



Wetteri Plc

Financial Statements Bulletin January – December 2023

Year of strong growth
WETTERI



Wetteri Plc financial statements bulletin for the financial year 1 January to 31 December 2023

Year of strong growth

During 2022, the Wetteri Group (hereinafter "Wetteri", "the Wetteri Group", "the Group" or "the company") carried out several corporate arrangements in preparation for its listing on the stock exchange. For this reason, the financial information for the financial year (January–December 2023) is not comparable with the financial information for the comparison period (24 February to 31 December 2022). The financial information for the comparison period (24 February to 31 December 2022) includes the comprehensive income and balance sheet of the Group company Themis Holding Oy as of its establishment on 24 February 2022, as well as the comprehensive income and balance sheet of the Group company Wetteri Yhtiöt Oy and its subsidiaries as of the implementation of the share transaction on 11 May 2022. Themis Holding Oy was established for the stock exchange listing and the preceding corporate arrangements, in which it acted as the acquiring party in terms of accounting. In the comparison period (24 February to 31 December 2022), it did not have any business operations until after the implementation of Wetteri Yhtiöt Oy's share transaction on 11 May 2022. Because the financial information for the financial year and the comparison period is not comparable, this financial statements bulletin contains pro forma information concerning the comprehensive income of the Group and its operating segments for the periods 1 October to 31 December 2022 and 1 January to 31 December 2022. This pro forma information is hypothetical and has been prepared for illustrative purposes only. The financial statements bulletin and the pro forma information it contains are unaudited.

The comparison figures in brackets refer to the comparison period 1 October to 31 December 2022 and to the pro forma information for 1 October to 31 December 2022 or 1 January to 31 December 2022. Whether reference is being made to the reference period or to the pro forma information is mentioned separately.

Summary of the review period 1 October to 31 December 2023

- The Group's revenue was EUR 131.1 million (EUR 74.8 million in October–December 2022; pro forma: EUR 77.5 million in October–December 2022).
- Adjusted EBITDA was EUR 6.8 million (EUR 2.3 million; EUR 2.3 million).
- The adjusted operating profit was EUR 3.3 million (EUR -0.2 million; EUR -0.2 million).
- The operating profit was EUR 0.7 million (EUR 2.4 million; EUR 2.4 million).
- The revenue of the Passenger Cars segment increased by EUR 40.2 million (+82%) year-on-year (pro forma October–December 2022).
- The revenue of the Heavy Equipment segment decreased by EUR 0.9 million (-6%) year-on-year (pro forma October–December 2022).
- The revenue of the Maintenance Services segment increased by EUR 14.6 million (+194%) year-on-year (pro forma October–December 2022).

Summary of the financial year 1 January to 31 December 2023

- The Group's revenue was EUR 443.3 million (comparison period: EUR 191.8 million in February–December 2022; pro forma: EUR 291.0 million in January–December 2022).
- Adjusted EBITDA was EUR 24.9 million (EUR 9.8 million; EUR 13.8 million).
- The adjusted operating profit was EUR 12.0 million (EUR 3.3 million; EUR 3.9 million).
- The operating profit was EUR 5.4 million (EUR -2.3 million; EUR -4.0 million).
- The revenue of the Passenger Cars segment increased by EUR 112.5 million (+65%) year-on-year (pro forma January–December 2022).
- The revenue of the Heavy Equipment segment increased by EUR 8.2 million (+14%) year-on-year (pro forma January–December 2022).
- The revenue of the Maintenance Services segment increased by EUR 31.7 million (+71%) year-on-year (pro forma January–December 2022).
- Autotalo Hartikainen became part of Wetteri through a business acquisition on 7 March 2023.
- AutoPalin became part of Wetteri through a business acquisition on 1 June 2023.
- The car dealership business operations of the Suur-Savo Cooperative became part of Wetteri after the financial year on 1 January 2024.
- Suvanto Trucks Oy became part of Wetteri through a share exchange after the financial year on 29 February 2024.



Financial guidance

The company maintains the content of its financial guidance for 2024, but expresses the guidance in a range according to the disclosure policy:

- Revenue EUR 660 - 800 million
- Adjusted operating profit EUR 19 – 23 million

The company's medium-term (3 years) goal is to achieve a revenue of 1,000 million and an operating profit of 30 million.

Former expression

Financial guidance for 2024

- Revenue MEUR 730
- Adjusted profit MEUR 21

The company's medium-term (3 years) goal is to achieve a revenue of 1,000 million and an operating profit of 30 million.

Key performance indicators

EUR thousand	Q4/2023	Q4/2022 ¹⁾	Pro forma Q4/2022	Change ²⁾	2023	2022 ¹⁾	Pro forma 2022	Change ²⁾
Revenue	131,089	74,781	77,519	69%	443,287	191,825	291,042	52%
EBITDA	4,662	758	847	451%	21,009	6,172	9,125	130%
EBITDA, % of revenue	4%	1%	1%		5%	3%	3%	
Adjusted EBITDA ³⁾	6,783	2,257	2,346	189%	24,918	9,788	13,804	81%
Adjusted EBITDA, % of revenue	5%	3%	3%		6%	5%	5%	
Operating profit (loss) (EBIT)	702	-2,446	-2,447	-	5,351	-2,279	-3,954	-
Operating profit (loss), % of revenue	1%	-3%	-3%		1%	-1%	-1%	
Adjusted operating profit ³⁾	3,343	-196	-164	-	12,030	3,322	3,860	212%
Adjusted operating profit, % of revenue	3%	0%	0%		3%	2%	1%	
Profit (loss) before tax	-2,775	-3,377	-3,800	-	-3,824	-4,367	-7,255	-
Profit (loss) before tax, % of revenue	-2%	-5%	-5%		-1%	-2%	-2%	
Profit (loss) for the period	-2,963	-2,798	-3,358	-	-4,049	-3,834	-6,545	-
Profit (loss) for the period, % of revenue	-2%	-4%	-4%		-1%	-2%	-2%	
Earnings per share, basic (EUR)	-0.02	-0.03			-0.03	-0.05		
Earnings per share, diluted (EUR)	-0.02	-0.03			-0.03	-0.05		
Return on equity (ROE), %	-35%	-47%			-13%	-25%		
Return on investment (ROI), %	-15%	-15%			-9%	-11%		
Equity ratio, %	16%	20%			16%	20%		
Liquidity, %	83%	85%			83%	85%		
Average number of personnel during the financial year ⁴⁾	1,007	632			926	622		
Invoiced sales of new passenger cars (pcs)	848	549			3,322	1,394		
Invoiced sales of new commercial trucks (pcs)	43	55			181	143		
Invoiced sales of used passenger cars (pcs)	1,553	1,169			5,764	3,280		
Orders: new passenger cars (pcs)	699	636			2,862	1,916		
Orders: new commercial trucks (pcs)	17	26			127	89		
Passenger cars: order backlog at the end of the period	57,343	82,700			57,343	82,700		
Commercial trucks: order backlog at the end of the period	13,655	20,100			13,655	20,100		
Passenger car repair shop: hours sold	83,908	57,054			319,562	109,342		
Commercial truck repair shop: hours sold	30,295	31,173			110,759	74,514		

¹⁾ Q4/2022 refers to the period 1 October to 31 December 2022, and 2022 to the period 24 February to 31 December 2022. The financial information for the comparison period is not comparable with the financial information for the financial year because the company did not have any business operations in the comparison period until after 11 May 2022.

²⁾ Change refers to the change between Q4/2023 and pro forma Q4/2022 and the change between 2023 and pro forma 2022.



3) The adjusted EBITDA and operating profit do not take items affecting the comparability of the Group's EBITDA and operating profit into account, such as significant non-recurring items of income and expenses and amortisation of the fair value of assets recognised on the balance sheet by means of acquisition calculations. The purpose of the adjusted EBITDA and operating profit is to improve the comparability of the Group's EBITDA and operating profit between periods. The reconciliation of the adjusted EBITDA and operating profit is presented on page 20 of the financial statements bulletin.

4) The calculation of the number of personnel has been revised in the financial year so that the number of personnel at the end of each month has been added together, and the amount thus obtained has been divided by the number of months in the financial year. Comparative information has also been adjusted to match this calculation method.

Aarne Simula, CEO:

The year of launching Wetter's growth strategy

"2023 was a year of strong growth for Wetteri as a whole, and we initiated measures in line with our growth strategy. Two corporate transactions were completed and, and four new used car centres were opened during the year. We also announced future acquisitions that were completed in the beginning of 2024.



Considering the operating environment, the company's financial performance was quite favourable. The Group's revenue was EUR 443.3 million, and its adjusted EBITDA increased to EUR 24.9 million. The adjusted operating profit was EUR 12.0 million. The rise in interest rates affected the profitability of Wetter's business, and during the last quarter of 2023, unexpected challenges emerged in the operating environment of the automotive sector: a strike in the stevedoring sector affected the new car deliveries, and this had an impact on the Passenger Cars segment's performance in particular over the last few weeks of the year. Maintenance operations were burdened by the fact the Christmas holidays fell on weekdays.

In Wetteri's business segments, revenue growth was highest in the Passenger Cars segment, and revenue rose to EUR 284.5 million. The invoiced sales of new cars increased by around 61% year-on-year, and the order backlog for new cars at the end of the financial year was at a good level (EUR 57.3 million). The Heavy Equipment segment's revenue increased by 14% year-on-year. Its adjusted operating profit increased by 49% and was nearly EUR 3.7 million. The Maintenance Services segment's adjusted operating profit stood at nearly EUR 5.7 million, with an increase of 200% from the previous year.

Wetteri's goal is to be the largest and most profitable player in the automotive sector by the end of 2025. Wetteri's growth strategy is acquisition-driven. This strategic choice is based on the ongoing historical transformation in the automotive industry. Consolidation into larger units with better profitability in the car trade is a megatrend resulting from numerous smaller changes in technology, industry operating models and consumer behaviour. The car trade as a business is increasingly about volume: size brings synergy benefits and improves operational efficiency. It also gives leverage to navigate the transformation of the operating environment. Wetteri's acquisition-driven growth strategy is based on volume growth and decreasing costs as a result of synergy benefits, as well as improved margins. There are several well-managed automotive companies in Finland that cannot cope with the pressure of the transformation on their own, but that gain successful continuity as part of a larger whole. Wetteri's value creation journey has only just begun.

Wetteri is distinguished from many other automotive operators by its business model and wide offering. Wetteri's business model covers the sale of new and used passenger and commercial vehicles, as well as the sale of heavy vehicles. In addition, Wetteri offers a wide range of maintenance services and repair shop services, as well as spare parts and tyre services in all vehicle categories. With the acquisitions of Autotalo Hartikainen and AutoPalin completed in 2023, Wetteri has become stronger by means of a wider service network, new brand representation and brand expertise, for example. Wetteri's business model and Finland's largest car brand representation are strengths that help the company navigate challenging operating environments successfully. Wetteri's highly skilled, trained and committed personnel play a major role in the company's growth story, and in December 2023 we announced the free share issue to all of our automotive business personnel.

This year, the number of first registrations of new passenger cars is expected to be 80,000, well below the long-term average. The Finnish car fleet is the oldest in Europe, with an average age of 13.2 years. There is a strong need for renewal in the car fleet: the emissions reduction targets for transport will not be achieved with the current car fleet, but a new fleet is also required to improve road safety. This means that the automotive sector has pent-up demand as well as strong potential for organic growth. The stabilised inflation and interest rates support the increase in the demand for new cars. Wetteri's multi-brand representation and national presence offer a good basis for responding to demand.



In 2024, we will continue to implement our growth strategy with great determination, and in the beginning of year 2024 Suur-Savon Auto and Suvanto Trucks Oy became part of Wetteri. With Suvanto Trucks acquisition Wetteri gained purchase channels and expertise, and we will start building a nationwide sales network for used heavy vehicles by utilising our new and older distribution channels more efficiently. In the late spring of 2024, we will open a major used car dealership in Vantaa in line with the Wetteri Premium concept. This will enable us to respond to the growing demand for high-quality used cars in the Helsinki metropolitan area. During 2024, we will also explore opportunities for funding growth, expanding the company's ownership base and strengthening self-sufficiency through a directed share issue for institutional investors, private investors and Wetteri's personnel."

Operating environment

According to statistics from the Finnish Information Centre of the Automobile Sector, a total of 87,508 new cars were registered in 2023, and first registrations increased by 7.1% from 2022. The increase in first registrations in 2023 is explained by the challenges in the availability of new cars in 2021 and 2022, which are reflected in the large order backlogs, and by deliveries from the order backlogs during 2023. The number of new registrations in 2024 is expected to be lower than in 2023, at around 80,000 passenger cars.

A total of 3,949 new commercial trucks were registered in 2023, down 18.2% from 2022. Deliveries from the order backlog accumulated for commercial trucks mainly took place during the second half of 2023. In August, registrations of commercial trucks saw an exceptional increase, as the EU-wide tachograph requirement caused registrations to be brought forward. Consequently, the number of registrations decreased towards the end of the year.

2023 was a busy year in the used car trade. Sales of used cars increased by around 5.9%, and sales of used vans increased by around 3.7% from 2022 in dealerships.

According to statistics published by the European Automobile Manufacturers' Association, first registrations of cars in Europe increased by nearly 14% from 2022. The highest growth rates were recorded in Italy (18.9%), France (16.1%) and Spain (16.7%). In terms of motive power, the breakdown of first registrations was as follows: combustion engine cars around 50%, light hybrids 26%, plug-in hybrids 7.7% and fully electric cars 14.6%.

The geopolitical situation, inflation, reduced purchasing power and high interest rates increased consumer uncertainty during 2023. In the car trade, economic uncertainty drove customer demand towards used cars in particular. The return of delivery times for new cars to normal levels and the stabilisation of the development of interest rates and inflation may increase interest in purchasing new cars. The continued low level of first registrations and the ageing car fleet in Finland will create strong demand potential and opportunities for organic growth for the car trade in the coming years. The introduction of more affordable rechargeable cars to the market is likely to increase the demand for new passenger cars.

The change of motive power in the car fleet is progressing in all vehicle categories. Of the passenger cars registered in 2023, 33.8% were fully electric cars, and 20.7% were rechargeable hybrids. Diesel combustion engines continue to hold first place in the motive power statistics on heavy vehicles. However, according to Traficom, first registrations of vehicles running on biofuel in particular have increased in recent years. The electrification of heavy transport is progressing more slowly than that of passenger car traffic because of factors such as the long distances in Finland, heavy articulated vehicles and the limited power of electric batteries.

The automotive industry is undergoing a major transformation globally. The automotive industry is being consolidated into larger units that are better equipped than small operators to meet the development needs of technology and the investment pressures created by the electrification of motoring in terms of car maintenance services and digital solutions, for example. The transformation also calls for an ability to respond to stricter environmental requirements and reporting obligations, as well as changes in distribution route models and consumer behaviour. The transformation of the operating environment leads the smaller and medium-sized operators in the sector to a strategic reassessment, in which choices are made from the perspectives of business development opportunities, investments and divestments.

Strategy

Wetteri aims to become Finland's largest full-service multi-brand dealership and the most profitable company in its sector by the end of 2025.

The transformation of the operating environment of the automotive industry is a key driver of Wetteri's growth, and the company is growing both through acquisitions and organically. Wetteri benefits from the synergies, operational efficiency and more favourable cost structure arising from acquisitions. In its acquisition plan, Wetteri focuses on well-managed operators whose business models and cultures are a good match with Wetteri, an entrepreneur-driven company, and that have strong business development potential. This ensures that the integration processes run smoothly, and that synergies are achieved. The company aims for organic growth and plans to build a national sales network for used commercial trucks



and to open used car centres in the passenger car trade. By strengthening its brand representations, the company aims to gain an even stronger position in the car market, e.g. new electrified cars in the most popular segments and price ranges are an example of this.

The company's broad-based business model and offering with a strong track record of successful growth management lay a solid foundation for the company to execute measures in line with its growth strategy. Wetteri's business model covers the sale of new passenger cars, commercial vehicles and heavy vehicles, and the spare parts, maintenance and repair shop business, as well as the sale of used cars. The comprehensive business model creates a broad basis for organic growth in different operating segments, generates a stable revenue flow and mitigates business risks over the business cycle.

Wetteri has Finland's largest car brand representation, 39 brands in total. Thanks to its multi-brand representation, the company has a unique market position in both car sales and as a provider of maintenance services. The company has exceptionally broad brand-specific expertise, which is an advantage as distribution route models evolve towards the agent model.

Wetteri intends to further strengthen its leadership in exploiting digitalisation and data analytics. The company is investing in developing predictive remote diagnostics for heavy transport. In maintenance operations, video inspections and reports on and recordings of the measures performed, are part of Wetteri's digital development work and customer service development. The development of digital service channels and data-driven marketing in terms of analytics tools and service platforms, for example, is an important means to respond to changes in consumer behaviour.

Wetteri is committed to being an important player on the journey towards emission-free driving. In line with its Green Deal commitment, Wetteri aims to increase awareness of low-emission motoring. At the same time, the company is committed to reducing emissions through its own operations. The maintenance business, which is significant for Wetteri, is quite labour-intensive. It is therefore important for the company to invest in well-being and safety at work and in supporting career-long working capacity.

In its investor strategy, the company aims to increase sustainable shareholder value, in addition to aiming for a liquid share with a broad ownership base. The company is exploring options for financing growth, strengthening equity and expanding the ownership base. One of the options is a directed share issue for institutional investors, private investors and personnel during 2024.

