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REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS 2023

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Report of the Board of Directors 1 January – 31 December 2023

Relais Group Plc is a consolidator and competent 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
- Organic growth
- Operational excellence

On 31 December 2023, Relais Group comprised of the parent company Relais Group Plc and its subsidiaries Startax Finland Oy (Finland), Startax AS (Estonia), Startax Latvia SIA (Latvia), Startax Lithuania UAB (Lithuania), Adita Oy (Finland), Lumise Oy (Finland), Raskone Oy (Finland), Strands Group AB (Sweden), Startax Maskin-Teknisk AS (Norway), SEC Set Ecofoss A/S (Denmark), Automateriell AS (Norway) and Relais Group Sweden AB (Sweden), whose subsidiaries are Aktiebolaget Reservdelar (Sweden), Helsingborgs Bildelsbutik AB (Sweden), Awimex International AB (Sweden), Huzells Tunga Delar AB (Sweden), STS Sydhamnens Trailer Service AB (Sweden) and Skeppsbrons Jönköping AB (Sweden). Lumise Oy has two subsidiaries Design by Scandinavian Metal AB (Sweden) and Lumise Norway AS (Norway) and Automateriell AS has a subsidiary Nordic Lift AS (Norway). Additionally Relais Group Sweden AB has two non-operative subsidiaries, TD Tunga Delar Sverige AB and Trucknik Reservdelar AB, that will be merged into Huzells Tunga Delar AB in 2024.

Changes in the Group structure

On 29 March 2023, Relais Group acquired all shares in Adita Oy. Adita is a local distributor of spare parts and equipment for cars and marine use in the Helsinki region. In 2022 its net sales were EUR 5.6 million and the number of employees was 14. Adita Oy has been consolidated into the Group's consolidated accounts starting 1 March 2023.

On 1 August Relais Group acquired the Norwegian workshop equipment business unit of NDS Group AS, comprising the assets and personnel of the AutoMateriell business and the shares in Nordic Lift AS. In 2022 the total revenue of the acquired business unit was approximately NOK 198 million and the operating profit approximately NOK 13 million. The AutoMateriell business and Nordic Lift AS have been consolidated into the Group's consolidated accounts starting 1 August 2023.

On 31 October the Relais Group Plc group company Raskone Oy acquired the heavy commercial vehicle workshop business Jyväskylä Truck Center. The business is situated in the city of Jyväskylä in Finland and it employs 13 people. In 2022 the business had a net sales of approximately EUR 1.7 million and EBIT of approximately EUR 0.1 million. Jyväskylä Truck Center has been consolidated into the Group's consolidated accounts starting 1 November 2023.

On 16 November the Relais Group Plc group company STS Sydhamnens Trailer Service expanded its operations by opening a new workshop in Eskilstuna, Sweden. Following the opening of the Eskilstuna workshop, STS has 14 workshops for repair and maintenance of heavy trucks and trailers in Sweden.

In July S-E-T A/S (subsidiary of Relais Group Plc) as well as Ecofoss A/S (subsidiary of SEC Scandinavia A/S) were merged into SEC Set Ecofoss A/S (formerly SEC Scandinavia A/S).

In the fall of 2023 Huzells Tunga Delar AB (formerly Huzells i Karlstad Aktiebolag) acquired the assets and business of the Relais Group companies TD Tunga Delar Sverige AB (Sweden) and Trucknik Reservdelar AB (Sweden). The remaining two non-operative companies will be merged into Huzells Tunga Delar AB in 2024.

Market and operating environment

The market environment during 2023 was impacted by external, macroeconomic and market demand factors. Inflation was on a relatively high level, dramatically risen interest rates and financial expenses for corporates and households affected the purchase power of customers and consumers negatively. High cost inflation and a weak Swedish krona caused upward pressure on sourcing costs of goods and sales prices. On the other hand, the vehicle aftermarket is defensive by nature and compared to many other businesses it is a sector with less cyclicality. The Commercial Vehicle Repair and Maintenance business continued to perform strongly throughout the year, driven by robust customer demand in both Finland and Sweden combined with the effect of implemented efficiency measures. The market situation for the Technical Wholesale and Products business had geographical differences. The market situation was most favorable in Sweden and elsewhere in Scandinavia, but clearly weaker in Finland. In Finland and Baltics, the spare parts market continued to experience heavy competition and weak consumer demand. Especially the online business was negatively impacted.

The sales of vehicle lighting products during the second half of the year form a significant part of the Group's sales, cash flow and seasonality, with a particular weight of consumer sector sales in the last quarter. Sales of lighting products to professional business-to-business customers were stable in 2023. The Group company Strands Group AB achieved significant growth, especially in the export markets. The sales of discretionary lighting products to customers suffered from continued low consumer confidence and reduced purchasing power caused by inflation and dramatically risen financial expenses for corporates and households. This effect was especially visible in the online sales of lighting products to the consumers.

The market outlook for 2024 is largely dependent on above mentioned external, macroeconomic and market demand factors. Inflation is still on a relatively high level, dramatically risen financial expenses for corporates and households are still affecting the purchase power of customers and consumers negatively. Unemployment and layoffs are also increasing in Finland and Sweden. In addition, the weakened Swedish krona against the euro is expected to continue setting pressure on sourcing costs of goods, sales prices and reported results as a major part of Relais Group's business is conducted in the Swedish marketplace. On the other hand, the vehicle aftermarket is defensive by nature and less cyclical compared to many other businesses.

Sales

In 2023, the Group's net sales were EUR 284.3 (260.7) million, an increase of 9%. Acquired net sales growth amounted to 8% and exchange rate differences had a negative impact of 4%. Organically net sales increased 5%.

Net sales of the Commercial Vehicle Repair and Maintenance business were EUR 91.9 (85.6) million, an increase of 7%. Acquired net sales growth was 3% and exchange rate differences had a negative impact of 3%. Organically net sales increased 7%. The organic increase was attributable to strong customer demand in both Finland and Sweden combined with the impact of the efficiency measures initiated in 2022.

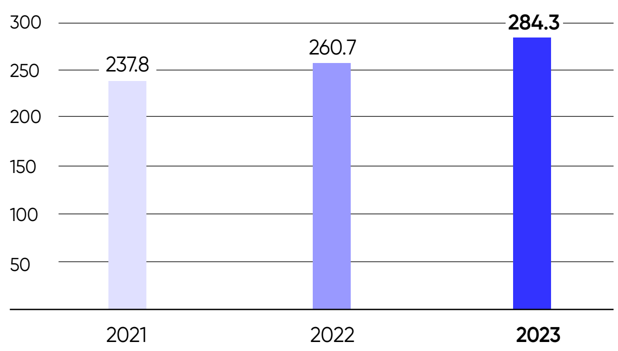
Net sales of the Technical Wholesale and Products business were EUR 192.4 (175.1) million, an increase of 10%. Acquired net sales growth was 10% and exchange rate differences had a negative impact of 4%. Organically net sales increased 4%. Organic sales increased in Scandinavia supported by implemented sales price increases in Sweden caused by the significantly weakened krona against the euro. In Finland and Baltics net sales were below last year's level mainly due to the heavy competition in the spare parts market and weak consumer demand. Especially the online business in Finland was negatively impacted.

Net sales grew in Scandinavia by 15% and in Finland and the Baltics by 3%.

On product group level sales increased the most in Equipment, 46% and in Repair and Maintenance, 7%.

The Groups average gross margin increased despite increased sourcing costs of goods and a weak Swedish krona. The increase was supported by the increase in the share of the Commercial Vehicle Repair and Maintenance business, where the gross margin is relatively higher than in the Group's Technical Wholesale and Products business.

Net sales 2021–2023, EUR million



Financials

Financial result

In 2023, the Group's EBITA was EUR 28.6 (23.0) million and the comparable EBITA EUR 28.9 (25.8) million. EBITA was 10.0 (8.8) % of net sales and comparable EBITA 10.1 (9.9) % of net sales. EBITA grew by 24% and comparable EBITA by 12%.

The improvement in EBITA was attributable to the profitability improvement in the Commercial Vehicle Repair and Maintenance business as well as corporate acquisitions made in 2022 and 2023. Heavy competition in the spare parts market and weak consumer demand impacted negatively on the profitability of the Technical Wholesale and Products business in Finland and the Baltics. Especially the online business in Finland was negatively impacted.

The significant weakening of the Swedish krona in 2023 had a negative impact on the Group's EBITA. At comparable exchange rates, EBITA would have been approximately EUR 1.5 (0.7) million higher than reported.

Operating profit for the reporting period was EUR 25.1 (19.7) million or 8.8 (7.5) % of net sales. Against last year the operating profit improved by 28%. The comparable operating profit was EUR 25.4 (22.5) million or 9.0 (8.6) % of net sales, an increase of 13%.

Net financial items were EUR -7.4 (-6.5) million of which net interest expenses were EUR -7.3 (-4.2) million. The impact of lease liabilities on interest expenses was EUR -1.7 (-1.5) million. The increase in interest expenses was attributable to the increased interest rates on interest-bearing loans. Financial items included exchange rate differences amounting to EUR 0.1 (-2.5) million, of which EUR 0.1 (-2.5) million were unrealized. The exchange rate differences were attributable to the net exchange rate difference of SEK denominated interest-bearing loans and SEK denominated group internal interest-bearing loan receivables.

The profit for the period was EUR 13.7 (10.0) million and the comparable profit for the period was EUR 14.0 (12.9) million.

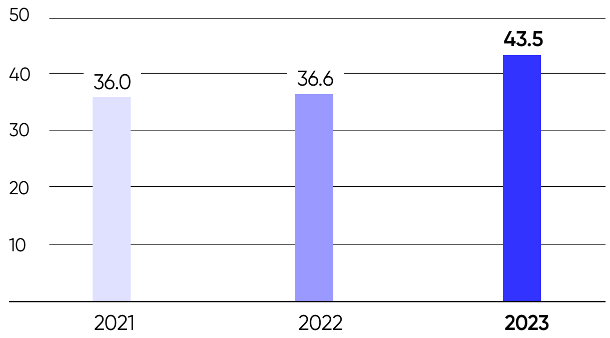
Earnings per share, basic were EUR 0.76 (0.56). The comparable earnings per share excluding amortisation of acquisitions, basic were EUR 0.96 (0.90).

When calculating comparable alternative performance measures, transaction costs and certain additional purchase price items of company and business acquisitions, listing costs as well as possible other nonrecurring income or expenses and the tax impact of the aforementioned items are eliminated as items affecting comparability. These items related to the implementation of the company's strategy can be significant and vary considerably 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.

Balance sheet

The consolidated balance sheet total on 31 December 2023 was EUR 329.1 (312.8) million. Non-current assets were EUR 199.9 (194.2) million, of which EUR 120.1 (118.2) million was attributable to goodwill and EUR 60.9 (55.9) million to right of use assets.

EBITDA 2021-2023, EUR million



Net working capital amounted to EUR 67.1 (62.6) million and inventories were EUR 74.1 (67.8) million. The increase in net working capital originated in increased trade and other receivables and increased inventory levels caused primarily by the build-up of receivables after the acquisition of the AutoMateriell business as well as inventories acquired in connection of the acquisition of AutoMateriell and Nordic Lift. Also, growth related investment in inventories in the Lighting product group in the third quarter had an increasing impact on net working capital.

Cash flow and financial position

In 2023 net cash from operating activities was EUR 30.6 (28.8) million. The increase in net cash from operating activities was attributable to improved profitability especially in the Commercial Vehicle Repair and Maintenance business as well as to corporate acquisitions made in 2022 and 2023.

Cash flow from investing activities was EUR -8.0 (-16.2) million. Out of this EUR -4.1 (-14.7) million was related to the acquisition of subsidiary shares. These constituted the acquisition of the shares in Adita Oy in March, the additional purchase price of SEK 25 million paid to the previous owners of Strands Group AB in May in line with the share purchase agreement as well as the acquisition of the shares in Nordic Lift AS. Additionally, investments in intangible and tangible assets were made to an aggregate amount of EUR -4.1 (1.7) million. The increase was attributable to operative investments in the Commercial Vehicle Repair and Maintenance business especially in Sweden and in the Wholesale and Products business in Scandinavia. The increase was also attributable to intangible assets acquired in connection with the acquisition of AutoMateriell and Nordic Lift.

Free cash flow was EUR 24.0 (24.0) million.

Cash flow from financing activities was EUR -27.0 (-10.5) million. The difference consisted mainly of repayments of lease liabilities EUR -12.2 (-11.2) million, dividends paid of EUR -7.3 (-6.5) million and proceeds from non-current and current loans and borrowings of EUR 0.0 (20.0) million.

On 31 December 2023, the Group's net debt was EUR 151.0 (147.3) million and net debt excluding lease liabilities was EUR 87.9 (90.1) million. Net debt to LTM EBITDA was 3.47 (4.02) and net debt excluding lease liabilities to LTM EBITDA was 2.02 (2.46). Net gearing was 136.5 (141.7) %. Net gearing excluding lease liabilities was 79.4 (86.7) %.

The Group's cash assets at the end of the review period were EUR 9.7 (13.5) million.

Relais Group Plc agreed on 24 February 2023 with its principal bank on amendments to its senior financing agreement originally concluded in 2019 and previously amended in May 2022. The maturity of the financing agreement was extended by one year until the end of May 2025. According to the amended financing agreement the maximum financial exposure is EUR 126.9 million consisting of a maximum of EUR 104.4 million in acquisition financing, EUR 15.5 million in uncommitted senior facilities agreement and a Revolving Credit Facility (RCF) limit of EUR 7.0 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 5.6 million. At the end of 2022, the undrawn portion of the uncommitted senior facilities was EUR 15.5 million and of RCF limit EUR 4.9 million.

The Group's total equity was EUR 110.7 (103.9) million or EUR 6.1 (5.7) per share. The equity ratio was 33.6 (33.2) %.

Group Key Figures

EUR thousand unless stated otherwise	Jan-Dec 2023	Restated** Jan-Dec 2022
Net sales	284,252	260,683
Gross profit	128,923	117,214
EBITDA	43,542	36,581
EBITDA margin, %	15.3%	14.0%
EBITA	28,552	23,013
EBITA margin, %	10.0%	8.8%
Operating profit	25,147	19,681
Operating profit margin, %	8.8%	7.5%
Profit (loss) for the period	13,739	10,032
Profit (loss) for the period margin, %	4.8%	3.8%
Comparable profit (loss) excluding amortisation of acquisitions	17,444	16,196
Comparable profit (loss) excluding amortisation of acquisitions margin, %	6.1%	6.2%
Return on equity (ROE)	12.8%	9.6%
Equity ratio	33.6%	33.2%
Net gearing	136.5%	141.7%
Earnings per share, basic (EUR)	0.76	0.56
Earnings per share, diluted (EUR)	0.73	0.53
Comparable earnings per share, basic (EUR)	0.77	0.71
Comparable earnings per share, diluted (EUR)	0.75	0.69
Comparable earnings per share excluding amortisation of acquisitions, basic (EUR)	0.96	0.90
Comparable earnings per share excluding amortisation of acquisitions, diluted (EUR)	0.93	0.86
Personnel at the end of the period, FTE	1,089	1 ,009

Personnel

In 2023 the Group employed an average of 1,050 (997) employees. On 31 December 2023 the personnel amounted to 1,089 (1,009) representing an increase of 80. 69 employees were gained through acquisitions.

