



WETTERI

Annual Report 2023

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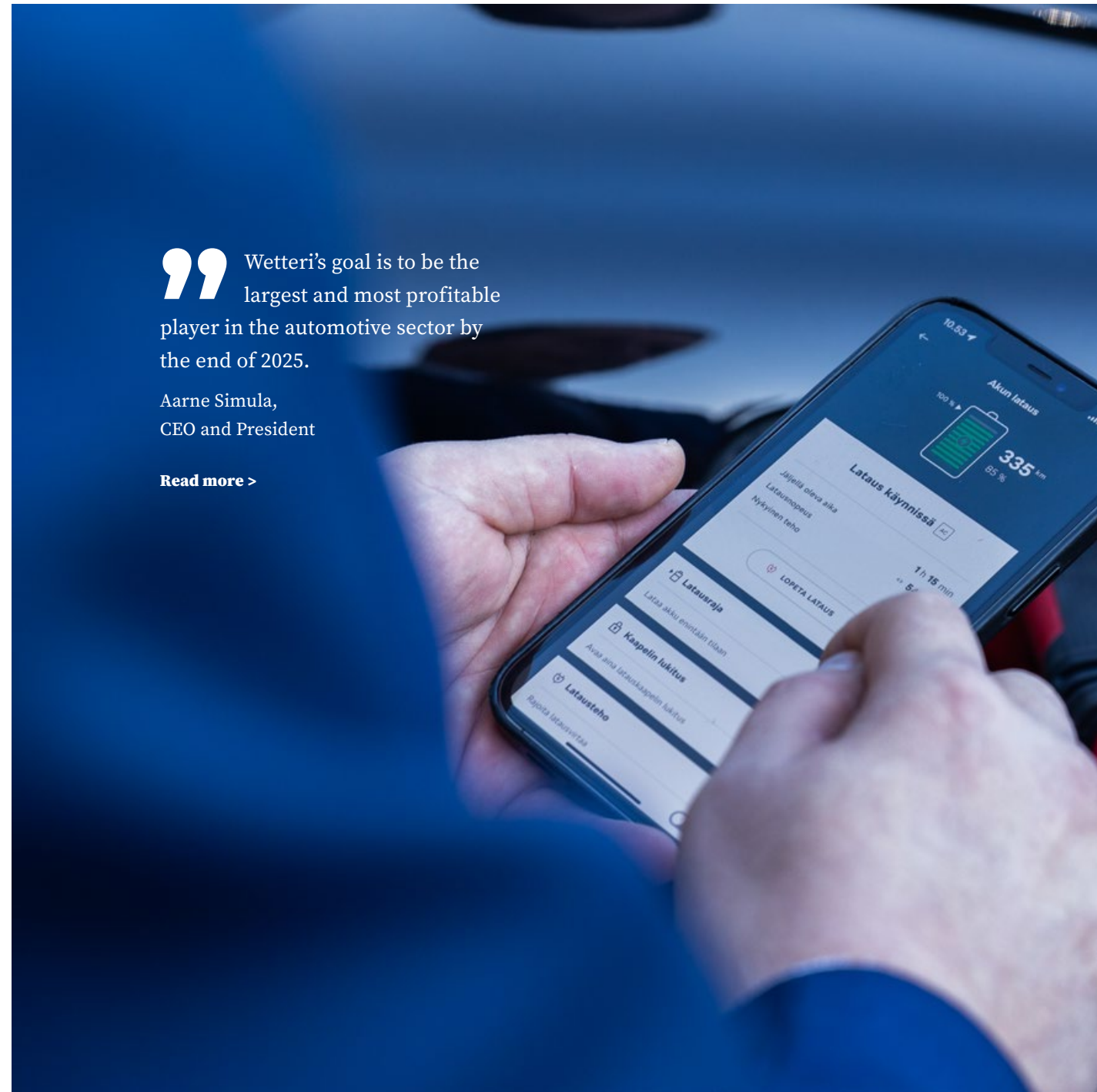
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” Wetteri’s goal is to be the largest and most profitable player in the automotive sector by the end of 2025.

Aarne Simula,
CEO and President

[Read more >](#)



Wetteri is a growth company in the automotive sector

Wetteri is a unique listed company in the automotive sector. Its business operations cover the trade of new and used passenger cars and commercial vehicles, as well as the trade of heavy vehicles. Wetteri offers a comprehensive range of maintenance, spare parts and repair shop services throughout Finland, in all vehicle categories. Wetteri has the largest representation of passenger car and heavy vehicle brands in Finland.

Wetteri aims to become Finland's largest full-service multi-brand car dealership and the most profitable company in its sector by the end of 2025. The global transformation of the automotive industry is a key driver of Wetteri's growth, and Wetteri is driving the consolidation of the Finnish automotive sector.

Mission

We are an enabler of smooth transport, a trusted partner and a pioneer in the digitalisation of the automotive industry. We are an important player on the journey towards zero-emission driving. Our growth is entrepreneur-driven, and we produce sustainable value for our shareholders.

Vision

We will be Finland's largest full-service multi-brand car dealership and the most profitable operator in our sector by the end of 2025.

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business acquisitions

The acquisitions of Autotalo Hartikainen and AutoPalin were implemented in 2023, and the acquisitions of Suur-Savon Auto and Suvanto Trucks were implemented in early 2024.

[Read more >](#)



2

energy-efficient repair shops with car paint shops

4

new used car centres



1,067

remote diagnostics customers in Heavy Vehicles

[Read more >](#)



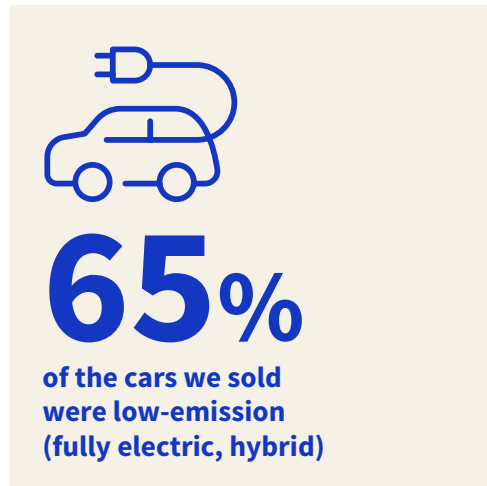
36

passenger car and heavy vehicle brands; Finland's largest brand representation



65%

of the cars we sold were low-emission (fully electric, hybrid)

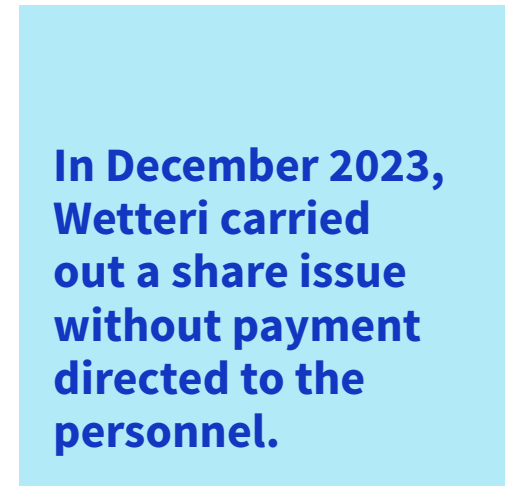


926

employees, of whom 70% in Maintenance Services



In December 2023, Wetteri carried out a share issue without payment directed to the personnel.



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CEO'S REVIEW

Year of strong growth

2023 was a year of strong growth for Wetteri as a whole, and we initiated measures in line with our growth strategy. Two business acquisitions were completed, and four new used car centres were opened during the year. We also announced future acquisitions and acquisitions that were completed at 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 increase in interest rates affected Wetteri's business performance. In the fourth quarter of 2023, there were also challenges in the operating environment: the stevedore strike reduced deliveries of new cars towards the end of the year, while maintenance operations were burdened by the fact that the December holidays were celebrated 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. The order backlog for new cars at the end of the financial year



“ 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.”

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was at a good level (EUR 57.3 million), although the sales of new cars in the sector in general decreased because of economic uncertainty. The Heavy Vehicles 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 historic 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 differs from many other operators in the automotive sector because of its comprehensive business model and extensive 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-specific 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 competent, qualified and committed personnel play a major role in the company's growth story. In December 2023, we announced a share issue without payment for our entire car 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, and a new fleet is also required to improve road safety. This means that the automotive sector has pent-up demand that will be unleashed in the near future, as well as clear 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 execute our growth strategy with determination. In early 2024, Suur-Savon Auto and Suvanto Trucks Oy became part of Wetteri. Suvanto Trucks provided Wetteri with strong expertise in purchasing used commercial trucks, in addition to procurement channels. We are planning to build a nationwide distribution network for used commercial trucks by making more efficient use of our existing distribution channels. 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.

Aarne Simula
CEO and President

Strategy and business operations

Wetteri aims to be the largest and most profitable multi-brand car dealership in Finland by the end of 2025. The transformation in automotive industry is a driver for Wetteri's growth.



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The operating environment in the automotive sector is undergoing a transformation. As a result of the transformation, 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, for example, as well as the reporting requirements and the change in distribution route models. In Finland, the transformation of the operating environment is leading to a strategic reassessment of smaller and medium-sized operators in the sector: do their business operations have continuity independently, or will they need to become part of a larger operator in the automotive sector?

The number of first registrations of cars increased in 2023

A total of 87,508 new passenger cars were registered in 2023. The number of first registrations of passenger cars increased by 7.1% from 2022. The increase resulted from the easing of component shortages and the improved availability of new cars, as well as shorter



“ The transformation of the
operating environment is
leading to a strategic reassessment.

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delivery times, which enabled the large order backlogs to be reduced through invoicing.

A total of 3,949 new commercial trucks were registered in 2023, up 18.2% from 2022. A total of 2,892 of new heavy commercial trucks (at least 16 tonnes) were registered, which is 19.5% more than in the previous year. A total of 195 new medium-sized vehicles (6–16 tonnes) were registered in 2023, up 12.1% from 2022. The number of



first registrations of light commercial trucks (less than 6 tonnes) was 862, up 15.4% from the previous year.

Interest rate developments and inflation reduced the demand for new cars during 2023. For the used car trade, 2023 was a busy year: sales of passenger cars increased by around 5.9%, and sales of used vans increased by around 3.7% from 2022.

The change in motive power types is progressing

In 2023, of all first registrations of passenger cars, 33.8% were fully electric cars, and 20.7% were rechargeable hybrids. The proportion of petrol-powered cars of all registrations was around 40%, and the proportion of diesel-powered cars was slightly under 6%. Their proportion of fully electric cars grew markedly from 2022 (18%). The proportion of rechargeable hybrids of all registrations was almost the same as in the previous year.

The average carbon dioxide emissions of new passenger cars decreased to an average of 64 grams per kilometre in 2023. The average emissions of the passenger car fleet are about 183 grams per kilometre, which is explained by the ageing Finnish car fleet.

Finland has Europe's oldest car fleet

The average age of the Finnish car fleet is 13.2 years. The average age has been growing continuously since 2007.

” To achieve transport emissions reduction targets and improve road safety, it is necessary to update the car fleet.

The average age of petrol cars is 15 years, and that of diesel cars is 12 years. In traffic, one in five cars is over 20 years old. To achieve transport emissions reduction targets and improve road safety, it is necessary to update the car fleet.

Because of the low number of first registrations in recent years and the ageing car fleet, there is expected to be a great deal of pent-up demand in the automotive sector, the materialisation of which will be boosted by the slowdown in inflation and the stabilisation of interest rates.

Wetteri's strong market position

Wetteri is the market leader in the passenger car trade in northern Finland, with a market share of 38%. Wetteri Power, Wetteri's heavy vehicles subsidiary, was the market leader in its own area of operation, with a market share of nearly 39% at the end of 2023.

Wetteri has 49 locations across Finland. During 2023, the company increased its presence in eastern Finland and western Finland with locations in Kuopio, Joensuu, Iisalmi, Pori, Rauma and Raisio. At the beginning of 2024, through the acquisition of Suur-Savon Auto, Wetteri's operations expanded to Mikkeli, Savonlinna, Vantaa, Turku and Tampere.

Wetteri has Finland's largest car brand sales and maintenance representation in passenger cars and heavy vehicles, 38 brands in total. During 2023, Wetteri became one of the largest Mercedes-Benz and Volvo dealers in Finland. Thanks to its extensive brand representation, Wetteri has a strong market position in passenger car sales and maintenance and in heavy vehicles, as the company can meet the different needs of a very wide range of customers.

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Wetteri aims to become Finland's largest full-service multi-brand car dealership and the most profitable company in its sector by the end of 2025. The cornerstones of Wetteri's growth strategy are the transformation of the automotive industry and the company's business model and multi-brand strategy, as well as digitalisation.