Promotion of the growth strategy in 2023

Wetteri implemented its first business acquisition in line with its growth strategy by acquiring Autotalo Hartikainen in eastern Finland in March 2023. As a result of the acquisition, Wetteri's operations expanded into Kuopio, Joensuu and Iisalmi. In addition, its multi-brand range of passenger cars and heavy vehicles maintenance representation expanded, which strengthened Wetteri's market position. Another business acquisition was carried out on 31 May 2023: AutoPalin in Pori and Rauma became part of Wetteri. With the acquisition of AutoPalin, Wetteri became one of Finland's largest Mercedes Benz and Volvo dealers, and the company expanded its area of operation into western Finland. The centralisation of the operations in Pori in a single location and the reorganisation of administrative tasks improved operational efficiency.

In October 2023, Wetteri announced it would acquire the car dealership business operations of the Suur-Savo Cooperative Society. The acquisition was completed on 1 January 2024. On 11 December 2023, Wetteri announced that it would acquire Suvanto Trucks Oy through a 100% share exchange and build a nationwide sales network for used vehicles. The acquisition of Suvanto Trucks Oy was completed on 29 February 2024.

Increased activity in the used car trade since the beginning of 2023 provided opportunities for organic growth and the geographical expansion of operations. In May 2023, Wetteri opened a new used car centre in Joensuu. In July, the company opened a new used car centre in Raisio and a used car centre based on the Wetteri Premium concept in Oulu. In August, a new used car centre was opened in Oulunportti, a hub for car sales in Oulu. In the spring of 2024, Wetteri will open a major used car dealership based on the Wetteri Premium concept in Petikko in Vantaa. This will strengthen its position in the Helsinki metropolitan area.

Business performance during the financial year

EUR thousand	Q4/2023	Q4/2022	Pro forma Q4/2022	Change	2023	2022	Pro forma 2022	Change
Group								
Revenue	131,089	74,781	77,519	69%	443,287	191,825	291,042	52%
EBITDA	4,662	758	847	451%	21,009	6,172	9,125	130%
Adjusted EBITDA	6,783	2,257	2,346	189%	24,918	9,788	13,804	81%
Operating profit (EBIT)	702	-2,446	-2,447	-	5,351	-2,279	-3,954	-
Adjusted operating profit	3,343	-196	-164	-	12,030	3,322	3,860	212%



Wetteri Plc's revenue in the fourth quarter of 2023 was EUR 131.1 million. Compared with the corresponding period in the previous year (EUR 77.5 million, pro forma), its revenue increased by 69%. Its EBITDA in the fourth quarter increased to EUR 4.7 million (EUR 0.8 million). Its adjusted EBITDA increased to EUR 6.8 million (EUR 2.3 million), operating profit to EUR 0.7 million (EUR -2.4 million), and adjusted operating profit to EUR 3.3 million (EUR -0.2 million).

In January–December 2023, Wetteri Plc's revenue increased to EUR 443.3 million, up 52% from the previous year (EUR 291.0 million, pro forma). Its EBITDA grew to EUR 21.0 million (EUR 9.1 million). Its adjusted EBITDA in January–December was EUR 24.9 million (EUR 13.8 million). Its operating profit in January–December was EUR 5.4 million (EUR -4.0 million), and its adjusted operating profit was EUR 12.0 million (EUR 3.9 million). The delivery of new cars from the order backlog, the acquisition of Autotalo Hartikainen in March 2023 and the acquisition of AutoPalin in June 2023 had a positive impact on the revenue. Transaction and integration costs arising from business acquisitions, around EUR 1.0 million, had a negative impact on the operating profit in the fourth quarter.

Operating segments

Passenger Cars segment

EUR thousand	Q4/2023	Q4/2022	Pro forma Q4/2022	Change	2023	2022	Pro forma 2022	Change
Passenger Cars								
Revenue	89,426	45,548	49,230	82%	284,456	116,088	171,969	65%
EBITDA	281	1,803	328	-14%	4,235	3,572	2,430	74%
Adjusted EBITDA	934	1,810	334	180%	5,070	3,589	2,456	106%
Operating profit (EBIT)	-1,400	72	-58	-	-2,491	-1,100	-2,449	-
Adjusted operating profit	-422	477	347	-222%	77	-19	-828	-

The Passenger Car segment's revenue in January–December 2023 was EUR 284,5 million, with an increase of 65% from the corresponding period in the previous year (pro forma). The strong growth in revenue was driven by business acquisitions, customer deliveries of new cars from the order backlog and increased activity in the used car trade. There were 3,322 invoiced sales of new passenger cars in the financial year, up 60.8% from the corresponding period in the previous year. The order intake for new cars decreased by 8.5% year-on-year, with 2,862 new orders received. Inflation, higher interest rates and volatile energy prices had an impact on the demand for new cars during the review period. The value of the order backlog for new cars remained at a good level and was EUR 57.3 million at the end of the financial year. The order backlog consisted of 1,099 cars at the end of the financial year.

The invoiced sales of used cars were 5,764 cars in January–December 2023, up 23.0% from the corresponding period in the previous year.

Heavy Equipment segment

EUR thousand	Q4/2023	Q4/2022	Pro forma Q4/2022	Change	2023	2022	Pro forma 2022	Change
Heavy Equipment								
Revenue	15,424	20,196	16,357	-6%	67,846	45,513	59,644	14%
EBITDA	1,470	302	302	387%	4,809	1,667	2,199	119%
Adjusted EBITDA	1,495	740	740	102%	5,441	2,836	3,953	38%
Operating profit (EBIT)	939	-350	-350	-	2,596	-3	-244	-
Adjusted operating profit	1,015	328	328	210%	3,682	1,805	2,467	49%

The Heavy Equipment segment's revenue in January–December increased to EUR 67.8 million, with an increase of 14% year-on-year. The invoiced sales of new Volvo and Renault commercial trucks totalled 181 in the financial year (189 in the corresponding period in the previous year). A total of 127 new commercial truck orders was recorded in January–December, and the value of the commercial truck order backlog was EUR 13.7 million at the end of the financial year. Generally, the delivery times for commercial trucks returned to normal for nearly all manufacturers, as the shortage of components eased after the years of the pandemic. The Group company Wetteri Power Oy's market share in its area of operation was 38.8% (44.7% on 31 December 2022). Wetteri Power Oy's long-term (2003–2023) average market share in its area is 31.6%.

At the end of the financial year, the total value of the maintenance contract portfolio was EUR 21.0 million (31.12.2022 EUR 17.3 million), the average duration of maintenance contracts is 47 months. Service contract coverage, i.e. the number of cars covered by a service contract out of all cars sold, was 92.1% (82.6%).

Maintenance Services segment



EUR thousand	Q4/2023	Q4/2022	Pro forma Q4/2022	Change	2023	2022	Pro forma 2022	Change
Maintenance Services								
Revenue	22,158	7,369	7,526	194%	76,040	26,580	44,356	71%
EBITDA	1,720	-740	737	133%	10,534	1,625	5,059	108%
Adjusted EBITDA	2,966	-387	1,089	172%	12,654	2,564	6,468	96%
Operating profit (EBIT)	-276	-1,522	-1,373	-	3,151	-429	77	3,978%
Adjusted operating profit	1,072	-1,067	-919	-	5,680	783	1,894	200%

The Maintenance Services segment's revenue was EUR 76.0 million and increased by 71% in January–December 2023 compared with the corresponding period in the previous year (pro forma). A total of 319,562 maintenance and repair shop hours were sold in January–December 2023, up 46.9% from the corresponding period in the previous year. The euro-denominated maintenance work invoicing increased by 49.7% year-on-year. Spare parts sales in January–December 2023 increased by 59.8% year-on-year. One of the factors behind the strong performance of Maintenance Services was the Personal Mechanic operating model, in which the customer and mechanic do business without intermediaries. Spare parts sales grew alongside maintenance operations, and the level of accessories in new cars also increased the demand for spare parts.

Items not allocated to operating segments

EUR thousand	Q4/2023	Q4/2022	Pro forma Q4/2022	Change	2023	2022	Pro forma 2022	Change
Items not allocated to operating segments								
Revenue	4,082	1,668	4,406	-7%	14,945	3,644	15,073	-1%
EBITDA	1,191	-608	-520	-	1,430	-692	-562	-
Adjusted EBITDA	1,387	94	182	662%	1,753	798	928	89%
Operating profit (EBIT)	1,439	-646	-666	-	2,095	-748	-1,338	-
Adjusted operating profit	1,678	67	80	2,003%	2,591	753	326	694%

The items not allocated to operating segments consist of the training business, service station operations in Kuusamo, and the Group's administration and IT services. The training business includes Tieturi Oy and Informator Utbildning Svenska AB (Sweden), which provide IT training for companies, and Management Institute of Finland MIF, which consists of two units (MIF Tutkinnot and MIF Competence) and provides working life training. Informator's training business has been loss-making, and the outlook for the Swedish training market still does not support development in the desired direction. The company is therefore exploring different options for the Swedish training business to achieve a more permanent solution.

After the financial year, on 14 February 2024, Wetteri announced its intention to sell its Finnish training service companies Tieturi Oy and Management Institute of Finland MIF Oy to Professio Finland Oy. The transaction price consists of the basic purchase price of EUR 5.1 million, as well as the purchase price based on the net working capital calculation on the transaction date and adjustments made to it on the transaction date. The buyer will pay 40 per cent of the purchase price as a cash contribution on the transaction date and ten per cent on 30 June 2024. For the remaining 50 per cent, Wetteri will grant an interest-bearing loan with a five-year loan period, the first two years being free of loan repayments. Through the sale of its training service companies, Wetteri is streamlining its group structure in accordance with the company's strategy. The completion of the transaction is subject to the fulfilment of the requirements set by the parties. If the conditions are met, it is expected the transaction will be completed on 2 April 2024.

Pro forma information concerning the Group's comprehensive income for Q4/2023 and 2023

The pro forma information in the comprehensive income statement has been prepared to illustrate how Wetteri Group's comprehensive income would have been formed if Wetteri Plc's and Themis Holding Oy's share exchange (reverse acquisition), which was implemented on 9 December 2022, and the Wetteri Yhtiöt Oy Group's share transaction, which was implemented on 11 May 2022, had already taken place on 1 January 2022, and the current Group structure had been formed at that time. The transactions mentioned above are described in more detail in the Group's financial statements for the financial year that ended on 31 December 2022. This unaudited pro forma information is hypothetical and has been prepared for illustrative purposes only. The pro forma information therefore differs from the Group's actual comprehensive income for the comparison periods 1 October to 31 December 2022 and 24 February to 31 December 2022.

The pro forma information is based on Wetteri Plc's, Themis Holding Oy's and the Wetteri Yhtiöt Oy Group's consolidated comprehensive income for the 2022 financial year. The pro forma information has been adjusted for depreciation arising from the fair value measurement of assets that would have been recognised in the 2022 financial year if the completed share exchange of Wetteri Plc and Themis Holding Oy on 9 December 2022 (reverse acquisition) and the completed share



transaction of the Wetteri Yhtiöt Oy Group on 11 May 2022 had already taken place on 1 January 2022. Depreciation has been determined based on the assumption that the fair value allocations to the assets by means of acquisition calculations would have been the same on 1 January 2022 as they were at the time of the actual execution of the acquisitions on 9 December 2022 and 11 May 2022. The pro forma information in the comprehensive income statement has also been adjusted for the elimination of internal items and the deferred tax effect of the depreciation resulting from the fair value measurement of assets.

EUR thousand	Pro forma Q4/2022	Pro forma 2022
Revenue	77,519	291,042
Other operating income	169	558
Materials and services	-60,994	-227,030
The cost of employee benefits	-10,299	-37,973
Depreciation and impairment	-3,294	-13,079
Other operating expenses	-5,548	-17,472
Operating profit (loss)	-2,447	-3,954
Financial income	97	199
Financial expenses	-1,447	-3,497
Financial income and expenses	-1,349	-3,298
Share of profit or loss of associates	-3	-3
Profit (loss) before tax	-3,800	-7,255
Income taxes	441	710
Profit (loss) for the period	-3,358	-6,545
Other items of comprehensive income that may be reclassified as profit or loss		
Translation differences arising from net investments in subsidiaries	55	93
Comprehensive income for the period	-3,303	-6,452
Distribution of profit (loss) for the period		
To shareholders of the parent company	-3,358	-6,545
To non-controlling interests	0	0
	-3,358	-6,545
Distribution of comprehensive income for the period		
To shareholders of the parent company	-3,303	-6,452
To non-controlling interests	0	0
	-3,303	-6,452

Balance sheet, financial position and investments

At the end of the financial year on 31 December 2023, the Group's balance sheet total stood at EUR 214.3 million, of which equity accounted for EUR 33.9 million. Non-current liabilities totalled EUR 50.8 million, including EUR 38.6 million in lease liabilities. At the end of the financial year, current liabilities stood at EUR 129.5 million, including EUR 42.5 million in trade and other payables, and EUR 8.8 million in lease liabilities. Net working capital stood at EUR 22.5 million at the end of the financial year. Inventories amounted to EUR 77.8 million. The equity ratio was 16% on 31 December 2023.

On 31 December 2023, the Group's interest-bearing liabilities consisted of EUR 47.4 million in lease liabilities, EUR 22.2 million in loans from financial institutions, EUR 11.8 million in balance used from the Group's account credit facilities of EUR 13.8 million, EUR 5.7 million in capital loans, EUR 2.0 million in convertible bonds, EUR 0.8 million in loans under the Employee Pensions Act (TyEL), EUR 0.3 million in product development loans, EUR 0.2 million in other loans, EUR 0.2 million in derivative instruments, EUR 24.7 million in use from the consignment stock facilities for used cars, EUR 15.8 million in use from facilities for sale and leaseback arrangements for demonstration cars, and EUR 1.4 million in other financial liabilities. Interest-bearing liabilities totalled EUR 132.5 million on 31 December 2023. Interest-bearing liabilities without lease liabilities, used up balance from consignment stock facilities and used up balance from sale and leaseback arrangement facilities totalled EUR 44.6 million.

**Interest-bearing liabilities**

EUR thousand	2023	2022
Non-current interest-bearing liabilities		
Capital loans	5,742	5,175
Loans from financial institutions	293	885
Loans under the Employee Pensions Act (TyEL)	371	418
Product development loans	129	257
Other loans	246	0
Lease liabilities	38,624	32,038
Other financial liabilities	4	1
Derivative instruments	152	0
Non-current interest-bearing liabilities, total	45,560	38,776
Current interest-bearing liabilities		
Loans from financial institutions	21,956	13,787
Overdraft facilities	11,752	12,039
Loans under the Employee Pensions Act (TyEL)	464	437
Product development loans	129	129
Convertible bonds	2,000	2,300
Lease liabilities	8,798	5,704
Consignment stock facilities for cars	24,662	11,372
Facilities for sale and leaseback arrangements for cars	15,810	9,721
Other financial liabilities	1,383	1,288
Current interest-bearing liabilities, total	86,954	56,776
Interest-bearing liabilities, total	132,515	95,552
Cash and cash equivalents	-856	-1,147
Net debt	131,659	94,404

Consignment stock financing for used cars and sale and leaseback arrangements for demonstration cars are a significant part of efficient working capital management and a major part of the Group's interest-bearing liabilities. The Group has access to considerable credit facilities that can be used for the purpose of financing cars. The financing obtained from consignment stock financing for used cars and sale and leaseback arrangements for demonstration cars is presented under current financial liabilities on the consolidated balance sheet in accordance with the IFRS. On the other hand, a car issued for financing is included in the Group's inventories and serves as collateral for the financing granted. A car under financing is redeemed when it is sold to a customer.

Of the Group's interest-bearing liabilities:

- EUR 24.7 million (19%) is related to consignment stock financing for used cars
- EUR 15.8 million (12%) is related to sale and leaseback arrangements concerning the Group's demonstration and courtesy cars
(EUR 40.5 million in total)

On 31 December 2023, the Group had access to EUR 40.7 million in credit facilities related to its consignment stock of vehicles and EUR 20.3 million in credit facilities related to vehicle sale and leaseback arrangements. The facilities granted (EUR 79.1 million) enable growth in line with the strategy.

In the financial year, cash flow from operating activities was EUR 11.0 million, and the total cash flow was EUR -0.3 million. Investments amounted to around EUR 2.6 million in the financial year. These included investments related to the new repair shop opened in Kemi and its energy-efficient car paint shop (EUR 0.6 million) and development investments related to the Kokkola location of Wetteri Power Oy, which is responsible for the Group's Heavy Equipment business operations (EUR 0.6 million). The rest mainly consisted of renovation and equipment costs related to dealerships' leased facilities.



Group governance and management

Board of Directors

The members of Wetteri Plc's Board of Directors are Markku Kankaala (Chair), Martti Haapala, Mikael Malmsten, Satu Mehtälä, Hannu Pärssinen and Aarne Simula.

Management Team

Aarne Simula serves as the CEO of Wetteri Plc. The company's Management Team consists of the following members: Aarne Simula, CEO; Panu Kauppinen, CFO (since 13 March 2023); Antti Ollikainen, CEO of Wetteri Power Oy; and Sanna Räsänen, CCO.

Decisions of the Annual General Meeting and the Board of Directors' inaugural meeting

Wetteri Plc's Annual General Meeting was held in Oulu on 8 May 2023. Wetteri Plc's Annual General Meeting (AGM) adopted the financial statements for 2022 and discharged the Board of Directors and the CEO from liability. In accordance with the Board of Directors' proposal, the AGM decided that no dividend would be paid for the financial year that ended on 31 December 2022. The AGM confirmed the remuneration policy.