Employee benefit expenses totaled EUR 59.1 (55.0) million.

Management

Board of Directors, management and auditors

Relais Group's Annual General Meeting on 5 April 2023 appointed five members to the company's Board of Directors. Anders Borg, Olli-Pekka Kallasvuo, Katri Nygård, Jesper Otterbeck and Lars Wilsby were re-elected. In the constitutive board meeting held after the Annual General Meeting the Board of Directors elected Jesper Otterbeck as Chairman of the Board.

The following changes in the company's management took place in 2023: On 15 February 2023, Relais Group informed that Thomas Ekström was appointed Group CFO starting from August 2023 at the latest.

At the end of the year 2023, Relais Group's Management Team consisted of Arni Ekholm (Group CEO), Thomas Ekström (Group CFO), Juan Garcia (Managing Director (Scandinavia)), Ville Mikkonen (Managing Director (Finland and Baltics)), Jan Popov (Managing Director of Raskone Oy), Johan Carlos (Managing Director of Strands Group AB), Sebastian Seppänen (Director, M&A and Business Development) and Jon Strand (Director Marketing and Sales Development (interim)).

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. It was decided to pay the auditors' fees as per invoice approved by the company.

Corporate governance statement

The corporate governance statement for 2023 is issued separately from the Report of the Board of Directors on 18 March. It will be available on the company's website and as part of the Relais Group Annual Reporting Package 2023.

Remuneration of the Board and management

The remuneration of Relais Group's Board of Directors and CEO is presented in more detail in the Remuneration Report for 2023. It will be available on the company's website and as part of the Relais Group Annual Reporting Package 2023.

Shares and shareholders

Share capital and number of shares

Relais Group Plc's share is quoted in the Automobiles and Parts sector of Nasdaq Helsinki Ltd. Relais Group Plc was listed on the First North Growth Market Finland Marketplace of Nasdaq Helsinki on 17 October 2019 and on the official list on 1 December 2022. Relais Group's trading code is RELAIS and its ISIN code is FI4000391487.

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 share does not have a nominal value. All shares provide equal entitlements to the dividend and other fund distribution (including fund distribution in dissolution situations).

At the end of the period under review, the company's fully paid-up share capital, as recorded in the Trade Register, amounted to EUR 80,000 and the number of shares totalled 18,132,308.

Shareholdings

According to the shareholder register maintained by Euroclear Finland, Relais Group had 2,758 shareholders (2,798) at the end of the review period. Of the shares, 8.81 (9.52) % were owned by nominee-registered or non-Finnish holders.

On 31 December 2023 Relais Group held 50 of its own shares.

Ownership by size of holding, 31 December 2023

Number of shares	Shareholders	%	Shares	%
1 - 100	1,094	39.7%	46,974	0.3%
101 - 500	1,125	40.8%	278,500	1.5%
501 - 1,000	267	9.7%	202,998	1.1%
1,001 - 5,000	185	6.7%	383,297	2.1%
5,001 - 10,000	27	1%	199,924	1.1%
10,001 - 50,000	26	0.9%	703,209	3.9%
50,001 - 100,000	8	0.3%	593,573	3.3%
100,001 - 500,000	21	0.8%	5,179,365	28.6%
500,001 +	5	0.2%	10,544,468	58.2%
Total	**2,758**	**100.0%**	**18,132,308**	**100.0%**
Nominee registered	8	0.3%	1,597,941	8.8%
Number of shares issued			**18,132,308**	**100.0%**

Ownership by sector, 31 December 2023

Sector	Shareholders Number	%	Shares Number	%
Private companies	149	5.4%	1,855,816	11.2%
Financial and insurance institutions	24	0.9%	2,654,310	16.1%
Public sector organisations	3	0.1%	733,704	4.4%
Households	2,550	92.5%	2,576,165	15.6%
Non-profit institutions serving households	18	0.7%	221,272	1.3%
Foreigners	14	0.5%	8,493,100	51.4%
Total	**2,758**	**100.0%**	**16,534,367**	**100.0%**
Nominee registered	8	0.3%	1,597,941	9.7%
Number of shares issued			**18,132,308**	

Largest shareholders[2] according to the book-entry register, 31 December 2023

	Shareholder	Number of shares	%
1	Salmivuori Ari	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	Evli Finland Small Cap Fund	667,816	3.7
5	Ajanta Oy[2]	469,800	2.6
6	Kauhanen Kari	435,571	2.4
7	Evli Finland Select Fund	399,850	2.2
8	Nordea Bank Abp	398,000	2.2
9	Elo Mutual Pension Insurance Company	357,813	2.0
10	Rausanne Oy	301,500	1.7
11	Stadigh Kari	292,200	1.6
Ten largest combined		**12,592,080**	**69.4**
Other shareholders		5,540,228	30.6
Total		**18,132,308**	**100.0**

[1] In Nordic Industry Development AB, control is indirectly held by Jesper Otterbeck.
[2] In Ajanta Oy, control is held by Ari Salmivuori. In the table below, Salmivuori and Ajanta Oy are considered as one shareholder.

On 31 December 2023, the members of the Board of Directors and the management team of Relais Group owned a total of 4,066,774 Relais Group shares, corresponding to approximately 22.4% of all shares and votes. 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
Lars Wilsby[5]	30,000
Total	**4,066,774**

[1] Owned through JG Management AB, which is controlled by Juan Garcia.
[2] Owned directly and through Entrada Oy, which is controlled by Olli-Pekka Kallasvuo.
[3] Owned through Nordic Industry Development AB, which is controlled indirectly by Jesper Otterbeck and Otterbeck Management AB, which is controlled by Jesper Otterbeck.
[4] Owned by Tailor Made Global Investment AB, which is controlled by Jon Strand.
[5] Owned by Wilsby Invest AB which is controlled by Lars Wilsby.

Monthly updated information on the largest shareholders can be found on the company's website at relais.fi under investors/shares-and-shareholders/major-shareholders.

Managers' transactions
Relais Group's managers' transactions are published as stock exchange releases, and they are available on the company's website.

Flagging announcements
Relais Group Plc received on 22 June 2023 an announcement from Evli Plc in accordance with the Finnish Securities Market Act Chapter 9, Section 5, according to which the total holding of funds (Evli Finnish Small Cap Fund and Evli Finland Select Fund) managed by Evli Plc's subsidiary Evli Fund Management Company Ltd in Relais Group Plc's shares and votes had increased above five (5) percent. The ownerships had changed on 21 June 2023.

Total positions of the funds (Evli Finnish Small Cap Fund and Evli Finland Select Fund) managed by Evli Plc's subsidiary Evli Fund Management Company Ltd was 1,020,666 shares corresponding to an ownership of 5.63 percent of the Company's shares and votes after the notification.

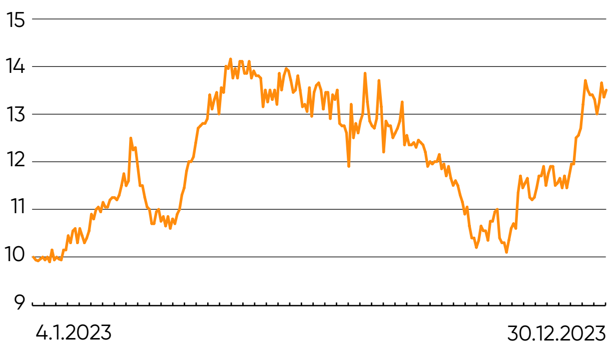
Share trading and the company's market capitalization
In January-December 2023, a total of 1,322,349 Relais Group shares (2,592,828) were traded on Nasdaq Helsinki, representing 7.29 (14.30) % of the shares outstanding. The total value of the share turnover was EUR 15,579,746 (34,889,766). The lowest price of the share was EUR 9.80 (7.50), the highest was EUR 14.50 (27.70) and the average price was EUR 11.78 (13.46). At the end of December, the closing price of the share was EUR 13.50 (10.20).

The company's market capitalization on 31 December 2023 was EUR 245 (185) million.

Trading of shares

	Jan-Dec 2023	Jan-Dec 2022
Trading volume, million	1,322,349	2,592,828
Trading volume, EUR million	15,579,746	34,889,766
Highest price, EUR	14.50	27.70
Lowest price, EUR	9.80	7.50
Closing quotation, end of period, EUR	13.50	10.20

Share price performance in 2023



Authorizations

The Annual General Meeting on 5 April 2023 authorized the Board of Directors to resolve on the acquisition or accepting as pledge of a maximum of 1,813,231 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. This authorization shall supersede the buyback authorization granted at the earlier General Meetings.

The authorization was not used in 2023. The authorization is effective until the end of the Annual General Meeting to be held in 2024, yet no further than until 30 June 2024.

Furthermore, the AGM on 5 April 2023 authorized the Board of Directors to decide on issuing a maximum of 3,626,462 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. This authorization shall supersede previous authorizations resolved in General Meetings concerning the issue of shares and special rights entitling to shares.

The authorization was not used in 2023. The authorization is effective until the closing of the Annual General Meeting to be held in 2024, yet no further than until 30 June 2024.

Long term incetive schemes

Relais Group's Management Team is covered by two long-term incentive schemes, effective between the years 2021–2026:

On 10 August 2023 the Board of Directors decided to launch two new stock option plans for key employees. The options were granted and accepted by the recipients on 5 September 2023. At the end of the review period 100 000 options were granted out of a maximum of 120 000 options.

In February 2021 a share-based and cash settled long-term incentive plan for the company's management was established. No rewards were paid for the first tranche that was payable in 2023.

For more information, please see the Stock Exchange Release published on 10 August 2023, note 7 in the Financial Statements 2023, the Remuneration Report 2023 and Relais Group's investor pages under Corporate Governance and Remuneration.

Option scheme

The current and former members of the Board of Directors and their inheritors owned on 31 December 2023 a total of 777,250 option rights relating to a stock option scheme established in 2017. The option rights, if exercised, corresponds to approximately 4.3% of the company shares and votes. All option rights entitle their holders to the issue of a corresponding number of shares.

During the financial year no new Relais Group shares were subscribed based on the option rights. In 2022 a total of 58,350 new Relais Group shares were subscribed.

For more information, please see note 7 in the Financial Statements.

Major risks and factors of uncertainty

Relais Group's is exposed to various risks and factors of uncertainty. Relais Group's earnings, financial position and future development are affected by internal factors which are controlled by the Group itself, and by external factors, where opportunities to influence the course of events are limited.

The risk factors of greatest importance for the Group are the state of the general economy, structural changes in the markets, availability and favorable valuation of suitable acquisition targets, customer and supplier dependence, the competitive situation, ability to effectively manage working capital, pandemics, cyber security risks as well as geopolitical uncertainty close to the main markets.

Overall economy and market

The demand for Relais Group's products and services is largely impacted by macroeconomic factors that are beyond the Group's control. These could include pandemics, geopolitical uncertainties close to the main markets, economic trends in the markets where the Group is active and the conditions in the global capital markets. Should these factors deteriorate in the markets where the Group is active, this could have a negative impact on the Group's financial position and earnings.

Structural changes

Relais Group operates in a competitive and fragmented market in certain business areas, and competition and consolidation may increase in the future and weaken the market position of Relais Group.

Acquisitions

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

Ability to effectively manage working capital

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.

Customer and supplier dependence

In order to deliver products, Relais Group depends on external suppliers fulfilling the agreements entered into, for example, with regard to volume, quality and delivery time. Incorrect, delayed or missed deliveries can have a negative impact on Relais Group's financial position and earnings. Relais Group's and its subsidiaries' reputation is also dependent on suppliers having a high level of business ethics, for example with regard to following laws and regulations, human rights, working conditions and the environment.

Relais is also dependent on its retailer network and its net sales can suffer if retailers' businesses underperform or customer relationships change.

IT security and cyber risks

Digital risks are continuously increasing in society. Relais Group like most companies, is dependent on various information systems and other technologies to manage and develop the business. Unplanned outages and cybersecurity incidents, such as hacking, viruses, sabotage and other cybercrime, can result in both loss of revenue and loss of reputation. IT incidents or cyber incidents at third parties, such as suppliers or customers, can also affect Relais Group's delivery and earning capacity. The risks are limited through the decentralised organisational model where the different subsidiaries work with individual solutions and separate IT infrastructures. Relais Group subsidiaries also use external cybersecurity experts to ensure that the security level is adapted and updated based on prevailing threats and customers' growing cybersecurity requirements.

Compliance

The company's business may also be affected by new or changed laws and regulations that affect the markets. Changed legislation can affect sales of Relais Group's products, transports of goods and the way that customers use the products. An inability to meet customers' stricter environmental requirements can also affect sales.

Ability to recruit and retain staff

The importance of the Company's key personnel to business success is significant, and the loss of key personnel can cause adverse effects.

Organisation

Relais Group's decentralised organization is based on the subsidiaries having significant local responsibility for their own business. This imposes strict demands in relation to financial reporting and follow-up, and shortcomings can lead to inadequate control and management of the business. Relais Group manages its subsidiaries through active board work, Group-wide policies, financial goals as well as instructions regarding financial reporting. By being an active owner and following the development of the subsidiaries, risks can be quickly identified and remedied in accordance with the Group's guidelines.

Seasonal effects

The sales of vehicle lighting products during the second half of the year form a significant part of the Group's sales, cash flow and seasonality, with a particular weight of consumer sector sales in the last quarter. Additionally, weather conditions affect the sales of Relais Group. For example, very cold weather clearly increases spare parts sales. Weather conditions can vary significantly, causing sales fluctuations between seasons. Relais Group business operations normally also follow a seasonal pattern which means lower sales during holiday periods. The number of sales days also impacts sales and causes variation between reporting periods.

Risks associated with leases and lease liabilities

Relais Group leases all its premises from external lessors. Relais Group's lease liabilities according to IFRS 16 Leases amounted to EUR 63.1 million on 31 December.

If Relais Group is unable to terminate the leases of unproductive or vacant premises, or if the termination or modification of leases causes significant costs, or if the lessor terminates the lease of a premises and a replacement space cannot be found quickly enough, this may have a materially adverse effect on Relais Group's business, financial position, operating results and future outlook.