The transformation of the automotive industry drives growth

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. Acquisitions generate synergy benefits and efficiency, and the cost structure of operations is developing favourably. 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 also aims to grow inorganically through new used car centres and the development of regional operations, for example. Wetteri has long-term experience and strong expertise in growing business operations through acquisitions.



Acquisitions generate synergy
benefits and efficiency.

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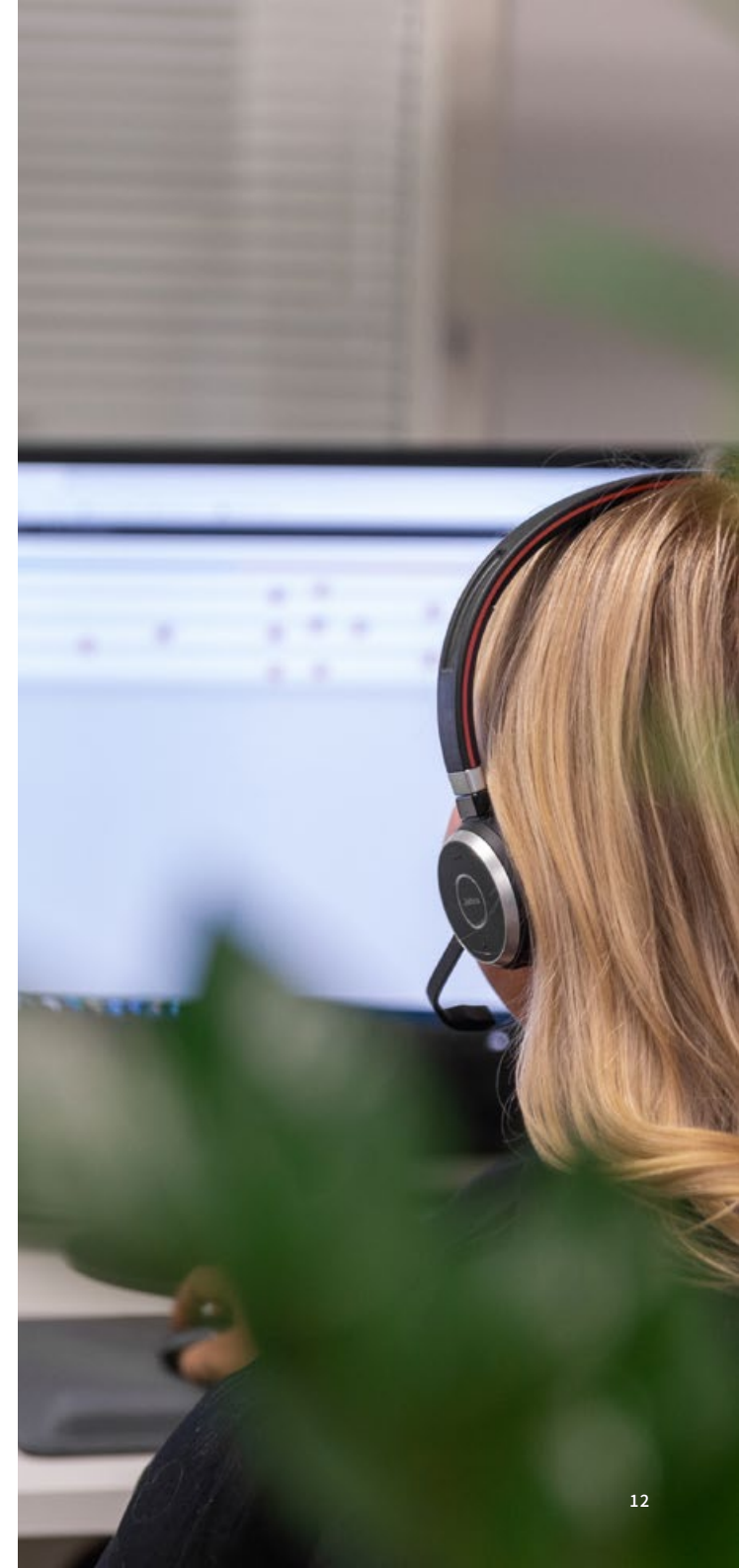
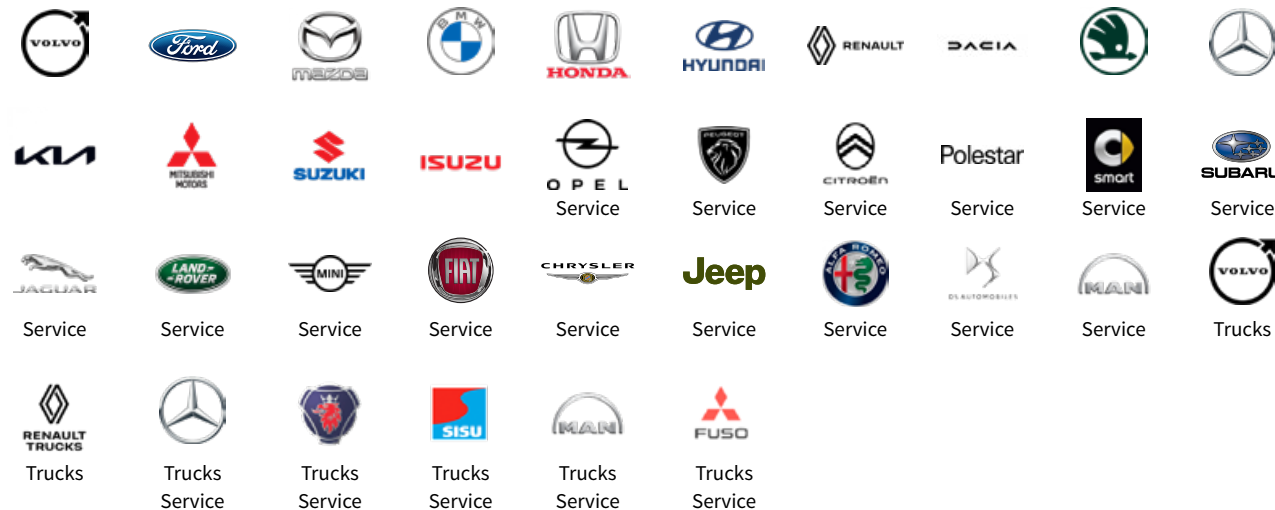
Wetteri's business model is an important driver of growth and a strength in the cyclically sensitive automotive industry. Wetteri's business model covers the sale of new passenger cars, commercial vehicles and heavy equipment, and the spare parts, maintenance and repair shop business, as well as the 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.

Multi-brand strategy

Wetteri has Finland's largest car brand representation, 36 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.

Digitalisation and smart solutions

Wetteri leads the way in digitalisation in the automotive industry, and the company intends to continue to invest in development work. Digitalisation offers opportunities for developing customer service and increasing customer value. Wetteri has developed a predictive remote diagnostics solution for heavy vehicles that enables Wetteri to address its customers' emerging problems before they escalate. The service ensures that there are no unplanned interruptions in the customer's revenue streams. The company also invests in digital solutions and transparency in customer service in passenger car maintenance operations by means of video recordings of maintenance operations and further recommendations. 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.



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Promotion of the growth strategy in 2023



The measures implemented during 2023 increased Wetteri's multi-brand range of passenger cars and heavy vehicles, which strengthened Wetteri's position in the Finnish car market. Wetteri also became one of the largest Mercedes-Benz and Volvo dealers in Finland. As a result of acquisitions, operational efficiency improved through the centralisation of administrative tasks and the regional combination of functions so that the rents of premises decreased, for example.

Wetteri is planning to build a nationwide network for the sale of used commercial trucks, and the first steps towards this goal were taken through the acquisition of Suvanto Trucks Oy. In the spring of 2024, Wetteri will open a major used car dealership in Petikko, Vantaa. The strong promotion of the growth strategy continues.



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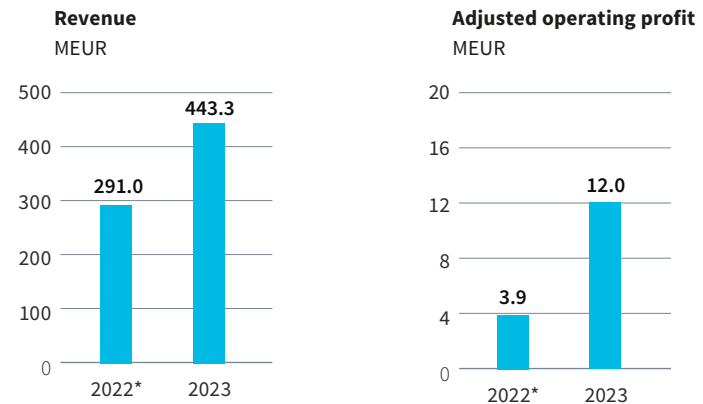
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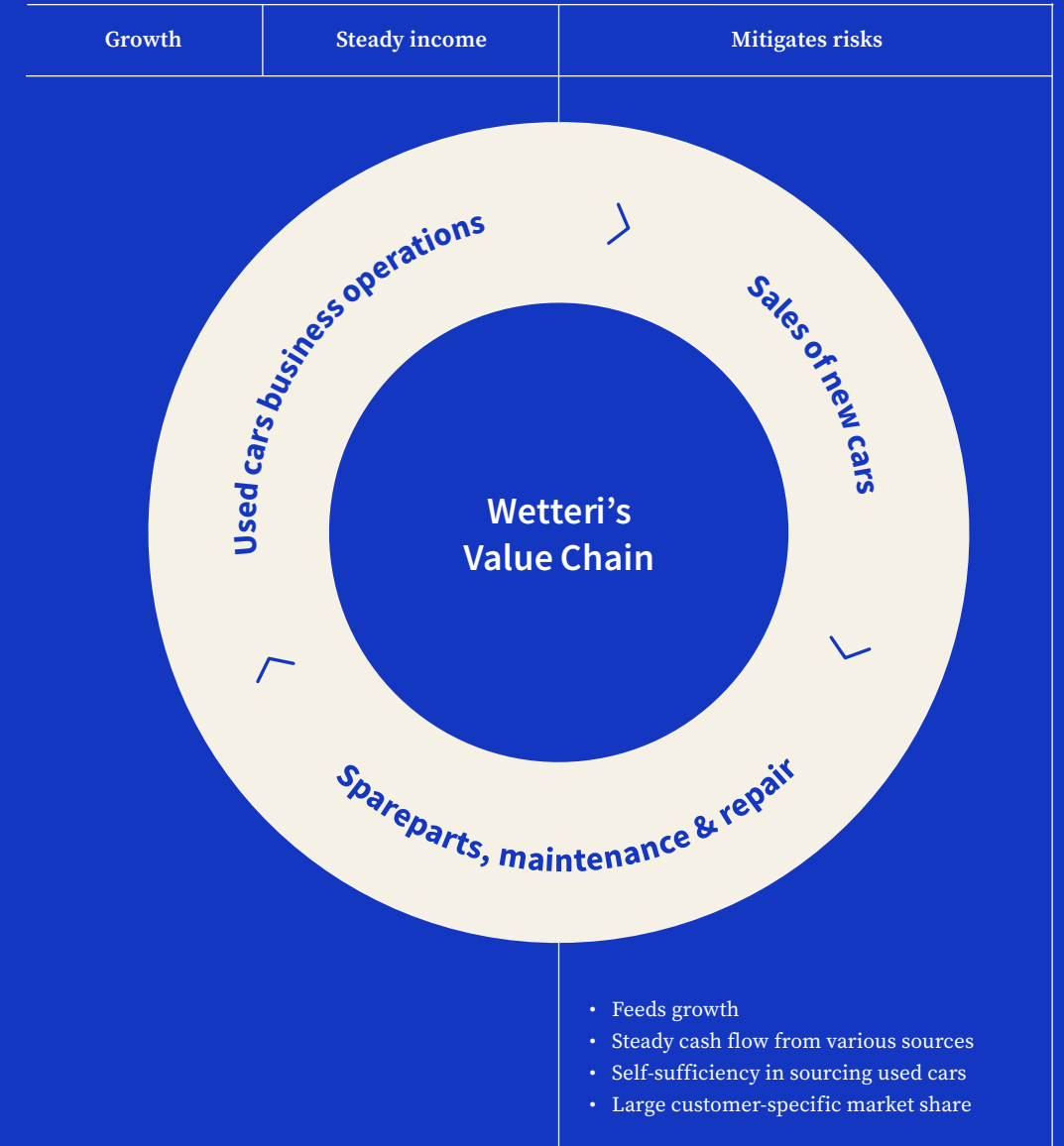
Wetteri's business model

Wetteri is a unique listed company in the automotive sector. Its 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 throughout the economic cycle.