Board of Directors and the Auditor

The AGM confirmed that the Board would consist of six members. The members of the Board of Directors are Markku Kankaala, Martti Haapala, Mikael Malmsten, Satu Mehtälä, Hannu Pärssinen and Aarne Simula. PricewaterhouseCoopers Oy continues as the company's auditor, with Sami Posti, APA, as the principal auditor.

The Board of Directors' fees

The AGM decided that each member of the company's Board of Directors would be paid a fee of EUR 3,000 per month, and that the Chair of the Board would be paid a fee of EUR 5,500 per month. No separate meeting fees will be paid. By decision of the AGM, the Chairs of committee meetings will be paid a fee of EUR 500 per meeting, and the members of the committees will be paid a fee of EUR 300 per meeting.

Board authorisations

The AGM authorised the Board of Directors to decide on share issues, including the right to issue new shares or transfer shares held by the company, and on the issue of option rights and other special rights entitling their holders to shares. Based on the authorisation, a maximum of 70,000,000 new shares or shares held by the company can be issued in one or more instalments. This represents around 49.7% of the company's current shares. The authorisation replaces previous authorisations and is valid for one year from the decision of the AGM.

Based on the authorisation granted by the AGM, the Board of Directors has the right to decide on share issues and the issue of option rights and other special rights entitling their holders to shares, and on the terms and conditions of such issues. The Board may use the authorisation to finance and enable acquisitions or other business arrangements and investments, for example, or to provide personnel with incentives or encourage them to commit to the company. Based on the authorisation, the Board may decide on share issues against payment and share issues without payment, and consideration other than cash may also be used as payment for the subscription price. The authorisation includes the right to decide on deviation from the shareholders' pre-emptive right if the conditions laid down in the Limited Liability Companies Act are met.

The Board of Directors' inaugural meeting

The Board of Directors' inaugural meeting was held on 8 May 2023. At its inaugural meeting after the AGM, the Board elected Markku Kankaala as Chair and Hannu Pärssinen as Vice Chair from among its members. The other members of the Board are Martti Haapala, Mikael Malmsten, Satu Mehtälä and Aarne Simula.

At the Board's inaugural meeting, Satu Mehtälä was elected as Chair of the Audit Committee, and Markku Kankaala and Hannu Pärssinen were elected as the members of the Audit Committee. Samuli Koskela, secretary to the Board of Directors, was elected as secretary to the Audit Committee. Hannu Pärssinen was elected as Chair of the Remuneration Committee, and Mikael Malmsten, Martti Haapala and Aarne Simula were elected as its members.



Shares and shareholders

Shares and share capital on 31 December 2023

Wetteri Plc has one series of shares. The shares have no nominal value. The maximum number of shares in the financial year was 148,212,609. During the 2023 calendar year, the total number of shares increased from 134,600,870 to 148,212,609. Each share provides an equal right to dividends, and each share entitles its holder to one vote at a general meeting. All shares issued by the company have been paid in full. Neither the company nor its subsidiaries or associates held any treasury shares in the financial year. Wetteri Plc's share is listed on Nasdaq Helsinki Ltd's stock exchange list, and its shares are included in the book-entry system maintained by Euroclear Finland Oy.

Shareholding

At the end of 2023, the 100 largest shareholders owned 145,993,548 (131,921,511) shares, or 99% (98) of all shares. The number of shares at the end of 2023 was 148,212,609 (134,600,870). The number of shares held, directly or indirectly, by the members of the company's Board of Directors and the Group's Management Team was 110,603,430 (93,484,167), or 74.6% (69.5%) of all the shares and votes in the company. The company did not hold any treasury shares on 31 December 2023.

Ranking	Name	Number of shares	% of votes
1	SIMULA INVEST OY	59,615,943	40.22%
2	PM RUUKKI OY	42,312,807	28.55%
3	OY HAAPALANDIA INVEST LTD	7,996,046	5.39%
4	ELO MUTUAL PENSION INSURANCE COMPANY	7,372,680	4.97%
5	RISTO JUHANI JÄRVELIN	2,924,138	1.97%
6	JOUNI VILHO HAANPÄÄ	2,917,138	1.97%
7	HERTTAKUUTONEN OY	2,000,850	1.35%
8	PROPER 100 OY	1,840,642	1.24%
9	MIKKO JOHANNES HAAPALA	1,710,000	1.15%
10	TEPPO KUUSISTO	1,391,095	0.94%

Key events during the financial year

On 25 January 2023, Wetteri announced the composition of its Shareholders' Nomination Committee. On 31 December 2022, the largest shareholders were Simula Invest Oy, PM Ruukki Oy and Oy Haapalandia Invest Ltd. Simula Invest Oy appointed Aarne Simula as its representative, PM Ruukki Oy appointed Markku Kankaala as its representative, and Oy Haapalandia Invest Ltd appointed Martti Haapala as its representative. The committee elected Aarne Simula as its Chair from among its members.

On 26 January 2023, Wetteri announced that Simula Invest Oy would execute a mandatory tender offer for Wetteri Plc's shares. Wetteri's Board of Directors published its statement on the tender offer on 6 February 2023, and the Financial Supervisory Authority approved the tender offer document on 7 February 2023. The tender offer period started on 8 February 2023. The final result of the tender offer procedure was announced on 24 April 2023. The shareholders who approved the tender offer in accordance with its terms and conditions held a total of 13,997,285 shares in Wetteri and represented around 9.92% of all the votes in the company. Taking these shares into account, Simula Invest Oy's holding increased to 58,651,863 shares following the tender offer procedure, which corresponds to 41.63% of all the votes in Wetteri Plc. Ownership of the shares was transferred against the payment of a cash consideration on 27 April 2023. Following the tender offer procedure, Aarne Simula, who controls Simula Invest Oy, personally owns 64,080 shares in Wetteri Plc, and his related parties own 10,000 shares. Taking into account Simula Invest Oy's holding and the personal holdings of Simula and his related parties, Simula Invest Oy's total holding in Wetteri Plc increased to 58,725,943 shares, or 68% of all the votes in Wetteri Plc.

On 1 February 2023, the company published a further specification concerning the schedule for the acquisition of Autotalo Hartikainen, which had been announced in December 2022. The execution of the transaction was delayed because of the Finnish Competition and Consumer Authority's proceedings schedule. On 1 March 2023, the company announced that the transaction would be executed on 7 March 2023. The business operations of Autotalo Hartikainen were transferred to Wetteri on 8 March. A directed share issue was carried out as part of the financing of the transaction. Based on an authorisation granted by the Annual General Meeting, Wetteri's Board of Directors issued a total of 6,284,152 new shares in Wetteri for the AktiiviOmistajat group. Of these, a total of 3,142,076 shares were issued through a directed issue, and another 3,142,076 shares through conversions of convertible bonds.

On 13 March 2023, the company announced a change in its Management Team. Sami Klemola, who had served as the company's CFO, resigned from his position, and Panu Kauppinen was appointed as the company's CFO.



On 14 March 2023, the company announced that it would carry out its second acquisition under its growth strategy and acquire the AutoPalin business operations of Palin Oy in Pori and Rauma. On 31 March 2023, the company announced that the AutoPalin transaction was expected to be completed by 31 May 2023 following approval from the Finnish Competition and Consumer Authority. The transaction was completed on 31 May 2023, and AutoPalin became part of Wetteri on 1 June 2023.

On 28 March 2023, the company announced that the publication of its financial statements bulletin, annual report and financial statements would be delayed from the previously announced schedule. At the same time, the company announced that its Annual General Meeting would be held on 8 May 2023, later than previously announced.

On 6 April 2023, the company published its financial statements bulletin. On 14 April 2023, the company announced its financial statements, annual report, remuneration report and corporate governance statement. Notice of the Annual General Meeting was also published on 14 April 2023, along with the Shareholders' Nomination Committee's proposals to the Annual General Meeting.

On 6 April 2023, the company announced amendments to Wetteri's financing agreement. Wetteri Plc's subgroup Themis Holding Oy agreed on changes to the covenant of the financing agreement with the financing bank. In accordance with the amended covenant, EBITDA for the financial year that ended on 31 December 2022 will be adjusted for one-off expenses related to the Wetteri-Soprano arrangement, which was announced on 9 December 2022. In addition, EBITDA will be adjusted for one-off expenses related to Autotalo Mobila Oy's internal arrangements.

On 24 April 2023, the company announced the final result of Simula Invest's mandatory public tender offer. The shareholders who approved the tender offer in accordance with its terms and conditions held a total of 13,997,285 shares in Wetteri and represented around 9.92% of all the votes in the company. Taking these shares into account, Simula Invest Oy's holding increased to 58,651,863 shares, which corresponds to 41.63% of all the votes in Wetteri Plc. The ownership of the shares was transferred against payment of cash consideration, and the tender offer procedure was completed with the payment of the cash consideration on 27 April 2023.

On 28 April 2023, the company announced that liquidity provision for its share would end on 31 May 2023. The company estimated that the liquidity of its share would be sufficient without liquidity provision.

Wetteri's Annual General Meeting was held on 8 May 2023. The AGM approved all the Board's proposals and elected the company's Board of Directors for a new term of office. At the Board's inaugural meeting, Markku Kankaala was elected as its Chair and Hannu Pärssinen as its Vice Chair. At the Board's inaugural meeting, Satu Mehtälä was elected as Chair of the Audit Committee, and Markku Kankaala and Hannu Pärssinen were elected as the members of the Audit Committee. Samuli Koskela, secretary to the Board of Directors, was elected as secretary to the Audit Committee. Hannu Pärssinen was elected as Chair of the Remuneration Committee, and Mikael Malmsten, Martti Haapala and Aarne Simula were elected as its members.

On 12 September 2023, Wetteri Plc announced that the company and Lago Kapital Oy had signed a market-making agreement that met the Nasdaq Liquidity Providing (LP) requirements. Under the agreement, Lago Kapital Oy will place a buy and sell order on Wetteri Plc's shares so that the highest permitted difference between the buy and sell orders is 4% calculated from the buy order. The number of shares included in the orders must correspond to at least EUR 3,000. Lago Kapital Oy undertakes to place a buy and sell order on Wetteri Plc's shares in the stock exchange trading system on each trading day for at least eighty-five per cent (85%) of the continuous trading time. Market making under the agreement began on 15 September 2023. The agreement is valid for a fixed term of six months and then continues under a notice period of two months. The purpose of the agreement is to increase the liquidity of the share and reduce share price volatility, thereby making trading easier for private investors in particular. In connection with the agreement, the principal owner, Simula Invest Oy, will grant a stock loan (around 35,000 shares) to Lago Kapital Oy.

On 27 October 2023, the company announced that it would execute its third business acquisition this year by acquiring the car dealership business operations of the Suur-Savo Cooperative Society, which engages in car trade and maintenance operations in Mikkeli, Savonlinna and Vantaa. Its brand representation includes Toyota at Etelä-Savon Auto and Mercedes-Benz, Nissan and Opel at Savon Autokeskus. Wetteri Auto Oy, a subsidiary of Wetteri Plc, will acquire passenger car sales and maintenance operations through the transaction. The purchase price is EUR 1.4 million and includes machinery, equipment and spare parts. Wetteri Plc's financial guidance will not change as a result of the planned acquisition. 8 December 2023, Wetteri Plc announced that the acquisition would be completed on 1 January 2024.

On 6 December 2023, the company announced that it would update its disclosure policy so that Wetteri's official reporting languages would be Finnish and English. All official material is published in both Finnish and English. Finnish takes precedence in the event of differences of interpretation.

On 11 December 2023, the company announced the acquisition of Suvanto Trucks Oy through a 100% share exchange. The acquirer in the transaction is Wetteri Plc. The entire share capital of Suvanto Trucks will be transferred to Wetteri Plc through the transaction. The purchase price is EUR 4,160 million. The purchase price will be paid in full in new shares in



Wetteri Plc. Wetteri Plc will execute the payment of the purchase price under the Board's authorisation to issue shares. The subscription price will be determined by the share price at the time of execution. It is expected that the transaction will be completed by 31 March 2024. Wetteri Plc's financial guidance will not change as a result of the planned acquisition.

On 21 December 2023, the company announced that its Board of Directors had decided on a share issue to the personnel of Wetteri's car trade business without payment. Wetteri Plc's Board of Directors decided on a share issue without payment pursuant to the authorisation granted by the Annual General Meeting on 8 May 2023. The company will issue a maximum of 100,000 new shares in the company to the employees of Wetteri Plc and its car trade business operations without consideration, in deviation from the shareholders' pre-emptive right. The company has a particularly weighty financial reason for deviating from the shareholders' pre-emptive right, as the purpose of the personnel issue is to strengthen the employees' ownership, motivation and commitment to the company. Wetteri has nearly 1,000 employees.

On 21 December 2023, the company announced that its Board of Directors had decided on a directed share issue against payment to certain institutional investors and a limited group of experienced investors based on the authorisation granted by the Annual General Meeting on 8 May 2023. On 22 December 2023, Wetteri Plc's Board of Directors approved EUR 3.4 million in subscriptions for the share issue and carried out the issue. The new shares were entered into the Trade Register on 28 December 2023.

Key events after the financial year

On 2 January 2024, the company announced the completion of the acquisition of the car dealership business operations of the Suur-Savo Cooperative Society.

On 11 January 2024, the company announced that the Finnish Competition and Consumer Authority had approved the Suvanto Trucks Oy transaction on 11 January 2024. The transaction is expected to be completed by 31 January 2024.

On 1 February 2024, the company provided preliminary information about its adjusted operating profit for 2023, which was expected to be around EUR 11.7 million. The company further specified the estimate on 9 February 2024 by announcing that its adjusted operating profit for 2023 was more than EUR 11.7 million.

On 14 February 2024, the company announced that it would sell its training service companies in Finland (Management Institute of Finland MIF Oy and Tieturi Oy) to Professio Finland Oy. The transaction is expected to be executed on 2 April 2024 if the conditions are met. The transaction price consists of the basic purchase price of EUR 5.1 million, as well as the purchase price based on the net working capital calculation on the transaction date and adjustments made to it on the transaction date. The buyer will pay 40 per cent of the purchase price as a cash contribution on the transaction date and ten per cent on 30 June 2024. For the remaining 50 per cent, Wetteri will grant an interest-bearing loan with a five-year loan period, the first two years being free of loan repayments.

On 14 February 2024, the company announced negotiations on the renewal of the financing agreement between Wetteri Group's subgroup Themis Holding Oy and the financing bank. In light of the preliminary figures, the covenants of the financing agreement were not fully met at the time of review.

On 29 February 2024, Suvanto Trucks Oy acquisition was completed.

On 12 March 2024 the company announced a new reseller-agreement with Nordcars Finland Oy. Company estimates, that the cooperation will have a significant impact on Wetteri's market position in electric car market.

Personnel

Wetteri's average number of personnel was 926 in the 2023 financial year. Wetteri's personnel by function:

- Sales 18%
- Maintenance and spare parts business 70%
- Administration 4%
- Other 8%

93% of its mechanics' employment relationships and 93% of its white-collar employees' employment relationships were permanent. Wetteri supports its personnel in learning and offers opportunities for training during their careers. In the automotive sector, importer requirements also call for a high level of staff competence to be maintained. Wetteri offers fair working conditions in accordance with collective agreements and invests in maintaining working capacity and preventing problems. Equal treatment and respect for other people are important values. In its sustainability work, Wetteri invests in accident prevention, well-being at work and the development of working capacity management, among other aspects.



As part of the commitment of the personnel, Wetteri carried out a share issue without payment directed to the personnel.

Sustainability

Wetteri's material sustainability themes were determined in 2023 in cooperation with stakeholders. Key stakeholders include employees, customers, investors, importers, subcontractors and the operating environment. The material themes were determined in accordance with the double materiality principle. Attention was paid to several characteristics of the automotive industry, including a sustainable working life and career-long working capacity management, as well as emission reductions and Wetteri's position as part of the automotive value chain.

Wetteri's material sustainability themes are low-emission and safe driving, a sustainable working life and a desired workplace, and good management and a responsible company as part of society. The material themes cover environmental responsibility, social responsibility and good governance.

The Group's Management Team is responsible for the management of sustainability work. It maintains the company's sustainability plan and its targets and monitors the achievement of the targets. Management systems certified in accordance with ISO 9001 and ISO 14001, as well as the related audits, are important parts of sustainability work as a whole.

Wetteri will examine ways to include sustainability more strongly in the company's strategy and determine its sustainability targets during 2024.

Environmental responsibility

Wetteri is committed to the automotive sector's Green Deal agreement, which aims to promote the achievement of the CO₂ emissions reduction targets set for transport, the improvement of the energy efficiency of vehicles, and the increased use of biofuels and other types of alternative motive power. Wetteri seeks to raise its employees', customers' and stakeholders' awareness of environmentally friendly driving in addition to helping customers find the optimal solution between their transport needs and a minimal climate load.

During 2023, Wetteri introduced a new type of energy efficient paint booth in its repair shop in Kemi, and the construction of a similar one started in Kajaani. The energy-efficient paint booths use the heat generated in the process during the drying phase of the paint, reducing the need for energy. Paint choices also reduce the need for energy: the chosen paints dry at about 30 degrees instead of the traditional 60 degrees.

Social responsibility

Wetteri's material sustainability themes include a sustainable working life and a desired workplace. Wetteri has drawn up guidelines for a flexible working life at different stages of careers with the aim of supporting individuals' coping at work and responding to individual needs. Wetteri invested in personnel training and competence development in ways typical of the automotive industry during 2023. The training includes brand-specific maintenance and sales training, as well as various types of training related to occupational safety and health.