Acquisitions and goodwill

Relais Group has carried out a large number of acquisitions during recent years. Strategically, acquisitions will continue to represent an important part of the growth. Intangible surplus values normally arise in connection with acquisitions. The risk of impairment of intangible surplus values and goodwill arises if a business unit underperforms in relation to the assumptions that applied at the valuation and any impairment may adversely affect the Group's financial position and earnings. Additional risks associated with acquisitions are integration risks and exposure to unknown obligations. Relais Group has experience in acquiring and pricing companies. All potential acquisitions and their operations are carefully examined before the acquisition is completed. There are well-established processes and structures for pricing and implementing of acquisitions and integrating acquired companies. The agreements entered into strive to obtain the necessary guarantees to limit the risk of unknown obligations. The higher number of companies acquired also results in risk diversification.

Financial risks

Relais Group is exposed to different kinds of financial risks through its operations. Currency risk refers to the risk that changes in exchange rates may have a negative impact on Relais Group's financial position and earnings. Transaction exposure is the risk arising from the fact that the Group has incoming and outgoing payments in foreign currency. Translation exposure arises as a result of the fact that the Group has recognised income, assets and liabilities in foreign currencies. The Group is also exposed to financing risk, i.e. the risk that financing of the Group's capital requirements will become more difficult or more expensive. Interest rate risk refers to the risk that changes in interest rate levels may have a negative impact on Relais Group's financial position and earnings. Relais Group strives for a structured and efficient management of the financial risks that arise in the operations. The goal is to minimise the effect on earnings of the financial risks. For a further description of the Group's and the Parent Company's financial risks and sensitivity analysis, refer to Note 22 Financial risk factors and risk management.

Insurable risks

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.

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

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.

Non-financial statement

In its reporting, Relais complies with the Finnish Accounting Act, 1376/2016, which is based on the EU Directive on non-financial reporting. Essential and statutory corporate responsibility topics related to the environment, social responsibility and good governance are reported in this section of the report of the board of directors. Additionally, these topics are described more extensively in the Annual and Sustainability Review 2023, which will be published on the company's website on 18.3.2024. The reporting period for sustainability information is 1.1.–31.12.2023, unless otherwise stated in the context. Separate reports on Relais' management and remuneration are published simultaneously with the financial statements; Corporate Governance Statement and Remuneration Report.

During 2023, Relais started updating its materiality assessment and at the same time preparing for the Sustainability Reporting Directive (CSRD). In the materiality assessment, Relais's actual and potential positive and negative sustainability impacts have been evaluated, i.e. the impacts of business operations on the environment, social factors and good governance from the impact perspective and the potential financial risks and opportunities from the financial perspective. The review will be deepened during Q1/2024. It has been recognised that materiality assessment is a continuous process that is evaluated according to the principle of continuous development and at least annually.

During the year, Relais also updated its sustainability programme. The programme, which is based on the previous sustainability programme's main themes, will be specified especially in terms of goals and metrics during 2024.

Relais sustainability programme follows the ESG tripartite approach, focusing on environmental, social and governance issues. It takes into account the special characteristics of the industry and the nature of the business. Relais Group is also committed to supporting the goals of the UN's 2030 Agenda for Sustainable Development through its business operations.

The themes of the sustainability programme are; enabling transition towards low-emission traffic and making climate-friendly choices, promoting circular economy and the use of environmentally friendly spare parts and equipment, fostering safety of own employees, customers' personnel and all road users, enchancing well-being at work, equal opportunities, training and development, compliance and ethical operations, and sustainable procurement practices in the supply chain.

Sustainability is discussed in the Group's Board of Directors as part of the company's management. From fiscal year 2024 onwards, the progress of the programme will be reported regularly to the Board of Directors and annually in accordance with the European Corporate Sustainability Reporting Directive and sustainability reporting standards.

Business model

Relais Group is a leading consolidator and competent compounder on the vehicle aftermarket in the Nordic and Baltic countries. The company is focused on vehicle life cycle enhancement and related services. As a profitable and strongly growth-oriented company, Relais supports the acquired companies to grow their business. Relais helps the companies grow faster than the market by utilizing in-depth knowledge of the vehicle aftermarket and synergies between group companies.

Relais Group is listed on the main list of Nasdaq Helsinki. The company generates shareholder value by achieving strong profit growth with a strategy based on three mutually supporting factors: acquisitions, organic growth and operational efficiency.

Environmental aspects

Relais' key environmental aspects have been identified as enabling low-emission transport and climate-friendly choices, as well as promoting the circular economy and the use of environmentally friendly spare parts.

The most significant environmental impact of business operations consists of keeping vehicles in operational use for a longer period of time, thereby reducing the environmental impacts during the life cycle of the fleet. Relais aims to mitigate climate change by ensuring its ability to maintain and offer spare parts for low-emission vehicles.

The direct greenhouse gas emissions of the company's own operations are relatively low, but emissions are generated in the value chain, for example, in product manufacturing and logistics. In its own operations, Relais strives to reduce emissions through energy efficiency measures and to favour low-emission forms of energy. Relais started a group-level emissions calculation in the reporting period. The calculation covered 65% of turnover for scope 1 emissions and 71% for scope 2 for group companies. The goal of 2024 is to refine the emissions calculation and start mapping the value chain's emissions in order to be able to determine the most effective measures to reduce total emissions.

Relais strives to promote the circular economy by investing in and encouraging customers to use reusable and factory-refurbished spare parts. Relais aims to recycle packaging materials as efficiently as possible. The Group companies have taken measures to improve their operations related to recycling. Hazardous waste, chemicals and electrical and electronic waste generated in the operations are recycled and processed according to local requirements.

Social aspects

Relais' key aspects of social responsibility have been identified as the safety of its own employees, customers' personnel and all road users, as well as employee well-being, equal opportunities, training and development.

At the end of the financial year 31.12.2023, Relais Group had 1,089 (1,009) employees, representing an increase of 80. 69 employees were gained through acquisitions.

Relais sees its role as a promoter of the efficient use of vehicles and traffic safety and assuring critical transports as the most significant impact of its business. The company is involved in ensuring that the wheels of society keep turning and that transports, which are important in terms of security of supply, are handled efficiently and safely.

Relais strives to continuously improve the occupational safety of its own personnel and to ensure the safety of its customer companies' personnel and all road users. Among other things, the company develops new lighting solutions that increase safety and ensures the safety of its products and installations.

Relais continuously monitors the development of the occupational safety of its own personnel and encourages the promotion of occupational safety in daily work. Group companies take preventive measures and collect data on occupational accidents, with the goal of zero accidents. The occupational accident frequency of the Relais Group's personnel was 7.8 (occupational accidents/million working hours). There were no fatalities caused by accidents within the group.

Relais wants to take good care of its personnel. In the Group companies with the largest number of employees, employee satisfaction is monitored through regular surveys. In 2024, the Group will adopt a unified way of measuring and developing employee experience. The aim is to carry out a measurement during the year to map out the most significant factors affecting well-being at work for each individual and work community and the measures to be identified to promote them.

Relais Group ensures compliance with local legislation and collective agreements related to employment relationships in all Group companies. The company does not tolerate discrimination or bullying in any form, and any shortcomings detected are actively addressed. Personnel are trained and efforts are made to offer development opportunities and career paths according to their wishes. Training and development needs are identified through annual appraisals. The majority of personnel fall within the scope of the development discussion model.

Good governance and anti-bribery and anti-corruption

From the perspective of good governance, the most relevant sustainability topics have been identified as compliance and ethical operations and sustainable procurement practices in the supply chain. Relais' sourcing focuses on large sustainability-well-managed OEM (Original Equipment Manufacturer) subcontractors with precise and high sustainability criteria through their own Code of Conducts. Management for smaller suppliers takes place through Relais' Supplier Code of Conduct. Relais requires all suppliers to commit its Supplier Code of Conduct by signature. Suppliers are also audited according to the principle of continuous development. Regular factory visits are conducted.

Relais Group Plc has zero tolerance for all forms of bribery. The company supports the efforts of national and international authorities to eradicate anti-corruption and money laundering. During 2023, the company was not aware of any cases of corruption or bribery.

Relais Group has a whistleblowing channel in accordance with the EU Whistleblower Directive. It provides the opportunity to report suspected violations or unethical conduct in Relais Group, including fraud, corruption, harassment and dishonesty. The whistleblowing channel is not intended for the processing of customer feedback. The whistleblowing channel is not part of Relais Group's IT systems. Instead, it is managed by an external partner (WhistleB, Whistleblowing Centre) to ensure anonymity. The whistleblowing procedure is encrypted and password-protected. All messages received via the whistleblowing channel are taken seriously and handled confidentially, fairly and without delay.

Relais Group's operating practices and principles concerning the prevention of corruption, bribery and misconduct are documented in the Relais Group Code of Conduct, as well as other related policies and operating guidelines.

Roles and responsibilities concerning risk management

The responsibility for implementing risk management rests with the group's management team. Sustainability risk management is part of the company's risk management. The members of the management team are responsible for ensuring that adequate risk identification, assessment, management, and reporting procedures are included in the processes under their responsibility. The managing directors of the subsidiaries, under the supervision of the members of the management team, organize locally the appropriate way of implementing risk management, taking into account the size of each company.

The company's board will process the most significant risks, their management and evaluates the effectiveness of risk management at least once a year. The group's CFO is responsible for annual reporting to the board. As part of the preparation for the sustainability reporting directive, ESG-related risks and opportunities were mapped during 2023. During 2024, ESG risks will be mapped from the perspective of financial risks, following the double materiality principle.

Risk management implementation

The management of the subsidiaries evaluates risks annually based on the group's updated risk map. The subsidiaries' risk assessments and action plans are updated at least once a year. Separate risk analyzes are made for significant projects, such as acquisitions. A financial, fiscal and legal due diligence is performed on acquisition targets to identify and manage the risks associated with acquisitions.

EU taxonomy

Relais Group is within the scope of the EU Taxonomy Regulation, which sets out reporting obligations for large enterprises. The EU's sustainable finance classification framework, known as the EU Taxonomy, is intended to help companies and investors assess the environmental sustainability of economic activities. The EU Taxonomy Regulation sets out technical screening criteria for evaluating a company's business operations with respect to environmental objectives concerning climate change mitigation and adaptation. Relais Group has assessed the taxonomy eligibility and taxonomy alignment of its activities in 2023, using the applicable technical screening criteria. In the assessment of taxonomy eligibility, five activities were identified among Relais Group's business operations. The assessments and interpretations are based on 2023 information published on 18 March 2024.

Calculation of taxonomy-eligible turnover, capital expenditure and operating expenditure

Turnover was compared to the Group's total turnover. Capital expenditure corresponds to increases in tangible and intangible fixed assets during the financial year. Operating expenditure corresponds to direct material costs, service expenditure and other operating costs, excluding labour costs. The following economic activities related to the environmental objective of climate change mitigation were included in the calculations.

3.3. Manufacture of low carbon technologies for transport
In this activity, Relais Group includes the repair and maintenance of zero-emission vehicles (electric vehicles) and low-emission hybrid vehicles (under 50g CO2/km). The report includes the total revenues, operating expenditure and capital expenditure arising from the repair and maintenance of vehicles in this category. Relais Group assumes that all revenues, capital expenditure and operating expenditure arising from the repair and maintenance of electric or hybrid vehicles are included in this activity. This means that spare parts and accessories sold in connection with maintenance services are also included. The revenue is based on statistics maintained by the workshops.
6.5. Transport by motorbikes, passenger cars and light commercial vehicles
This activity corresponds to Relais Group's investments in hybrid and electric vehicles. The calculation includes all new leased vehicles. The capital expenditure associated with activities in this category is recognised.

7.3. Installation, maintenance and repair of energy efficiency equipment
This activity includes the installation of energy-efficient lighting, such as LED lighting. Operating expenditure and capital expenditure arising from these activities are recognised.

7.4. Installation, maintenance and repair of charging stations for electric vehicles
Relais Group has invested in a small number of charging stations for electric vehicles in the vicinity of certain buildings. The capital expenditure associated with activities in this category is recognised.

7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
This activity includes, for example, the installation of intelligent motion detection systems. Operating expenditure arising from these activities is recognised.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

				Substantial contribution criteria						DNSH criteria Do No Significant Harm									
Economic activities (1)	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Cliomate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Cliomate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover 2022	Taxonomy-aligned proportion of turnover 2021	Category (enabling E or transitional Tactivity)
		KEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of eligible Taxonomy-aligned activities (A.1)	–	–	0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0:00	0:00	N/A
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Production of low-carbon transport technology	3.3	354	0.12																
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0	0.00																
Installation, maintenance and repair of energy-efficient equipment	7.3	0	0.00																
Installation, maintenance and repair of charging stations for electric vehicles in buildings	7.4	0	0.00																
Installation, maintenance and repair of instruments and devices for the measurement, regulation and control of the energy performance of buildings	7.5	0	0.00																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		354	0.1																
Total (A.1 + A.2)		354	0.1																
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of non-eligible activities (B)		283,898	99.9																
Total (A + B)		284,252	100																

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

				Substantial contribution criteria						DNSH criteria Do No Significant Harm									
Economic activities (1)	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Cliomate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Cliomate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx 2022	Taxonomy-aligned proportion of CapEx 2021	Category (enabling E or transitional Tactivity)
		KEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of eligible Taxonomy-aligned activities (A.1)	–	–	0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0:00	0:00	N/A
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Production of low-carbon transport technology	3.3	0	0.00																
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	462	5.48																
Installation, maintenance and repair of energy-efficient equipment	7.3	0	0.00																
Installation, maintenance and repair of charging stations for electric vehicles in buildings	7.4	0	0.00																
Installation, maintenance and repair of instruments and devices for the measurement, regulation and control of the energy performance of buildings	7.5	39	0.46																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		501	5.9																
Total (A.1 + A.2)		501	5.9																
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of non-eligible activities (B)		7,934	94.1																
Total (A + B)		8,435	100																

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Economic activities (1)	Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria: Climate change mitigation	Cliomate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria Do No Significant Harm: Climate change mitigation	Cliomate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx 2022	Taxonomy-aligned proportion of OpEx 2021	Category (enabling E or transitional Tactivity)
		KEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of eligible Taxonomy-aligned activities (A.1)	–	–	0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0:00	0:00	N/A
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Production of low-carbon transport technology	3.3	0	0.00																
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0	0.00																
Installation, maintenance and repair of energy-efficient equipment	7.3	7	0.00																
Installation, maintenance and repair of charging stations for electric vehicles in buildings	7.4	24	0.01																
Installation, maintenance and repair of instruments and devices for the measurement, regulation and control of the energy performance of buildings	7.5	0	0.00																
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		31	0.0																
Total (A.1 + A.2)		31	0.0																
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of non-eligible activities (B)		184,206	100																
Total (A + B)		184,237	100																

Research and development activities

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

Major events after the review period

On 7 March 2024 Relais Group notified that it had restated previously reported consolidated figures relating to IFRS 16 Leases due to the correction of the end date of one lease agreement.

