivables | 516,413.89 | 31,328.60 |
| | 834,824.59 | 81,473.05 |
| **Material items included in the prepaid expenses and accrued income** | | |
| Other | 57,476.70 | 50,131.45 |
| | 57,476.70 | 50,131.45 |

## Liabilities

| | 2022 | 2021 |
|---|---|---|
| **Non-current liabilities** | | |
| Loans from financial institutions | 95,747,061.71 | 90,720,380.27 |
| Other financial liabilities | 1,008,538.96 | 1,560,929.92 |
| | 96,755,600.67 | 92,281,310.19 |
| **Current liabilities** | | |
| Loans from financial institutions | 7,200,000.00 | 6,000,000.00 |
| Trade payables | 396,055.90 | 231,978.65 |
| Other financial liabilities | 251,361.86 | 252,986.43 |
| Accrued expenses and deferred income | 2,413,270.17 | 1,314,028.85 |
| Other liabilities | 342,522.98 | 1,330,016.02 |
| | 10,603,210.91 | 7,814,981.10 |
| **Intra-Group liabilities** | | |
| Trade payables | 3,417.44 | 31,620.00 |
| Other liabilities | - | 1,280,820.82 |
| Group cash pool liabilities | 39,848,539.98 | 25,873,243.12 |
| | 39,851,957.42 | 27,185,683.94 |
| **Material items included in the accrued expenses and deferred income** | | |
| Accrued wages and salaries | 217,985.55 | 237,219.78 |
| Other | 33,376.31 | 15,766.65 |
| | 251,361.86 | 252,986.43 |

## Fair values

At financial year-end 2022 the Relais'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 non-current/current Other financial assets, or
- negative: under non-current/current Other 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.

The carrying amounts of contingent considerations and derivative instruments equals to their fair values.

## Net fair values

| | 31 Dec 2022 | Gains and losses recognised through profit and loss | Fair value hierarchy |
|---|---|---|---|
| Net fair values | | | |
| Contingent considerations | 2,247,837.58 | | 3 |
| Derivative instruments | 260,934.00 | 260,934.00 | 2 |
| **Total** | **2,508,771.58** | **260,934.00** | |
| | | | |
| | | | |
| Nominal values | | | |
| Contingent considerations | 2,247,837.58 | | |
| Derivative instruments | 156,762,812.00 | | |
| **Total** | **159,010,649.58** | | |

## Non-current assets

### Intangible assets

| EUR | Immaterial rights | Other intangible assets | Total |
|---|---|---|---|
| **Acquisition cost at 1 Jan 2022** | **49,573.00** | **13,830.00** | **63,403.00** |
| **Acquisition cost at 31 Dec 2022** | **49,573.00** | **13,830.00** | **63,403.00** |
| **Accumulated depreciation at 1 Jan 2022** | **(42,137.05)** | **(11,562.00)** | **(53,699.05)** |
| Amortisation during the period | (7,435.95) | (2,268.00) | (9,703.95) |
| **Accumulated depreciation at 31 Dec 2022** | **(49,573.00)** | **(13,830.00)** | **(63,403.00)** |
| | | | |
| **Book value at 31 Dec 2022** | - | - | - |

| EUR | Immaterial rights | Other intangible assets | Total |
|---|---|---|---|
| **Acquisition cost at 1 Jan 2021** | **49,573.00** | **13,830.00** | **63,403.00** |
| **Acquisition cost at 31 Dec 2021** | **49,573.00** | **13,830.00** | **63,403.00** |
| **Accumulated depreciation at 1 Jan 2021** | **(32,222.53)** | **(8,796.00)** | **(41,018.53)** |
| Depreciation during the period | (9,914.52) | (2,766.00) | (12,680.52) |
| **Accumulated depreciation at 31 Dec 2021** | **(42,137.05)** | **(11,562.00)** | **(53,699.05)** |
| | | | |
| **Book value at 31 Dec 2021** | **7,435.95** | **2,268.00** | **9,703.95** |