A total of 71 occupational accidents were recorded in 2023, seven of which led to an absence of more than a week. During 2023, Wetteri introduced an application for recording and processing safety observations in all its locations. A total of 86 safety observations were made during 2023, and the aim is to increase the number annually. Wetteri seeks to create a supportive safety culture: as the number of risk observations and positive safety observations increases, there will be more discussion about safety issues and awareness of safe working environment and methods.

Good governance

Wetteri's Code of Conduct and other operating system guidelines determine practices related to human rights, responsible sourcing, subcontractor audits, good business practice, competition and anti-corruption, for example. Wetteri has a risk management organisation that is partly responsible for developing the company's operating models. Risk management is an integral part of the company's management system. Wetteri carried out a contingency analysis during 2023, and the measures detected based on the analysis will be implemented during 2024.

Wetteri has zero tolerance of all forms of harassment and discrimination in the workplace. Wetteri also has an operating model against inappropriate behaviour, which also outlines the procedures to be applied if harassment is detected in any form.

The company did not receive any reports on misconduct in 2023. The main channels for reporting suspected misconduct are the company's ethical channel and employee representatives.

Key risks and uncertainties



Wetteri divides its risks into operational, strategic and financial risks, and risks related to the operating environment.

Risks in the operating environment are related to the general economic situation, tightening competition, changes in the distribution model in the car trade, geopolitical tensions, technological development and changes, exposure to industrial action, and changes in consumer behaviour.

Operational risks arise from events caused by inadequate or dysfunctional internal processes and systems or by people. The damage caused by risks may be either direct or indirect, financial, or related to the corporate image that diminishes Wetteri's reputation among the company's customers or partners.

Wetteri's most significant operational risks are related to customer relationship management, possible supply chain disruptions, inventory management, human resources management, the company's IT environment, internal and external financial reporting, profit forecasting, communications and investor relations, and possible key personnel dependencies in governance and business operations.

Wetteri maintains normal insurance cover against various risks associated with the Group's business operations. Because of general restrictions included in insurance policies, the insurance may not necessarily cover all the damage incurred. Wetteri's insurance policies are organised so that they reflect Wetteri's business operations, and the insurance cover corresponds to industry practices and covers the risks against which obtaining insurance can be considered an appropriate measure.

Strategic risks are uncertainties that may, in the short or long term, affect the achievement of the company's strategic targets or even the company's existence. Strategic risks can be caused by failed strategic decisions and slow responses to changes in the operating environment, for example. Strategic risks can often involve both a positive opportunity and a negative threat.

Wetteri's most significant strategic risks are related to the failure of the growth strategy and the execution of acquisitions in accordance with the strategy. In general, acquisitions can involve a variety of challenges, which can lead to high one-off costs, lost synergies and lower than expected return on capital employed in the acquired business. The failure of an acquisition may result from, for example, overvaluing the acquiree, insufficient due diligence, a failure to integrate and manage the acquired business, or underestimating the costs incurred in the process. Wetteri seeks to reduce the risk associated with acquisitions with comprehensive due diligence measures. The aim is to support success in integration with careful planning and cutting out of overlaps in the organization of information management and administration, as well as by supporting personnel in change and the supervisors in change management.

Significant strategic risks also include problems potentially related to Wetteri's business model and failure in the business model. In particular a failure to prepare for changes in the supply chain and to anticipate the development of customers' consumption behaviour may have an adverse impact on Wetteri's business and financial position and cause reputational harm. In its current form, Wetteri's business model also ties up a relatively high amount of capital, which is characteristic of the car trade and can significantly affect the company's financing needs. As car brand distribution models are evolving towards the agent model, in which cars are sold from the manufacturer's balance sheet instead of the car dealer's balance sheet, the car trade business will tie up less capital in the future.

Wetteri's business operations are also sensitive to cyclical fluctuations, particularly in the trade of new cars, as sales of new cars are cyclical. Cyclical fluctuations may therefore have adverse impacts on Wetteri's capacity to generate income. On the other hand, Wetteri's business model includes not only the sale of new cars, but also the spare parts, maintenance and repair shop business, and the sale of heavy vehicles, whose good profitability and less cyclical nature protect the company from cyclical fluctuations.

Car brand representation agreements with importers are significant for Wetteri's business operations and therefore also involve significant business risks. Representation agreements include terms concerning the termination of the agreement in situations in which material changes take place in Wetteri's ownership or management. The company seeks to mitigate the risk related to car brand representation agreements by having cooperation relationships with importers managed by several members of the management, so that such relationships do not depend on any single key individual.

Problems related to the availability of skilled personnel can also have a significant impact on Wetteri's business operations. This may be caused by a lack of suitable training in the labour market, a decrease in the attractiveness of the sector in the eyes of jobseekers, a general transformation in working life, and a loss of expertise in the market through the retirement of large numbers of experts. Shortages in the availability of skilled personnel can lead to both a reduced capacity to generate income and increased costs, as well as a decline in customer satisfaction.

Financial risks refer to uncertainties related to the organisation's solvency, sufficiency of capital, financial processes and financial reporting. Financial risks may arise from changes in the availability and structure of capital, exchange rates and interest rates, for example. In its business operations, Wetteri is exposed to several financial risks that can affect the company's financial position.



Liquidity risk refers to the risk that Wetteri faces difficulties in trying to meet its payment obligations to the full extent and on time. The Group's key liquidity needs are mainly related to the management of short- and long-term financial liabilities, capital expenditure, payment of taxes, investments, and changes in working capital. Wetteri's financing agreements include covenants related to financial key indicators, as well as other terms related to indebtedness, investments, ownership structure, business continuity, the transfer and pledging of shares, and the distribution of funds. Performance in terms of the covenants is reviewed on 30 June and 31 December. If the covenants are not met at the time of review, this could lead to the maturity of the Group's bank financing. At the time of release of the financial statements bulletin, Wetteri is negotiating on renewing the covenants of the financing agreement between the Group's Themis Holding Oy -subgroup and the financing bank. Related to this, on 14 February 2024 the company announced that the covenants of the financing agreement measuring 12-month EBITDA divided by interest-bearing net liabilities and equity ratio were not fully met at the time of review on 31 December 2023, and the negotiations regarding the renewal of the covenants have begun. As the negotiations have only begun after the end of the financial year, any resulting changes to the terms of the financing agreement have not been taken into account in the consolidated financial statements of 31 December 2023, and therefore the financing under the financing agreement is presented in the financial statements as short-term debt. Taking account of the covenants related to financing agreements and Wetteri's acquisition-driven growth strategy, ensuring liquidity requires careful liquidity risk management and a positive cash flow from operating activities.

To minimise the liquidity risk, the Group's management monitors and forecasts short-term liquidity at least weekly, in addition to which the management maintains a long-term cash flow forecast. To reduce the liquidity risk, Wetteri uses a variety of funding sources to ensure that the company can meet its short-term and long-term payment obligations. The availability and flexibility of the Group's financing is ensured through the use of financial institutions' credit instruments, the financing of used cars and demonstration cars, and the issue of equity instruments. Wetteri has access to extensive credit facilities offered by various financing companies for used cars and demonstration cars that can be used for the purpose of financing cars. The car serves as collateral for the financing received against the car, and the car is redeemed from financing when it is sold to a buyer. The credit facilities for financing cars are agreements valid until further notice, with notice periods of three to six months. The facilities are continuous in nature, and the status of the agreements and the need for adjustments are typically reviewed with the financing companies in connection with acquisitions or at least annually.

The company's debt-intensive capital structure is also related to the liquidity risk. A debt-intensive capital structure can lead to higher financing costs and a decrease in the company's capacity to generate income. Success in raising equity investments and executing share issues is key in minimising the risk associated with the capital structure.

Interest rate risk arises for Wetteri when changes in reference rates and interest margins affect the Group's financing costs. The Group's bank loans consist of variable rate loans linked to Euribor rates. Because of the Euribor-linked loans, the Group is exposed to a cash flow risk arising from variable rate loans. The cash flow risk associated with variable rate loans is hedged against by means of interest rate swaps.

Credit risk is the risk that a counterparty is unable to meet its contractual obligations, thus causing a financial loss to the Group. Wetteri may incur a credit loss if its customers or counterparties to other contracts are unable to meet their obligations towards the Group. Wetteri has policies to ensure that products or services are sold only to customers with an appropriate credit history. The Group checks the credit history and solvency of significant new corporate customers before entering into contracts and actively monitors the creditworthiness and solvency of its customers. Receivables are collected and monitored on a weekly basis. Generally, the Group protects itself from the credit risk related to private customers by conducting only cash transactions with private customers. The Group also offers private customers a Wetteri credit account managed by a third party if the customer wishes.

Currency risk refers to the risk that the Group, when operating internationally, is exposed to the transaction risk arising from different currency positions and the risk arising from the conversion of investments in different currencies into the parent company's functional currency. The Group has a subsidiary engaged in training business operations in Sweden. The subsidiary accumulates a translation difference related to the Swedish krona against which the Group has not hedged. However, the Group's exposure to the currency risk is not significant.

The Board of Director's proposal for measures concerning the profit for the financial year

The distributable funds of Wetteri Plc, the parent company, are EUR 64.2 million, including the profit (loss) for the financial year (EUR -0.6 million). The Board of Directors proposes to the Annual General Meeting that no dividend be distributed from the profit (loss) for the financial year, and that the profit (loss) for the financial year be transferred to retained earnings (losses).



Estimate of developments in 2024

Availability gaps for new cars have largely been resolved, and the order backlog will continue to be delivered during 2024. Economic uncertainty may have an impact on the demand for new cars in all vehicle categories, and new car registrations in the sector are expected to remain below the level of 2023. Recent signals of interest rates stabilizing and inflation turning downward may increase demand for new cars across all vehicle categories, and demand for used cars is expected to grow. Maintenance operations are expected to continue strong performance.

Annual General Meeting 2024

Wetteri Plc's Annual General Meeting is scheduled to be held on 22 May 2024. The notice of the meeting will be published later by means of a stock exchange release.

Wetteri's disclosure of financial information in 2024

Wetteri will publish its annual report and financial statements, corporate governance statement and remuneration report on 18 April 2023.

30 May 2024	Interim report for January–March 2024
28 August 2024	Interim report for January–June 2024
21 November 2024	Interim report for January–September 2024

Oulu 14 March 2024

Wetteri Plc

Board of Directors

Further information:

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Webcast 14 March 2024 at 3 pm

Wetteri will hold a webcast for shareholders, analysts and the media on 14 March 2024 at 3 pm. During the webcast, Wetteri Plc's CEO, Aarne Simula, will present the result for 2023, provide information about the progress of the company's strategy and discuss the market situation in the automotive sector. The webcast can be followed at <https://wetteri.videosync.fi/q4-2023>



Key performance indicators

EUR thousand	Q4/2023	Q4/2022 ¹⁾	Pro forma Q4/2022	Change ²⁾	2023	2022 ¹⁾	Pro forma 2022	Change ²⁾
Revenue	131,089	74,781	77,519	69%	443,287	191,825	291,042	52%
EBITDA	4,662	758	847	451%	21,009	6,172	9,125	130%
EBITDA, % of revenue	4%	1%	1%		5%	3%	3%	
Items affecting comparability included in EBITDA	2,120	1,499	1,499		3,909	3,616	4,678	
Adjusted EBITDA	6,783	2,257	2,346	189%	24,918	9,788	13,804	81%
Adjusted EBITDA, % of revenue	5%	3%	3%		6%	5%	5%	
Operating profit (loss) (EBIT)	702	-2,446	-2,447	-	5,351	-2,279	-3,954	-
Operating profit (loss), % of revenue	1%	-3%	-3%		1%	-1%	-1%	
Items affecting comparability included in operating profit (loss)	2,642	2,250	2,283		6,678	5,601	7,814	
Adjusted operating profit	3,343	-196	-164	-	12,030	3,322	3,860	212%
Adjusted operating profit, % of revenue	3%	0%	0%		3%	2%	1%	
Profit (loss) before tax	-2,775	-3,377	-3,800	-	-3,824	-4,367	-7,255	-
Profit (loss) before tax, % of revenue	-2%	-5%	-5%		-1%	-2%	-2%	
Profit (loss) for the period	-2,963	-2,798	-3,358	-	-4,049	-3,834	-6,545	-
Profit (loss) for the period, % of revenue	-2%	-4%	-4%		-1%	-2%	-2%	
Earnings per share, basic (EUR)	-0.02	-0.03			-0.03	-0.05		
Earnings per share, diluted (EUR)	-0.02	-0.03			-0.03	-0.05		
Balance sheet total	214,302	154,595			214,302	154,595		
Net debt	131,659	94,404			131,659	94,404		
Return on equity (ROE), %	-35%	-47%			-13%	-25%		
Return on investment (ROI), %	-15%	-15%			-9%	-11%		
Equity ratio, %	16%	20%			16%	20%		
Liquidity, %	83%	85%			83%	85%		
Gearing, %	388%	312%			388%	312%		
Average number of personnel during the financial year ³⁾	1,007	632			926	622		
Invoiced sales of new passenger cars (pcs)	848	549			3,322	1,394		
Invoiced sales of new commercial trucks (pcs)	43	55			181	143		
Invoiced sales of used passenger cars (pcs)	1,553	1,169			5,764	3,280		
Orders: new passenger cars (pcs)	699	636			2,862	1,916		
Orders: new commercial trucks (pcs)	17	26			127	89		
Passenger cars: order backlog at the end of the period	57,343	82,700			57,343	82,700		
Commercial trucks: order backlog at the end of the period	13,655	20,100			13,655	20,100		
Passenger car repair shop: hours sold	83,908	57,054			319,562	109,342		
Commercial truck repair shop: hours sold	30,295	31,173			110,759	74,514		

¹⁾ Q4/2022 refers to the period 1 October to 31 December 2022, and 2022 to the period 24 February to 31 December 2022. The financial information for the comparison period is not comparable with the financial information for the financial year because the company did not have any business operations in the comparison period until after 11 May 2022.

²⁾ Change refers to the change between Q4/2023 and pro forma Q4/2022 and the change between 2023 and pro forma 2022.

³⁾ The calculation of the number of personnel has been revised in the financial year so that the number of personnel at the end of each month has been added together, and the amount thus obtained has been divided by the number of months in the financial year. Comparative information has also been adjusted to match this calculation method.



Calculation formulas for key indicators

EBITDA	=	Operating profit + depreciation and impairment
EBITDA, % of revenue	=	EBITDA/revenue
Adjusted EBITDA	=	EBITDA + items affecting comparability included in EBITDA
Adjusted EBITDA, % of revenue	=	Adjusted EBITDA/revenue
Operating profit (EBIT)	=	Revenue + other operating income – materials and services – the cost of employee benefits – other operating expenses – depreciation and impairment
Operating profit, % of revenue	=	Operating profit/revenue
Adjusted operating profit	=	Operating profit + items affecting comparability included in operating profit
Adjusted operating profit, % of revenue	=	Adjusted operating profit/revenue
Earnings per share, basic (EUR)	=	Profit for the period/volume-weighted average number of shares during the period
Earnings per share, diluted (EUR)	=	Profit for the period/volume-weighted average number of shares during the period, adjusted for share issues
Return on equity, %	=	Profit (loss) for the period/equity on average during the period
Return on investment, %	=	Profit (loss) before tax + financial expenses/equity on average during the period + interest-bearing liabilities on average during the period
Equity ratio, %	=	Equity/balance sheet total – advances received
Liquidity, %	=	Current assets/current liabilities
Gearing, %	=	Net debt/equity



Reconciliation of key indicators

Formation of adjusted EBITDA

EUR thousand	Q4/2023	Q4/2022	Pro forma Q4/2022	2023	2022	Pro forma 2022
Adjusted EBITDA						
Operating profit	702	-2,446	-2,447	5,351	-2,279	-3,954
Depreciation and impairment	3,961	3,204	3,294	15,658	8,451	13,079
EBITDA	4,662	758	847	21,009	6,172	9,125
Items affecting comparability included in EBITDA	2,120	1,499	1,499	3,909	3,616	4,678
Total	6,783	2,257	2,346	24,918	9,788	13,804

Formation of items affecting comparability included in EBITDA

EUR thousand	Q4/2023	Q4/2022	Pro forma Q4/2022	2023	2022	Pro forma 2022
Items affecting comparability included in EBITDA						
Negative goodwill arising from acquisitions	95	0	0	-254	0	0
Transaction and integration costs related to acquisitions	959	0	0	1,594	0	0
Expenses related to the planning of share issues	-122	0	0	77	0	0
Compensation for termination of employment	0	0	0	240	0	0
Transfer tax on Wetteri Yhtiöt Oy's share transaction	0	0	0	0	496	496
Other expenses related to the acquisition of Wetteri Yhtiöt Oy	0	0	0	0	95	95
Expenses related to the reverse acquisition of Wetteri Plc arising from listing on the stock exchange	0	702	702	1	899	899
Depreciation of the fair value of inventories	1,188	797	797	2,251	2,125	3,188
Total	2,120	1,499	1,499	3,909	3,616	4,678

Formation of adjusted operating profit

EUR thousand	Q4/2023	Q4/2022	Pro forma Q4/2022	2023	2022	Pro forma 2022
Adjusted operating profit						
Operating profit	702	-2,446	-2,447	5,351	-2,279	-3,954
Items affecting comparability included in operating profit	2,642	2,250	2,283	6,678	5,601	7,814
Total	3,343	-196	-164	12,030	3,322	3,860