The correction resulted in changes to the presentation of the consolidated financial results and financial position for previously published 2022 and 2023 quarterly and half-year figures. The restated tables are attached to the stock exchange release.

Outlook for 2024 and long-term financial target

The Company does not provide a numeric guidance for financial year 2024. 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.

Dividend policy

Relais Group Plc'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 group companies, 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.

The Board of Directors' proposal for dividends

The Group's profit for the financial year was EUR 13,739 (10,032) thousand and the parent company's profit for the financial year was EUR 8,412,506.58 (172,487.86). On 31 December 2023, the parent company's distributable funds amounted to EUR 81,054,173.70 (79,894,570.32).

According to the Finnish Companies Act, the distributable funds of the company are calculated based on the parent company's non-restricted equity. For the purpose of determining the amount of the dividend, the Board of Directors has assessed the liquidity of the parent company and the economic circumstances subsequent to the end of fiscal year.

Based on such an assessment, the Board of Directors will propose to the Annual General Meeting to be held on 10 April 2024 that a dividend of EUR 0.44 (0.40) per share to be paid in two equal instalments in April and November 2024 and that the remaining non-restricted equity is retained in shareholders' equity.

The proposal will be included in the notice to the Annual General Meeting, which will be published during March 2024.

Consolidated income statement

In thousands of euro	Note	1 Jan - 31 Dec 2023	Restated 1 Jan - 31 Dec 2022
Net sales	2, 4	284,252	260,683
Other operating income	5	2,655	2,754
Materials and services	6	(155,329)	(143,469)
Employee benefit expenses	7	(59,128)	(54,990)
Depreciation, amortisation and impairment losses	8	(18,395)	(16,900)
Other operating expenses	9	(28,909)	(28,397)
Operating profit		**25,147**	**19,681**
Financial income		1,436	4,658
Financial expenses		(8,876)	(11,199)
Net financial expenses	10	**(7,440)**	**(6,541)**
Profit before income taxes		**17,707**	**13,140**
Income tax expense	11	(3,968)	(3,109)
Profit for the financial year		**13,739**	**10,032**
Profit for the financial year attributable to			
Owners of the parent company		13,739	10,029
Non-controlling interests		-	2
Earnings per share	12		
Basic earnings per share, euro		**0.76**	**0.56**
Diluted earnings per share, euro		**0.73**	**0.53**

Consolidated comprehensive income statement

In thousands of euro	Note	1 Jan - 31 Dec 2023	Restated 1 Jan - 31 Dec 2022
Profit for the financial year		**13,739**	**10,032**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation difference		300	(4,288)
Total other comprehensive income for the financial year		**300**	**(4,288)**
Total comprehensive income for the financial year		**14,040**	**5,744**
Total comprehensive income attributable to			
Owners of the parent company		14,040	5,753
Non-controlling interests		-	(10)

Consolidated balance sheet

EUR thousands	Note	31 Dec 2023	Restated 31 Dec 2022	Restated 1 Jan 2022
ASSETS				
Non-current assets				
Intangible assets	13	13,082	15,014	15,066
Goodwill	13	120,132	118,163	116,630
Tangible assets	14	4,902	4,463	4,897
Right-of-use assets	15	60,932	55,878	57,566
Deferred tax assets	11	560	605	813
Other non-current financial assets	17	250	73	79
Other non-current assets	17	42	42	6
Total non-current assets		**199,899**	**194,237**	**195,056**
Current assets				
Inventories	16	74,105	67,804	73,352
Current tax receivables		4,024	4,106	2,588
Other current financial assets	17	-	350	-
Trade and other receivables	17-18, 22	41,421	32,752	31,170
Cash and cash equivalents	17	9,675	13,527	11,803
Total current assets		**129,225**	**118,538**	**118,912**
Total assets		**329,124**	**312,775**	**313,970**
EQUITY				
Share capital		80	80	80
Reserve for invested unrestricted equity		74,149	74,125	71,436
Translation differences		(5,607)	(5,907)	(1,632)
Retained earnings		42,034	35,583	34,172

EUR thousands	Note	31 Dec 2023	Restated 31 Dec 2022	Restated 1 Jan 2022
Total equity attributable to owners of the parent company		**110,656**	**103,881**	**104,058**
Non-controlling interests		**-**	**0**	**337**
Total equity	**19**	**110,656**	**103,881**	**104,394**
LIABILITIES				
Non-current liabilities				
Loans from financial institutions	20, 22	88,845	95,695	90,537
Lease liabilities	15, 20, 22	49,420	45,307	47,783
Other non-current financial liabilities	3, 20	598	1,009	1,609
Other non-current liabilities	7	128	71	650
Deferred tax liabilities	11	5,173	5,785	6,179
Total non-current liabilities		**144,163**	**147,867**	**146,758**
Current liabilities				
Loans from financial institutions	20, 22	7,096	7,228	6,042
Lease liabilities	15, 20, 22	13,709	11,876	10,641
Other current financial liabilities	3, 20	1,894	2,513	13
Current tax liabilities		4,845	4,114	4,305
Trade and other payables	20, 22, 23	46,760	35,296	41,816
Total current liabilities		**74,305**	**61,028**	**62,818**
Total liabilities		**218,468**	**208,894**	**209,575**
Total equity and liabilities		**329,124**	**312,775**	**313,970**

Consolidated cash flow statement

In thousands of euro	Note	1 Jan - 31 Dec 2023	Restated 1 Jan - 31 Dec 2022
Cash flows from operating activities			
Profit for the financial year		13,739	10,032
Adjustments:			
Depreciation, amortisation and impairment losses	8	18,395	16,900
Financial income and expenses less unrealised foreign exchange gains and losses	10	7,495	4,224
Unrealised foreign exchange gains and losses		(59)	2,316
Income tax expense	11	3,968	3,109
Other adjustments		813	2,029
Cash flows before change in net working capital		**44,350**	**38,608**
Change in net working capital:			
Change in trade and other receivables (increase (-) / decrease (+))		(7,850)	(1,147)
Change in inventories (increase (-) / decrease (+))		(4,639)	5,123
Change in trade and other payables and accruals (increase (+) / decrease (-))		10,127	(4,106)
Cash flows before finance items		**41,989**	**38,479**
Interest paid		(7,406)	(4,008)
Interest received		121	165
Other financial items		(121)	(144)
Dividends received		26	31
Income taxes paid		(4,011)	(5,742)
Net cash from operating activities (A)		**30,598**	**28,781**

In thousands of euro	Note	1 Jan - 31 Dec 2023	Restated 1 Jan - 31 Dec 2022
Cash flows from investing activities			
Acquisition of intangible and tangible assets		(4,074)	(1,720)
Acquisition of subsidiaries, net of cash acquired	3	(4,144)	(14,654)
Proceeds from sale of tangible and intangible assets		234	176
Net cash used in investing activities (B)		**(7,985)**	**(16,198)**
Cash flows from financing activities			
Proceeds from current loans and borrowings		-	3,500
Repayment of current loans and borrowings		(307)	(3,515)
Proceeds from non-current loans and borrowings		-	16,500
Repayment of non-current loans and borrowings		(7,245)	(7,020)
Dividends paid	19.2	(7,253)	(6,459)
Payment of lease liabilities	15.1	(12,170)	(11,243)
Acquisition of non-controlling interest	3	-	(2,487)
Proceeds from shares subscriptions based on share options	19.3	-	207
Net cash from financing activities (C)		**(26,975)**	**(10,518)**
Net cash from (used in) operating, investing and financing activities (A+B+C)		**(4,362)**	**2,065**
Net increase (decrease) in cash and cash equivalents		**(4,362)**	**2,065**
Cash and cash equivalents at 1 January		13,527	11,803
Effects of exchange rate fluctuations on cash held		511	(342)
Cash and cash equivalents at 31 December	17	**9,675**	**13,527**

Consolidated statement of changes in equity

In thousands of euro	Note	Share capital	Reserve for invested unre-stricted equity	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
		Equity attributable to owners of the parent company						
Balance at 1 January 2023		**80**	**74,125**	**(5,907)**	**35,582**	**103,881**	**-**	**103,881**
Comprehensive income								
Profit for the financial year		–	–	–	13,739	13,739	–	13,739
Other comprehensive income		–	–	300	–	300	–	300
Total comprehensive income for the financial year		**-**	**-**	**300**	**13,739**	**14,040**	**-**	**14,040**
Transactions with owners of the parent company								
Shares issues related to business combi-nations	19	–	–	–	–	–	–	–
Share-based payments	19	–	24	–	(35)	(11)	–	(11)
Shares subscribed by using options	19	–	–	–	–	–	–	–
Acquisition of non-controlling interest	3	–	–	–	–	–	–	–
Dividend distribution	19	–	–	–	(7,253)	(7,253)	–	(7,253)
Total transactions with owners of the parent company		**-**	**24**	**-**	**(7,288)**	**(7,264)**	**-**	**(7,264)**
Balance at 31 December 2023		**80**	**74,149**	**(5,607)**	**42,034**	**110,656**	**-**	**110,656**

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**
Corrections of prior period errors		**-**	**-**	**-**	**(60)**	**(60)**	**-**	**(60)**
Comprehensive income								
Profit for the financial year		-	-	-	10,029	10,029	2	10,032
Other comprehensive income		-	-	(4,276)	-	(4,276)	(12)	(4,288)
Total comprehensive income for the financial year		**-**	**-**	**(4,276)**	**10,029**	**5,753**	**(10)**	**5,744**
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)**	**35,582**	**103,881**	**-**	**103,881**

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 2023 totaled EUR 284 (261) million and it employed 1,089 (1,009) 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 18 March 2024, 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 2023 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 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

2023 In thousands of euro	Finland&Baltics	Scandinavia	Other [1]	Eliminations [2]	Group, IFRS
External revenue	128,349	155,903	-	-	284,252
Internal revenue	5,553	1,861	1,045	(8,459)	-
Material and services	(75,247)	(87,182)	-	7,100	(155,329)
Gross profit	**58,655**	**70,582**	**1,045**	**(1,359)**	**128,923**
Depreciation, amortisation and impairment	(8,876)	(6,060)	(54)	(3,405)	(18,395)
Other income and expenses	(40,033)	(43,674)	(2,533)	859	(85,381)
Operating profit	**9,746**	**20,848**	**(1,542)**	**(3,905)**	**25,147**
Financial items	48	(3,525)	5,041	(9,004)	(7,440)
Profit before income taxes	**9,795**	**17,323**	**3,499**	**(12,910)**	**17,707**

2022 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)	-	8,837	(143,469)
Gross profit	**55,365**	**62,242**	**330**	**(724)**	**117,214**
Depreciation, amortisation and impairment	(8,244)	(5,307)	(49)	(3,299)	(16,900)
Other income and expenses	(36,741)	(38,624)	(3,775)	(1,493)	(80,633)
Operating profit	**10,380**	**18,311**	**(3,494)**	**(5,516)**	**19,681**
Financial items	(764)	(2,682)	(3,001)	(93)	(6,541)
Profit before income taxes	**9,616**	**15,629**	**(6,495)**	**(5,609)**	**13,140**

[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	2023	2022	31 Dec 2023	31 Dec 2022
Finland	119,772	116,972	43,133	44,402
Sweden	116,941	108,433	29,477	28,669
Estonia	5,481	5,158	96	169
Norway	14,842	6,343	3,434	320
Other countries	27,215	23,778	3,001	2,023
Total Group	**284,252**	**260,683**	**79,142**	**75,583**

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 Acquisitions in 2023

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

Relais Group made four acquisitions in 2023. Summary 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. Goodwill is mainly generated from skilled personnel and a strong market position.

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	Adita Oy	Automateriell AS	Nordic Lift AS	Jyväskylä Truck Center	Total
Acquisition date		29 March	1 August	1 August	31 October	
Share acquired		100%	100%	100%	100%	
Domicile		Finland	Norway	Norway	Finland	
Consolidated from		1 March	1 August	1 August	1 November	
Revenue from acquisition date until year-end 2023		4,760	6,685	1,583		13,028
Profit/loss from acquisition date until year-end 2023		113	(121)	(117)		(125)
Goodwill deductible for tax purposes		No	No	No	No	
Consideration transferred						
Cash	20	1,335	3,459	1,087	451	6,332
Financial liabilities	20,1	63	673	–	113	848
Non-competing agreement		(79)	(110)	–	–	(189)
Total consideration transferred		**1,319**	**4,022**	**1,087**	**564**	**6,991**
Identified assets acquired and liabilities assumed						
Customer-related intangibles	13	216	985	–	–	1,201
Other intangibles		–	–	71	–	71
Machinery and equipment		39	80	66	–	185
Right-of-use assets		370	1,766	133	–	2,269
Inventories		899	2,559	1,353	36	4,847
Trade and other receivables		291	–	360	113	764
Deferred tax assets		–	–	17	–	17
Cash and cash equivalents		336	–	131	–	467
Non-current liabilities		(550)	–	(281)	–	(831)
Deferred tax liabilities		(66)	(241)	(17)	–	(324)
Lease liabilities		(370)	(1,766)	(133)	–	(2,269)
Trade and other payables		(546)	–	(613)	–	(1,159)
Total identifiable net assets acquired		**619**	**3,383**	**1,087**	**149**	**5,238**
Goodwill	**13**	**700**	**639**	**-**	**415**	**1,754**

In thousands of euro	Note	Adita Oy	Automateriell AS	Nordic Lift AS	Jyväskylä Truck Center	Total
Acquisition-related costs incurred		86	206	-	-	292
Cash consideration		(1,335)	(3,459)	(1,087)	451	(5,430)
Less: cash acquired		336	-	131	-	467
Net outflow of cash - investing activities		**(999)**	**(3,459)**	**(956)**	**451**	**(4,963)**

Adita Oy

The company signed in March an agreement to acquire the entire share capital of the Finnish company Adita Oy. Adita is a local distributor of spare parts and equipment for cars and marine use in the Helsinki region. The purchase price of Adita was EUR 1,398 thousand.

Automateriell and Nordic Lift AS

On 1 August Relais Group acquired the Norwegian workshop equipment business unit of NDS Group AS, comprising the assets and personnel of the AutoMateriell business and the shares in Nordic Lift AS. AutoMateriell is a well-established actor in the Norwegian workshop equipment business, with a history starting in 1939. AutoMateriell is highly regarded by customers as a premium supplier of workshop equipment solutions for vehicle import and dealer chains as well as for e.g., defence and marine sectors. AutoMateriell is located near Drammen in Norway. Nordic Lift provides workshop equipment for a wide range of customers in Norway. Nordic Lift is located near Trondheim in Norway. The purchase price of the Automateriell business was EUR 4,132 thousand and Nordic Lift AS EUR 1,087 thousand.