### Tangible assets

| EUR | Machinery and equipment | Total |
|---|---|---|
| **Acquisition cost at 1 Jan 2022** | **7,523.88** | **7,523.88** |
| **Acquisition cost at 31 Dec 2022** | **7,523.88** | **7,523.88** |
| **Accumulated depreciation at 1 Jan 2022** | **(5,848.11)** | **(5,289.56)** |
| Amortisation during the period | (1,675.77) | (1,675.77) |
| **Accumulated amortisation at 31 Dec 2022** | **(7,523.88)** | **(7,523.88)** |
| | | |
| **Book value at 31 Dec 2022** | - | - |

| EUR | Machinery and equipment | Total |
|---|---|---|
| **Acquisition cost at 1 Jan 2021** | **7,523.88** | **7,523.88** |
| **Acquisition cost at 31 Dec 2021** | **7,523.88** | **7,523.88** |
| **Accumulated depreciation at 1 Jan 2021** | **(5,289.56)** | **(5,289.56)** |
| Amortisation during the period | (558.55) | (558.55) |
| **Accumulated amortisation at 31 Dec 2021** | **(5,848.11)** | **(5,848.11)** |
| | | |
| **Book value at 31 Dec 2021** | **1,675.77** | **1,675.77** |

## Holdings in Group companies

| EUR | Holdings in Group companies |
|---|---|
| **Acquisition cost at 1 Jan 2022** | **111,660,816.38** |
| Additions | 8,267,783.25 |
| **Acquisition cost at 31 Dec 2022** | **119,928,599.63** |

| EUR | Holdings in Group companies |
|---|---|
| **Acquisition cost at 1 Jan 2021** | **46,426,596.18** |
| Additions | 65,234,220.20 |
| **Acquisition cost at 31 Dec 2021** | **111,660,816.38** |

| EUR | Long-term loan receivables from Group companies |
|---|---|
| **Acquisition cost at 1 Jan 2022** | **58,946,726.75** |
| Unrealised exchange rate differences | (4,619,042.99) |
| Additions | 8,991,350.32 |
| **Acquisition cost at 31 Dec 2022** | **63,319,034.08** |

| EUR | Long-term loan receivables from Group companies |
|---|---|
| **Acquisition cost at 1 Jan 2021** | **63,021,001.29** |
| Unrealised exchange rate differences | (1,294,521.80) |
| Repayments | (2,779,752.74) |
| **Acquisition cost at 31 Dec 2021** | **58,946,726.75** |

# Other notes

## Related party transactions

Relais Group's related parties include the Company's subsidiaries, main shareholder Ari Salmivuori and Ajanta Oy, a company owned by Salmivuori as well as all companies where Salmivuori or Ajanta have control, joined control or significant influence. Nordic Industry Development AB, the second largest shareholder and companies controlled by them also include in Relais Group's related party.

Relais Group's related parties also include the Board of Directors, Management Team as well as their family members and companies under their control or joint control.

The Group's parent company has no material related party transactions in the financial years 2021-2022. Remuneration of the Group of Directors, Management Team and Information on their shareholdings and incentive schemes is presented in the Report of the Board of Directors and in Relais Group Plc's consolidated financial statements.

## Off-balance sheet arrangements

| | 2022 | 2021 |
|---|---|---|
| **Loans from financial institutions** | | |
| Financing loans | 102,947,061.71 | 96,720,380.27 |
| Overdraft limit | 0.00 | 0.00 |
| Amount of overdraft limit granted | 4,856,310.40 | 4,856,310.40 |
| Available limit | 4,856,310.40 | 4,856,310.40 |
| | | |
| Book value of pledged subsidiary shares | 42,343,863.44 | 42,343,863.44 |
| **Collateral for financial institution loans, total** | **42,343,863.44** | **42,343,863.44** |
| | | |
| **Amounts payable for leasing contracts** | | |
| Payable in the next 12 months | 38,586.40 | 33,545.16 |
| Payable later | 52,440.98 | 13,649.53 |

# Accounting principles for key figures

| Key figure | Definition |
|---|---|
| EBITA[1] | Operating profit + amortisation of acquisitions |
| Comparable EBITA1 | 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 exl. 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 |

| Key figure | Definition |
| --- | --- |
| 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 group's alternative performance measures

| In thousand euros unless stated otherwise | 2022 | 2021 |
|---|---|---|
| **Net sales** | **260,683** | **237,830** |
| Materials and services | -143,469 | -138,242 |
| **Gross profit** | **117,214** | **99,588** |
| Gross margin, % | 45% | 41.9% |
| | | |
| **Operating profit** | **19,648** | **23,042** |
| | | |
| **Items affecting comparability included in profit (loss) for the period** | | |
| Listing expenses | 1,183 | 119 |
| Transaction costs of acquisitions | 182 | 1,574 |
| Contingent consideration costs of acquisitions | **1,467** | **910** |
| **Items affecting comparability included in profit (loss) for the period** | **2,832** | **2,603** |
| | | |
| **Comparable operating profit** | **22,481** | **25,645** |
| | | |
| Depreciation, amortisation and impairments | 16,933 | 12,963 |
| **EBITDA** | **36,581** | **36,005** |
| EBITDA margin, % | 14% | 15.1% |
| | | |
| Items affecting comparability included in profit (loss) for the period | 2,832 | 2,603 |
| **Comparable EBITDA** | **39,414** | **38,607** |