Formation of items affecting comparability included in operating profit

EUR thousand	Q4/2023	Q4/2022	Pro forma Q4/2022	2023	2022	Pro forma 2022
Items affecting comparability included in operating profit						
Negative goodwill arising from acquisitions	95	0	0	-254	0	0
Transaction and integration costs related to acquisitions	959	0	0	1,594	0	0
Expenses related to the planning of share issues	-122	0	0	77	0	0
Compensation for termination of employment	0	0	0	240	0	0
Transfer tax on Wetteri Yhtiöt Oy's share transaction	0	0	0	0	496	496
Other expenses related to the acquisition of Wetteri Yhtiöt Oy	0	0	0	0	95	95
Expenses related to the reverse acquisition of Wetteri Plc arising from listing on the stock exchange	0	702	702	1	899	899
Depreciation of the fair value of inventories	1,188	797	797	2,251	2,125	3,188
Depreciation of the fair value of the brand value	304	293	304	1,214	777	1,214
Depreciation of the fair value of representation agreements	115	230	230	981	613	919
Depreciation of the fair value of customer relationships	30	7	30	120	7	120
Depreciation of the fair value of the order backlog	73	221	221	455	588	882
Total	2,642	2,250	2,283	6,678	5,601	7,814

Formation of net debt

EUR thousand	2023	2022
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Net debt		
Interest-bearing liabilities	132,515	95,552
Cash and cash equivalents	-856	-1,147
Total	131,659	94,404

Formation of return on equity (ROE), %

EUR thousand	Q4/2023	Q4/2022	2023	2022
Return on equity (ROE), %				
Profit (loss) for the period	-11,852	-11,192	-4,049	-3,834
Equity on average during the period	33,859	23,690	32,080	15,121
Total	-35%	-47%	-13%	-25%

Formation of return on investment (ROI), %

EUR thousand	Q4/2023	Q4/2022	2023	2022
Return on investment (ROI), %				
Profit (loss) before tax	-11,098	-13,507	-3,824	-4,367
Financial expenses	-13,906	-4,111	-9,254	-2,282
Equity on average during the period	33,859	23,690	32,080	15,121
Interest-bearing liabilities on average during the period	136,768	92,249	114,033	47,776
Total	-15%	-15%	-9%	-11%

Formation of the equity ratio, %

EUR thousand	2023	2022
Equity ratio, %		
Equity	33,918	30,242
Balance sheet total	214,302	154,595
Advances received	1,709	1,215
Total	16%	20%

Formation of liquidity, %

EUR thousand	2023	2022
Liquidity, %		
Current assets	107,729	71,153
Current liabilities	129,626	83,262
Total	83%	85%

Formation of gearing, %

EUR thousand	2023	2022
Gearing, %		
Net debt	131,659	94,404
Equity	33,918	30,242
Total	388%	312%



Condensed consolidated financial information

Consolidated statement of comprehensive income

Consolidated balance sheet

Consolidated cash flow statement

Consolidated statement of changes in equity

Notes to the consolidated financial statements bulletin



Consolidated statement of comprehensive income

EUR thousand	Note	Q4/2023	Q4/2022	2023	2022
Revenue	1, 2	131,089	74,781	443,287	191,825
Other operating income	3	69	163	761	344
Materials and services		-101,406	-59,909	-348,050	-152,899
The cost of employee benefits		-15,079	-9,320	-50,763	-22,309
Depreciation and impairment	4, 5	-3,961	-3,204	-15,658	-8,451
Other operating expenses		-10,012	-4,956	-24,225	-10,788
Operating profit (loss)	2	702	-2,446	5,351	-2,279
Financial income		0	97	79	195
Financial expenses		-3,477	-1,028	-9,254	-2,282
Financial income and expenses		-3,476	-930	-9,175	-2,087
Share of profit or loss of associates		0	-1	0	-1
Profit (loss) before tax		-2,775	-3,377	-3,824	-4,367
Income taxes		-188	579	-226	534
Profit (loss) for the period		-2,963	-2,798	-4,049	-3,834
Other items of comprehensive income that may be reclassified as profit or loss					
Translation differences arising from net investments in subsidiaries		-15	6	29	6
Comprehensive income for the period		-2,978	-2,792	-4,021	-3,828
Distribution of profit (loss) for the period					
To shareholders of the parent company		-2,963	-2,798	-4,049	-3,834
To non-controlling interests		0	0	0	0
		-2,963	-2,798	-4,049	-3,834
Distribution of comprehensive income for the period					
To shareholders of the parent company		-2,978	-2,792	-4,021	-3,828
To non-controlling interests		0	0	0	0
		-2,978	-2,792	-4,021	-3,828
Earnings per share calculated from the profit (loss) attributable to shareholders of the parent company					
Basic earnings per share (EUR)		-0.02	-0.03	-0.03	-0.05
Diluted earnings per share (EUR)		-0.02	-0.03	-0.03	-0.05



Consolidated balance sheet

EUR thousand	Note	2023	2022
ASSETS			
Non-current assets			
Goodwill	4	32,942	21,075
Intangible assets	4	7,806	10,102
Property, plant and equipment	5, 6	64,295	50,376
Interests in associates		0	0
Other shares and interests		298	74
Non-current receivables		238	263
Non-current financial assets	8	74	121
Deferred tax assets		920	1,430
Total non-current assets		106,573	83,442
Current assets			
Inventories	7	77,819	49,517
Trade and other receivables	8	28,184	19,998
Other financial assets	8	33	20
Tax assets based on taxable income for the period		836	471
Cash and cash equivalents	8	856	1,147
Total current assets		107,729	71,153
TOTAL ASSETS		214,302	154,595
EQUITY AND LIABILITIES			
Equity			
Share capital		96	96
Invested unrestricted equity fund	9	40,171	32,474
Translation differences		34	6
Retained earnings		-3,834	0
Profit (loss) for the period		-4,049	-3,834
Equity loan		1,500	1,500
Total equity attributable to shareholders of the company		33,918	30,242
Non-current liabilities			
Loans	8, 10	6,780	6,736
Lease liabilities	6	38,624	32,038
Other non-current liabilities		3,074	177
Other financial liabilities	8	156	1
Deferred tax liabilities		2,123	2,138
Total non-current liabilities		50,757	41,091
Current liabilities			
Loans	8, 10	36,301	28,692
Lease liabilities	6	8,798	5,704
Trade and other payables	8	42,476	26,289
Provisions		133	88
Other financial liabilities	8, 10	41,856	22,380
Tax liabilities based on taxable income for the period		63	109
Total current liabilities		129,626	83,262
Total liabilities		180,383	124,353
TOTAL EQUITY AND LIABILITIES		214,302	154,595



Consolidated cash flow statement

EUR thousand	Note	2023	2022
Cash flow from operating activities			
Payments received from customers for the sale of goods and services		438,630	190,523
Payments made to suppliers of goods, service providers and personnel		-418,583	-185,954
Payments from other operating income		506	343
Transaction costs related to business combination	3	-451	-1,490
Interest received		65	89
Interest paid		-8,694	-2,240
Income taxes paid		-424	-554
Cash flow from operating activities		11,048	717
Cash flow from investing activities			
Investments in intangible assets	4	-43	-29
Investments in property, plant and equipment	5	-2,362	-1,232
Business combination less cash and cash equivalents acquired	3	-14,318	-30,298
Investments in other shares and interests		-224	0
Cash flow from investing activities		-16,947	-31,559
Cash flow from financing activities			
Share issues against payment	9	5,700	17,600
Transaction costs related to the issue of new shares		-456	-381
Dividends paid to shareholders		0	-988
Withdrawals of long-term loans	8, 10	417	0
Repayments of long-term loans	8	0	-2,670
Withdrawals of long-term loans from related parties	11	1,000	5,500
Repayments of long-term loans to related parties	11	-800	0
Repayment of principal on lease liabilities	6	-7,855	-3,808
Withdrawals of short-term loans ^{1) 2)}	8, 10	12,083	17,930
Repayments of short-term loans ¹⁾	8	-5,107	-1,600
Withdrawals of other financial liabilities	8, 10	100,486	39,886
Repayments of other financial liabilities	8	-99,889	-39,481
Cash flow from financing activities		5,579	31,989
Total cash flow		-320	1,147
Change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		1,147	0
Impact of changes in exchange rates on cash and cash equivalents		29	0
Cash and cash equivalents at the end of the period	8	856	1,147
Change in cash and cash equivalents		-320	1,147

¹⁾ Withdrawals of short-term loans also include the amount of the short-term portion of long-term loans at the time the loan was drawn down. Correspondingly, repayments of short-term loans include payments of the short-term portion of long-term loans.

²⁾ Withdrawals of short-term loans include the full withdrawal of long-term loans of EUR 12,000 thousand granted to the Group by Nordea Bank Plc and Varma Mutual Pension Insurance Company during the financial year. Also, the long-term portion of EUR 9,500 thousand at the time of withdrawal of the loans is presented as withdrawals of short-term loans because on the consolidated balance sheet the loans are presented as short-term financial liabilities as described in note 10. Financing arrangements in more detail.

**Consolidated statement of changes in equity**

EUR thousand	Note	Share capital	Invested unrestricted equity fund	Translation differences	Retained earnings	Equity loan	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Equity 1 Jan 2023		96	32,474	6	-3,834	1,500	30,242	0	30,242
Profit (loss) for the period					-4,049		-4,049		-4,049
Other items of comprehensive income				29			29		29
Comprehensive income for the period		0	0	29	-4,049	0	-4,021	0	-4,021
Share issue 7 March 2023	9		4,600				4,600		4,600
Share issue 22 December 2023	9		-3,400				-3,400		-3,400
Transaction costs related to the new shares issued in connection with the share issue on 22 December 2023	9		-302				-302		-302
Transactions with shareholders		0	7,698	0	0	0	7,698	0	7,698
Equity 31 Dec 2023		96	40,171	34	-7,883	1,500	33,918	0	33,918



EUR thousand	Share capital	Invested unrestricted equity fund	Translation differences	Retained earnings	Equity loan	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Equity 24 Feb 2022	0	0	0	0	0	0	0	0
Profit (loss) for the period				-3,834		-3,834		-3,834
Other items of comprehensive income			6			6		6
Comprehensive income for the period	0	0	6	-3,834	0	-3,828	0	-3,828
Value of the equity component in capital loans 11 May 2022		574				574		574
Themis Holding Oy's share issue 11 May 2022	1,972	4,028				6,000		6,000
Themis Holding Oy's share issue 17 May 2022	633	10,967				11,600		11,600
Themis Holding Oy's distribution of dividends 18 Nov 2022		-1,000				-1,000		-1,000
Share exchange between Wetteri Plc and Themis Holding Oy 9 Dec 2022	-2,508	18,008			1,500	17,000		17,000
Transaction costs related to the new shares issued in connection with the exchange of shares 9 Dec 2022		-305				-305		-305
Conversion of the convertible bond into new shares 9 Dec 2022		200				200		200
Transactions with shareholders	96	32,474	0	0	1,500	34,070	0	34,070
Equity 31 Dec 2022	96	32,474	6	-3,834	1,500	30,242	0	30,242



Notes to the consolidated financial statements bulletin

Basic information about the Group

Wetteri Plc (hereinafter “Wetteri Plc”, the “parent company” or the “company”) is a Finnish public limited company. Wetteri Plc is the parent company of the Wetteri Group (hereinafter “Wetteri”, the “Wetteri Group” or the “Group”). The company is domiciled in Oulu, and its registered address is Äimäkuja 2–3, 90400 Oulu. The company’s shares are traded on the stock exchange list maintained by Nasdaq Helsinki Ltd under the ticker symbol WETTERI.

In addition to the parent company, the Group includes Themis Holding Oy, Wetteri Yhtiöt Oy, Wetteri Auto Oy, Wetteri Power Oy, Autotalo Mobila Oy and Pohjois-Suomen Autotalot Oy, as well as Tieturi Oy, Management Institute of Finland MIF Oy and Informator Utbildning Svenska AB, which engage in training business operations. The Group’s current structure was formed in a share exchange (reverse acquisition) executed on 9 December 2022, in which the shareholders of Themis Holding Oy transferred their shares to Wetteri Plc in exchange for new shares issued by Wetteri Plc, and before that, in a share transaction executed on 11 May 2022, in which Themis Holding Oy acquired the entire share capital of Wetteri Yhtiöt Oy.

Basis of preparation

This financial statements bulletin has been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read alongside the consolidated financial statements for the financial year that ended on 31 December 2022. The financial statements bulletin follows the same accounting principles as the Group’s financial statements for the financial year that ended on 31 December 2022, as well as the amendments to the IAS and the IFRS that entered into force on 1 January 2023. The application of the amendments to the IAS and the IFRS that entered into force on 1 January 2023 has no material impact on the Group’s financial reporting.

The preparation of the financial statements bulletin in accordance with the IAS and the IFRS requires the management to use accounting estimates that affect the amount of assets and liabilities presented in the financial statements bulletin, as well as the amount of income and expenses presented for the financial year. In addition, the management must use judgement when applying the accounting principles of the financial statements bulletin. The accounting estimates are based on the management’s previous experience, expectations of the future and current best knowledge of the conditions surrounding the Group. However, the assumptions behind the estimates may differ from the actual results. In connection with the preparation of this financial statements bulletin, the most significant estimates made by the management related to the Group’s accounting principles and key uncertainties are the same as those applied to the Group’s financial statements for the financial year that ended on 31 December 2022.

The financial information for the financial year is not comparable with the financial information for the comparison period 24 February to 31 December 2022 because the financial information for the comparison period includes the comprehensive income and balance sheet of the Group company Themis Holding Oy as of its establishment on 24 February 2022, as well as the comprehensive income and balance sheet of the Group company Wetteri Yhtiöt Oy and its subsidiaries as of the implementation of the share transaction on 12 May 2022. Themis Holding Oy was established on 24 February 2022 for the change of ownership of Wetteri Yhtiöt Oy and its subsidiaries and for the reverse acquisition (share exchange) of Wetteri Plc. Therefore, in the comparison period (24 February to 31 December 2022), the Group did not have business operations until after the completion of the Wetteri Yhtiöt Oy share transaction on 11 May 2022. Since the implementation of the share exchange between Wetteri Plc and Themis Holding Oy on 9 December 2022, the Group’s financial reporting has been prepared as a continuum of the financial reporting of Themis Holding Oy, which acted as the accounting acquirer in the share exchange. Therefore, the operating result and net assets of Wetteri Plc and its subsidiaries were not consolidated into the Group until after the execution of the share exchange on 9 December 2022, and the result and net assets of Wetteri Yhtiöt Oy and its subsidiaries were not consolidated into the Group until after the execution of the share transaction on 11 May 2022.

The financial statements bulletin is presented in thousands of euros. The euro is the operating and presentation currency of the Group. The figures presented in the financial statements bulletin are rounded. The aggregate amount of individual figures may therefore not correspond to the total amount presented.

The information presented in the financial statements bulletin is unaudited.

1. Revenue

Revenue by sales category

EUR thousand

Q4/2023

Q4/2022

2023

2022



Sales of passenger cars	88,197	44,276	279,749	114,125
Sales of spare parts for passenger cars	13,284	6,600	45,046	16,881
Sales of maintenance and repair services for passenger cars	8,822	5,056	31,180	12,779
Sales of heavy equipment	7,888	8,978	39,971	24,012
Sales of spare parts for heavy equipment	4,889	4,691	17,926	11,114
Sales of maintenance and repair services for heavy equipment	2,595	2,608	9,784	6,261
Service station sales	938	1,022	4,056	2,994
Financial and insurance product brokerage	843	493	2,701	1,889
Renting of vehicles	483	416	1,984	1,124
Sales of training services	3,149	641	10,890	641
Other sales	0	0	0	5
Total	131,089	74,781	443,287	191,825

Revenue by performance obligation

EUR thousand	Q4/2023	Q4/2022	2023	2022
At a specific point in time	127,587	73,724	430,423	190,060
Over time	3,503	1,057	12,864	1,765
Total	131,089	74,781	443,287	191,825

Geographical breakdown of revenue

EUR thousand	Q4/2023	Q4/2022	2023	2022
Finland	130,590	74,641	441,528	191,685
Sweden	354	122	1,438	122
Rest of Europe	63	6	117	6
Rest of the world	82	12	205	12
Total	131,089	74,781	443,287	191,825

2. Operating segments

An operating segment is a unit of the Group that engages in business operations, the results of which are regularly monitored by the Group's highest operative decision-making body. The Group's highest operative decision-making body is Wetteri Plc's Board of Directors. The Board monitors the Group's result based on the following operating segments, which are also the Group's reporting segments: Passenger Cars, Heavy Equipment and Maintenance Services. The Group's operating segments to be reported have been determined based on regular reporting to the Group's Board of Directors. Based on the reporting, the Board of Directors makes strategic and operational decisions on resource allocation and assesses business performance. In addition to revenue, key performance indicators monitored by the Board of Directors include EBITDA, adjusted EBITDA, the operating profit (EBIT) and the adjusted operating profit.

The **Passenger Cars** operating segment engages in the resale of new passenger cars and goods vehicles and used cars. It has locations in Oulu, Espoo, Kajaani, Kemi, Kempele, Kuusamo, Lahti, Lempäälä, Rovaniemi, Ylivieska, Joensuu, Kuopio, Iisalmi, Pori, Rauma and Raisio.