*Pro forma

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Passenger Cars

Wetteri has Finland's largest passenger car brand sales and maintenance representation, 30 brands in total.

Thanks to its multi-brand strategy, Wetteri has a strong market position in the passenger car trade, as the company can meet a wide range of needs for different customer groups.

In terms of revenue, the Passenger Car business is Wetteri's largest operating segment. In 2023, its revenue increased to EUR 284 million. A total of 3,322 new passenger cars were delivered. At the end of the year, the order backlog for new cars was at a relatively good level (EUR 57.5 million).

The passenger car trade is also of great importance to Wetteri's maintenance business operations: the delivery of new cars involves maintenance work, scheduled maintenance is centralised with Wetteri, and customers continue to be highly committed to using Wetteri's services. The used car business benefits from the cars that become available through the new car trade, meaning that there is no need to buy used cars from a competitive market.

The multi-brand range is an indication of Wetteri's high-quality work and responsibility as part of the value chain for the car trade. Wetteri works with respected brands, and importers and car manufacturers set strict targets for Wetteri's operations in terms of both environmental impacts and social responsibility. Wetteri is evaluated annually by importers.

Invoiced sales of
new passenger cars

3,322

Invoiced sales of used cars

5,764

Order backlog for
new passenger cars

2,862

in December 2023



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Heavy Equipment

Wetteri sells and maintains heavy vehicles
and provides spare parts and tyre services.

Wetteri has a comprehensive heavy vehicle sales and service representation – seven brands in total. Wetteri Power is a long-term partner for Volvo and Renault commercial trucks and the market leader in its area of operation. The value of the order backlog for heavy vehicles at the end of 2023 was EUR 13.7 million. Revenue increased to EUR 67.8 million, and the invoiced sales of new commercial trucks totalled 181.

The Heavy Equipment business is characterised by long-term customer relationships and continuity. The sale of a new commercial truck is based on customisation in accordance with the customer's needs and detailed vehicle design. After delivery, vehicles are included in maintenance contracts, which typically last for 36 months.

Wetteri has developed predictive remote diagnostics based on data analytics: Data is collected 24/7 from a vehicle covered by Wetteri's maintenance contract, and the data is analysed by an AI-based solution. If there are indications of an emerging problem, Wetteri's Service Centre will call the vehicle for main-tenance before the problem escalates. Sometimes the necessary measures can be implemented remotely (e.g. problems related to information systems). The role of predictive remote diagnostics is to ensure the continuity of customers' revenue streams. At the end of 2023, slightly more than 1,000 vehicles were covered by the service.

Invoiced sales of new
Volvo and Renault
commercial trucks

181

Order backlog for new
commercial trucks

127

Vehicles covered
by predictive remote
diagnostics

1,067

Sales representation:
Volvo, Renault

Maintenance representation:
Scania, Mercedes-Benz, Sisu,
MAN, Mitsubishi Fuso

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Maintenance Services

Maintenance and spare parts business operations are stable. In terms of adjusted operating profit, the Maintenance Services operating segment is Wetteri's most profitable business.

In 2023, its revenue was EUR 76 million, and its adjusted operating profit was EUR 5.7 million. Of Wetteri's personnel, around 70% work in maintenance and spare parts services. A total of 319,562 maintenance hours were invoiced in 2023.

The electrification of motoring is changing car maintenance routines, but the need for maintenance will continue to exist. Regular inspections and maintenance of electric cars are part of car lifecycle management, and wearable parts need to be replaced regularly. In the maintenance of electric cars,

Revenue growth
from 2022

71%

Maintenance
representation for

30

car brands

319,562

invoiced maintenance
and repair shop hours



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brand-specific expertise is valuable, in addition to facilities that meet the safety requirements. Thanks to its multi-brand strategy, Wetteri has solid expertise in most of the best-selling car brands, which makes Wetteri a strong player in the change in motive power types.

Wetteri invests in the development of maintenance operations and in digital service channels, as well as direct mechanic operations. In direct mechanic operations, the customer deals directly with the mechanic servicing the car, which makes the process more efficient. The transparency of maintenance services has been increased by offering a video check before and after servicing, which provides the customer with an overview of the necessary measures and a professional's view on future maintenance needs.

CASE

A unique energy-efficient car paint shop

In 2023, Wetteri opened a new type of energy-efficient car paint shop in Kemi. The new paint shop is the first in Finland to only use low-temperature paints. The new type of paint shop reduces energy consumption and improves work efficiency as the lead times in the painting process become shorter.

Wetteri's hybrid-model paint booths can be used for both preliminary work and surface spraying. The heat generated during the process is recovered and used

in the drying of the paint. The drying temperature for low-temperature paints is around 30 °C. In a traditional car paint shop process, a separate pre-treatment room, a painting and drying room, and a 60-degree temperature for paint drying have been required to process the car.

Wetteri has opened a similar paint shop in Kajaani.

“ The new operating model reduces lead times in the car paint shop by 25% compared with a traditional paint shop. We can now serve our customers more smoothly. The heat generated during the process is not wasted. It is reused in heating the paint booth. This helps us reduce the energy consumption of the process significantly.”

Mika Peltovuoma,
Technical Service Manager



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Wetteri as an investment

Wetteri is a unique listed company in the automotive sector that grows on an entrepreneur-driven basis. Wetteri's management is committed to increasing the company's shareholder value and implementing its ambitious growth strategy. The transformation of the automotive industry is a megatrend, the impact of which is reflected in consolidation into larger and more profitable units. This major transformation is a key driver of Wetteri's growth, and Wetteri's value creation journey has only just begun.

In its investor strategy, Wetteri aims to broaden the ownership base and increase long-term shareholder value. Wetteri's dividend policy is 30% of its net profit.

Drivers of shareholder value:

GROWTH THROUGH ACQUISITIONS

The electrification of motoring, digitalisation and the change in distribution route models create consolidation pressure in the automotive industry. The automotive industry is moving globally towards larger, stronger and more profitable units that have the capacity to invest in growth, the necessary skills and the resources to navigate the transformation of the industry. Wetteri is involved



“ Wetteri's management is committed to increasing the company's shareholder value.”

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in the consolidation of the Finnish automotive sector. In its acquisitions, Wetteri focuses on synergy benefits and on improving operational efficiency and strengthening its market position – these create added value for shareholders.

BUSINESS MODEL

Wetteri is a unique listed company in the automotive sector. Its strategic strengths include its business model and multi-brand strategy. The company's comprehensive business model – from the sale of new passenger cars, commercial vehicles and heavy vehicles to the spare parts, maintenance and repair shop business, and used car trade – creates favourable conditions for profitable business operations and growth over business cycles, in addition to stabilising business risks.

Thanks to its multi-brand strategy, Wetteri has the capacity to meet the needs of a very wide range of customers across all vehicle categories. With the multi-brand selection, the company has accumulated a great deal of brand-specific expertise, which is a strength in the automotive industry, as the distribution routes are changing and the popularity of electric cars is increasing. Wetteri's multi-brand strategy and business model are strong drivers of organic growth.

ORGANIC GROWTH

First registrations of cars have remained below the long-term average in recent years. At the same time, the Finnish car fleet is ageing and slowing down the change in motive power types. There is pent-up demand in the automotive sector and thus significant potential for organic growth.

The slowdown in inflation and the stabilisation of interest rates will increase consumer confidence and interest in car purchasing. Thanks to its multi-brand strategy and strong market position, Wetteri is in an excellent position to meet the growing demand for cars in all vehicle categories.

DIGITALISATION

Investments in digital capabilities and analytics make Wetteri a unique company in the Finnish market. In heavy vehicles, proactive remote diagnostics integrate Wetteri into the customer's value creation, making customer relationships long-lasting and close. In passenger car maintenance, video checks and recommended measures increase transparency and customer satisfaction and engagement. Investments in the development of digital sales and marketing platforms help the company respond better to changes in consumer behaviour.

[View share information!](#)



Sustainability

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.



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Sustainability at Wetteri

Wetteri seeks to develop the sustainability of its business operations. During 2024, the company will focus on setting sustainability targets and preparing for CSRD reporting. Wetteri's material sustainability themes were determined in 2023 in cooperation with stakeholders. The material themes were determined in accordance with the double materiality principle. 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 Management Team is responsible for the management of sustainability work. We guide Wetteri's own operations in a more environmentally friendly direction through our everyday choices. In selecting our partners, we favour operators that are verifiably sustainable. Our day-to-day operations are guided by the ISO 14001 environmental certificate, which is the world's best-known environmental management system model.

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 2024, the company will focus on setting sustainability targets and preparing for CSRD reporting.”

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Safe and low-emission motoring

Passenger cars burden the environment throughout their life cycles. The production of each passenger car consumes limited natural resources, burdens the climate and water bodies, and generates waste. The exhaust gases from passenger cars are a major single source of greenhouse gases. Despite the environmental burden, passenger cars are an essential part of Finnish society. Wetteri's role is to provide solutions that help create a balance between society's needs and reducing the burden on the environment.

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. Through the Green Deal agreement, Wetteri is committed to increasing the awareness of its personnel and customers of environmentally friendly driving.

The Finnish car fleet is the oldest in Europe, with an average age of slightly over 13 years. The old car fleet slows down the achievement of the emissions reduction targets for transport and poses a risk to road safety. Safer driving with low emissions can be promoted by updating the car fleet. Because of its market position, Wetteri is an important player on the journey towards low-emission and safe driving. Of the cars we sold last year, 65% were low-emission.



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A sustainable working life and a desired place to work

A sustainable working life means working capacity management throughout a career, as well as support measures if working capacity challenges endanger coping at work. A sustainable working life includes various themes: non-discrimination, equality and human rights in Wetteri's value chain, as well as safety, among other aspects. Wetteri believes that well-being at work creates commitment, and Wetteri wants to keep its highly skilled and competent personnel.

Wetteri offers fair working conditions in accordance with collective agreements. In 2023 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 and maintaining it.

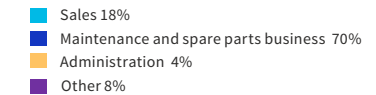
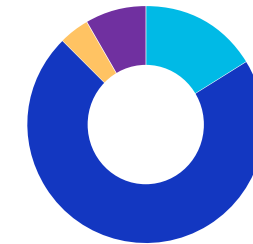
Safety at work

Wetteri invests in safety at work and job-specific induction training. Rescue and safety plans have been determined for all locations, and safety audits carried out by occupational health and safety representatives are part of the development of safety.

A total of 71 occupational accidents were recorded in 2023, seven of which led to an absence of more than a week. Taking the entire industry into account, the number is moderate. Wetteri actively seeks to reduce its accident frequency rate through occupational health and safety activities, among other means.

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 personnel are encouraged to report safety observations. Wetteri uses the number of safety observations as a pre-dictive indicator in occupational safety management and occupational health and safety activities. Wetteri seeks to create a supportive safety culture: as the number of risk observations and positive safety observations increases, probability of accidents decreases.

Wetteri's personnel by function



Wetteri's average number of personnel was

926

in the 2023 financial year.

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Health risks related to various tasks at Wetteri have been identified and taken into account in the occupational health action plan. The most typical occupational health risks are related to musculoskeletal problems, for example. Health problems at work are prevented by means of appropriate tools, aids, workplace design and protective equipment, as well as close cooperation with the occupational healthcare service provider.

Equality and non-discrimination

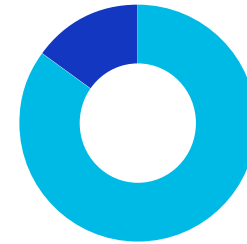
Equality and non-discrimination are an important part of a sustainable working life. Wetteri has zero tolerance of all forms of inappropriate treatment, and the company has an operating model for identifying and addressing inappropriate behaviour. There were no reports of inappropriate behaviour in 2023.

Wetteri's gender distribution is typical for the automotive industry: The majority both mechanics and clerks are men. Wetteri strives to operate in such a way that the company and the automotive industry as a whole becomes increasingly interesting workplace for women.

In 2024, Wetteri will focus on working capacity management. The goal is to develop supervisory work and support supervisors in their work. The personnel will also be encouraged to actively manage their work capacity and promote well-being at work. The introduction of company bicycles and lifestyle change coaching offered by the occupational healthcare provider will be part of these efforts.

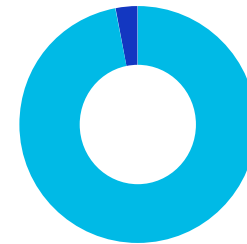
“ Openness and genuine dialogue are important values that are implemented daily in Wetteri's work-place communities across Finland.

White-collar employees'



Men 85%
Women 15%

Mechanics



Men 98%
Women 2%



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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 does not tolerate any kind of corruption or bribery. Wetteri is committed to anti-corruption and ethical conduct and requires the same from its partners. Anti-corruption activities are also included in the company's procurement guidelines. Wetteri has a reporting channel that allows anyone to report unethical conduct anonymously. The channel can be found on the company's website. There were no reports of suspected misconduct in 2023.