Jyväskylä Truck Center

Relais Group Plc group company Raskone acquired the heavy commercial vehicle workshop Jyväskylä Truck Center in an asset deal from Joen Truck Center Oy 31 October 2023. The business is located in Jyväskylä, Finland and employs 13 people. The purchase price of business acquisition was EUR 451 thousand.

The seller is entitled to an additional payment of a total of 113 thousand euros for the years 2024-2025, which is linked to the work obligation of key personnel transferred in the business acquisition. The arrangement is considered a separate transaction from the business combination and is treated in the accounting as post-combination services (as a payroll item).

3.2 Acquisitions in 2022

Relais Group made two acquisitions in 2022. 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.

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**
Non-controlling interest		-	-	-

In thousands of euro	Note	Skeppbrons Jönköping Ab	S-E-T A/S	Total
Goodwill	**13**	**5,341**	**2,925**	**8,266**
Acquisition-related costs incurred		41	69	110
Cash consideration		(7,013)	(4,457)	(11,470)
Less: cash acquired		625	30	655
Net outflow of cash - investing activities		**(6,388)**	**(4,427)**	**(10,815)**

Skeppsbrons Jönköping

The company signed in May an agreement to acquire 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 an agreement to acquire the entire share capital of the Danish company S-E-T A/S. 2003 estabished 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.

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	2023		2022	
Equipment	18,441	17%	33,141	13%
Lighting	59,849	21%	62,053	24%
Spare parts	83,226	29%	78,925	30%
Repair and maintenance	91,899	32%	85,565	33%
Other	838	0%	998	0%
Total	**284,252**	**100%**	**260,683**	**100%**
Finland	119,772	42%	116,972	45%
Sweden	116,941	41%	108,433	42%
Estonia	5,481	2%	5,158	2%
Norway	14,842	5%	6,343	2%
Other countries	27,215	10%	23,778	9%
Total	**284,252**	**100%**	**260,683**	**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 2023	31 Dec 2022
Asset, returnable products and spare parts	1,183	1,180
Refund liability, returnable products and spare parts	(1,484)	(1,496)

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	2023	2022
Rental income	1,372	1,326
Gains on sale of tangible and intangible assets	83	164
Other	1,201	1,264
Total	**2,655**	**2,754**

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	2023	2022
Purchase expenses	(145,843)	(136,620)
Change in inventories	(550)	1,806
External services	(8,935)	(8,656)
Total	**(155,329)**	**(143,469)**

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 (synthetic options and stock options). Relais provided no other long-term employee benefits nor termination benefits in the financial years 2022-2023.

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 and cash settled 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. At the end of 2023 the number of incentive units was 172,000. 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.

Share-based and equity settled long-term incentive plan

On 10 August 2023 the Board of Directors decided to launch two new stock option plans for key employees. The options were granted and accepted by the recipients on 5 September 2023. The purpose of the stock options is to encourage the key employees to work on a long-term basis in order to increase shareholder value. In addition, the stock options aim to commit the key employees to the company. 12 individuals, including the members of the

Management Team of Relais Group participate in the plan. The maximum total number of stock options issued were 120,000 and they entitle their owners to subscribe for up to an equivalent number of new shares in total in the company or existing shares held by the company.

At the end of the review period 100 000 options were granted.

The stock options were issued gratuitously.

The shares subscribed for with the stock options will account for a total maximum of 0.66 per cent of all the company's shares and votes after possible share subscriptions if new shares are issued in the subscription. As a result of the share subscriptions made with the stock options, the number of shares in the company may increase by a total maximum of 120,000 shares if new shares are issued in the subscription.

The share subscription price for the stock options is 15.28 euros per share, which equals the trade volume weighted average quotation of the share on Nasdaq Helsinki Ltd from 19 May 2023 to 30 June 2023, added with a premium of 15 per cent. The share subscription price will increase if the value of the share at the share subscription has increased more than 300 per cent compared to the volume weighted average quotation of the share on Nasdaq Helsinki Ltd from 19 May 2023 to 30 June 2023.

The share subscription price will be credited to the company's reserve for invested unrestricted equity. The annually paid dividends and repayment of equity per share will be deducted from the subscription price.

The share subscription period for the stock options is from 1 April 2026 to 30 June 2026.

The theoretical market value of one stock option at grant is approximately 2.07 euros. The theoretical market value of the stock options at grant is approximately EUR 248,351 in total. The theoretical market value of a stock option has been calculated by using the binomial model taking into account the subscription price of the stock option and the following input factors: share price EUR 12.90, risk-free interest rate 2.94%, validity of stock options approximately 2.89 years, volatility approximately 28.92% and the share subscription price mechanism limiting the value increase of option.

7.1 Amounts recognised through profit or loss

In thousands of euro	2023	2022
Wages, salaries and fees	(45,492)	(42,710)
Pension expenses	(6,160)	(6,094)
Other social security expenses	(7,370)	(6,758)
Share-based incentive plan (share appreciation rights)	(105)	573
Total	**(59,128)**	**(54,990)**
The average number of employees for the financial year	1,050	997

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 2023	31 Dec 2022
Share price at measurement date	13.5	10.2
Expected volatility	43%	46%
Remaining term, years	0.25-1.25	0.25-2.25
Fair value per SAR, Euro	0.55-1.95	0.08-1.10
Total number of outstanding share appreciation rights (SARs) (pcs)	172,000	258,000
Total carrying amount of liability for SARs, in thousands of euro	158	77

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 2023 the total payout would be about EUR 0.0 million (EUR 0.0 million).

8 Depreciation, amortisation and impaiment losses

8.1 Depreciation, amortisation and impaiment losses by asset categories

In thousands of euro	2023	2022
Intangible assets	(3,778)	(3,724)
Tangible assets	(1,661)	(1,545)
Total depreciation and amortisation, owned assets	(5,439)	(5,269)
Right-of-use assets (leased assets)[1]	(12,956)	(11,631)
Total depreciation and amortisation in the income statement	**(18,395)**	**(16,900)**

[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	2023	2022
Sales and marketing expenses	(3,361)	(2,960)
Administrative expenses	(2,785)	(2,290)
Consulting services	(2,846)	(2,899)
IT expenses	(2,975)	(2,493)
Non-statutory employee benefits	(2,567)	(2,267)
Costs of vehicles, machinery & equipments	(3,570)	(3,156)
Other cost of premises	(4,700)	(4,663)
Listing expenses	–	(1,183)
Fair value adjustment of contingent considerations	-	(1,063)
Transaction costs of acquisitions	(290)	(182)
Other expenses	(5,815)	(5,241)
Total	**(28,909)**	**(28,397)**

9.2 Auditor's fees

In thousands of euro	2023	2022
Audit fees	(398)	(373)
Audit-related assignments	–	–
Tax advisory services	–	–
Other services[1]	(293)	(463)
Total	**(691)**	**(836)**

[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	2023	Restated 2022
Financial income		
Foreign exchange gains	1,289	4,200
Interest income	121	165
Other financial income	27	32
Changes in fair values	-	261
Total	**1,436**	**4,658**
Financial expenses		
Foreign exchange losses	(1,145)	(6,659)
Interest expenses - financial liabilities measured at amortised cost[1]	(7,415)	(4,346)
Other financial expenses	(313)	(194)
Changes in fair values	(4)	-
Total	**(8,876)**	**(11,199)**
Net financial expenses	**(7,440)**	**(6,541)**

[1] Includes loans from financial institutions and lease liabilities. In 2023, the interest expenses on lease liabilities totaled EUR 1,732 (1,532) 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	2023	Restated 2022
Current tax for the reporting year	(4,818)	(3,820)
Current tax adjustments for prior years	0	(96)
Change in deferred taxes	850	808
Total	**(3,968)**	**(3,109)**

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	2023	Restated 2022
Profit before income tax	17,707	13,140
Tax using the Finnish corporate tax rate (20%)	(3,541)	(2,628)
Effect of tax rate in foreign jurisdictions	47	60
Income tax for prior years	0	(96)
Unrecognised deferred tax assets on tax losses	(161)	(92)
Non-deductible expenses and tax-free income included in the accounting profit	(302)	(366)
Deductible expenses and taxable income not included in the accounting profit	(12)	(14)
Use of previously unrecognised tax losses for previous years	2	-
Reverse of previously recognised tax losses for previous years	-	-
Tax deduction for new investments - Covid-19 relief	-	27
Taxes in the income statement	**(3,968)**	**(3,109)**

11.3 Movements in deferred tax asset and deferred tax liability balances

2023 In thousands of euro	At 1 Jan	Business combina-tions	Recognised through profit or loss	Exchange differences and other changes	At 31 Dec
Deferred tax assets					
Leases	244	-	179	2	424
Allowance for expected credit losses	236	-	(94)	-	142
Deferred income	279	17	(20)	-	277
Share-based payments	15	-	16	-	32
Total	**775**	**17**	**81**	**2**	**874**
Set-off of deferred taxes	**(170)**				**(315)**
Deferred tax assets, net	**605**				**560**
Deferred tax liabilities					
Intangible assets	2,911	301	(747)	(6)	2,460
Tangible assets	107	-	31	(13)	125
Tax-based provisions	2,925	-	(43)	20	2,903
Loans and borrowings	10	-	(10)	-	0
Total	**5,954**	**301**	**(769)**	**1**	**5,487**
Set-off of deferred taxes	**(170)**				**(315)**
Deferred tax liabilities, net	**5,784**				**5,173**

2022 In thousands of euro	At 1 Jan	Business combina-tions	Recognised through profit or loss	Exchange differences and other changes	At 31 Dec
Deferred tax assets					
Leases	152	-	96	(4)	244
Allowance for expected credit losses	206	-	30	-	236
Deferred income	325	-	(44)	(2)	279
Share-based payments	130	-	(115)	-	15
Total	**813**	**-**	**(33)**	**(6)**	**775**
Set-off of deferred taxes	**-**				**(170)**
Deferred tax assets, net	**813**				**605**
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**

At 31 December 2023, 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 2023 Relais had 872,250 (2022: 772,250) 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

	2023	Restated 2022
Basic earnings per share		
Profit attributable to owners of the parent company, in thousands of euro	13,739	10,029
Weighted average number of ordinary shares outstanding during the financial year, pieces	18,132,258	18,051,682
Basic earnings per share (euro/share)	**0.76**	**0.56**
Diluted earnings per share		
Profit attributable to owners of the parent company, in thousands of euro	13,739	10,029
Weighted average number of ordinary shares outstanding during the financial year, pieces	18,132,258	18,051,682
Dilution from share options, pieces	673,293	707,874
Weighted average number of shares adjusted for the effect of dilution, pieces	18,805,551	18,759,556
Diluted earnings per share (euro/share)	**0.73**	**0.53**

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/trade-mark)	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 2023 In thousands of euro	Goodwill	Business combinations Customer relation-ships	Other assets[1]	Intangible rights	Develoment costs	Other intangible assets	Assets under development	Total
Cost								
Balance at 1 January	118,162	12,372	7,849	853	527	3,603	25	143,393
Business combinations	1,770	1,178	187	–	–	–	–	3,135
Additions	–	–	–	202	176	134	194	707
Exchange differences	199	31	7	7	3	(3)	(1)	243
Disposals	–	–	–	–	–	(192)	–	(192)
Transfers between classes	–	–	–	–	–	24	(24)	–
Balance at 31 December	120,132	13,581	8,043	1,063	707	3,567	194	147,286
Accumulated amortisation and impairment losses								
Balance at 1 January	–	(2,976)	(3,304)	(768)	(234)	(2,935)	–	(10,217)
Business combinations	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–
Transfers between classes	–	–	–	–	–	–	–	–
Amortisation	–	(1,756)	(1,650)	(32)	(130)	(218)	–	(3,785)
Exchange differences	–	(43)	(21)	(3)	(0)	(2)	–	(70)
Balance at 31 December	–	(4,774)	(4,975)	(803)	(364)	(3,155)	–	(14,072)
Carrying amount at 1 January	**118,162**	**9,397**	**4,546**	**85**	**293**	**668**	**25**	**133,176**
Carrying amount at 31 December	**120,132**	**8,806**	**3,068**	**260**	**342**	**412**	**194**	**133,214**

At 31 December 2022		Business combinations							
In thousands of euro	Goodwill	Customer relation-ships	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**

[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 Group, 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 determined recoverable amount determined is based on assumptions and estimates made by the 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 2023	31 Dec 2022
Finland & Baltics	30,544	29,613
Scandinavia	89,372	88,551
Total	**119,916**	**118,163**

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

	31 Dec 2023		31 Dec 2022	
In thousands of euro / Per cent	Goodwill	Pre-tax WACC	Goodwill	Pre-tax WACC
Awimex International AB	3,499	13.4%	3,490	12.9%
Startax Group	8,541	13.9%	7,842	11.2%
Huzells Tunga Delar AB	13,584	13.4%	13,552	12.5%
AB Reservdelar	42,508	13.4%	42,410	12.7%
SEC Set Ecofoss A/S	3,884	13.6%	3,893	12.4%
Strands Group AB	12,962	13.4%	12,932	13.2%
Raskone Oy	22,003	13.9%	21,717	11.9%
STS AB	7,248	13.4%	7,231	12.0%
Skeppsbrons Jönköping AB	5,054	13.4%	5,043	12.0%
Automateriell AS	633	-		
Other	32		54	
Total	**119,916**		**118,163**	

Growth rate after the forecast period used in impairment testing

Per cent	31 Dec 2023	31 Dec 2022
Awimex International AB	2%	2%
Startax Group	2%	1.5%

Per cent	31 Dec 2023	31 Dec 2022
Huzells Tunga Delar AB	2%	2%
AB Reservdelar	2%	2%
SEC Set Ecofoss A/S	2%	2%
Strands Group AB	2%	1.5%
Raskone Oy	2%	1.5%
STS AB	2%	2%
Skeppsbrons Jönköping AB	2%	1.5%

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 2023 nor 31 December 2022. 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 2023	2022	Machinery and equipment 2023	2022	Leasehold improvements 2023	2022	Other tangible assets 2023	2022	Under construction 2023	2022	Total 2023	2022
Cost												
Balance at 1 January	161	167	13,973	12,592	946	949	1,500	1,271	67	76	16,647	15,055
Additions	84	8	1,724	912	4	29	542	127	312	147	2,667	1,223
Business combinations	13	-	548	889	-	-	128	285	-	-	689	1,174
Exchange differences	3	(13)	56	(529)	-	-	11	(73)	3	(6)	73	(622)
Disposals	-	-	(581)	(68)	(117)	(37)	(338)	(197)	-	-	(1,035)	(301)
Transfers between classes	-	-	95	177	-	4	132	87	(229)	(150)	(2)	118
Balance at 31 December	262	161	15,815	13,973	833	946	1,976	1,500	153	67	19,040	16,647
Accumulated depreciation and impairment losses												
Balance at 1 January	(133)	(134)	(10,781)	(9,107)	(415)	(262)	(854)	(656)	-	-	(12,184)	(10,159)
Business combinations	(13)	-	(446)	(851)	-	-	(48)	(236)	-	-	(508)	(1,088)
Disposals	-	-	157	88	55	16	35	169	-	-	247	274
Transfers between classes	-	-	52	(101)	-	(4)	(50)	(13)	-	-	2	(118)
Depreciation	(12)	(10)	(1,297)	(1,222)	(175)	(166)	(170)	(146)	-	-	(1,654)	(1,545)
Exchange differences	(1)	11	(34)	412	-	-	(6)	28	-	-	(40)	451
Balance at 31 December	(160)	(133)	(12,349)	(10,781)	(535)	(415)	(1,093)	(854)	-	-	(14,138)	(12,184)
Carrying amount at 1 January	**28**	**33**	**3,192**	**3,485**	**530**	**688**	**646**	**616**	**67**	**76**	**4,463**	**4,897**
Carrying amount at 31 December	**103**	**28**	**3,466**	**3,192**	**298**	**530**	**882**	**646**	**153**	**67**	**4,902**	**4,463**

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.