The **Heavy Equipment** operating segment engages in the sale of commercial trucks and in maintenance and repair shop operations and spare parts sales for heavy equipment. It has locations in Oulu, Kempele, Rovaniemi, Kajaani, Kemi and Kokkola.

The **Maintenance Services** operating segment engages in maintenance and repair shop operations and spare parts sales for passenger cars.

Items not allocated to operating segments include the business operations of the Group's service station in Kuusamo and the sale of training services, as well as other items not allocated to the segments.

Revenue by operating segment

EUR thousand	Q4/2023	Q4/2022	2023	2022
Passenger Cars	89,426	45,548	284,456	116,088
Heavy Equipment	15,424	20,196	67,846	45,513



Maintenance Services	22,158	7,369	76,040	26,580
Items not allocated to operating segments	4,082	1,668	14,945	3,644
Total	131,089	74,781	443,287	191,825

EBITDA by operating segment

EUR thousand	Q4/2023	Q4/2022	2023	2022
Passenger Cars	281	1,803	4,235	3,572
Heavy Equipment	1,470	302	4,809	1,667
Maintenance Services	1,720	-740	10,534	1,625
Items not allocated to operating segments	1,191	-608	1,430	-692
EBITDA	4,662	758	21,009	6,172

Adjusted EBITDA by operating segment

EUR thousand	Q4/2023	Q4/2022	2023	2022
Passenger Cars	934	1,810	5,070	3,589
Heavy Equipment	1,495	740	5,441	2,836
Maintenance Services	2,966	-387	12,654	2,564
Items not allocated to operating segments	1,387	94	1,753	798
Adjusted EBITDA	6,783	2,257	24,918	9,788
Negative goodwill arising from acquisitions	-95	0	254	0
Transaction and integration costs related to acquisitions	-959	0	-1,594	0
Expenses related to the planning of share issues	122	0	-77	0
Compensation for termination of employment	0	0	-240	0
Transfer tax on Wetteri Yhtiöt Oy's share transaction	0	0	0	-496
Other expenses related to the acquisition of Wetteri Yhtiöt Oy	0	0	0	-95
Expenses related to the reverse acquisition of Wetteri Plc arising from listing on the stock exchange	0	-702	-1	-899
Depreciation of the fair value of inventories	-1,188	-797	-2,251	-2,125
EBITDA	4,662	758	21,009	6,172

The adjusted EBITDA does not take account of items affecting the comparability of the operating segments' EBITDA, such as transaction and integration costs arising from business combinations and other significant non-recurring items of income or expenses in the review period, as well as amortisation of the fair value of assets recognised on the balance sheet by means of acquisition calculations. In future periods, items affecting the comparability of EBITDA may also include other significant non-recurring items of income and expenses. The purpose of the adjusted EBITDA is to improve the comparability of the operating segments' EBITDA between periods.

Reconciliation of EBITDA to operating profit

EUR thousand	Q4/2023	Q4/2022	2023	2022
EBITDA	4,662	758	21,009	6,172
Depreciation and impairment	-3,961	-3,204	-15,658	-8,451
Total	702	-2,446	5,351	-2,279

Operating profit (EBIT) by operating segment

EUR thousand	Q4/2023	Q4/2022	2023	2022
Passenger Cars	-1,400	72	-2,491	-1,100
Heavy Equipment	939	-350	2,596	-3
Maintenance Services	-276	-1,522	3,151	-429
Items not allocated to operating segments	1,439	-646	2,095	-748
Total	702	-2,446	5,351	-2,279

Adjusted operating profit by operating segment



EUR thousand	Q4/2023	Q4/2022	2023	2022
Passenger Cars	-422	477	77	-19
Heavy Equipment	1,015	328	3,682	1,805
Maintenance Services	1,072	-1,067	5,680	783
Items not allocated to operating segments	1,678	67	2,591	753
Adjusted operating profit	3,343	-196	12,030	3,322
Negative goodwill arising from acquisitions	-95	0	254	0
Transaction and integration costs related to acquisitions	-959	0	-1,594	0
Expenses related to the planning of share issues	122	0	-77	0
Compensation for termination of employment	0	0	-240	0
Transfer tax on Wetterer Yhtiöt Oy's share transaction	0	0	0	-496
Other expenses related to the acquisition of Wetterer Yhtiöt Oy	0	0	0	-95
Expenses related to the reverse acquisition of Wetterer Plc arising from listing on the stock exchange	0	-702	-1	-899
Depreciation of the fair value of inventories	-1,188	-797	-2,251	-2,125
Depreciation of the fair value of the brand value	-304	-293	-1,214	-777
Depreciation of the fair value of representation agreements	-115	-230	-981	-613
Depreciation of the fair value of customer relationships	-30	-7	-120	-7
Depreciation of the fair value of the order backlog	-73	-221	-455	-588
Operating profit (EBIT)	702	-2,446	5,351	-2,279

The adjusted operating profit does not take account of items affecting the comparability of the operating segments' operating profit. The purpose of the indicator is to improve the comparability of the operating segments' operating profit between periods. The income and expense items taken into account as items affecting comparability are described in more detail in connection with the description of segment-specific adjusted EBITDA above.

3. Business combinations

Acquisition of the car trade business of E. Hartikainen Oy

Wetterer Auto Oy, a subsidiary of the Group, acquired the car trade business of E. Hartikainen Oy (Autotalo Hartikainen) through a business transaction executed on 7 March 2023. With the completion of the transaction, E. Hartikainen Oy's car trade business was transferred to the Group on 8 March 2023. The transaction has been treated in the Group's financial reporting as a business combination using the acquisition method, and the result and net assets of the acquired business have been consolidated into the Group since 8 March 2023.

With the transaction, Wetterer's geographical presence expanded to Joensuu, Kuopio and Iisalmi and strengthened in the Kajaani region, and its number of personnel increased by 240 people. The Group's multi-brand representation also increased as a result of the transaction. Autotalo Hartikainen's sales and maintenance representation transferred to Wetterer through the transaction includes Mercedes-Benz, Ford, Mitsubishi, Hyundai, Kia, Suzuki, Isuzu and Volvo, and the maintenance representation includes Polestar and DS Automobiles. Autotalo Hartikainen's commercial truck and trailer maintenance and repair shops, which were transferred to Wetterer through the transaction, are located in Joensuu, Kajaani and Iisalmi. The heavy vehicles maintenance representation includes Mercedes-Benz, Mitsubishi Fuso, Scania, Sisu and MAN.

Identifiable net assets acquired and goodwill generated in the transaction

EUR thousand	
Cash consideration paid	13,694
Issue of convertible bond	2,000
Consideration transferred	15,694

EUR thousand	7 March 2023
ASSETS	
Non-current assets	
Intangible assets	485
Property, plant and equipment	7,123
Deferred tax assets	63
Total non-current assets	7,670

Current assets



Inventories	17,444
Trade and other receivables	231
Total current assets	17,675
TOTAL ASSETS	25,345
LIABILITIES	
Non-current liabilities	
Lease liabilities	146
Other non-current liabilities	3,973
Deferred tax liabilities	358
Total non-current liabilities	4,477
Current liabilities	
Lease liabilities	66
Trade and other payables	3,518
Other financial liabilities	13,457
Total current liabilities	17,041
TOTAL LIABILITIES	21,519
Acquired identifiable net assets	3,827
Goodwill	11,867
Acquired net assets	15,694

The consideration transferred in the business transaction was EUR 15,694 thousand, of which EUR 13,694 thousand was paid as a cash consideration, and the remaining EUR 2,000 thousand by means of a convertible bond issued to the seller. This includes a special right issued to the creditor without payment in accordance with chapter 10, section 1 of the Limited Liability Companies Act that entitles the creditor to convert the bond into new shares in Wetterer Plc.

The assets transferred to the Group through the business transaction include the following: intangible assets; property, plant and equipment; right-of-use assets in leases; inventories; and receivables from importers of vehicles. The assumed liabilities include the following: long-term and short-term lease liabilities; financial liabilities related to a consignment stock arrangement for vehicles; repurchase liabilities related to vehicle repurchase agreements; and liabilities related to employee contributions, such as payroll and holiday pay liabilities.

The identifiable assets and assumed liabilities at the time of acquisition on 7 March 2023 have been measured at fair value. The goodwill generated by the acquisition is EUR 11,867 thousand, the amount by which the transferred consideration exceeds the fair value of the identifiable assets and assumed liabilities. Goodwill is the result of expected future profits for the acquired business and the synergy benefits expected as a result of the acquisition. The goodwill generated in the acquisition is deductible in taxation.

The acquired intangible assets include the fair values (EUR 310 thousand and EUR 175 thousand) allocated to car brand representation agreements and the order backlog of new vehicles at the time of acquisition when determining identifiable net assets. The fair value of intangible assets has been determined using an income-based valuation method, whereby the fair value of the assets is based on the present value of their estimated future cash flows. In determining the fair value of car brand representation agreements, the relief-from-royalty method has been used as the income-based valuation method.

The acquired inventories include an increase of EUR 1,307 thousand in the book value of work in progress related to spare parts and maintenance services included in the inventory at the time of acquisition, arising from fair value allocation. The book value of the vehicles included in inventories at the time of acquisition was considered substantially equivalent to the fair value of the vehicles and was therefore not adjusted for fair value allocation.

Costs related to the business transaction

The transaction costs related to the business transaction (EUR 131 thousand) have been recognised as an expense in other operating expenses in the income statement. Transaction costs include fees charged by legal advisors. In addition, the cost of employee benefits in the income statement includes EUR 178 thousand and other operating expenses EUR 589 thousand of integration costs related to the business combination.

Impact of the business transaction on the Group's revenue and profit

The management estimates that the revenue of the acquired business included in the Group's statement of comprehensive income for 8 March to 31 December 2023 is EUR 94,989 thousand, and that the profit (loss) is EUR -1,106 thousand. The



profit (loss) includes depreciation of the fair value allocated to intangible assets and inventory at the time of acquisition, EUR -1,257 thousand.

Acquisition of Palin Oy's AutoPalin business

Wetteri Auto Oy, a subsidiary of the Group, acquired the AutoPalin business of Palin Oy, which engages in car trade operations in Pori and Rauma, through a business transaction executed on 31 May 2023. In the business transaction, passenger car sales and maintenance operations, with around 70 employees, were transferred to the Group. The sales and maintenance representation transferred from AutoPalin to Wetteri through the transaction includes Mercedes-Benz and Volvo. The transaction has been treated in the Group's financial reporting as a business combination using the acquisition method, and the result and net assets of the acquired business have been consolidated into the Group since 1 June 2023.

Identifiable net assets acquired and goodwill generated in the transaction

EUR thousand	
Cash consideration paid	624
Consideration transferred	624
EUR thousand	31 May 2023
ASSETS	
Non-current assets	
Intangible assets	127
Property, plant and equipment	5,402
Deferred tax assets	4
Total non-current assets	5,533
Current assets	
Inventories	7,102
Trade and other receivables	4
Total current assets	7,106
TOTAL ASSETS	12,638
LIABILITIES	
Non-current liabilities	
Lease liabilities	3,240
Other non-current liabilities	584
Deferred tax liabilities	68
Total non-current liabilities	3,892
Current liabilities	
Lease liabilities	701
Trade and other payables	731
Other financial liabilities	6,436
Total current liabilities	7,868
TOTAL LIABILITIES	11,760
Acquired identifiable net assets	878
Negative goodwill	-254
Acquired net assets	624

The consideration transferred in the business transaction was EUR 624 thousand. The consideration transferred was paid in full as a cash consideration.

The assets transferred to the Group through the business transaction include the following: intangible assets; property, plant and equipment; right-of-use assets in leases; inventories; and receivables from importers of vehicles. The assumed liabilities include the following: long-term and short-term lease liabilities; financial liabilities related to consignment stock and sale and leaseback arrangements for vehicles; repurchase liabilities related to vehicle repurchase agreements; and liabilities related to employee performance, such as payroll and holiday pay liabilities.

The identifiable assets and assumed liabilities at the time of acquisition on 31 May 2023 have been measured at fair value. The negative goodwill generated by the acquisition is EUR 254 thousand, the amount by which the fair value of the identifiable assets and assumed liabilities exceeds the transferred consideration. The negative goodwill is recognised



through profit or loss as a transaction gain in other operating income in the Group's comprehensive income. The transaction generated profit for the Group because the seller's strategic plan included exiting from the car trade business carried out by Palin Oy, and the consideration transferred was therefore favourable to the buyer even when the car brand representation, order backlog and inventories transferred through the transaction is taken into account. The negative goodwill arising from the acquisition is not taxable income for the Group.

The acquired intangible assets include the fair values (EUR 96 thousand and EUR 31 thousand) allocated to car brand representation agreements and the order backlog of new vehicles at the time of acquisition when determining identifiable net assets. The fair value of intangible assets has been determined using an income-based valuation method, whereby the fair value of the assets is based on the present value of their estimated future cash flows. In determining the fair value of car brand representation agreements, the relief-from-royalty method has been used as the income-based valuation method.

The acquired inventories include an increase of EUR 212 thousand in the book value of work in progress related to spare parts and maintenance services included in the inventory at the time of acquisition, arising from fair value allocation. The book value of the vehicles included in inventories at the time of acquisition was considered substantially equivalent to the fair value of the vehicles and was therefore not adjusted for fair value allocation.

Costs related to the business transaction

The transaction costs related to the business transaction (EUR 56 thousand) have been recognised as an expense in other operating expenses in the income statement. Transaction costs include fees charged by legal advisors. In addition, the cost of employee benefits in the income statement includes EUR 177 thousand and other operating expenses EUR 175 thousand of integration costs related to the business combination.

Impact of the business transaction on the Group's revenue and profit

The management estimates that the revenue of the acquired business included in the Group's statement of comprehensive income for 1 June to 31 December 2023 is EUR 18,998 thousand, and that the profit (loss) is EUR -327 thousand. The profit (loss) includes depreciation of the fair value allocated to intangible assets and inventory at the time of acquisition, EUR -153 thousand.

4. Goodwill and intangible assets

The Group's goodwill and intangible assets increased during the financial year mainly as a result of the business acquisitions executed on 7 March 2023 and 31 May 2023. Note 3 ("Business combinations") provides more information about the business acquisitions and the goodwill and intangible assets recognised on the Group's balance sheet as a result of the transactions.

EUR thousand	Goodwill	Brand	Representation agreements	Customer relationships	Order backlog	Development expenses	Other intangible assets	Total intangible assets
Acquisition cost 1 Jan 2023	21,075	6,072	4,596	240	882	161	198	33,224
Business transaction 7 March 2023	11,867	0	310	0	175	0	0	12,352
Business transaction 31 May 2023	0	0	96	0	31	0	0	127
Increase	0	0	0	0	0	43	0	43
Decrease	0	0	0	0	0	0	0	0
Acquisition cost 31 Dec 2023	32,942	6,072	5,002	240	1,088	204	198	45,746
Accumulated depreciation and impairment 1 Jan 2023	0	-777	-613	-7	-588	-10	-52	-2,047
Depreciation	0	-1,214	-981	-120	-455	-126	-55	-2,951
Impairment	0	0	0	0	0	0	0	0
Accumulated depreciation and impairment 31 Dec 2023	0	-1,991	-1,594	-127	-1,043	-136	-106	-4,997
Book value 1 Jan 2023	21,075	5,295	3,983	233	294	151	147	31,177
Book value 31 Dec 2023	32,942	4,080	3,408	113	45	68	92	40,748



EUR thousand	Good-will	Brand	Representation agreements	Customer relationships	Order backlog	Development expenses	Other intangible assets	Total intangible assets
Acquisition cost 24 Feb 2022	0	0	0	0	0	0	0	0
Acquisition of Wetteri Yhtiöt Oy on 11 May 2022	1,146	5,802	4,596	0	882	0	165	12,590
Reverse acquisition of Wetteri Plc on 9 Dec 2022	19,929	270	0	240	0	161	5	20,605
Increase	0	0	0	0	0	0	29	29
Decrease	0	0	0	0	0	0	0	0
Acquisition cost 31 Dec 2022	21,075	6,072	4,596	240	882	161	198	33,224
Accumulated depreciation and impairment 24 Feb 2022	0	0	0	0	0	0	0	0
Depreciation	0	-777	-613	-7	-588	-10	-52	-2,047
Impairment	0	0	0	0	0	0	0	0
Accumulated depreciation and impairment 31 Dec 2022	0	-777	-613	-7	-588	-10	-52	-2,047
Book value 24 Feb 2022	0	0	0	0	0	0	0	0
Book value 31 Dec 2022	21,075	5,295	3,983	233	294	151	147	31,177

5. Property, plant and equipment

Property, plant and equipment increased during the financial year mainly because right-of-use assets related to the leases of the Joensuu, Kuopio, Kajaani, Iisalmi, Pori and Rauma locations, which were transferred to the Group as a result of the business acquisitions executed on 7 March 2023 and 31 May 2023, were recognised on the Group's balance sheet, along with the locations' machinery and equipment. Other increases in property, plant and equipment during the financial year were mainly related to the following: right-of-use assets recognised concerning the leases of the new used car centres opened in Raisio, Oulunportti and Lempäälä during the review period, and index increases that came into force in 2023 concerning the Group's old leases.

The following were also recognised in property, plant and equipment during the financial year: investments related to the new repair shop opened in Kemi and its energy-efficient car paint shop (EUR 572 thousand in total) and development investments related to the Kokkola location of Wetteri Power Oy, which is responsible for the Group's Heavy Equipment business operations (EUR 598 thousand).