| In thousand euros unless stated otherwise | 2022 | 2021 |
|---|---|---|
| **Operating profit** | 19,648 | 23,042 |
| Amortisation of acquisitions | 3,332 | 2,685 |
| **EBITA** | **22,980** | **25,727** |
| EBITA margin, % | 8.8% | 10.8% |
| | | |
| Items affecting comparability included in profit (loss) for the period | 2,832 | 2,603 |
| **Comparable EBITA** | **25,813** | **28,330** |
| | | |
| **Profit (loss) for the period** | **10,075** | **14,377** |
| | | |
| **Comparable profit (loss)** | **12,907** | **16,980** |
| Comparable profit (loss) margin, % | 5% | 7.1% |
| | | |
| Amortisation of acquisitions | 3,332 | 2,685 |
| | | |
| **Comparable profit (loss) excluding amortisation of acquisitions** | **16,239** | **19,665** |
| Comparable profit (loss) excluding amortisation of acquisitions margin, % | 6.2% | 8.3% |
| | | |
| Operating cash flow before working capital changes | 38,608 | 38,472 |
| Repayment of lease liabilities | -11,542 | -8,306 |
| Interest expenses on leases | -1,446 | -1,205 |
| Change in working capital | -130 | -17,424 |
| Purchase of tangible and intangible assets | -1,720 | -2,482 |
| **Free cash flow** | **23,771** | **9,056** |
| Cash conversion to EBITDA | 65.8% | 25.2% |

# Signatures of the Board of Directors

Helsinki, on 14 March 2023

**Jesper Otterbeck**
Chairman of the Board

**Anders Borg**
Board Member

**Lars Wilsby**
Board Member

**Olli-Pekka Kallasvuo**
Board Member

**Katri Nygård**
Board Member

**Arni Ekholm**
Managing Director &
Chief Executive Officer

# The Auditor's Note

A report on the audit performed has been issued today.

Helsinki, 14 March 2023

**PricewaterhouseCoopers Oy**
Authorised Public Accountants

**Janne Rajalahti**
Authorised Public Accountant (KHT)

# Auditor’s Report

To the Annual General Meeting of Relais Group Oyj

## Report on the Audit of the Financial Statements

### 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
- the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Board of Directors.

**What we have audited**

We have audited the financial statements of Relais Group Oyj (business identity code 2566730-3) for the year ended 31 December 2022. The financial statements comprise:

- the consolidated balance sheet, income statement, comprehensive income statement, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies
- the parent company’s balance sheet, income statement, cash flow statement and notes.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of the 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.

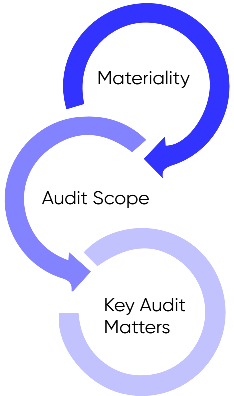
**Independence**

We are independent of the parent company and 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.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 9.2. to the Consolidated Financial Statements.

### Our Audit Approach

**Overview**




- Overall group materiality: € 2.500.000
- The group audit scope encompassed the most significant group companies and covers the vast majority of group’s revenues, assets and liabilities.
- Goodwill
- Valuation of Inventories
- Valuation of subsidiary shares (parent company)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

**Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

| | |
|---|---|
| Overall group materiality | € 2.500.000 |
| How we determined it | 1 % of sales |
| Rationale for the materiality benchmark applied | We chose sales as the benchmark because, in our view, it is a stable and an important benchmark in the group's current situation, against which the performance of the group is measured by users of the financial statements. As the group's profitability has not been stable, sales is also a generally accepted benchmark. We chose 1,0 % which is within the range of acceptable quantitative materiality thresholds in auditing standards. |