Correction of prior period errors

Relais Group has correcetd previously reported consolidated figures relating to IFRS 16 Leases due tot he correction of the end of date of one lease agreement. The lease period of the lease agreement in question should have been 34 months longer. The correction resulted in changes to the presentation of the financial results and financial position for the comparative periods. The 2022 figures in thisnote have been restated to reflect the impact of the corrections. Additional information on the restatements is provided in note 26.

15.1 Items recognised in income statement and cash flow statement

In thousands of euro		2023	Restated 2022
Income statement			
Expense relating to leases of low-value assets (included in the line item Other operating expenses)		(7)	(227)
Expense relating to short-term leases (included in the line item Other operating expenses)		(235)	(262)
Depreciation charge for right-of-use assets (included in the line item Depreciation, amortisation and impairment losses)	Premises	(12,228)	(10,812)
	Vehicles and others	(728)	(819)
	Total	(12,956)	(11,631)
Interest expense on lease liabilities (Included in the line item Financial expenses)		(1,732)	(1,532)
Cash flow statement			
Total cash outflow for leases		(12,170)	(11,243)

15.2 Lease liabilities

In thousands of euro	31 Dec 2023	31 Dec 2022
Current	13,709	11,877
Non-current	49,420	41,611
Total	**63,129**	**53,488**

The weighted average incremental borrowing rate of the Group applied for discounting purposes was 3.14% (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 2023	2022	Vehicles and other 2023	2022	Total 2023	2022
Cost						
Balance at 1 January	74,763	67,786	2,431	1,368	77,194	69,155
Additions	4,949	1,427	907	949	5,855	2,376
Business combinations	1,014	2,216	132	372	1,146	2,587
Exchange differences	232	(1,765)	22	(106)	254	(1,871)
Disposals	(34)	(2,790)	(284)	(286)	(319)	(3,075)
Revaluations	10,964	7,889	24	134	10,988	8,023
Balance at 31 December	91,887	74,763	3,232	2,431	95,120	77,194
Accumulated depreciation and impairment losses						
Balance at 1 January	(20,087)	(10,937)	(1,230)	(651)	(21,316)	(11,588)
Disposals	22	1,314	198	194	221	1,508
Depreciation	(12,228)	(10,812)	(728)	(819)	(12,956)	(11,631)
Exchange differences	(121)	349	(14)	46	(136)	395
Balance at 31 December	**(32,414)**	**(20,087)**	**(1,774)**	**(1,230)**	**(34,188)**	**(21,316)**
Carrying amount at 1 January	**54,676**	**56,489**	**1,201**	**717**	**55,878**	**57,566**
Carrying amount at 31 December	**59,473**	**54,676**	**1,458**	**1,201**	**60,932**	**55,878**

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 2023. The future discounted lease payments for these non-cancellable leases amount EUR 172 (1,383) 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 2023	31 Dec 2022
Finished goods	71,383	67,976
Goods in transit	2,983	811
Prepayments for inventories	2,903	1,292
Obsolescence provision	(3,900)	(2,843)
Other inventories	736	568
Total	**74,105**	**67,804**

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. The Group had no valid interest rate swaps at 31 December 2023. The fair value of interest rate swap was 261 thousand euros at 31 December 2022 (refer to Note 20 Financial liabilities).

17.1 Carrying amounts

In thousands of euro	Note	31 Dec 2023	31 Dec 2022
At amortised cost			
Trade receivables	22.4	35,075	27,943
Cash and cash equivalents		9,675	13,527
Investments		285	115
Other current financial assets		-	89
Total		**45,035**	**41,673**
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 2023 (zero at 31 December 2022).

18 Other receivables

In thousands of euro	31 Dec 2023	31 Dec 2022
Current income tax receivables	4,024	4,106
Annual discounts from suppliers (assets)	1,432	1,354
Other prepayments and accrued income	2,934	2,368
VAT receivable	1,401	469
Other receivables	579	617
Total	**10,370**	**8,914**

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 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**
At 1 January 2023	**18,132,308**	**80**	**74,125**
Total movements	**-**	**-**	**-**
At 31 December 2023	**18,132,308**	**80**	**74,125**

According to the shareholder register maintained by Euroclear Finland, Relais had 2,758 (2,798) shareholders at the end of the financial year. At 31 December 2023 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 2023 and 2022.

Share issues

Year 2023
No share issues in 2023.

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.

Details on the acquisitions made in 2023 and 2022 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 5 April 2023 decided that, in accordance with the board's proposal, a dividend of EUR 0.40 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 11, 2023, were entered in the company's shareholder register maintained by Euroclear Finland Oy. The dividend will be paid in two installments. The first installment of the dividend 0.20 per share was paid on April 18, 2023. The second installment of the dividend 0.20 per share was paid November 9, 2023 to the shareholders who were entered in the company's shareholder register maintained by Euroclear Finland Oy on November 2, 2023.

A total of EUR 7.3 million in dividends was paid out.

19.3 Share based and equity settled option plans

Relais Group has two share based and equity settled option plans. On 31 December 2023, the members of the Board of Directors and the Management Team of Relais owned a total of 463,450 (383,450) option rights, entitling their holders to subscribe in total 463,450 (383,450) Relais shares, corresponding to approximately 2.5% (2.1%) of Relais shares and votes on a post-subscription basis. Moreover, on 31 December 2023, 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 877,250 (777,250) shares. The current options are divided into several option series with varying subscription prices and subscription periods (2017E, 2017F, 2019E, 2023A and 2023B).

During the financial year 2023, a total of 0 (58,350) 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	2023 Number	2023 Weighted average exercise price	2022 Number	2022 Weighted average exercise price
Outstanding at 1 January	777,250	1,8	835,600	2,38
Granted during the year	100,000		-	
Forfeited during the year	-		-	
Excercised during the year	-		58,350	
Expired during the year	-		-	
Outstanding at 31 December[1]	**877,250**	**3,11**	**777,250**	**1,8**
Excercisable at 31 December	**777,250**	**1,58**	**777,250**	**1,8**

The expiration dates for the option series are as follows:

Option series	Expiration date
2017 E-F, 2019 E	31 December 2030
2023 A-B	30 June 2026

[1] The difference of EUR 0.22 in the weighted average exercise price for 2023 arises from the dividend distribution and options excercised during year 2023.

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 2023 and 2022, 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 5 April 2023, the Annual General Meeting (AGM) authorised the Board of Directors to resolve on the acquisition of a maximum of 1,813,231 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 2024, yet no further than until 30 June 2024. This authorisation shall supersede the buyback authorisation granted at the earlier General Meetings. Authorisation was not used in 2023.

On 5 April 2023, the AGM authorised the Board of Directors to decide on issuing a maximum of 3,626,462 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 2024, yet no further than until 30 June 2024. This authorisation shall supersede previous authorisations resolved in General Meetings concerning the issue of shares and special rights entitling to shares. Authorisation was not used in 2023.

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 2023	31 Dec 2022
At amortised cost			
Non-current			
Borrowings from financial institutions	22	88,845	95,695
Lease liabilities	15	49,420	45,307
Other non-current financial liabilities	22	598	1,009
		138,863	**142,011**
Current			
Borrowings from financial institutions	22	7,096	7,228
Lease liabilities	15	13,709	11,876
Trade payables	22	21,346	15,125
Redemption liability of non-controlling interests	3,2	-	-
Other current financial liabilities		1,885	265
		44,036	**34,494**
Total financial liabilities at amortised cost		**182,899**	**176,505**
At fair value through profit or loss			
Non-current			
Contingent considerations	3, 21	-	-
Derivative instruments	21, 22.2	-	-
		-	**-**
Current			
Contingent considerations	3, 21	-	2,248
Total financial liabilities at fair value through profit or loss		**-**	**2,248**
Total financial liabilities		**182,899**	**178,753**

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 company paid an additional purchase price of 25 million SEK to the previous owners of Strands Group AB in the period ending December 31, 2023. The company recognised a contingent consideration of EUR 2.2 million in the period ending December 31, 2022.

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

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

	At 31 Dec 2023				
	Currency	Nominal interest rate	Year of maturity	Fair value	Carrying amount
Borrowings from financial institutions (acquisition loan)	EUR	EURIBOR 6 mos.+2,1%	2025	60,344	60,344
Borrowings from financial institutions (acquisition loan)	SEK	STIBOR 6 mos+2,1%	2025	35,597	35,597
Lease liabilities	several	several	2023-2034	63,129	63,129

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

20.3 Changes in financing arrangements

Relais Group Plc agreed on 24 February 2023 with its principal bank on amendments to its senior financing agreement originally concluded in 2019 and previously amended in May 2022. The maturity of the financing agreement was extended by one year until the end of May 2025. According to the amended financing agreement the maximum financial exposure is EUR 126.9 million consisting of a maximum of EUR 104.4 million in acquisition financing, EUR 15.5 million in uncommitted senior facilities agreement and a Revolving Credit Facility (RCF) limit of EUR 7.0 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 5.6 million. At the end of 2022, the undrawn portion of the uncommitted senior facilities was EUR 15.5 million and of RCF limit EUR 4.9 million.

20.4 Financial covenants

The Group's borrowings from financial institutions involve financial covenants. The related liabilities amounted to EUR 160,7 (157,4) million at 31 December 2023. 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 2023 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 2023 and 2022. Refer to Note 19.4 Capital management.

	31 Dec 2023	31 Dec 2022
Equity ratio, %,	33.6	33.2
Leverage	3.43	3.85
Cash flow cover	1.08	1.44

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.

In thousands of euro	2023		2022	
	Lease liabilities	Borrowings from financial institutions and from others	Lease liabilities	Borrowings from financial institutions and from others
Balance at 1 January	**57,183**	**103,932**	**58,424**	**96,578**
Proceeds from borrowings	-	-	-	20,000
Repayment of borrowings	-	(7,552)	-	(10,535)
Payment of lease liabilities	(12,170)	-	(11,156)	-
Total changes from financing cash flows	(12,170)	(7,552)	(11,156)	9,465
Business combinations	502	827	2,587	28
New leases	6,499	-	2,376	-
Other changes	11,115	341	4,952	(2,139)
Balance at 31 December	**63,129**	**97,547**	**57,183**	**103,932**

21 Fair values of financial assets and financial liabilities

At financial year-end 2023 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 2023						
Financial assets measured at fair value						
Interest rate swaps (not hedge accounted)	17.1	-	-	-	-	**-**
Total		**-**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value						
Contingent considerations	3, 20.1	-	-	-	-	**-**
Total		**-**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value						
Current borrowings from financial institutions	20, 22	7,096	-	-	7,096	**7,096**
Non-current borrowings from financial institutions	20, 22	88,845	-	-	88,845	**88,845**
Other non-current financial liabilities	20, 22	598	-	-	598	**598**
Other current financial liabilities	20, 22	1,009	-	-	1,009	**1,009**
Total		**97,457**	**-**	**-**	**97,457**	**97,457**
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**

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 31 Dec 2023	31 Dec 2022
6 month Euribor	+100	(603)	(644)
6 month Stibor	+100	(356)	(385)
6 month Euribor	-100	603	644
6 month Stibor	-100	356	385

For interest-bearing financial liabilities, the interest rate ranged between 5.99%-6.36% 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 2023 had been 10% stronger than realised, the effect on profit before taxes - without the impact of customer prices increases - would have been EUR -1,372 thousand (2022: EUR -3,390 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 -66 thousand (2022: EUR -53 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 2023 In thousands of euro	%	Gross value	Expected credit loss	Net value
Current	0.3%	29,998	(85)	29,913
Past due 1-30 days	1.2%	3,266	(38)	3,228
Past due 31-90 days	8.1%	1,212	(99)	1,114
Past due 91-360 days	36.9%	1,301	(480)	821
Past due > 365 days	100.0%	813	(813)	0
Total		**36,590**	**(1,515)**	**35,075**

31 December 2022 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**

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

Reconciliation of loss allowance

In thousands of euro	2023	2022
Balance at 1 January	1,413	1,002
Realised credit losses	(309)	(26)
Business combinations (Note 3)	1	16
Net remeasurement of loss allowance	410	420
Balance at 31 December	**1,515**	**1,413**

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 7.4 % of the Group's debt will mature in less than one year at 31 December 2023 (31 December 2022: 7.0%) 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 2024	2025	2026	2027	2028	Later
31 December 2023								
Non-derivative instruments								
Borrowings from financial institutions	95,941	103,857	12,789	91,067	–	–	–	–
Lease liabilities	63,129	69,876	13,709	11,330	9,574	8,307	6,973	19,982
Trade payables	21,346	21,346	21,346	–	–	–	–	–
Contingent considerations	–	–	–	–	–	–	–	–
Other financial liabilities	1,728	1,728	1,131	598	–	–	–	–
	182,144	**196,807**	**48,975**	**102,995**	**9,574**	**8,307**	**6,973**	**19,982**
Total	**182,144**	**196,807**	**48,975**	**102,995**	**9,574**	**8,307**	**6,973**	**19,982**

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	57,183	64,643	11,877	10,931	9,305	6,886	6,294	19,349
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	–	–	–	–
	178,753	**193,200**	**41,713**	**109,653**	**9,305**	**6,886**	**6,294**	**19,349**
Total	**178,753**	**193,200**	**41,713**	**109,653**	**9,305**	**6,886**	**6,294**	**19,349**

23 Trade and other payables

In thousands of euro	31 Dec 2023	31 Dec 2022
Non-current		
Liability for share appreciation rights (SARs) (note 7)	115	71
Total non-current	**115**	**71**
Current		
Current tax liabilities	4,845	4,114
Trade payables	21,346	15,125
Accrued employee expenses	10,262	8,530
Other accruals and deferred income	4,474	2,274
Refund liability	1,484	1,496
VAT liability	6,584	3,988
Other liability	2,611	3,884
Total trade and other payables and accruals	46,760	35,297
Total current	**51,605**	**39,411**
Total	**51,721**	**39,482**

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 2023 or at 31 December 2022.