EUR thousand	Right-of-use assets	Land areas	Buildings and structures	Machinery and equipment	Vehicles	Works of art	Total property, plant and equipment
Acquisition cost 1 Jan 2023	41,547	23	8,271	2,312	4,552	76	56,781
Business transaction 7 March 2023	212	0	0	1,561	5,349	0	7,123
Business transaction 31 May 2023	3,941	0	0	805	655	0	5,402
Increase	13,382	0	1,287	1,056	0	0	15,726
Decrease	0	0	0	-14	-308	0	-322
Transfers from inventories	0	0	0	80	1,783	0	1,862
Transfers to inventories	0	0	0	-48	-3,117	0	-3,164
Acquisition cost 31 Dec 2023	59,082	23	9,559	5,753	8,914	76	83,407
Accumulated depreciation and impairment 1 Jan 2023	-4,167	0	-1,127	-499	-611	0	-6,404
Depreciation	-8,594	0	-1,726	-1,098	-1,289	0	-12,707
Impairment	0	0	0	0	0	0	0



Accumulated depreciation and impairment 31 Dec 2023	-12,762	0	-2,853	-1,597	-1,900	0	-19,112
Book value 1 Jan 2023	37,379	23	7,144	1,813	3,941	76	50,376
Book value 31 Jan 2023	46,320	23	6,705	4,157	7,014	76	64,295

EUR thousand	Right-of-use assets	Land areas	Buildings and structures	Machinery and equipment	Vehicles	Works of art	Total property, plant and equipment
Acquisition cost 24 Feb 2022	0	0	0	0	0	0	0
Acquisition of Wetteri Yhtiöt Oy on 11 May 2022	40,492	23	7,449	1,868	4,940	63	54,835
Reverse acquisition of Wetteri Plc on 9 Dec 2022	124	0	0	34	0	12	170
Increase	932	0	822	410	0	0	2,164
Decrease	0	0	0	0	-1,576	0	-1,576
Transfers from inventories	0	0	0	0	1,459	0	1,459
Transfers to inventories	0	0	0	0	-272	0	-272
Acquisition cost 31 Dec 2022	41,547	23	8,271	2,312	4,552	76	56,781
Accumulated depreciation and impairment 24 Feb 2022	0	0	0	0	0	0	0
Depreciation	-4,167	0	-1,127	-499	-611	0	-6,404
Impairment	0	0	0	0	0	0	0
Accumulated depreciation and impairment 31 Dec 2022	-4,167	0	-1,127	-499	-611	0	-6,404
Book value 24 Feb 2022	0	0	0	0	0	0	0
Book value 31 Dec 2022	37,379	23	7,144	1,813	3,941	76	50,376

6. Leases

In the financial year, the right-of-use assets and lease liabilities recognised on the balance sheet increased by EUR 4,153 thousand as a result of the recognition of the leases concerning the premises of the Joensuu, Pori and Rauma car dealerships, which were transferred to the Group as a result of the business acquisitions executed on 7 March 2023 and 31 May 2023, and by EUR 7,468 thousand as a result of the leases negotiated with the seller concerning the business premises in Joensuu, Kuopio, Kajaani and Iisalmi in connection with the business acquisition executed on 7 March 2023. The following were also recognised on the Group's balance sheet in the financial year: EUR 2,251 thousand in right-of-use assets and lease liabilities related to the business premises of the new used car centres in Raisio, Oulunportti and Lempäälä; EUR 3,302 thousand in right-of-use assets and lease liabilities arising from index increases that came into force in 2023; and EUR 235 thousand in right-of-use assets and lease liabilities related to the new repair shop in Kemi.

Leases on the balance sheet

EUR thousand	2023	2022
Right-of-use assets		
Land areas	431	356
Buildings and structures	45,292	36,273
Machinery and equipment	597	750
Total	46,320	37,379
Lease liabilities		
Long-term	38,624	32,038
Short-term	8,798	5,704
Total	47,422	37,742

Leases in the income statement



EUR thousand	Q4/2023	Q4/2022	2023	2022
Depreciation of right-of-use assets				
Land areas	-7	-4	-22	-10
Buildings and structures	-2,254	-1,516	-8,293	-4,046
Machinery and equipment	-69	-52	-279	-111
Total depreciation of right-of-use assets	-2,331	-1,571	-8,594	-4,167
Interest expenses on lease liabilities	-487	-286	-1,759	-780
Costs related to short-term and low-value leases	-171	-75	-782	-124
Total expense recognised in the income statement	-2,989	-1,931	-11,135	-5,072

7. Inventories

The net change in inventories recognised as an expense was EUR 28,303 thousand in the financial year 1 January to 31 December 2023 (EUR 13,441 thousand in the comparison period 24 February to 31 December 2022). In terms of vehicle inventories in the financial year 1 January to 31 December 2023, a total of EUR -2,128 thousand (EUR -2,562 thousand) of changes in value were made to the Group's inventories to reach the net realisable value. In terms of spare parts inventories, a total of EUR -925 thousand (EUR -387 thousand) of changes in value was made. The changes in value are recognised through profit or loss as part of the change in inventories.

Inventories

EUR thousand	2023	2022
New vehicles	28,724	21,927
Used vehicles	35,936	17,356
Spare parts for vehicles	11,159	8,760
Other finished products	112	125
Work in progress	1,888	1,348
Total	77,819	49,517

8. Financial assets and liabilities

Financial liabilities increased during the financial year mainly as a result of the business acquisitions executed on 7 March 2023 and 31 May 2023, through which the Group assumed EUR 10,857 thousand in long-term and short-term lease liabilities, EUR 18,816 thousand in financial liabilities related to consignment stock arrangements for vehicles, and EUR 1,078 thousand in financial liabilities related to sale and leaseback arrangements for vehicles. Note 3. Business combinations provides more information about business acquisitions. In addition, during the financial year, the Group drew down EUR 12,000 thousand in new loans from financial institutions for the execution of the acquisition of E. Hartikainen Oy, EUR 1,000 thousand in loans from the Group's related parties, and EUR 500 thousand in loans under the Employee Pensions Act (TyEL). Notes 10. Financing arrangements and 11. Related party transactions provide more information about these loans.

Financial assets and liabilities by measurement category

EUR thousand	2023		2022	
	Measured at amortised cost	Measured at fair value through profit or loss	Measured at amortised cost	Measured at fair value through profit or loss
Non-current financial assets				
Derivative instruments	0	74	0	121
Total non-current financial assets	0	74	0	121
Current financial assets				
Trade receivables	20,874	0	15,485	0
Other financial assets	33	0	20	0
Cash and cash equivalents	856	0	1,147	0
Total current financial assets	21,763	0	16,652	0



Total financial assets	21,763	74	16,652	121
Non-current financial liabilities				
Capital loans	5,742	0	5,175	0
Loans from financial institutions	293	0	885	0
Loans under the Employee Pensions Act (TyEL)	371	0	418	0
Product development loans	129	0	257	0
Other loans	246	0	0	0
Lease liabilities	38,624	0	32,038	0
Other financial liabilities	4	0	1	0
Derivative instruments	0	152	0	0
Total non-current financial liabilities	45,408	152	38,776	0
Current financial liabilities				
Loans from financial institutions	21,956	0	13,787	0
Overdraft facilities	11,752	0	12,039	0
Loans under the Employee Pensions Act (TyEL)	464	0	437	0
Product development loans	129	0	129	0
Convertible bonds	2,000	0	2,300	0
Lease liabilities	8,798	0	5,704	0
Trade payables	21,942	0	10,839	0
Consignment stock facilities for cars	24,662	0	11,372	0
Facilities for sale and leaseback arrangements for cars	15,810	0	9,721	0
Other financial liabilities	1,383	0	1,288	0
Total current financial liabilities	108,897	0	67,615	0
Total financial liabilities	154,305	152	106,391	0

Financing granted by Aktia Bank Plc (EUR 853 thousand in loans and EUR 500 thousand in account credit facilities) includes a covenant measuring equity ratio, according to which the Group's equity ratio must be above 30%. Financial position against the covenant is reviewed every six months on 30 June and 31 December. In the comparison period, Aktia Bank Plc gave an advance approval for the violation of the equity ratio covenant on the measuring date of 31 December 2022 and 30 June 2023 as a result of the share exchange between Wetteri Plc and Themis Holding Oy executed on 9 December 2022, which is described in more detail in the Group's financial statements for the financial year that ended on 31 December 2022. On 15 December 2023, Aktia Bank Plc also gave an advance approval for the violation of the covenant on the measuring date of 31 December 2023 and 30 June 2024. Next review regarding the financing granted by Aktia Bank Plc where the Group's equity ratio must be above 30% is on 31 December 2024. In the future, with the planning of optimal capital structure, the management seeks to ensure that the covenant is met on later measuring dates of 30 June and 31 December.

The financing of the Group companies Themis Holding Oy and Wetteri Yhtiöt Oy from Nordea Bank Plc and Varma Mutual Pension Insurance Company, which includes EUR 20,800 thousand in loans and EUR 13,300 thousand in account credit facilities, includes a covenant measuring 12-month EBITDA divided by interest-bearing net liabilities. According to the financing agreement, the 12-month EBITDA divided by interest-bearing net liabilities is calculated in accordance with Finnish Generally Accepted Accounting Principles (Finnish GAAP) based on the interest-bearing net liabilities and 12-month EBITDA of the subgroup consisting of the Group company Themis Holding Oy and its subsidiaries Wetteri Yhtiöt Oy, Wetteri Auto Oy, Wetteri Power Oy, Autotalo Mobila Oy and Pohjois-Suomen Autotalot Oy. Financial performance against the covenant is reviewed every six months on 30 June and 31 December. The subgroup has committed to the following: its 12-month EBITDA divided by interest-bearing net liabilities will be no more than 4.25x on 31 December 2022, no more than 3.75x on 30 June 2023, no more than 3.00x on 31 December 2023, no more than 2.50x on 30 June 2024, no more than 1.75x on 31 December 2024, and no more than 1.50x on 30 June 2025 and the subsequent measuring dates. The terms and conditions of the financing agreement have been amended as follows: on 6 April 2023 so that the 12-month EBITDA divided by the interest-bearing net liabilities of the subgroup must be no more than 5.50x on 31 December 2022, and the EBITDA used in the calculation of the indicator is adjusted for certain one-off expenses of the subgroup, on 30 June 2023 so that the 12-month EBITDA divided by interest-bearing net liabilities of the subgroup must be no more than 4.25x on 30 June 2023, and on 27 December 2023 so that the 12-month EBITDA divided by interest-bearing net liabilities of the subgroup must be no more than 3.50x on 31 December 2023.

The terms and conditions of the financing from Nordea Bank Plc and Varma Mutual Pension Insurance Company also include a covenant measuring the equity ratio of Wetteri Group and the subgroup consisting of the Group company Themis Holding Oy and its subsidiaries Wetteri Yhtiöt Oy, Wetteri Auto Oy, Wetteri Power Oy, Autotalo Mobila Oy and Pohjois-Suomen Autotalot Oy. Financial position against the covenant is reviewed every six months on 30 June and 31 December.



According to the covenant, the equity ratio of Wetteri Group must be no less than 18.5% on 31 December 2023, no less than 30% on 30 June 2024, no less than 32.5% on 31 December 2024, and no less than 35% on 30 June 2025 and the subsequent measuring dates. The subgroup's equity ratio is calculated in accordance with Finnish Generally Accepted Accounting Principles (Finnish GAAP) and it must be no less than 25% on 31 December 2023, no less than 30% on 30 June 2024, no less than 32.5% on 31 December 2024, and no less than 35% on 30 June 2025 and the subsequent measuring dates. When calculating the equity ratio, capital loans of Simula Invest Oy and PM Ruukki Oy described in note 11. Related party transactions are equated to equity.

On 14 February 2024 before the release of this financial statements bulletin, Wetteri announced that the covenants included in the financing agreement between the Themis Holding Oy subgroup and Nordea Bank Plc and Varma Mutual Pension Insurance Company, which measure 12-month EBITDA divided by net interest-bearing liabilities, as well as the equity ratio, had not been fully met, and Wetteri has started negotiations with the bank and the mutual pension insurance company to update the covenant terms of the financing agreement. As the negotiations have only begun after the end of the financial year, any resulting changes to the terms of the financing agreement have not been taken into account in the consolidated financial statements of 31 December 2023. Therefore, the financing under the financing agreement (EUR 20,800 thousand in loans and EUR 11,252 thousand in account credit facilities in use) has been treated as short-term debt in the financial statements. EUR 14,725 thousand of the financing would have otherwise been treated as long-term debt in the financial statements.

Fair value of financial assets and liabilities

EUR thousand	2023		2022		Hierarchy level
	Book value	Fair value	Book value	Fair value	
Non-current financial assets					
Derivative instruments	74	74	121	121	Level 2
Total non-current financial assets	74	74	121	121	
Current financial assets					
Trade receivables	20,874	20,874	15,485	15,485	
Other financial assets	33	33	20	20	
Cash and cash equivalents	856	856	1,147	1,147	
Total current financial assets	21,763	21,763	16,652	16,652	
Total financial assets	21,837	21,837	16,773	16,773	
Non-current financial liabilities					
Loans	6,780	6,780	6,736	6,736	Level 3
Lease liabilities	38,624	38,624	32,038	32,038	Level 3
Other financial liabilities	4	4	1	1	
Derivative instruments	152	152	0	0	Level 2
Total non-current financial liabilities	45,560	45,560	38,776	38,776	
Current financial liabilities					
Loans	36,301	36,301	28,692	28,692	Level 3
Lease liabilities	8,798	8,798	5,704	5,704	Level 3
Trade payables	21,942	21,942	10,839	10,839	
Consignment stock facilities for cars	24,662	24,662	11,372	11,372	
Facilities for sale and leaseback arrangements for cars	15,810	15,810	9,721	9,721	
Other financial liabilities	1,383	1,383	1,288	1,288	
Total current financial liabilities	108,897	108,897	67,615	67,615	
Total financial liabilities	154,457	154,457	106,391	106,391	

Because of the nature of trade receivables, other financial assets, trade payables, consignment stock facilities, sale and leaseback facilities and other financial liabilities, their book value is assumed to be the same as their fair value.

9. Share issues

As part of the financing for the acquisition of E. Hartikainen Oy's car trade business, which was executed on 7 March 2023, Wetteri Plc's Board of Directors issued a total of 6,284,152 new shares in the company to the AktiiviOmistajat group of



investors under the authorisation granted by the Extraordinary General Meeting on 9 December 2022. Of these shares, a total of 3,142,076 shares were issued through a directed share issue, and a total of 3,142,076 shares were issued through the conversion of convertible bonds (EUR 2,300 thousand) into shares. The subscription price was EUR 0.732 per share and corresponded to the volume-weighted average price of the company's share for the preceding 30 trading days, calculated on 16 December 2022 after the end of trading on the Helsinki Stock Exchange, less a 5% discount. The issues mentioned above resulted in a total of EUR 4,600 thousand in funding. Following the subscription for shares through the share issues, the total number of shares in Wetteri Plc increased to 140,885,022 from 134,600,870. The new shares were entered in the Trade Register on 10 March 2023 and became subject to public trading on the Helsinki Stock Exchange on 13 March 2023.

On 21 December 2023, the Board of Directors decided on a directed share issue against payment to certain institutional investors and a limited group of experienced investors based on the authorisation granted by the Annual General Meeting on 8 May 2023. The Board of Directors approved the subscription of a total of 7,327,587 new shares in the directed share issue. The subscription price was EUR 0.464 per share and corresponded to the closing price of the company's share on 20 December 2023, less a discount of around 10%. The directed share issue raised a total of EUR 3,400 thousand in assets. After the approved subscriptions, the number of shares in Wetteri increased to 148,212,609 from 140,885,022. The new shares were entered in the Trade Register on 28 December 2023 and became subject to public trading on the Helsinki Stock Exchange on 2 January 2024.

Costs related to share issues

The Group's comprehensive income for the financial year includes expenses related to the planning of share issues (EUR 78 thousand), which mainly consist of fees paid to legal and financial advisors. Transaction costs of EUR 378 thousand directly caused by the issuance of new shares, from which the tax effect of EUR 76 thousand has been deducted, have been recorded in the financial year in the invested unrestricted equity fund as a reduction of the subscription price of the new shares issued, as they are additional costs resulting directly from the equity transaction which would have been otherwise avoided.

10. Financing arrangements

As part of the financing of the acquisition of E. Hartikainen Oy's car trade business, the seller, E. Hartikainen Oy, issued a convertible bond of EUR 2,000 thousand to Wetteri Plc. The terms and conditions of the convertible bond comply with the requirements of chapter 12, section 1 of the Limited Liability Companies Act (subordinated loan). The loan is interest-free, and in the event of the debtor's liquidation and bankruptcy, the principal of the loan can only be paid with a lower priority than all other debt. The principal may otherwise be returned only to the extent that the amount of the debtor's unrestricted equity and all capital loans at the time of payment exceeds the amount of the debtor's loss recognised on the balance sheet in the most recently ended financial year or included in more recent financial statements. There is no guarantee for the payment of the principal. The loan is valid until further notice.