Wetteri is committed to respecting human rights, and we expect the same from all our partners. In line with our values, we do not tolerate harassment, discrimination, the

use of forced labour or child labour, or any form of abuse. We also require our partners and subcontractors to comply with international human rights principles.

Good governance

Wetteri complies with the Corporate Governance Code. When forming the company's Board of Directors, it has been considered essential that the Board members have complementary and diverse expertise in different tasks related to the management of the company in different areas of operation and in relation to Wetteri's growth strategy phase. Both genders are represented on the Board. The operations of the Board of Directors are supported by the Audit Committee, the Remuneration Committee and the Shareholders' Nomination Committee, for which duties and rules of procedure have been determined.



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1. Introduction

Wetteri Plc (Wetteri) is a Finnish public limited company whose shares are listed on Nasdaq Helsinki Ltd (Helsinki Stock Exchange). As a listed company, Wetteri complies with the laws of Finland and its other countries of operation, EU regulations, the rules and insider guidelines of Nasdaq Helsinki Ltd, and the relevant regulations of the Financial Supervisory Authority and other authorities, as well as the Articles of Association of Wetteri Plc and Wetteri's subsidiaries.

Wetteri complies with the Corporate Governance Code approved by the Securities Market Association and Nasdaq Helsinki Ltd (Corporate Governance Code 2020). Wetteri has deviated from compliance with the Corporate Governance Code in terms of its remuneration policy and Remuneration Committee. Information about these deviations is provided in sections 2.2 (Composition of the Board of Directors) and 2.5 (Remuneration Committee). Wetteri Oyj provides a Corporate Governance Statement separately from its 2023 Board of Directors' report.

2. Descriptions concerning governance

Wetteri Plc's business operations and governance are the responsibility of the Annual General Meeting, the Board of Directors and the CEO, who is assisted by the Management Team. Wetteri Plc does not have a supervisory board.

2.1 GENERAL MEETING

The General Meeting is Wetteri Plc's highest decision-making body. In accordance with the Articles of Association and the Limited Liability Companies Act, the General Meeting makes decisions concerning its duties, such as the adoption of the financial statements, the distribution of dividends, the granting of discharge from liability to the Board of Directors and the CEO, and the election of the members of the Board of Directors and the auditor, as well as their fees.

The Annual General Meeting must be held by the end of June. The notice of the Annual General Meeting is published on the company's website no earlier than two (2) months before the last registration date specified in the notice of the Annual General Meeting and no later than three (3) weeks before the Annual General Meeting.

In addition, the Board of Directors may, at its discretion, publish information about the General Meeting in one or more national newspapers or by sending information about the General Meeting as a registered letter or in an otherwise verifiable manner to an address listed for the shareholder in the share register. The Board of Directors prepares a proposal for a decision on the members of the Board of Directors for the notice of the Annual General Meeting. Any shareholders' proposals (at least 10% of the votes provided by the shares) concerning the composition and remuneration of the Board of Directors and the election of the auditors are included in the notice of the General Meeting. Proposals received after the notice are published separately on the company's website. Information about all proposed members of the Board of Directors is presented on the company's website. A matter proposed by a shareholder to the Board of Directors for consideration by the Annual General Meeting within the time limit stated on the company's website is also included in the agenda and notice of the Annual General Meeting. The Board of Directors prepares a proposal for a decision on the matter to the Annual General Meeting.

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The Chair of the Board, the members of the Board of Directors and the CEO are present at the General Meeting.

The persons who are nominated as members of the Board of Directors are present at the General Meeting that decides on the election. The auditor is present at the Annual General Meeting.

The General Meeting documents are made available on the company's website within two weeks of the General Meeting. The General Meeting documents are available on the company's website for at least five years from the General Meeting.

2.2 COMPOSITION AND OPERATIONS OF THE BOARD OF DIRECTORS

In accordance with the Articles of Association, the General Meeting elects the Board of Directors for one year at a time until the next General Meeting. In accordance with the Articles of Association, the Board of Directors consists of three to nine members. The role of the Board of Directors is to promote the interests of the company and all its shareholders. The majority of the Board members must be independent of the company, and two must be independent of the company's major shareholders. The Board elects a Chair and Vice Chair from among its members.

The proposal for the composition of the Board to the Annual General Meeting is prepared by the company's Nomination Committee, which consists of persons appointed by the three largest shareholders.

The Nomination Committee is responsible for preparing proposals concerning the members of the Board of Directors and their remuneration to the Annual General Meeting and for identifying possible successors of the Board members. In the election of the members of the Board, diversity is seen as significant in terms of sustainability and as a success factor that enables the achievement of strategic targets and the continuous improvement of customer insight. The diversity of the Board is examined from various perspectives: The Nomination Committee must ensure that the Board of Directors collectively and its members separately have sufficient expertise, competence and experience to serve as Board members and meet the company's needs. The composition of the Board must meet regulatory requirements and ensure the effective functioning of the Board. Both genders must be represented on the Board. Of the members of the Board of Directors, which started its work on 9 December 2022 and was re-elected by the Annual General Meeting on 8 May 2023, five are men, and one is a woman.

The company's three largest shareholders on 31 December 2022 are each entitled to appoint one member to the 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.

Members of the Board of Directors

The Annual General Meeting of Wetteri Plc on 8 May 2023 confirmed the number of Board members as six. Martti Haapala, Markku Kankaala, Mikael Malmsten, Satu Mehtälä, Hannu Pärssinen and Aarne Simula were elected as members of the Board. At its inaugural meeting after the EGM, the Board elected Markku Kankaala as its Chair.

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MARKKU KANKAALA

Chair

Year of birth: 1963

Education: Engineer, Mechanical
and Metal Engineering
Main occupation: Board
professional

Shareholding: Markku Kankaala
and his related parties held
42,787,496 shares in Wetteri Plc
on 31 December 2023

Chair of the Board of
Wetteri Plc and member of
the Audit Committee since
9 December 2022

Independent of the company.
Not independent of major
shareholders.

Key work experience and key positions of trust:

20 years of experience with
listed companies, e.g. as the
CEO of four listed companies
and as a Board member and an
Audit Committee member. 30
years of extensive experience
in entrepreneurship and M&A.

Key work experience:

- Ruukki Group Oyj, Board member 2003–2017
- Enersense International Oyj,
Chair of the Board 2020–2021
- NYAB Oyj, Chair of the Board 2021–2023,
Vice Chair of the Board since 27 September 2023
- PM Ruukki Oy, CEO since 2020
- Ruukki Group Oyj, CEO 2003–2004
- Ruukki Group Oyj, Branch Manager 2004–2006
- Ruukki Wood Oy, CEO 1994–2007
- Ruukki Components Oy, CEO 2000–2008
- Woodproc Finland Oy, CEO 1997–2008

Current positions of trust:

- Wetteri Plc, Chair of the Board and member of
the Audit Committee since 9 December 2022
- PM Ruukki Oy, Chair of the Board since 2006
- NYAB Oyj Vice Chair of the Board since 27
September 2023
- Toppilan Möljä Oy, Board member since 2020
- LP Management Oy, Chair of the Board since 2020
- Lake Saimaa Steamship Corporation, Chair of the
Board since 2019
- Suomen Aktiiviomistus Oy, Chair of the Board
since 2017
- S&A Kankaala Oy, Chair of the Board since 2016
- Tasku Invest Oy, Board member since 2015
- Meriankkuri Oy, Chair of the Board since 2005



MARTTI HAAPALA

Year of birth: 1953

Education: Vocational
qualification in entrepreneurship
Main occupation: CEO, board
professional.

Shareholding: Martti Haapala
and his related parties held
8,076,677 shares in Wetteri Plc
on 31 December 2023

Board member of
Wetteri Plc and member of
the Remuneration Committee
since 9 December 2022

Independent of the
company. Independent of
major shareholders.

Key work experience:

- ProUp Oy, CEO since 2012
- NYAB Oyj, Board member 2021–2022
- Profin Oy, CEO and Chair of the Board 1990–2012
- Shinshowa Corporation Ltd Japan, Partner and
expert member of the Board 2002–2008

Current positions of trust:

- Wetteri Plc, Board member and member of the
Remuneration Committee since 9 December 2022
- Suomen Aktiiviomistus Oy, Board member since 2022
- Villa Hannala Oy, Chair of the Board since 2022
- Haapalandia Invest Oy, Chair of the Board
- Toppilan Möljä Oy, Chair of the Board since 2020
- Sydänpuu Kiinteistöt Oy, Chair of the Board since 2019
- Spottia Oy, Chair of the Board since 2018
- Recowell Solutions Group Oy, Board member since 2017
- Kuumalento Oy, Chair of the Board since 2013
- Kiinteistö Oy Pudasjärven Peltola, Chair of the Board
since 2009

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MIKAEL MALMSTEN

Year of birth: 1961

Education: Engineer

Main occupation: Head
of Retail Development

Shareholding: -

Board member of
Wetteri Plc and member of
the Remuneration Committee
since 9 December 2022

Independent of the
company, independent
of major shareholders.

Key work experience:

- Volvo Car Sweden, Head of Retail Development 2020–2022
- Volvo Cars, Head of Global Fleet and Global Major Accounts 2019–2020
- Volvo Car Russia, President & CEO 2015–2019
- Volvo Car Bern, Switzerland, Board member 2015–2019
- Volvo Auto Oy Ab, President & CEO 2010–2015
- Bilvia Oy Ab, Managing Director 2006–2010
- Volvo Auto Oy Ab, Aftersales Director 2002–2006
- Oy Maan Auto Ab, Aftersales Director 2000–2002
- Oy Veho Ab, Area Sales Manager 1989–1997, Aftersales Manager 1997–1999
- Chair of the Boards of Bilvia Oy Ab and First Rent A Car Finland Oy, subsidiaries of Volvo Cars Finland Oy, 2010–2015

Current positions of trust:

- Wetteri Plc, Board member and member of the Remuneration Committee since 9 December 2022



SATU MEHTÄLÄ

Year of birth: 1960

Education: MSc (Econ.)

Main occupation: Board
professional, Boardman Partner

Shareholding: Satu Mehtälä
and her related parties held
111,234 shares in Wetteri Plc
on 31 December 2023

Chair of the Board of
Wetteri Plc and Chair of
the Audit Committee since
9 December 2022

Independent of the
company. Independent
of major shareholders.

Key work experience:

- Soprano Plc, Chair of the Board from 2020 until 9 December 2022
- Boardman Oy, Partner since 2013
- Pro Novum Oy, CEO since 2014
- Suomen Tekstiili ja Muoti ry, CEO 2008–2013
- Ilmarinen Mutual Pension Insurance Company, CCO 2001–2008
- YIT Oyj, CCO and Investor Relations Manager 1999–2001
- ZAO Lentek, CFO 1994–1999
- Lieto Savings Bank and SKOP Corporate Bank, Corporate Financing Manager 1988–1992
- Finance Finland, Chair of the social responsibility working group 2005–2008
- Confederation of Finnish Industries (EK), Chair of the corporate social responsibility group 2007–2008

Current positions of trust:

- Wetteri Plc, Board member and Chair of the Audit Committee since 9 December 2022
- Design Forum Finland, Board member since 2022
- EKE Rakennus Oy, Board member since 2020
- Egg Production Uganda Ltd, Board member since 2020
- Finnish Federation of Settlement Houses, Chair of the Board since 2019
- Setlementtiasunnot Oy, Board member since 2019
- Live Foundation, Chair of the Board since 2019

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HANNU PÄRSSINEN

Year of birth: 1960

Education: Business
college graduate

Main occupation:
Board professional

Shareholding: Hannu Pärssinen
and his related parties held
10,000 shares in Wetteri Plc
on 31 December 2023

Member of the Board of
Wetteri Plc, Chair of the
Remuneration Committee and
member of the Audit Committee
since 9 December 2022

Independent of the
company. Independent
of major shareholders.

Key work experience:

- Oy Ford Ab, CEO 2005–2020
- Continental Rengas Oy, CEO 2000–2005,
Sales Manager 1994–2000
- Ford of Europe, Marketing 1993
- Oy Ford Ab, Aftersales Service, Marketing and Sales
1983–1994
- Henry Ford Foundation, Chair 2005–2020
- Oy Ford Ab, Chair of the Board until September 2020

Current positions of trust:

- Wetteri Plc, member of the Board, Chair of the
Remuneration Committee and member of the
Audit Committee since 9 December 2022



AARNE SIMULA

Year of birth: 1965

Education: Volvo Management
Programme, Veho Management
Programme

Main occupation: CEO

Shareholding: Aarne Simula
and his related parties held
59,615,943 shares in Wetteri Plc
on 31 December 2023

Wetteri Plc, Board member
and member of the
Remuneration Committee
since 9 December 2022

Not independent of the
company. Not independent
of major shareholders.