24.2 Collaterals and other obligations

In thousands of euro	31 Dec 2023	31 Dec 2022
Loans from financial institutions		
Financing loans	95,941	102,923
Amount of overdraft limit granted	5,634	4,856
Available limit	5,634	4,856
Book value of pledged subsidiary shares	105,222	105,222
Mortgage on company assets	107,774	108,079
Book value of pledged bank accounts	-	-
Total collaterals for loans from financial institutions	**212,996**	**213,301**

In thousands of euro	31 Dec 2023	31 Dec 2022
Guarantees given on behalf of the companies belonging to the same group		
General guarantee	5,079	3,145
Other	86	791
Total	**5,164**	**3,936**
Other obligations		
Rental securities	1,070	1,865
Other guarantees	232	346
Total	**1,301**	**2,210**

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 2023 (32.2%), 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 2023 (16.7%).

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	2023	2022	2023	2022	2023	2022
	CEO Arni Ekholm		Other members of Management Team		Total	
Salaries and other short-term employee benefits	(248	(305)	(1,256)	(881)	(1,504	(1,186)
Pension benefits (defined contribution plans)	(43)	(58)	(195)	(134)	(238)	(192)
Share-based payments *)	27	129	46	275	73	404
Total	**(264)**	**(234)**	**(1,405)**	**(740)**	**(1,669)**	**(974)**

*) 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.

The AGM 5 April 2023 decided that five members be elected to the Board of Directors and re-elected Olli-Pekka Kallasvuo, Katri Nygård, Jesper Otterbeck, Anders Borg and Lars Wilsby 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 2022-2023.

In addition to Arni Ekholm, Group CEO, the Management Team of the Company and Group consists of Group CFO Thomas Ekström (from April 5, 2023), Managing Director Juan Garcia (Scandinavia), and Managing Director Ville Mikkonen (Finland and Baltic), Johan Carlos (Managing Director, Strands Group AB), Jan Popov (Managing Director, Raskone Oy), Sebastian Seppänen (Director M&A and Business Development) and Jon Strand (Director Marketing and Sales Development, interim) have been members of the Mangement Team.

25.2 Transactions with related parties and outstanding balances

In thousands of euro	2023/ 31 Dec 2023	2022/ 31 Dec 2022
Transactions		
Sales	539	385
Purchases	643	555
Services	814	1,025
Outstanding balances		
Trade receivables	70	34
Trade payables	115	128

1) At 31 December 2023 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 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 2023	31 Dec 2022
Board of Directors		
Jesper Otterbeck 1)	3,024,450	3,024,450
Anders Borg	60,000	60,000
Olli-Pekka Kallasvuo 2)	84,300	84,300
Katri Nygård	106,050	106,050
Lars Wilsby 3)	30,000	30,000
	3,304,800	**3,304,800**
Management Team		
Arni Ekholm	67,450	67,450
Johan Carlos	6,688	6,688
Juan Garcia 4)	62,050	62,050
Ville Mikkonen	174,800	174,800
Jan Popov	67,823	67,823
Pekka Raatikainen	-	20,000
Sebastian Seppänen	1,000	1,000
Jon Strand 5)	382,163	382,163
	761,974	**781,974**
Total	**4,066,774**	**4,086,774**
Of all shares and the resulting vote share	**22.4%**	**22.8%**

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 2023, the members of the Board of Directors and the Management Team of Relais owned a total of 463,450 (383,450) option rights, entitling their holders to subscribe in total 463,450 (383,450) Relais Group Plc shares, corresponding to approximately 2.5% (2.1%) 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 2023 totalled EUR 1,627 (1,415) thousand.

25.4 Group structure

At 31 December 2023 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 Set Ecofoss A/S	Denmark	100.00%
Relais Group Sweden AB	Sweden	100.00%
AB Reservdelar	Sweden	100.00%
Awimex International AB	Sweden	100.00%
Huzells Tunga Delar AB	Sweden	100.00%
Helsingborgs Bildelsbutik AB	Sweden	100.00%
TD Tunga Delar Sverige AB	Sweden	100.00%
Trucknik Reservdelar AB	Sweden	100.00%
Skeppsbrons Jönköping AB	Sweden	100.00%
STS Sydhamnens Trailer Service AB	Sweden	100.00%
Adita Oy	Finland	100.00%
Automateriell AS	Norway	100.00%
Nordic Lift AS	Norway	100.00%
Nordic Wash AS	Norway	100.00%

The acquisition of Adita Oy, Automateriell AS, Nordic Lift AS and Nordic Wash AS were completed in 2023 and the acquisitions of Skeppsbrons Jönköping AB, Ecofoss A/S and S-E-T A/S carried out in 2022, are disclosed in Note 3 Business combinations and acquisitions of non-controlling interests.

In July 2023, S-E-T A/S and Ecofoss A/S were merged into SEC Scandinavia A/S after which the name of the receiving company was chnaged to SEC Set Ecofoss A/S. In autumn 2023 Huzells Tunda Delar AB (previously Huzells i Karlstad AB) acquired the business operations of TD Tunga Delar Sverige AB and Trucknik Reservdelar AB. The remaining two non-operating companies will be merged into Huzells Tunga Delar AB during 2024.

26 Correction of prior period errors

Relais Group has corrected previously reported consolidated figures relating to IFRS 16 Leases due to the correction of the end date of one lease agreement. The lease period of the lease agreement in question should have been 34 months longer. The correction resulted in changes to the presentation of the financial results and financial position for the comparative periods.

The corrections impacted the presentation of the financial position and result of the Group as at 1 January 2022 and 31 December 2022:

Consolidated balance sheet

In thousands of euro	31 Dec 2022	Leases	Restated, 31 Dec 2022
ASSETS			
Non-current assets			
Right-of-use assets	52,312	3,566	55,878
Deferred tax assets	579	26	605
EQUITY			
Retained earning	35,686	(103)	35,583
LIABILITIES			
Non-current liabilities			
Lease liabilities	41,611	3,696	45,307
Current liabilities			
Lease liabilities	11,877	(1)	11,876

In thousands of euro	1 Jan 2022	Leases	Restated, 1 Jan 2022
ASSETS			
Non-current assets			
Right-of-use assets	54,143	3,424	57,567
Deferred tax assets	798	15	813
EQUITY			
Retained earning	34,232	(60)	34,172
LIABILITIES			
Non-current liabilities			
Lease liabilities	44,284	3,499	47,783
Current liabilities			
Lease liabilities	10,641		10,641

Consolidated income statement

In thousands of euro	31 Dec 2022	Leases	Restated, 31 Dec 2022
Depreciation, amortisation and impairment losses	(16,933)	33	(16,900)
Operating profit	**19,648**	**33**	**19,681**
Net financial expenses	**(6,454)**	**(86)**	**(6,541)**
Profit before income taxes	**13,194**	**(54)**	**13,140**
Income tax expense	(3,119)	11	(3,109)
Profit for the financial year	**10,075**	**(43)**	**10,032**
Profit for the financial year attributable to			
Owners of the parent company	10,072	(43)	10,029
Non-controlling interests	2		2
Earnings per share			
Basic earnings per share, euro	**0.56**		**0.56**
Diluted earnings per share, euro	**0.54**		**0.53**

In thousands of euro	31 Dec 2022	Leases	Restated, 31 Dec 2022
CONSOLIDATED COMPREHENSIVE INCOME STATEMENT			
Profit for the financial year	**10,075**	**(43)**	**10,032**
Other comprehensive income			
Total comprehensive income for the financial year	**5,786**		**5,743**
Total comprehensive income attributable to			
Owners of the parent company	5,796		5,753
Non-controlling interests	(10)		(10)

27 Events after the end of the financial year

On 7 March 2024 Relais Group notified that it had restated previously reported consolidated figures relating to IFRS 16 Leases due to the correction of the end date of one lease agreement.

The correction resulted in changes to the presentation of the consolidated financial results and financial position for previously published 2022 and 2023 quarterly and half-year figures. The restated tables are attached to the stock exchange release.

Income statement

EUR	1.1. - 31.12.2023	1.1. - 31.12.2022
NET SALES	**1,044,450.97**	**325,854.91**
Other operating income	**-**	**-**
Personnel expenses		
Wages and salaries	(962,249.25)	(666,132.94)
Social security expenses		
Pension expenses	(162,785.72)	(126,873.50)
Other social security expenses	(30,136.88)	(22,742.64)
	(1,155,171.85)	**(815,749.08)**
Depreciation. amortisation and impairments	**(3,160.98)**	**(11,379.72)**
Other operating expenses	**(1,785,866.87)**	**(1,991,453.69)**
OPERATING PROFIT	**(1,899,748.73)**	**(2,492,727.58)**
Financial income and expenses		
Income form holdings in Group companies	9,000,000.00	-
Other interest and financial income		
From Group companies	4,618,068.24	2,575,704.19
From others	394,225.49	4,292,453.61
Interest expenses and other financial expenses		
To Group companies	(2,582,342.63)	(7,011,483.28)
To others	(6,333,826.10)	(3,908,082.77)
	5,096,125.00	**(4,051,408.25)**
PROFIT BEFORE APPROPRIATIONS AND TAXES	**3,196,376.27**	**(6,544,135.83)**
Appropriations	5,250,000.00	6,750,000.00
Income taxes	(33,869.69)	(33,376.31)
PROFIT FOR THE PERIOD	**8,412,506.58**	**172,487.86**

Balance sheet

EUR	31.12.2023	31.12.2022
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Immaterial rights	–	–
Other intangible assets	–	–
Intangible assets total	**193,996.22**	**-**
Tangible assets		
Machinery and equipment	148,566.11	–
Other tangible assets	148,566.11	–
Investments		
Holdings in Group companies	126,650,656.58	119,928,599.63
TOTAL NON-CURRENT ASSETS	**126,993,218.91**	**119,928,599.63**

EUR	31.12.2023	31.12.2022
CURRENT ASSETS		
Receivables		
Long-term		
Receivables from Group companies	63,466,261.11	63,319,034.08
Short-term		
Receivables from Group companies	31,194,583.45	31,570,763.79
Loan receivables	–	–
Financial assets	–	260,934.00
Other receivables	37,138.58	516,413.89
Prepaid expenses and accrued income	74,903.75	57,476.70
	31,306,625.78	**32,405,588.38**
Cash at bank and in hand	**7,379,976.21**	**11,532,117.23**
TOTAL CURRENT ASSETS	**102,152,863.10**	**107,256,739.69**
TOTAL ASSETS	**229,146,082.01**	**227,185,339.32**

EUR	31.12.2023	31.12.2022
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80,000.00	80,000.00
Reserve for invested unrestricted equity	72,150,446.26	72,150,446.26
Retained earnings	491,220.86	7,571,636.20
Profit (loss) for the period	8,412,506.58	172,487.86
TOTAL EQUITY	**81,134,173.70**	**79,974,570.32**
Provisions	–	–
LIABILITIES		
Non-current		
Loans from financial institutions	88,845,037.46	95,747,061.71
Other financial liabilities	600,000.00	1,008,538.96
	89,445,037.46	**96,755,600.67**

EUR	31.12.2023	31.12.2022
Current		
Loans from financial institutions	7,095,821.60	7,200,000.00
Trade payables	216,933.00	396,055.90
Intra-group liabilities	49,632,774.50	39,851,957.42
Other financial liabilities	1,006,319.69	2,413,270.17
Other liabilities	113,042.33	342,522.98
Accrued expenses and deferred income	501,979.73	251,361.86
	58,566,870.85	**50,455,168.33**
TOTAL LIABILITIES	**148,011,908.31**	**147,210,769.00**
EQUITY AND LIABILITIES TOTAL	**229,146,082.01**	**227,185,339.32**

Cash flow statement

EUR	1.1. - 31.12.2023	1.1. - 31.12.2022
Profit (loss) for the period	**8,412,506.58**	**172,487.86**
Adjustments		
Depreciation, amortisation and impairments	3,160.98	11,379.72
Financial income and expenses	(5,096,125.00)	4,051,408.25
Income tax	33,869.69	33,376.31
Appropriations	(5,250,000.00)	(6,750,000.00)
Operating cash flow before working capital changes	**(1,896,587.75)**	**(2,481,347.86)**
Changes in working capital		
Increase/decrease short-term receivables	(481,759.74)	(545,148.23)
Increase/decrease short-term liabilities	(268,042.95)	441,123.48
Interest and other financial expenses	(7,446,258.49)	(4,112,746.83)
Dividends received	9,000,000.00	-
Interest received	(6,319.51)	443,840.67
Income taxes paid	(36,977.27)	(3,601.02)
Net cash from operating activities	**(1,135,945.71)**	**(6,257,879.79)**
Net cash used in investing activities		
Acquisition of subsidiaries, net of cash acquired	(8,887,724.04)	(4,964,520.77)
Investments in intangible and tangible assets	(345,723.31)	-
Loans granted	(2,729,468.98)	(1,465,917.41)
Repayment of loan receivables	1,078,962.04	-
Net cash used in investing activities	**(10,883,954.29)**	**(6,430,438.18)**

EUR	1.1. - 31.12.2023	1.1. - 31.12.2022
Net cash used in financing activities		
Proceeds from non-current borrowings	-	16,500,000.00
Repayment of non-current borrowings	(7,244,768.11)	(6,996,311.71)
Increase/decrease cash pool receivables/liabilities	15,615,430.29	10,410,575.61
Proceeds from current borrowings	-	3,500,000.00
Repayment of current borrowings	-	(4,780,820.82)
Dividends paid	(7,252,903.20)	(6,458,897.88)
Group contribution	6,750,000.00	3,000,000.00
Proceeds from share issues and unrestricted equity invesments	-	206,559.00
Net cash used in financing activities	**7,867,758.98**	**15,381,104.20**
Net change in cash and cash equivalents	(4,152,141.02)	2,692,786.23
Cash and cash equivalents, opening amount	11,532,117.23	8,839,331.00
Cash and cash equivalents	**7,379,976.21**	**11,532,117.23**

Changes in equity - Parent company

EUR	Share capital	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity 1.1.2023	**80,000.00**	**72,150,446.26**	**7,744,124.06**	**79,974,570.32**
Proceedings from share subsrictions by option rights				-
Share issue				-
Dividend distribution			(7,252,903.20)	(7,252,903.20)
Profit (loss) for the period			8,412,506.58	8,412,506.58
Equity 31.12.2023	**80,000.00**	**72,150,446.26**	**8,903,727.44**	**81,134,173.70**
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**

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

EUR	2023	2022
Retained earnings	491,220.86	7,571,636.20
Profit (loss) for the period	8,412,506.58	172,487.86
Reserve for invested unrestricted equity	72,150,446.26	72,150,446.26
Distributable funds total	81,054,173.70	79,894,570.32

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

EUR	2023	2022
Finland	380,893.00	159,600.00
Sweden	586,429.68	138,554.91
Estonia	20,598.00	7,400.00
Norway	31,872.51	7,400.00
Denmark	24,657.78	12,900.00
	1,044,450.97	325,854.91

Other operating income

EUR	2023	2022
Other	–	–
	–	–

Notes on personnel

	2023	2022
Average number of people employed during the year	5	5

Salaries and fees of the CEO and the management team

EUR	2023	2022
CEO	(247,600.87)	(304,575.78)
Management Team	(429,104.42)	(273,206.05)
	(676,705.29)	(577,781.83)

Auditor fees

EUR	2023	2022
Audit	(160,000.00)	(167,500.00)
Assignments referred to in section 1.1.2 of the Auditing Act	–	(4,956.50)
Tax advice	–	–
Other services*)	(14,800.00)	(433,843.20)
Yhteensä	(174,800.00)	(606,299.70)

*) Other services mainly consist of services related to the company's transition to the main list of the stock exchange.