**How we tailored our group audit scope**

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The group audit scope has included significant group companies in Finland and Sweden. We obtained, through our audit procedures at the aforementioned companies, combined with additional procedures at the group level, sufficient and appropriate evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

| Key audit matter in the audit of the group | How our audit addressed the key audit matter |
|---|---|
| **Valuation of goodwill**<br>*Refer to note 13.2 in the consolidated financial statements.*<br><br>As at 31 December 2022 the group's goodwill balance amounted to € 118,2 million.<br><br>Goodwill is tested at least annually, irrespective of whether there is any indication of impairment. In goodwill impairment testing, the recoverable amounts are based on value in use determined by discounted future net cash flows expected to be generated by the cash-generating unit.<br><br>Key assumptions of the value-in-use calculations include the sales growth, the discount rate and the terminal value growth rate.<br><br>Valuation of goodwill is a key audit matter due to the size of the goodwill balance and the high level of management judgement involved in the estimation process. | Our audit of goodwill valuation focused on management's judgement and estimates used. We assessed the appropriateness of these through the following procedures:<br>• We tested the methodology applied in the value in use calculation by comparing it to the requirements of IAS 36, Impairment of Assets, and we tested the mathematical accuracy of the calculations.<br>• We evaluated the process by which the future cash flow forecasts were drawn up, including comparing them to medium term strategic plans and forecasts approved by the Board and testing the key underlying assumptions.<br>• We considered whether the sensitivity analysis performed by management around key drivers of the cash flow forecast was appropriate by considering the likelihood of the movements of these key assumptions.<br>• We compared the current year actual results to those included as estimates in the prior year impairment model to corroborate the reliability of management's estimates.<br>• We have assessed the discount rates applied within the model including comparison to economic and industry forecasts as appropriate.<br>We also considered the appropriateness of the related disclosures provided in note 13.2 in the group financial statements. |
| **Valuation of Inventories**<br>*Refer to note 16 in the consolidated financial statements.*<br><br>The Group measures inventory (€ 67,8 million) at the lower of cost and net realisable value (NRV). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs attributable to the sale.<br><br>The acquisition cost of the inventory includes the purchase price, to which are added variable expenses, such as freight, customs duties and expenses arising from the processing of the products until they are ready for sale.<br><br>When preparing the financial statements, the Group reviews the inventory values and, if necessary, records a write-down to reduce the value of the inventory to the net realisable value.<br><br>Due to the high level of management judgement and the significant carrying amounts and risks relating to valuation, this is one of the key audit matters. | Our audit procedures included obtaining an understanding of management's processes and controls related to the accuracy of the valuation of inventories.<br><br>In our audit we evaluated the appropriateness of the valuation principles of the group and their application to the valuation of inventories.<br><br>We evaluated the accuracy of the write-downs compared to the group valuation principles, subsequent events and other circumstances identified during the audit.<br><br>We tested the value of a sample of products. We compared the inventory value to purchase costs including variable expenses.<br><br>We tested the net realisable value of a sample of products included in the inventory at year-end. We compared the inventory value of the products to the selling price. |

| Key audit matter in the audit of the group | How our audit addressed the key audit matter |
|---|---|
| **Valuation of subsidiary shares in the parent company's financial statements**<br>*Refer to parent company's financial statement notes.*<br><br>As at 31 December 2022 the value of Relais Group Oyj's subsidiary shares amounted to € 119,9 million in the parent company's financial statements prepared in accordance with Finnish GAAP.<br><br>The valuation of subsidiary shares is tested as part of the group impairment testing based on the discounted cash flow model.<br><br>The valuation of subsidiary shares is a key audit matter due to the significant carrying amounts involved and the high level of management judgement involved. | We assessed the appropriateness of the method and management's judgement and estimates in the calculations through the following procedures:<br>• We evaluated the process by which the future cash flow forecasts were drawn up, including comparing them to medium term strategic plans and forecasts approved by the Board and testing the key underlying assumptions.<br>• We considered whether the sensitivity analysis performed by management around key drivers of the cash flow forecast was appropriate by considering the likelihood of the movements of these key assumptions.<br>• We compared the current year actual results included in the prior year impairment model to corroborate the reliability of management's estimates. |

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

## Responsibilities of the Board of Directors and the Managing Director for the 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, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and 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. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the 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 good auditing practice 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 good auditing practice, 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 parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used 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 and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or 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 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 parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Reporting Requirements

### Appointment

We were first appointed as auditors by the annual general meeting on 31 December 2013. Our appointment represents a total period of uninterrupted engagement of 9 years. The company has become a public interest entity on 1 December 2022.

### Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 14 March 2023

**PricewaterhouseCoopers Oy**
Authorised Public Accountants

Janne Rajalahti
Authorised Public Accountant (KHT)

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