Key work experience:

- Wetteri Plc, CEO since 9 December 2022
- Wetteri Yhtiöt Oy, CEO since 2022
- Wetteri Oy, CEO 2008–2022, Area Manager 2003–
2008, Local Manager 2002–2003, Sales Manager
2001–2002
- Veho Oy, Sales Manager 1990–2001

Current positions of trust:

- Wetteri Plc, Board member and member of the
Remuneration Committee since 9 December 2022
- BMW Finland Dealer, Board member
- Mercedes/Veho Dealer, Board member
- Volvo Cars Finland Dealer, Board member
- Ford Finland Dealer, Board member
- Taiga Chemicals Oy, Board member
- Simula Invest Oy, Chair of the Board
- The Finnish Central Organisation for Motor Trades
and Repair, Board member

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Operations of the Board of Directors

The Board of Directors is responsible for the administration of the company and the appropriate organisation of its operations. The Board of Directors appoints and dismisses the CEO, guides and supervises their work, approves the company's strategic targets and risk management principles, ensures the effectiveness and control of the management system, decides on significant investments and M&A arrangements, and approves and signs the financial statements. The Board of Directors is also responsible for ensuring that the company has a set of values determined for its operations. The activities of the Board are described in more detail in its rules of procedure.

The Board reviews its operations and working methods annually. The purpose of the review is to further develop the Board's work.

The Board meets around ten times a year in accordance with a meeting schedule confirmed at the end of the previous year, and at other times if necessary. A special theme is determined for each meeting in the Board's annual plan. In 2023, the Board met 23 times.

Attendance at Board meetings in 2023:

Martti Haapala	23/23
Markku Kankaala	23/23
Mikael Malmsten	23/23
Satu Mehtälä	23/23
Hannu Pärssinen	23/23
Aarne Simula	22/23

Total: 137/138. Attendance rate: 99%.

The Annual General Meeting on May 8, 2023 decided that a fee of EUR 3,000 per month will be paid to each full member of the company's board and EUR 5,500 per month to the chairman of the board. No separate meeting fee is paid. According to the decision of the general meeting, the chairmen of the committee meetings are paid a fee of 500 euros and the members of the committees 300 euros per meeting.

2.3 BOARD COMMITTEES

The committees assist the Board by preparing matters that fall within the Board's decision-making powers. The Board of Directors has elected two committees from among its members to support its operations: the Audit Committee and the Remuneration Committee.

The Board's proposal of Board member fees for Extraordinary General meeting on 9 December 2022 deviated from the company's current remuneration policy because, as a result of the implementation of the share exchange, the members of the Board were elected mid-term on 9 December 2022 until the end of the next Annual General Meeting. Wetteri Plc's Board of Directors proposed to the 2023 Annual General Meeting that the remuneration policy be updated, after which Wetteri has followed its remuneration policy.

2.4 AUDIT COMMITTEE

The purpose of the Audit Committee's operations is to assist the Board in supervisory tasks related to the Group's financial reporting, internal control system and risk management, as well as internal audit and the work of the auditor.

The Audit Committee consists of at least three members. Its members must meet the independence and expertise requirements for audit committee members under the Corporate Governance Code. The Board of Directors elects the Chair and members of the Audit Committee from among its members. The committee meets at least four times a year, and at least twice a year separately with representatives of the management and the auditor and internal auditor. In addition, the members of the committee meet regularly without the presence of management representatives. The Audit Committee reports regularly to the Board of Directors.

At its inaugural meeting after the Annual General Meeting on 8 May 2023 Markku Kankaala, Hannu Pärssinen and Satu Mehtälä were elected as members of the Audit committee. Satu Mehtälä was elected as Chair of the Audit Committee, and Samuli Koskela, secretary to the Board of Directors, as its secretary.

2.5. REMUNERATION COMMITTEE

The main purpose of the Remuneration Committee is to assist the Board in matters related to the preparation of the company's remuneration principles and practices and the remuneration systems and programmes they include. The committee assists the Board in the preparation of the remuneration policy and annual remuneration reports and in matters related to the performance and remuneration of the CEO and other senior management members (top executives) reporting directly to the CEO. The Remuneration Committee also discusses succession planning methods suitable for senior management.

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The committee consists of at least three members, who are elected by the Board of Directors from among its members. The members of the committee must have the expertise and experience required for the tasks and responsibilities of the committee. For the purposes of the committee's duties, the members should have experience in management duties, remuneration and benefits. The committee reports regularly to the Board of Directors.

At boards inaugural meeting after the Annual General Meeting on 8 May 2023 and Hannu Pärssinen (Chair), Mikael Malmsten, Martti Haapala and Aarne Simula were elected as members of the remuneration committee.

CEO Aarne Simula has served as a member of the remuneration committee since December 9, 2022. His election to the remuneration committee is an exception to compliance with the corporate governance code. As a justification for deviating from the corporate governance code, Wetteri Plc states that Simula is a board member and the largest shareholder. In addition, Wetteri Plc considers that the CEO plays a key role in the practical matters related to the collection and development of the company's current reward system. In its work, the committee ensures that Simula remains independent in matters concerning the remuneration of the CEO. Wetteri Plc evaluates deviations from the corporate governance code every year after the annual general meeting and whenever changes are made to the composition of the board or remuneration committee.

2.6 THE CEO AND THEIR DUTIES

The CEO manages Wetteri Plc's business and governance in accordance with the Limited Liability Companies Act, the Articles of Association and the guidelines provided by the Board of Directors. The CEO is responsible for the legality of the company's accounting and the reliable organisation of its financial management, and for the company's business operations and their planning and the implementation of the company's goals. The Board of Directors appoints and dismisses the CEO and supervises their work. In the 2023 financial year, Aarne Simula served as the CEO of Wetteri Plc.

2.8 MANAGEMENT TEAM

Assisting the CEO, Wetteri's Management Team is responsible for the Group's operating activities and business development, monitors the implementation of the strategy approved by the Board of Directors in the business segments, and takes care of risk management. The Management Team meets monthly and when needed. In the 2023 financial year, the Group's Management Team consisted of the following members: Aarne Simula, CEO; Sanna Räsänen, HR & CCO; Antti Ollikainen, CEO of Wetteri Power Oy; and Sami Klemola until 13 March 2023, when Panu Kauppinen was invited as a member of the Management Team and became the new CFO.

The members of the Management Team are responsible for operational management and the implementation of decisions in their areas of responsibility. The management team for business operations meets monthly and when required.

Since 13 March 2023, the Management Team has consisted of the following members (shareholding on 31 December 2023):



AARNE SIMULA

CEO of Wetteri Plc

since 9 December 2022,
Board member since
9 December 2022



PANU KAUPPINEN

CFO of Wetteri Plc

since 13 March 2023
b. 1964,
MSc (Econ.),
no shares in Wetteri Plc



ANTTI OLLIKAINEN

CEO of Wetteri Power Oy

since January 2018
b. 1974,
engineer (car engineering),
holds 2,080 shares in Wetteri Plc



SANNA RÄSÄNEN

CHRO and CCO of Wetteri Yhtiöt Oy

since 30 October 2022.
b. 1979,
Bachelor of Economics,
no shares in Wetteri Plc

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3. Descriptions of the main features of risk management systems and internal control procedures

3.1. RISK MANAGEMENT

The objective of Wetteri's risk management is to support the company's strategy and the achievement of targets, and to promote business continuity by reducing the vulnerability of the business and protecting business-critical operations.

Risk management consists of systematic and continuous assessment of business-related risks, as well as measures to ensure comprehensive and appropriate risk identification, assessment, management and control. Key risks are systematically identified, assessed, managed, monitored and reported as part of business operations.

The Board of Directors determines the general principles of Wetteri's risk management. The Board is responsible for monitoring and ensuring that the functions of the company's risk management process are adequate.

In accordance with the Board's instructions, the company's CEO is responsible for the practical implementation of the Group's risk management, with support from the Management Team. The CEO regularly reports on risks and measures to the Board of Directors. The CFO is responsible for coordinating risk management. The Audit Committee evaluates the effectiveness of the company's risk management systems.

Risks related to Wetteri's operating environment and financial reporting are assessed biannually in connection with financial reporting. Once a year, the management team for business operations identifies different types of risks, assesses their magnitude and probability, and plans

measures to prevent the materialisation of risks or reduce their adverse impacts. The report is presented to the Audit Committee and the Board of Directors.

The Wetteri Group's risks are divided into risks related to the operating environment and the competitive landscape, business risks, operational risks and financing risks.

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.

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. In its normal business, the group is exposed to several financial risks that may affect the company's financial position. They may contain risks related to the availability and costs of financing and investments.

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.

The company has prepared for risks through the systematic creation of business strategies, the implementation and monitoring of business strategies, budgeting and performance monitoring, risk identification, and internal control. The purpose of this is to provide the company's Board of Directors, CEO and Management Team with the most up-to-date information possible about the implementation of the strategy and the company's finances, so that the materialisation of risks can be avoided, or their impacts minimised by taking the necessary corrective measures as early as possible.

3.2 INTERNAL CONTROL

Wetteri's Board of Directors determines operating principles for the Group's internal control and monitors the effectiveness of the control. This is to ensure the efficiency and profitability of the company's operations, the achievement of targets, the reliability and accuracy of reporting, and compliance with laws and regulations in the company.

Internal control is implemented in the company by the board of directors, CEO, executive management and all personnel. When organizing internal control, the scope of the company's business, the industry and the size of the organization are taken into account.

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The CEO takes care of implementing the practical measures of internal control. The entire staff performs internal control for its own part. The best means of control is compliance with existing internal guidelines. The company strives for a culture where internal control is a natural part of operations and mistakes are learned from and acknowledged openly. Internal control is supported by an internal audit.

Senior management must operate in a manner that the board can be sure of the functionality and effectiveness of the internal control. Every year, the board ensures the adequacy, coverage and functionality of risk management and internal control. The company's board is reported on risk management and internal audit, as well as financial matters. With the help of these reports and the principles of internal control that are approved annually, the board is able to ascertain the adequacy and effectiveness of internal control. The audit committee assists the board in monitoring the effectiveness of internal control systems.

The open flow of information is considered important in the company. The Board of Directors has confirmed clear reporting and communication responsibilities for the organisation, as reflected in the guidelines for the organisation of governance.

Clear and comprehensive reporting responsibilities ensure that sufficient and comprehensive information about the company's finances, operations, risk management, and compliance with external regulations and internal procedures, as well as external information about the operating environment and market developments, is available to the Board of Directors, the CEO and other members of the senior management as a basis for decision making. The information reported

must be reliable, relevant, up to date and presented in the agreed format.

Various measures have been taken to secure the personnel's access to information. The company regularly arranges training for personnel on guidelines, procedures and current matters.

Wetteri has a whistle-blowing channel, through which all stakeholders can report any misconduct and violations they detect.

4. Other information to be provided in the corporate governance statement

4.1 INTERNAL AUDIT

The role of internal audit is to assess the appropriateness and effectiveness of the company's internal control system and risk management, as well as its management and governance processes. Internal audit supports the development of the organisation and enhances the performance of the supervisory duties of the Board of Directors. The Board of Directors determines the general principles of Wetteri's internal audit. The company does not have a separate internal audit function in its organisation. The Company's CFO is responsible for the practical implementation of internal audit in accordance with the Board of Directors' guidelines and reports on the results to the Board and the Audit Committee.

4.2 INSIDER MANAGEMENT AND DISCLOSURE POLICY

Wetteri complies with the Market Abuse Regulation (MAR) and the insider guidelines of the stock exchange (Nasdaq Helsinki Ltd). The company maintains a list of employees and service providers who have access to inside information. The company maintains a permanent list

of permanent insiders. Project-specific insider lists are maintained for individual inside information. Members of the management may not conduct transactions on their own account or on behalf of a third party, directly or indirectly, in the company's shares or other financial instruments during a closed period of 30 days prior to the publication of an interim report or a financial statements bulletin, including the date of publication.

Wetteri discloses the transactions carried out by members of the Board of Directors, the CEO, members of the Group Management Team and their related parties in the company's shares when the total amount for a member of the management during the year is at least EUR 5,000. Notifications are published without delay and no later than two business days after Wetteri has received notification from a member of the management or their related party. A related party must notify Wetteri of their transactions without delay and no later than three (3) business days after the execution of the transaction.

The company has a person in charge of insider matters who is responsible for the general organisation of insider matters and answers questions concerning insider guidelines and other insider matters.