Depreciation and amortisation

EUR	2023	2022
Other amortisations	–	(9,703.95)
Depreciation on tangible assets	(3,160.98)	(1,675.77)
	(3,160.98)	(11,379.72)

Financial income and expenses

EUR	2023	2022
Income from holdings in Group companies		
From Group companies	9,000,000.00	-
	9,000,000.00	-
Other interest and financial income		
From Group companies	4,294,179.71	2,528,522.62
From others	16,993.15	84,686.96
From derivatives	-	260,934.00
Exchange rate differences	701,120.87	3,994,014.22
	5,012,293.73	6,868,157.80
Total financial income	14,012,293.73	6,868,157.80
Interst expenses		
To Group companies	(2,488,451.37)	(788,865.28)
To others	(5,706,087.15)	(2,624,113.10)
	(8,194,538.52)	(3,412,978.38)
Other financial expenses		
To others	(99,831.82)	(100,827.52)
Listing expenses	-	(1,183,142.35)
Derivatives	(3 705,11)	-
Exchange rate differences	(618,093.28)	(6,222,618.00)
	(721,630.21)	(7,506,587.87)
Total financial expenses	(8,916,168.73)	(10,919,566.25)
Total financial income and expenses	**5,096,125.00**	**(4,051,408.45)**

Appropriations

EUR	2023	2022
Group contributions	5,250,000.00	6,750,000.00

Income taxes

EUR	2023	2022
Income tax on operating activities	(33,869.69)	(33,376.31)
Income tax from previous periods	-	-
	(33,869.69)	(33,376.31)

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 Set Ecofoss A/S	Viborg	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 Tunga Delar AB	Karlstad	Sweden	100.00%	0.00%
TD Tunga Delar Sverige AB	Gävle	Sweden	100.00%	0.00%
Trucknik Reservdelar AB	Skelleftehamn	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%
Adita Oy	Helsinki	Finland	100.00%	100.00%
Automateriell AS	Lierstranda	Norway	100.00%	100.00%
Nordic Lift AS	Tiller	Norway	100.00%	0.00%
Nordic Wash AS	Tiller	Norway	100.00%	0.00%

Receivables

EUR	2023	2022
Long-term receivables		
Loan receivables from Group companies	63,466,261.11	63,319,034.08
	63,466,261.11	63,319,034.08
Short-term receivables		
From Group companies		
Trade receivables	1,333,029.19	368,497.52
Group cash pool receivables	6,097,817.71	11,978,804.87
Loan receivables	9,418,275.63	7,200,493.13
Prepaid expenses and accrued income	9,095,460.92	5,272,968.26
Other receivables	5,250,000.00	6,750,000.00
	31,194,583.45	31,570,763.78
Receivables from others		
Other financial assets	-	260,934.00
Prepaid expenses and accrued income	74,903.75	57,476.70
Loan receivables	-	-
Other receivables	37,138.58	516,413.89
	112,042.33	834,824.59
Material items included in the prepaid expenses and accrued income		
Other	74,903.75	57,476.70
	74,903.75	57,476.70

Liabilities

EUR	2023	2022
Non-current liabilities		
Loans from financial institutions	88,845,037.46	95,747,061.71
Other financial liabilities	600,000.00	1,008,538.96
	89,445,037.46	96,755,600.67
Current liabilities		
Loans from financial institutions	7,095,821.60	7,200,000.00
Trade payables	216,933.00	396,055.90
Accrued expenses and deferred income	501,979.73	251,361.86
Other financial liabilities	1,006,319.69	2,413,270.17
Other liabilities	113,042.33	342,522.98
	8,934,096.35	10,603,210.91
Intra-Group liabilities		
Trade payables	-	3,417.44
Accrued expenses and deferred income	49,791.39	-
Other liabilities	-	-
Group cash pool liabilities	49,582,983.11	39,848,539.98
	49,632,774.50	39,851,957.42
Material items included in the accrued expenses and deferred income		
Accrued wages and salaries	361,963.59	217,985.55
Other	140,016.14	33,376.31
	501,979.73	251,361.86

Fair values

At financial year-end 2023 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 fiinancial 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

EUR	31 Dec 2023	Gains and losses recognised through profit and loss	Fair value hierarchy
Net fair values			
Contingent considerations	-		3
Derivative instruments	-	(260,934.00)	2
Total	**-**	**(260,934.00)**	
Nominal values			
Contingent considerations	-		
Derivative instruments	-		
Total	**-**		

Non-current assets

Intangible assets

EUR	Immaterial rights	Other intangible assets		Total
Acquisition cost at 1 Jan 2023	**49,573.00**	**13,830.00**	**-**	**63,403.00**
Additions	-	-	193,996.22	193,996.22
Acquisition cost at 31 Dec 2023	**49,573.00**	**13,830.00**	**193,996.22**	**257,399.22**
Accumulated depreciation at 1 Jan 2023	**(49,573.00)**	**(13,830.00)**	**-**	**(63,403.00)**
Accumulated depreciation at 31 Dec 2023	**(49,573.00)**	**(13,830.00)**	**-**	**(63,403.00)**
Book value at 31 Dec 2023	-	-	193,996.22	193,996.22

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)**
Depreciation 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	-	-	-

Tangible assets

EUR	Machinery and equipment	Total
Acquisition cost at 1 Jan 2023	**7,523.88**	**7,523.88**
Additions	151,727.09	151,727.09
Acquisition cost at 31 Dec 2023	**159,250.97**	**159,250.97**
Accumulated depreciation at 1 Jan 2023	**(7,523.88)**	**(7,523.88)**
Amortisation during the period	(3,160.98)	(3,160.98)
Accumulated amortisation at 31 Dec 2023	**(10,684.86)**	**(10,684.86)**
Book value at 31 Dec 2023	148,566.11	148,566.11

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)**	**(5,848.11)**
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	-	-

Holdings in Group companies

EUR	Holdings in Group companies
Acquisition cost at 1 Jan 2023	**119,928,599.63**
Additions	6,722,056.95
Acquisition cost at 31 Dec 2023	**126,650,656.58**

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	Long-term loan receivables from Group companies
Acquisition cost at 1 Jan 2023	**63,319,034.08**
Unrealised exchange rate differences	147,227.03
Additions	-
Acquisition cost at 31 Dec 2023	**63,466,261.11**

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**

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 2022-2023. 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

EUR	2023	2022
Loans from financial institutions		
Financing loans	95,940,859.06	102,947,061.71
Overdraft limit	-	-
Amount of overdraft limit granted	5,633,518.40	4,856,310.40
Available limit	5,633,518.40	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	26,089.10	38,586.40
Payable later	26,693.77	52,440.98

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

Key figure	Definition
Net gearing excl. leasing liabilities	Net debt excl. leasing liabilities / Equity + minority interest
Equity ratio	Equity + minority interest / Equity and liabilities, total
Return on investment (ROI)	(Operating profit + other interest and financial income - listing expenses (periodical figures have been annualized) / (Equity + minority interest + loans from financial institutions + other loans + capital loans + convertible bonds, average)
Return on equity (ROE)	Profit (loss) for the period + minority interest, (periodical figures have been annualized) / (Equity + minority interest, average)
Return on assets (ROA)	(Operating profit + other interest financial income - listing expenses (periodical figures have been annualized) / (Total assets, average)

[1] Key measure margin, % has been calculated by dividing the measure with net sales and multiplying by 100.

Reconciliation of group's alternative performance measures

In thousand euros unless stated otherwise	2023	Restated 2022
Net sales	**284,252**	**260,683**
Materials and services	(155,329)	(143,469)
Gross profit	**128,923**	**117,214**
Gross margin, %	45.4%	45.0%
Operating profit	**25,147**	**19,681**
Items affecting comparability included in profit (loss) for the period		
Listing expenses	–	1,183
Transaction costs of acquisitions	290	182
Contingent consideration costs of acquisitions	9	1,467
Items affecting comparability included in profit (loss) for the period	**299**	**2,832**
Comparable operating profit	**25,446**	**22,514**
Depreciation, amortisation and impairments	18,395	16,900
EBITDA	**43,542**	**36,581**
EBITDA margin, %	15.3%	14.0%
Items affecting comparability included in profit (loss) for the period	299	2,832
Comparable EBITDA	**43,841**	**39,414**

In thousand euros unless stated otherwise	2023	Restated 2022
Operating profit	**25,147**	**19,681**
Amortisation of acquisitions	3,405	3,332
EBITA	**28,552**	**23,013**
EBITA margin, %	10.0%	8.8%
Items affecting comparability included in profit (loss) for the period	299	2,832
Comparable EBITA	**28,851**	**25,846**
Profit (loss) for the period	**13,739**	**10,032**
Comparable profit (loss)	**14,038**	**12,864**
Comparable profit (loss) margin, %	4.9%	4.9%
Amortisation of acquisitions	3,405	3,332
Comparable profit (loss) excluding amortisation of acquisitions	**17,444**	**16,196**
Comparable profit (loss) excluding amortisation of acquisitions margin, %	6.1%	6.2%
Operating cash flow before working capital changes	44,350	38,608
Repayment of lease liabilities	(12,170)	(11,243)
Interest expenses on leases	(1,732)	(1,532)
Change in working capital	(2,361)	(130)
Purchase of tangible and intangible assets	(4,074)	(1,720)
Free cash flow	**24,013**	**23,983**
Cash conversion to EBITDA	55.1%	65.6%

Signatures of the Board of Directors

Helsinki, on 18 March 2024

Jesper Otterbeck
Chairman of the Board

Olli-Pekka Kallasvuo
Board Member

Anders Borg
Board Member

Katri Nygård
Board Member

Lars Wilsby
Board Member

Arni Ekholm
Managing Director &
Chief Executive Officer

The Auditor's Note

A report on the audit performed has been issued today.

Helsinki, 18 March 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Janne Rajalahti
Authorised Public Accountant (KHT)

Auditor’s Report (Translation of the Finnish Original)

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, financial performance and cash flows in accordance with IFRS Accounting Standards 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 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 2023. The financial statements comprise:

- the consolidated income statement, statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, which include material accounting policy information and other explanatory information
- the parent company’s income statement, balance sheet, 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.

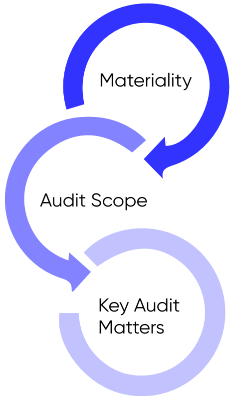
Independence

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 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 Financial Statements.

Our Audit Approach

Overview



- Overall group materiality: € 2.600.000
- The group audit scope encompassed the most significant group companies and covers the vast majority of group’s revenues, assets and liabilities.
- Valuation of 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	€ 2.600.000 (previous year € 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 % 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 *Refer to note 13.2 in the consolidated financial statements.* As at 31 December 2023 the group's goodwill balance amounted to € 119,9 million. 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. Key assumptions of the value-in-use calculations include the sales growth, EBITDA, the discount rate and the terminal value growth rate. 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: • 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. • 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. • We considered whether the sensitivity analysis performed by management around key drivers of the cash flow forecast was appropriate by considering the effects of the movements of these key assumptions. • 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. • We have evaluated the discount rates used and, where applicable, made comparisons with market- and industry-specific forecasts. • We also considered the appropriateness of the related disclosures provided in note 13.2 in the group financial statements.
Valuation of Inventories *Refer to note 16 in the consolidated financial statements.* The Group measures inventory (€ 74,1 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. 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. 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. 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. In our audit we evaluated the appropriateness of the valuation principles of the group and their application to the valuation of inventories. We evaluated the accuracy of the write-downs compared to the group valuation principles, subsequent events and other circumstances identified during the audit. We tested the value of a sample of products. We compared the inventory value to purchase costs including variable expenses. 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. We participated in the physical inventory counting and performed independent test counts to validate the existence of assets and accuracy of the counting performed.

Key audit matter in the audit of the parent company	How our audit addressed the key audit matter
Valuation of subsidiary shares in the parent company's financial statements *Refer to parent company's financial statement notes.* As at 31 December 2023 the value of Relais Group Oyj's subsidiary shares amounted to € 126,7 million in the parent company's financial statements prepared in accordance with Finnish GAAP. The valuation of subsidiary shares is tested as part of the group impairment testing based on the discounted cash flow model. 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: • 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. • We considered whether the sensitivity analysis performed by management around key drivers of the cash flow forecast was appropriate by considering the effects of the movements of these key assumptions. • We compared the current year actual results included in the prior year impairment model to corroborate the reliability of management's estimates. • We have evaluated the discount rates used and, where applicable, made comparisons with market- and industry-specific forecasts.

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 IFRS Accounting Standards 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 10 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 18 March 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Janne Rajalahti
Authorised Public Accountant (KHT)

RELAIS

Relais Group Plc
Mannerheimintie 105
00280 Helsinki

www.relais.fi