The convertible bond includes a special right granted to the creditor without consideration in accordance with chapter 10, section 1 of the Limited Liability Companies Act, under which the creditor has the right to convert the bond into new shares in Wetteri Plc by notifying the Board of Directors of this in writing and presenting the loan agreement for making the necessary entries. The conversion period began when the loan was drawn down and is valid for the duration of the loan as long as any principal of the loan remains unpaid. In the conversion of each note, the subscription price of the share is the average price of the company's share on the date of the conversion requirement, less a 5% discount. Average price means the volume-weighted average price for the preceding 30 trading days calculated at the end of trading on the date of the conversion requirement on the Helsinki Stock Exchange. The conversion of the bond into shares is carried out as follows: a number of new shares in Wetteri Plc corresponding to the amount in question is issued against the capital to be converted using the above subscription price. The subscription price is recognised in the invested unrestricted equity fund. The creditor has subscribed for the shares by signing the loan agreement, and there is therefore no separate subscription list. The subscription price of the shares to be subscribed for based on the agreement is paid in connection with the conversion into shares by marking the loan as fully repaid.

On 3 March 2023, Nordea Bank Plc and Varma Mutual Pension Insurance Company granted the Group loans of EUR 6,000 thousand and EUR 6,000 thousand, EUR 12,000 thousand in total, for the execution of the acquisition of E. Hartikainen Oy. The loan period for both loans is four years, and the repayment of the loans begins six months after they have been drawn down in accordance with the following instalments: EUR 500 thousand on 7 September 2023; EUR 750 thousand on 7 March 2024, 7 September 2024, 7 March 2025 and 7 September 2025; EUR 800 thousand on 7 March 2026; and EUR 850 thousand on 7 September 2026 and 7 March 2027. The loan margin is 3.95%.

With the acquisition of E. Hartikainen Oy, the vehicle consignment stock facilities granted to the Group by financing companies increased by EUR 11,000 thousand, and facilities concerning sale and leaseback arrangements increased by EUR 2,500 thousand. In connection with the Palin Oy acquisition, the Group's facilities concerning sale and leaseback



arrangements increased by EUR 4,920 thousand. At the end of the financial year on 31 December 2023, the Group had access to a consignment stock facility of EUR 40,682 thousand and a facility of EUR 20,320 thousand concerning sale and leaseback arrangements for vehicles. Within these facilities, the Group can place vehicles for purchase for financial companies' consignment stock or place vehicles for sale and leaseback.

In addition to the financing arrangements related to the acquisition of E. Hartikainen Oy, the Group drew down a loan of EUR 500 thousand under the Employee Pensions Act (TyEL) for its Group company Tieturi Oy on 4 July 2023. The loan period is three years. Beginning on 31 December 2023, the loan will be repaid in instalments of EUR 83 thousand twice a year. The interest rate on the loan is fixed at 5.60% over the entire loan period.

11. Related party transactions

The Group's related parties include its parent company, Wetteri Plc, with its subsidiaries, as well as an associated company. The Group's related parties also include key members of the Group's management, including the members of the Board of Directors, the CEO and the members of the Management Team, as well as their close family members and entities in which these persons have control or joint control.

Key members of the Group's management and other related parties have purchased cars and other goods and services from the Group during the financial year. Key members of the management have also sold used cars to the Group. Key members of the Group's management have the right to buy cars and other goods and services from the Group and sell cars to the Group in accordance with the Group-wide personnel policy. All transactions with key members of the management and other related parties during the financial year and the comparison period were conducted under normal market conditions.

Transactions with key members of the management and their controlled entities

EUR thousand	Q4/2023	Q4/2022	2023	2022
Income statement items				
Sale of goods and services	71	1	409	18
Purchases of goods and services	0	0	-215	-36
Interest expenses on capital loans	-137	-99	-443	-249
Interest expenses on other loans	-1	0	-49	0
Total income statement items	-66	-98	-299	-267
Equity items				
Value of the equity component in capital loans 11 May 2022	0	0	0	574
Themis Holding Oy's share issue 11 May 2022	0	0	0	6,000
Themis Holding Oy's share issue 17 May 2022	0	0	0	3,200
Themis Holding Oy's distribution of dividends 18 Nov 2022	0	-806	0	-806
Conversion of the convertible bond into new shares 9 Dec 2022	0	200	0	200
Share issue 7 March 2023	0	0	300	0
Share issue 22 December 2023	800	0	800	0
Total equity items	800	-606	1,100	9,167

The Group has a capital loan of EUR 5,500 thousand in accordance with chapter 12, section 1 of the Limited Liability Companies Act from Simula Invest Oy and PM Ruukki Oy, which are controlled entities of Aarne Simula and Markku Kankaala, key members of the Group's management, and are also major shareholders of the Group. An interest rate of 1% was originally agreed on the loans, which does not correspond to the market interest rate at which the Group could otherwise obtain equivalent capital loans from parties other than the Group's related parties. The loans have therefore been measured at fair value (EUR 4,926 thousand) on 11 May 2022, which is the date on which the loans were drawn down, based on an 8% market interest rate, which is higher than the interest rate originally agreed for the loans. The difference (EUR 574 thousand) between the nominal value (EUR 5,500 thousand) of the capital loans and their fair value (EUR 4,926 thousand) at the time when they were drawn down represents the non-market-based portion of the loans and is recognised in the invested unrestricted equity fund in the Group's equity in the same manner as an investment in the Group's equity by Simula Invest Oy and PM Ruukki Oy would be recognised. The equity component of EUR 574 thousand representing the non-market-based portion of the loans is not subsequently remeasured. After initial recognition the capital loans are measured at amortised cost using the 8% market interest rate. The accrued interest expense of EUR 443 thousand (EUR 249 thousand) for the financial year calculated based on the 8% interest rate is recognised as a financial expense in the Group's income statement, of which EUR 242 thousand (EUR 249 thousand) is included in the EUR 5,742 thousand (EUR 5,175 thousand) book value of the capital loans at the end of the financial year. The interest rate on the loans was raised on 5



April 2023 to correspond to the 8% market rate retroactively from 1 January 2023. As the renegotiation of the interest rate is a substantial modification of the terms of the capital loans, it has been accounted for as an extinguishment of the original capital loans and the recognition of new capital loans. The profit or loss impact of EUR -360 thousand resulting from the derecognition of the original capital loans has been recognised as a financial expense for the financial year.

On 6 April 2023, the Group drew down a loan of EUR 800 thousand from PM Ruukki Oy, a controlled entity of Markku Kankaala, who is a key member of the Group's management. The interest paid on the loan consists of the 12-month Euribor rate and a 4.5% margin. The loan is payable on demand. However, the loan is subordinate to financing by Nordea Bank Plc, and consent from Nordea Bank Plc is required to have the loan fall due. The accrued interest expense of EUR 49 thousand (EUR 0 thousand) for the financial year is recognised as a financial expense in the Group's income statement, and its unpaid portion of EUR 33 thousand (EUR 0 thousand) is included in the Group's liabilities at the end of the financial year. The Group repaid the principal of the loan to the creditor on 21 December 2023.

As part of the financing for the acquisition of E. Hartikainen Oy's car trade business, which was executed on 7 March 2023, Wetteri Plc's Board of Directors issued a total of 6,284,152 new shares in the company to the AktiiviOmistajat group of investors under the authorisation granted by the Extraordinary General Meeting on 9 December 2022. Haapalandia Invest Ltd, a controlled entity of Martti Haapala, who is a key member of the Group's management, subscribed for 409,836 new shares in the company at a subscription price of EUR 300 thousand. The subscription price is recognised in the invested unrestricted equity fund.

On 21 December 2023, Wetteri Plc's Board of Directors decided on a directed share issue against payment to certain institutional investors and a limited group of experienced investors based on the authorisation granted by the Annual General Meeting on 8 May 2023. The Board of Directors approved the subscription of a total of 7,327,587 new shares in the directed share issue. PM Ruukki Oy, a controlled entity of Markku Kankaala, who is a key member of the Group's management, subscribed for 1,724,137 new shares in the company at a subscription price of EUR 800 thousand. The subscription price is recognised in the invested unrestricted equity fund.

Open balances with key members of the management and their controlled entities

EUR thousand	2023	2022
Liabilities		
Capital loans	5,500	4,926
Interest accrued on capital loans	242	249
Interest accrued on other loans	33	0
Total liabilities	5,775	5,175

More information about the capital loans with book value of EUR 5,742 thousand (EUR 5,175 thousand), including an accrued interest liability of EUR 242 thousand (EUR 249 thousand), granted to the Group by Simula Invest Oy and PM Ruukki Oy, which are controlled entities of key members of the Group's management, and the loan of EUR 800 thousand granted by PM Ruukki Oy, the principal of which was repaid on 21 December 2023, with the related interest liability of EUR 33 thousand (EUR 0 thousand) included in the Group's liabilities, is provided in connection with related party transactions above.

Transactions with other related parties

EUR thousand	Q4/2023	Q4/2022	2023	2022
Income statement items				
Sale of goods and services	0	1	0	4
Purchases of goods and services	0	0	0	-6
Interest expenses on other loans	-1	0	-13	0
Total income statement items	-1	1	-13	-3
Equity items				
Themis Holding Oy's share issue 17 May 2022	0	0	0	200
Themis Holding Oy's distribution of dividends 18 Nov 2022	0	-4	0	-4
Total equity items	0	-4	0	196

On 6 April 2023, the Group drew down a loan of EUR 200 thousand from a related party of Markku Kankaala, who is a key member of the Group's management. The interest paid on the loan consists of the 12-month Euribor rate and a 4.5% margin. The loan is payable on demand. However, the loan is subordinate to financing by Nordea Bank Plc, and consent from Nordea Bank Plc is required for the loan to fall due. The accrued interest expense of EUR 13 thousand (EUR 0 thousand)

on the loan for the financial year is recognised as a financial expense in the Group's income statement and is included in the book value of EUR 213 thousand (EUR 0 thousand) of the loan at the end of the financial year.

Open balances with other related parties

EUR thousand	2023	2022
Assets		
Trade and other receivables	0	1
Total assets	0	1
Liabilities		
Loans	200	0
Interest accrued on capital loans	13	0
Total liabilities	213	0

Wetteri Plc has a capital loan receivable of EUR 480 thousand under chapter 12, section 1 of the Limited Liability Companies Act from the Group's associated company Brain Alliance Oy. The interest rate is 5%. The capital loan receivable or the accrued interest has no book value on the Group's balance sheet because the interest accrued on the loan receivable has been forgiven, and the value of the loan receivable is otherwise considered to have impaired permanently.

More information about the loan with book value of EUR 213 thousand (EUR 0 thousand), including an accrued interest liability of EUR 13 thousand (EUR 0 thousand), granted to the Group by a related party of Markku Kankaala, a key member of the Group's management, is provided in connection with related party transactions above.

12. Contingent liabilities and assets, and commitments

Commitments

EUR thousand	2023	2022
Collateral given for own commitments		
Business mortgages	79,483	38,483
Other guarantees	26,790	18,232

The shares in the Group's subsidiaries are pledged as collateral for the Group's loans. The Group's subsidiaries have also given an unlimited directly enforceable guarantee on behalf of one another.

The Group's inventories include vehicles that serve as collateral for the Group's liabilities. The book value of the vehicles serving as collateral for the Group's liabilities was EUR 40,219 thousand on 31 December 2023 (EUR 20,817 thousand on 31 December 2022). The vehicles are subject to a sale and leaseback arrangement and a consignment stock arrangement.

Other off-balance-sheet liabilities

EUR thousand	2023	2022
Leasing liabilities		
Due within 1 year	147	56
Due within 1–5 years	248	97
Lease liabilities		
Due within 1 year	164	248
Due within 1–5 years	0	0
Other liabilities		
Other liabilities	67	196

The Group has leased premises, furniture and equipment. The leasing liabilities and lease liabilities include low-value leasing contracts and leases denominated in euros, as well as leasing contracts and leases ending within less than 12 months. The undiscounted minimum rents, excluding VAT, payable based on leasing contracts and leases are shown above. The Group also has a minor amount of other liabilities to financing companies.

Obligation to adjust VAT deductions on real property investments



The Group has an obligation to adjust its VAT deductions on real property investments if the use of the property for a purpose that is subject to VAT decreases during the adjustment period. The obligation to adjust VAT deductions applies to the investments made in the Group's premises in Kajaani, Ylivieska, Kemi, Rovaniemi, Oulu and Kokkola, for which the last years for adjustments to VAT deductions are 2029, 2029, 2032, 2032, 2032 and 2032 respectively. The maximum amount of the adjustment obligation was EUR 1,470 thousand on 31 December 2023 (EUR 1,249 thousand on 31 December 2022).

Disputes and legal proceedings

No legal claims for damages have been made against the Group's companies, and the Group's balance sheet does not include provisions for legal proceedings.

13. Events after the end of the financial year

Acquisition of the car dealership business operations of the Suur-Savo Cooperative Society

On 27 October 2023, Wetteri Plc announced that it would acquire the car dealership business operations carried out by the Suur-Savo Cooperative Society in Mikkeli, Savonlinna and Vantaa. Wetteri Auto Oy, a subsidiary of Wetteri Plc, acquired passenger car sales and maintenance operations through the transaction. Car brand representation of Mercedes-Benz, Nissan and Opel was transferred to Wetteri. The Finnish Competition and Consumer Authority approved the transaction on 8 December 2023, and the acquisition was completed on 1 January 2024, when the business was transferred to Wetteri. The transaction price was EUR 1,000 thousand.

The profit and net assets of the acquired business operations will be consolidated into the Group as of the completion of the transaction, so the financial impacts of the transaction have not been taken into account in the financial statements on 31 December 2023. The accounting treatment of the transaction had not been completed by the time the financial statements bulletin was approved for publication. In particular, the determination of the fair value of identifiable assets acquired and liabilities assumed by the Group is still in progress.

Share exchange of Suvanto Trucks Oy

On 11 December 2023, Wetteri Plc announced the acquisition of Suvanto Trucks Oy through a 100% share exchange. Suvanto Trucks Oy engages in the trade and maintenance of used heavy vehicles in Turku, Tampere and Vantaa. The company also has operations in northern Finland. Suvanto Trucks is one of Finland's largest sellers of used heavy vehicles. The company also serves as a dealer of DAF and Sisu vehicles.

The Finnish Competition and Consumer Authority approved the transaction on 11 December 2024, and the acquisition was completed on 29 February 2024. The acquirer in the transaction was Wetteri Plc. The entire share capital of Suvanto Trucks was transferred to Wetteri Plc through the transaction. The purchase price was EUR 4,160 thousand. The purchase price was paid in full in new shares in Wetteri Plc. Wetteri Plc executed the payment of the purchase price under the Board's authorisation to issue shares. The subscription price was determined by the share price at the time of execution.

The profit and net assets of the acquired business operations will be consolidated into the Group as of the completion of the transaction, so the financial impacts of the transaction have not been taken into account in the financial statements on 31 December 2023. The accounting treatment of the transaction had not been completed by the time the financial statements bulletin was approved for publication. In particular, the determination of the fair value of identifiable assets acquired and liabilities assumed by the Group is still in progress.

Sale of the training service companies Management Institute of Finland MIF Oy and Tieturi Oy

On 14 February 2024, Wetteri announced the sale of its training service companies Tieturi Oy and Management Institute of Finland MIF Oy to Professio Finland Oy, a company specialising in working life training. The transaction price consists of the basic purchase price of EUR 5,100 thousand, as well as the purchase price based on the net working capital calculation on the transaction date and adjustments made to it on the transaction date. The buyer will pay 40 per cent of the purchase price as a cash contribution on the transaction date and ten per cent on 30 June 2024. For the remaining 50 per cent, Wetteri will grant an interest-bearing loan with a five-year loan period, the first two years being free of loan repayments. The completion of the transaction is subject to the fulfilment of the requirements set by the parties. If the requirements are met, the transaction is expected to be completed on 2 April 2024. Profit or loss of Management Institute of Finland MIF Oy and Tieturi Oy is presented as part of items not allocated to operating segments.

The criteria for classifying assets and liabilities of Management Institute of Finland MIF Oy and Tieturi Oy as held for sale have been met before the release of this financial statement bulletin, but only after the end of the financial year. Consequently, the assets and liabilities of the subsidiaries have not been classified as held for sale in the financial statements of 31 December 2023.

Negotiations regarding the covenants of a financing agreement



On 14 February 2024 before the release of this financial statements bulletin, Wetteri announced that the covenants included in the financing agreement between the Themis Holding Oy subgroup and the financing bank, which measure 12-month EBITDA divided by net interest-bearing liabilities, as well as the equity ratio, had not been fully met, and Wetteri has started negotiations with the financing bank to update the covenant terms of the financing agreement. As the negotiations have only begun after the end of the financial year, any resulting changes to the terms of the financing agreement have not been taken into account in the consolidated financial statements of 31 December 2023. Therefore, the financing under the financing agreement (EUR 20,800 thousand in loans and EUR 11,252 thousand in account credit facilities in use) has been treated as short-term debt in the financial statements. EUR 14,725 thousand of the financing would have otherwise been treated as long-term debt in the financial statements.

Share issue without payment to personnel

On 21 December 2023, Wetteri Plc's Board of Directors decided on a share issue without payment pursuant to the authorisation granted by the Annual General Meeting on 8 May 2023. The company will issue a maximum of 100,000 new shares in the company to the employees of Wetteri Plc and its car trade business operations without consideration, in deviation from the shareholders' pre-emptive right. The company has a particularly weighty financial reason for deviating from the shareholders' pre-emptive right, as the purpose of the personnel issue is to strengthen the employees' ownership, motivation and commitment to the company.

The company will issue 100 shares without consideration to each employee of Wetteri Plc and its car business subsidiaries. The new shares will be issued to the employees on a date determined separately by the Board of Directors after the end of the financial year 1 January to 31 December 2023.