If a person employed by the company suspects that the company or one of its insiders has violated regulations concerning the financial markets, the person may report their findings to an external lawyer serving as secretary to the Board of Directors or by using the Group's whistle-blowing channel, which can be found on the Group companies' websites.

The purpose of the disclosure policy approved by Wetteri's Board of Directors is to ensure that the company's stake-

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holders understand the company's disclosure obligations and limitations. The disclosure policy describes the company's operating principles and procedures based on which Wetteri communicates with different parties in the capital market. The company seeks to ensure that all market participants have timely and simultaneous access to relevant and sufficient information to determine the value of Wetteri's share and any other financial instruments. The company has an internal process for the assessment and disclosure of inside information, as well as for the assessment and monitoring of the conditions and duration of postponement.

The Chair of Wetteri's Board of Directors and Wetteri's CEO are the company's principal issuers of statements. They are responsible for contact with investors, shareholders and analysts. In addition, the company's CFO may issue statements on the company's financial performance in particular, and the directors of the business areas may issue statements on matters concerning their respective business areas.

Wetteri observes a 30-day silent period before publishing its results to prevent the disclosure of financial information. During this period, the company's representatives will not give interviews or comment on the company's business prospects, financial results or forecasts in any way.

4.3 RELATED PARTY TRANSACTIONS

The company maintains a list of persons discharging managerial responsibilities and their related parties. Every person on the list reports their related parties, as well as any changes to their related parties, to the system through the person in charge of the insider list.

In accordance with the guidelines approved by the company's Board of Directors, the company may enter into normal transactions with related parties at market prices. For example, in purchases and acquisitions, this requires alternative offers to be requested from other operators or an external statement, and in the sale of services, that the transaction be carried out in normal market conditions. A related party recuses themselves from decision making concerning business operations with their related parties. The management is responsible for ensuring that any related party transactions are carried out by the company so that as a whole, they are beneficial for the company and in the company's interest, especially if different conditions are observed than in transactions between independent parties.

Related party transactions are described in the Board of Directors' report and notes to the financial statements. The CFO reports any related party transactions that are out of the ordinary to the Board of Directors.

4.4 AUDITOR

The auditor is elected annually at the Annual General Meeting. The company has one auditor and one deputy auditor who must be auditors approved by the Finland Chamber of Commerce. When an audit firm approved by the Finland Chamber of Commerce is elected to conduct an audit, a deputy auditor will not be elected. The auditor is responsible for auditing the company's accounting, financial statements, Board of Directors' report and governance. The auditor submits an auditor's report required by law to the Annual General Meeting of Wetteri Plc each year. In addition to the eligibility criteria, the auditor must meet certain statutory impartiality requirements, which are a guarantee of the delivery

of an independent and reliable audit. On 8 May 2023, Wetteri Plc's Annual General Meeting elected PricewaterhouseCoopers Oy as the company's auditor, with Sami Posti APA as the principal auditor.

Fees paid for auditing

In 2023, the Wetteri Plc Group paid a total of EUR 187 thousand for auditing.

Fees paid to audit firms for non-audit services

In 2023, a total of EUR 21 thousand was paid in fees for non-audit services, of which EUR 0 thousand was for tax consultancy and EUR 21 thousand for other services.

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Remuneration Report

1. Introduction

Wetteri's remuneration report has been prepared in accordance with the guidelines of the 2020 Corporate Governance Code for Finnish listed companies. Wetteri Plc's remuneration policy was approved at the Annual General Meeting on 8 May 2023.

The purpose of Wetteri's remuneration policy is to promote the company's business strategy, long-term financial success and positive shareholder value development. The remuneration policy takes the principles followed in the remuneration of personnel into account, which aim to recruit, retain and motivate the best employees from the company's perspective. The remuneration of Wetteri's personnel is based on total remuneration, which may

consist of fixed and variable remuneration components, as well as personnel benefits, among other elements.

The Remuneration Report presents the remuneration of Wetteri's governing bodies (Board of Directors and the CEO) for the 2023 financial year. Information about the remuneration of the other members of the Management Team is available on Wetteri's website at <https://sijoittajat.wetteri.fi/en/governance/remuneration/>

The following table shows the development of the remuneration of the Board of Directors and the CEO and the development of the average remuneration of the Group's employees compared with the development of the Group's revenue for the previous five years.

EUR thousand	2023	2022	2021	2020	2019
Board of Directors' fees	249	156	99	73	80
Remuneration of the CEO	829	232	148	390	210
Remuneration of employees, average	43.7	43.8	45.5	41.6	45.8
Revenue	443,287	191,825	11,002	11,848	14,863

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2. Board of Directors' fees in 2023

Wetteri Plc's Extraordinary General Meeting decided on 9 December 2022 that the Chair of the Board of Directors would be paid EUR 4,500 per month, and the members of the Board would be paid EUR 3,000 per month, as remuneration for the period ending at the close of the next Annual General Meeting.

The Annual General Meeting decided on 8 May 2023 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 Annual General Meeting, 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.

3. Remuneration of the CEO in 2023

In 2023, Aarne Simula served as the CEO of Wetteri Plc. The CEO has a fixed monthly salary and the opportunity to receive a short-term performance bonus for achieving and exceeding the target determined by the Board of Directors. The CEO's short-term performance bonus is calculated linearly based on the car business operations' quarterly profit before tax. The CEO does not have a long-term

remuneration plan based on shares or options. According to the CEO's contract of employment, their retirement age is determined in accordance with the Employees Pensions Act. CEO Aarne Simula has a supplementary pension plan.

The Board of Directors decides on short- and long-term incentives for the management on an annual basis. If the Board of Directors dismisses the CEO, the CEO will be paid unpaid salaries and holiday pay, as well as separate compensation corresponding to their 24-months salary in money. If severance pay is paid to the CEO, they undertake to refrain from competing activities or moving to a competitor company during the next 24 months.

FEES PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS FOR BOARD AND COMMITTEE WORK IN 2023

EUR thousand	Annual fees	Committee fees	Total
Martti Haapala	36	0	36
Markku Kankaala	62	2	63
Mikael Malmsten	36	0	36
Satu Mehtälä	36	3	39
Hannu Pärssinen	36	2	38
Aarne Simula	36	0	36
Total	242	7	249

TOTAL REMUNERATION RECEIVED FOR THE ROLE OF CEO IN 2023

EUR thousand	Simula Aarne
Fixed salary	640
Fringe benefits	9
Variable incentives	79
Supplementary pension contributions	102
Total	829
Fixed proportion, %	90%
Variable proportion, %	10%

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Wetteri's business model

Wetteri (hereinafter "Wetteri", the "Wetteri Group" or the "Group") is an entrepreneur-driven growth company in the automotive sector with a comprehensive business model, from the sale of new passenger cars, commercial vehicles and used cars to maintenance, repair shop and spare parts services and the heavy vehicles business. Wetteri has Finland's largest passenger car brand sales and maintenance representation, 29 brands in total. In northern Finland, the company is the market leader in passenger car sales, with a market share of 38%. Wetteri Power, a subsidiary focusing on heavy vehicle sales and maintenance services, is the market leader in its region, with a market share of 44.7%. Wetteri Group is also involved in training business operations.

Wetteri's multi-brand strategy and comprehensive business model create favourable conditions for profitable business operations and growth over business cycles. The company's comprehensive business model supports organic growth, provides stable revenue streams and stabilises business risks during business cycles.

Operating environment in the automotive sector

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

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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.

Financial guidance

WETTERI PLC'S FINANCIAL GUIDANCE FOR 2024

In terms of content, the company reiterates its financial guidance for 2024, but provides ranges in accordance with its disclosure policy:

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

The company's medium-term (3-year) target is to achieve EUR 1,000 million in revenue and EUR 30 million in operating profit.

Previous formulation:

- Revenue EUR 730 million
- Adjusted operating profit EUR 21 million

The company's medium-term (3-year) target is to achieve EUR 1,000 million in revenue and EUR 30 million in operating profit.

Estimate of future performance

Challenges in the availability of new cars have mainly been resolved, and deliveries from the order backlog, which started in 2023, will continue in 2024. Economic uncertainty may reduce the demand for new cars in all vehicle categories, and the number of first registrations is expected to be lower than in 2023. The recent signals of stabilised interest rates and a change in the direction of inflation may increase the demand for new cars in all vehicle categories, and the used car trade is expected to continue to grow. Maintenance operations are expected to continue at a strong level.

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 is seeking organic growth by building a national sales network for used commercial trucks and by opening used car centres for passenger cars, among other means. Through stronger brand presentation, the company is seeking to gain a stronger

position in the car market. New electrified cars in the most popular segments and price ranges are an example of this.

The company's broad-based business model, extensive offering and 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.

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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.

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Business development and performance and financial situation

KEY PERFORMANCE INDICATORS

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022	Change
Revenue	443,287	191,825	131%
EBITDA	21,009	6,172	240%
EBITDA, % of revenue	5%	3%	
Adjusted EBITDA ¹⁾	24,918	9,788	155%
Adjusted EBITDA, % of revenue	6%	5%	
Operating profit (loss) (EBIT)	5,351	-2,279	-
Operating profit (loss), % of revenue	1%	-1%	
Adjusted operating profit ¹⁾	12,030	3,322	262%
Adjusted operating profit, % of revenue	3%	2%	
Profit (loss) before tax	-3,824	-4,367	-
Profit (loss) before tax, % of revenue	-1%	-2%	
Profit (loss) for the period	-4,049	-3,834	-
Profit (loss) for the period, % of revenue	-1%	-2%	
Earnings per share, basic (EUR)	-0.03	-0.05	
Earnings per share, diluted (EUR)	-0.03	-0.05	
Return on equity (ROE), %	-13%	-25%	
Return on investment (ROI), %	-9%	-11%	
Equity ratio, %	16%	20%	
Liquidity, %	83%	85%	
Average number of personnel during the financial year ²⁾	926	622	
Invoiced sales of new passenger cars (pcs)	3,322	1,394	
Invoiced sales of new commercial trucks (pcs)	181	143	
Invoiced sales of used passenger cars (pcs)	5,764	3,280	
Orders: new passenger cars (pcs)	2,862	1,916	
Orders: new commercial trucks (pcs)	127	89	
Passenger cars: order backlog at the end of the period	57,343	82,700	
Commercial trucks: order backlog at the end of the period	13,655	20,100	
Passenger car repair shop: hours sold	319,562	109,342	
Commercial truck repair shop: hours sold	110,759	74,514	

¹⁾ 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 66](#) of the financials.

²⁾ 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. The comparison information has also been adjusted to correspond to this calculation method.

GROUP'S REVENUE AND RESULT

The Group's revenue in the financial year was EUR 443.3 million. Its EBITDA grew to EUR 21.0 (6.2) million. Its adjusted EBITDA was EUR 24.9 (9.8) million. The operating profit for the financial year was EUR 5.4 (-2.3) million, and the adjusted operating profit was EUR 12.0 (3.3) million. The delivery of new cars from the order backlog, the acquisition of Autotalo Hartikainen Oy's car trade business in March 2023 and the acquisition of Palin Oy's AutoPalin business in June 2023 had a positive impact on the revenue. Transaction and integration costs arising from business acquisitions, around EUR 1.6 million, had a negative impact on the operating profit for the financial year.

CONSOLIDATED BALANCE SHEET, FINANCIAL POSITION AND INVESTMENTS

At the end of the financial year, the Group's balance sheet total stood at EUR 214.3 (154.6) million, of which equity accounted for EUR 33.9 (30.2) million. Non-current liabilities totalled EUR 50.8 (41.0) million, including EUR 38.6 (32.0) million in lease liabilities. At the end of the financial year, current liabilities stood at EUR 129.6 (83.3) million, including EUR 42.5 (26.3) million in trade and other payables, and EUR 8.8 (5.7) million in lease liabilities. Net working capital stood at EUR 22.5 (21.2) million at the end of the financial year. Inventories amounted to EUR 77.8 (49.5) million. The equity ratio was 16% (20%) at the end of the financial year.

At the end of the financial year, the Group's interest-bearing liabilities consisted of EUR 47.4 (37.7) million in lease liabilities, EUR 22.2 (14.7) million in loans from financial institutions, EUR 11.8 (12.0) million in balance used from the Group's account credit facilities of EUR 13.8 million, EUR 5.7 (5.2) million in capital loans, EUR 2.0 (2.3) million in convertible bonds, EUR 0.8 (0.9) million in loans under the Employee Pensions Act (TyEL), EUR 0.3 (0.4) million in

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product development loans, EUR 0.2 (0.0) million in other loans, EUR 0.2 (0.0) million in derivative instruments, EUR 24.7 (11.4) million in use from the consignment stock facilities for used cars, EUR 15.8 (9.7) million in use from facilities for sale and leaseback arrangements for demonstration cars, and EUR 1.4 (1.3) million in other financial liabilities. Interest-bearing liabilities totalled EUR 132.5 (95.6) million at the end of the financial year. Interest-bearing liabilities, excluding lease liabilities, the consignment stock facility in use and the sale and leaseback facility in use, totalled EUR 44.6 (36.7) million.

In the financial year, cash flow from operating activities was EUR 11.0 (0.7) million, and the total cash flow was EUR -0.3 (1.1) million. Investments amounted to around EUR 2.6 (1.3) 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.

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 2.0 million 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 6.0 million and EUR 6.0 million, EUR 12.0 million 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 0.5 million on 7 September 2023; EUR 0.75 million on 7 March 2024, 7 September 2024, 7 March 2025 and 7 September 2025; EUR 0.8 million on 7 March 2026; and EUR 0.85 million 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 11.0 million and facilities concerning sale and leaseback arrangements increased by EUR 2.5 million. In connection with the Palin Oy business acquisition, the Group's facilities concerning sale and leaseback arrangements increased by EUR 4.9 million. At the end of the financial year, the Group had access to a consignment stock facility of EUR 40.7 million and a facility of EUR 20.3 million 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 0.5 million 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 0.08 million twice a year. The interest rate on the loan is fixed at 5.60% over the entire loan period.

CAPITAL LOANS

The Group has a capital loan of EUR 5.5 million in accordance with chapter 12, section 1 of the Limited Liability Companies Act from Simula Invest Oy and PM Ruukki Oy. The capital loans have been drawn down as part of the financing

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arrangement for Wetteri Yhtiöt Oy's share transaction, which was implemented in the comparison period. The book value of the capital loans on the balance sheet date is EUR 5.7 (5.2) million, including an unpaid interest expense of EUR 0.2 (0.2) million accrued on the loans.

A fixed interest rate of 1% has initially been agreed on the loans, but the interest rate was raised on 5 April 2023 to correspond to the 8% market rate retroactively from 1 January 2023. The loans must be repaid on demand, but regardless of the repayment term, the creditors have agreed, in accordance with a separate commitment made during the financial year, not to demand repayment of the loans until 30 June 2025 unless the creditors and the debtor otherwise agree. In the event of the debtor's liquidation and bankruptcy, the principal of the loan and its interest can only be paid with a lower priority than all other debt. The principal may otherwise be returned and interest paid 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 or interest. In addition, the financing agreement between the Group and Nordea Bank Plc and Varma Mutual Pension Insurance Company includes a condition that the repayment of the principal and payment of the interest on the loans require the consent of the bank.

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 2.0 million to Wetteri Plc. The terms and conditions of the convertible bond comply with chapter 12, section 1 of the Limited Liability Companies Act (subordinated loan). The convertible bond is described in more detail in the section on financing arrangements above.

RELATED PARTY LOANS

The Group has a loan of EUR 5.5 million from its related parties Simula Invest Oy, which is a controlled entity of Aarne Simula, and PM Ruukki Oy, which is a controlled entity of Markku Kankaala. These loans are subordinated loans in accordance with chapter 12, section 1 of the Limited Liability Companies Act. The loans are described in more detail in the section on capital loans above.

In addition, on 6 April 2023, the Group drew down a related party loan of EUR 0.8 million from PM Ruukki Oy, a controlled entity of Markku Kankaala, and a loan of EUR 0.2 million from a related party of Markku Kankaala. The interest paid on the loans consists of the 12-month Euribor rate and a 4.5% margin. The loans are payable on demand. However, the loans are subordinate to financing by Nordea Bank Plc, and consent from Nordea Bank Plc is required for the loans to fall due. The Group repaid PM Ruukki Oy's loan capital (EUR 0.8 million) on 21 December 2023. The book value of the loans on the balance sheet date is EUR 0.2 million, including an unpaid interest expense accrued on the loans.

OPERATING SEGMENTS

Passenger Cars segment

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022	Change
Passenger Cars			
Revenue	284,456	116,088	145%
EBITDA	4,235	3,572	19%
Adjusted EBITDA	5,070	3,589	41%
Operating profit (EBIT)	-2,491	-1,100	-
Adjusted operating profit	77	-19	-

The Passenger Car segment's revenue in the financial year was EUR 284.5 (116.1) million. The level of revenue was affected by the business acquisitions completed during the financial year, as well as customer deliveries of new cars from the order backlog and increased activity in the used car trade. On the other hand, inflation, higher interest rates and volatile energy prices had an impact on the demand for new cars during the financial year. Invoiced new car sales totalled 3,322 cars in the financial year, and the order backlog for new cars was 2,862 new orders. The value of the order backlog for new cars remained at a good level and was EUR 57.3 (82.7) million at the end of the financial year. The order backlog consisted of 1,099 cars at the end of the financial year. Invoiced used car sales totalled 5,764 cars in the financial year.

Heavy Equipment segment

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022	Change
Heavy Equipment			
Revenue	67,846	45,513	49%
EBITDA	4,809	1,667	189%
Adjusted EBITDA	5,441	2,836	92%
Operating profit (EBIT)	2,596	-3	-
Adjusted operating profit	3,682	1,805	104%

The Heavy Equipment segment's revenue in the financial year was EUR 67.8 (45.5) million. The invoiced sales of new Volvo and Renault commercial trucks totalled 181 in the financial year (189 in the previous year). A total of 127 new commercial truck orders was recorded in the financial year, 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

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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 the balance sheet date. Wetteri Power Oy's long-term (2003–2023) average market share in its area is 31.6%.

On the balance sheet date, the total value of the maintenance contract portfolio was EUR 21.0 (17.3) million. The average duration of maintenance contracts is 47 months. Maintenance contract coverage (the proportion of cars under a maintenance contract of all cars sold) was 92.1% (82.6%).

Maintenance Services segment

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022	Change
Maintenance Services			
Revenue	76,040	26,580	186%
EBITDA	10,534	1,625	548%
Adjusted EBITDA	12,654	2,564	393%
Operating profit (EBIT)	3,151	-429	-
Adjusted operating profit	5,680	783	626%

The Maintenance Services segment's revenue in the financial year was EUR 76.0 (26.6) million. A total of 319,562 maintenance and repair shop hours were sold in the financial year, up 46.9% from the previous year. The euro-denominated maintenance work invoicing increased by 49.7% year-on-year. Spare parts sales in the financial year increased by 59.8% from the previous 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	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022	Change
Items not allocated to operating segments			
Revenue	14,945	3,644	310%
EBITDA	1,430	-692	-
Adjusted EBITDA	1,753	798	120%
Operating profit (EBIT)	2,095	-748	-
Adjusted operating profit	2,591	753	244%

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 was completed on 2 April 2024. The transaction price, EUR 5.3 million, consists of the basic purchase price, 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, and the capital return made before implementation. The buyer paid 40 per cent of the purchase

price as a cash contribution on the transaction date and ten per cent will be paid on 30 June 2024. For the remaining 50 per cent, Wetteri granted 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.

Statement of non-financial information

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. They maintain the company's sustainability plan and its targets and monitor 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.

During 2023, Wetteri has prepared for reporting in accordance with the Corporate Sustainability Reporting Directive. The company has identified its key stakeholders and performed a double materiality assessment. In the double materiality assessment, emission reductions regarding the emissions of one's own operations and the promotion of low-emission transport were found as environmentally significant themes. In terms of social responsibility, themes such as occupational safety and well-being, as well as themes related to equality and customer satisfaction were found significant. In terms of good governance, themes such as privacy protection in business life and responsible competition were found important.

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KEY COMMITMENTS, POLICIES AND PRINCIPLES

Wetteri's sustainability standards and guidelines have been compiled in an operating system accessible to all personnel. The operating system and its guidelines cover statutory obligations, values and internal instructions. The Code of Conduct approved by Wetteri's Board of Directors includes safety and security policies, personnel policies and environmental policies.

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.

ENVIRONMENTAL RESPONSIBILITY

Cars burden the environment throughout their life cycles. Despite the environmental burden, passenger cars are an essential part of Finnish society. In line with its Green Deal commitment, Wetteri's mission is to guide customers to consider vehicles that meet their needs with minimal environmental impact. Thanks to its multi-brand selection, Wetteri is able to offer low-emission vehicles for many needs in several price ranges. Of the cars we sold in 2022, more than 60% were low-emission.

In addition to promoting low-emission motoring, Wetteri works to promote the safety of motoring. To achieve this goal, the company provides its personnel with training on how to support customers in terms of the safety aspects of

buying a car (e.g. how to use safety equipment and maintain the performance of the car).

SOCIAL RESPONSIBILITY

Wetteri's average number of personnel was 926 (622) in the 2023 financial year. Wetteri's personnel by function:

- Sales 18% (16%)
- Maintenance and spare parts business 70% (72%)
- Administration 4% (10%)
- Other 8% (2%)

93% (94%) of its mechanics' employment relationships and 93% (97%) 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.

Wetteri invests in safety at work and job-specific induction training. Rescue and safety plans have been determined for all locations, and safety audits carried out by occupational health and safety representatives are part of the development of safety. Near misses are reported, and the reports are processed by the parties in charge to further

improve safety. The accident frequency rate is monitored regularly in cooperation with the occupational healthcare service provider and the insurance company. The accident frequency rate has followed a downward trend for a long time.

The health risks related to various tasks at Wetteri have been identified and taken into account in the occupational healthcare plan. The most typical occupational health risks are related to musculoskeletal problems, for example. Health problems at work are prevented by means of appropriate tools, aids, workplace design and protective equipment, as well as close cooperation with the occupational healthcare service provider. The focus in occupational healthcare operations is on preventive activities.

GOOD GOVERNANCE

Wetteri complies with the Corporate Governance Code for listed companies, and the company is committed to the principles of responsible business operations. When forming the company's Board of Directors, it has been considered essential that the Board members have complementary and diverse expertise in different tasks related to the management of the company in different industries and in relation to Wetteri's growth strategy phase. Both genders are represented on the Board of Directors.

The operations of the Board of Directors are supported by the Audit Committee, the Remuneration Committee and the Shareholders' Nomination Committee, for which duties and rules of procedure have been determined. The members of Wetteri's Board of Directors are Markku Kankaala (Chair), Martti Haapala, Mikael Malmsten, Satu Mehtälä, Hannu Pärssinen and Aarne Simula. Samuli Koskela served as secretary to the Board.

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Wetteri does not tolerate corruption or bribery, and expects the same from its partners. Wetteri's Code of Conduct includes principles for fighting corruption, as well as principles for fair competition, data collection and information exchange.

Wetteri introduced its whistle-blowing channel in 2022. The channel can be found on the company's website and can be used by anyone to anonymously report unethical behaviour (e.g. corruption or suspected corruption) to Wetteri's management. A group appointed by the management processes the reports, takes corrective action and informs the person who submitted the report of the outcome. No reports of suspected misconduct were submitted through the whistle-blowing channel in the 2023 financial year.

Wetteri is committed to respecting human rights, and expects the same from all its partners. The company has zero tolerance of harassment, discrimination, child labour, forced labour and any kind of abuse.

The company requires its partners and subcontractors to comply with international human rights principles. Human rights are always taken into account in the procurement process.

TAXONOMY ELIGIBILITY IN WETTERI'S BUSINESS OPERATIONS

Wetteri's EU taxonomy reporting complies with the provisions of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 and the amendments thereto. The purpose of the EU taxonomy (sustainable finance classification system) is to help businesses and investors assess whether economic activities are environmentally sustainable. The taxonomy determines a set of criteria for assessing the extent to which a company's operations support the achievement of environmental and

climate targets. As of 2021, companies that are required to report non-financial information under the Non-Financial Reporting Directive (NFRD) must also report on how and to what extent their operations can be classified as environmentally sustainable under the EU taxonomy in terms of six environmental objectives.

Wetteri's business operations are divided into the trade of new passenger cars and used cars, the trade of commercial vehicles and heavy vehicles, and comprehensive aftermarket services, from spare parts to maintenance and repair shop operations. For the time being, retail activities are not covered by the EU taxonomy, which is why Wetteri's function with the most significant environmental benefits – the sale of electric cars, rechargeable hybrids and other low-emission passenger cars and heavy vehicles – is not taken into account in the taxonomy assessment for 2023.

Wetteri has assessed the taxonomy-eligibility of its business activities by examining its operations in relation to the economic activities listed in the taxonomy classification system. As mentioned above, car trade that forms most part of Wetteri's business is not deemed taxonomy-eligible. However, Wetteri has identified electric car maintenance and repair as activities listed in the taxonomy classification system (3.3 Manufacture of low-carbon technologies for transport).

Next, Wetteri has assessed taxonomy-alignment of its taxonomy-eligible business activities. An activity can be classified as taxonomy-aligned if it substantially supports the achievement of at least one environmental goal, has no significant adverse impact from other environmental goals' point of view, and complies with the social minimum safeguards defined in the taxonomy. Based on the assessment, Wetteri's business activities listed in the

taxonomy (3.3 Manufacture of low-carbon technologies for transport) cannot be considered taxonomy-aligned, because the current activities do not sufficiently support the achievement of the environmental goals of the taxonomy.

According to Wetteri's assessment, 1 per cent of revenue, 0 per cent of operating expenditure and 6 per cent of capital expenditure are taxonomy-eligible. Accordingly, 99 per cent of revenue, 100 per cent of operating expenditure and 94 per cent of capital expenditure are non-eligible. Currently, the taxonomy-eligible proportion of Wetteri's business operations is not yet significant but is planned to increase in the future.

The taxonomy-eligible proportion of revenue has been calculated by dividing the revenue generated from the maintenance and repair of electric cars by the entire revenue of the Group (**Note 3 "Revenue"**). The taxonomy-eligible proportion of capital expenditure has been calculated by dividing the investments made in the maintenance and repair of electric cars during the year, including investments in charging stations and special tools for electric vehicles, by the Group's total investments in intangible assets and property, plant and equipment (not including business combinations). The taxonomy-eligible proportion of operating expenditure has been calculated by dividing the operating expenses related to electric car maintenance and repair by the Group's total operating expenses related to maintenance, upkeep, repairs and short-term leases of plant, property and equipment included in the Group's income statement. Double counting has been avoided by allocating revenue, capital expenditure and operating expenditure only once and to one economic activity. 0 per cent of Wetteri's revenue, capital expenditure and operating expenditure is taxonomy-aligned and 100 per cent non-taxonomy-aligned.

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Proportion of revenue arising from products or services related to taxonomy-aligned economic activities – disclosure covering year 2023

Economic activities (1)	Code (a) (2)	Revenue (3)	Proportion of revenue, year 2023 (4)	Criteria for substantial contribution						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1) or eligible (A.2) revenue, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
		EUR thousand	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable (taxonomy-aligned) activities																			
-		0	0%																
Revenue arising from environmentally sustainable (taxonomy-aligned) activities (A.1)		0	0%																
Of which enabling activities		0	0%																
Of which transitional activities		0	0%																
A.2 Taxonomy-eligible but not environmentally sustainable (not taxonomy-aligned) activities																			
Manufacture of low-carbon technologies for transport	CCM 3.3	5,392	1%														0%		
Revenue arising from taxonomy-eligible but not environmentally sustainable (not taxonomy-aligned) activities (A.2)		5,392	1%														0%		
Total (A.1+A.2)		5,392	1%														0%		
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																			
Revenue arising from non-taxonomy-eligible activities (B)		437,895	99%														100%		
Total (A+B)		443,287	100%														100%		

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Proportion of capital expenditure related to products and services related to taxonomy-aligned economic activities – disclosure covering year 2023

Economic activities (1)	Code (a) (2)	Capital expenditure (3)	Proportion of capital expenditure, year 2023 (4)	Criteria for substantial contribution						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1) or eligible (A.2) capital expenditure, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
		EUR thousand	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable (taxonomy-aligned) activities																			
-		0	0%																
Capital expenditure of environmentally sustainable (taxonomy-aligned) activities (A.1)																			
		0	0%																
Of which enabling activities																			
		0	0%																
Of which transitional activities																			
		0	0%																
A.2 Taxonomy-eligible but not environmentally sustainable (not taxonomy-aligned) activities																			
Manufacture of low-carbon technologies for transport	CCM 3.3	135	6%														13%		
Capital expenditure of taxonomy-eligible but not environmentally sustainable (not taxonomy-aligned) activities (A.2)																			
		135	6%														13%		
Total (A.1+A.2)																			
		135	6%														13%		
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																			
Capital expenditure of non-taxonomy-eligible activities (B)																			
		2,270	94%														87%		
Total (A+B)																			
		2,405	100%														100%		

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Proportion of operating expenditure related to products and services related to taxonomy-aligned economic activities – disclosure covering year 2023

Economic activities (1)	Code (a) (2)	Operating expenditure (3)	Proportion of operating expenditure, year 2023 (4)	Criteria for substantial contribution						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1) or eligible (A.2) operating expenditure, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
		EUR thousand	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable (taxonomy-aligned) activities																			
-		0	0%																
Operating expenditure of environmentally sustainable (taxonomy-aligned) activities (A.1)		0	0%																
Of which enabling activities		0	0%																
Of which transitional activities		0	0%																
A.2 Taxonomy-eligible but not environmentally sustainable (not taxonomy-aligned) activities																			
Manufacture of low-carbon technologies for transport	CCM 3.3	0	0%														0%		
Operating expenditure of taxonomy-eligible but not environmentally sustainable (not taxonomy-aligned) activities (A.2)		0	0%														0%		
Total (A.1+A.2)		0	0%														0%		
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																			
Operating expenditure of non-taxonomy-eligible activities (B)		3,573	100%														100%		
Total (A+B)		3,573	100%														100%		

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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.

THE 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.

The company's organisation, management and auditors

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.

BOARD COMMITTEES

The Audit Committee consists of Satu Mehtälä (Chair), Markku Kankaala and Hannu Pärssinen. The Remuneration Committee consists of Hannu Pärssinen (Chair), Mikael Malmsten, Martti Haapala and Aarne Simula.

SHAREHOLDERS' NOMINATION COMMITTEE

The Shareholders' Nomination Committee of Wetteri Plc consists of representatives of the company's three largest shareholders: Simula Invest Oy, PM Ruukki Oy and Oy Haapalandia Invest Ltd. The three largest shareholders have appointed the following representatives: Aarne Simula (Simula Invest Oy), Markku Kankaala (PM Ruukki Oy) and Martti Haapala (Oy Haapalandia Invest Ltd). Aarne Simula serves as Chair of the committee.

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); Sanna Räsänen, CCO; and Antti Ollikainen, CEO of Wetteri Power Oy. Sami Klemola, the company's former CFO, served as a member of the Management Team until 13 March 2023.

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AUDITOR

PricewaterhouseCoopers Oy serves as the Group's auditor, with Sami Posti, APA, as the principal auditor.

Corporate Governance Statement and Remuneration Report

Corporate Governance Statement and Remuneration Report have been issued as separate reports in connection with this Board of Directors' report. They are also available on the company's website at www.sijoittajat.wetteri.fi/en/reports-and-webcasts/.

Share and the share market

SHARES AND SHARE CAPITAL

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 shares, or 99% of all shares. The number of shares at the end of 2023 was 148,212,609. 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, or 74.6% of all the shares and votes in the company. The company did not hold any treasury shares on 31 December 2023.

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DISTRIBUTION OF SHAREHOLDINGS

Wetteri Plc's distribution of shareholdings on 31 December 2023:

Number of shares	Shareholders	%	Shares	%
1-100	963	37.05%	44,928	0.03%
101-1,000	1,041	40.05%	466,533	0.32%
1,001-10,000	475	18.28%	1,462,868	0.99%
10,001-100,000	81	3.12%	1,988,641	1.34%
100,001-1,000,000	27	1.04%	11,728,508	7.91%
More than 1,000,000	12	0.46%	132,521,131	89.41%
Total number of shares	2,599	100.00%	148,212,609	100.00%
Of which nominee-registered	7	0.00%	197,120	0.13%
Number of shares issued			148,212,609	100.00%

SHARES BY SECTOR

Wetteri Plc's distribution of shareholdings by sector on 31 December 2023:

Sector	Shareholders	%	Shares	%
Finnish companies	66	2.54%	119,519,553	80.64%
Financial and insurance institutions	7	0.27%	36,010	0.02%
Public-sector entities	1	0.04%	7,372,680	4.97%
Households	2,513	96.69%	20,070,116	13.54%
Non-profit organisations	3	0.12%	1,010,100	0.68%
Foreign countries	9	0.35%	7,030	0.00%
Nominee-registered			197,120	0.13%
Total	2,599	100.00%	148,212,609	100.00%

LARGEST SHAREHOLDERS

Wetteri Plc's largest shareholders on 31 December 2023:

Shareholders	Shares	%
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%
11 Mininvest Oy	1,385,912	0.94%
12 Capiloa Oy	1,053,880	0.71%
13 Finnish Cultural Foundation	1,000,000	0.67%
14 Timo Tapani Kankaala	986,836	0.67%
15 Antti Iisakki Järvelin	847,819	0.57%
16 Jouni Matti Tahkola	799,562	0.54%
17 Michael Woldemar Lilja	775,392	0.52%
18 Heidi Torhild Helena Lilja	763,538	0.52%
19 Hannu Mikael Lehto	720,339	0.49%
20 Arithme Oy	700,000	0.47%
21 Heat Capital Oy	620,593	0.42%
22 Allocation Point Oy Holding and Financing	537,139	0.36%
23 Kari Seppo Olavi Räisänen	492,216	0.33%
24 Kankaala Invest Oy	474,635	0.32%
25 Dealia Oy	373,681	0.25%
26 Janne Vilho Olavi Haanpää	355,604	0.24%
27 Jukka Tapio Haanpää	355,604	0.24%
28 Tuija Tellervo Höglund	305,375	0.21%
29 Anna Karoliina Väliäho	237,069	0.16%
30 Harri Eerik Koponen	212,930	0.14%
Largest shareholders total	143,079,463	96.54%
Nominee-registered	197,120	0.13%
Other	4,936,026	3.33%
Total	148,212,609	100.00%

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TRADING IN THE COMPANY'S SHARES AND THE MARKET CAPITALISATION OF THE COMPANY

Wetteri's share is listed on Nasdaq Helsinki under the ticker symbol WETTERI. The market value of the company on 31 December 2023 was EUR 81.8 (95.6) million. The total trading volume of Wetteri's shares in 2023 was 20,450,575 (12,762,152) shares, or 14.6% (51.9%) of the company's average outstanding share capital. The total trading value of the shares in 2023 was EUR 14.9 (8.4) million. The highest price of the share was EUR 0.815 (1.03), the lowest EUR 0.43 (0.313), and the average price was EUR 0.727 (0.659). The closing price of the share in 2023 was EUR 0.552 (0.710).

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 2.3 million) 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 4.6 million in funding, of which EUR 2.3 million in cash and EUR 2.3 million as conversion of convertible bonds. 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 10.1%. The directed share issue raised a total of EUR 3.4 million in funding. 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.

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. On 15 March 2024, the company announced that 670 employees had participated in the share issue, and the Board of Directors approved the issue of a total of 67,000 new shares through the share issue to personnel. The shares

issued through the share issue to personnel correspond to around 0.04% of all the shares and votes in the company. The new shares accepted in the share issue to personnel entered into the Trade Register on 22 March 2024, and public trading with the shares began on 25 March 2024. Following the entry of the new shares into the Trade Register, the total number of shares in the company is 157,149,545.

As a result of the share issues, the number of shares in the company increased from 134,600,870 to 148,212,609 during the financial year, excluding the new shares subscribed for in connection with the share issue to personnel after the end of the financial year.

FLAGGING NOTIFICATIONS

During the 2023 financial year, Wetteri Plc received the following flagging notifications in accordance with the Securities Markets Act:

According to the notification issued on 13 March 2023, PM Ruukki Oy's holding had fallen below 30% of all the shares and votes in Wetteri Plc.

THE MANAGEMENT'S SHAREHOLDINGS

Shareholdings of the members of Wetteri Plc's Board of Directors and Management Team and their related parties on 31 December 2023:

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		Shares	%
Aarne Simula	CEO, member of the Board	59,615,943	40.22%
Markku Kankaala	Chair of the Board	42,787,496	28.87%
Martti Haapala	Member of the Board	8,076,677	5.45%
Satu Mehtälä	Member of the Board	111,234	0.08%
Hannu Pärssinen	Member of the Board	10,000	0.01%
Mikael Malmsten	Member of the Board	0	0.00%
Panu Kauppinen	Member of the Management Team	0	0.00%
Antti Ollikainen	Member of the Management Team	2,080	0.00%
Sanna Räsänen	Member of the Management Team	0	0.00%
Total		110,603,430	74.62%

MANDATORY PUBLIC TENDER OFFER BY SIMULA INVEST

On 8 February 2023, the Financial Supervisory Authority approved the offer document concerning the tender offer, and Simula Invest Oy launched the mandatory tender offer on Wetteri Plc's shares. The tender offer period ended on 19 April 2023. Simula Invest Oy was obligated to make a public tender offer on Wetteri Plc's shares and securities entitling their holders to shares on the basis of the share exchange agreement signed on 2 June 2022. The offer consideration was EUR 0.82 per share. The offer document published by Simula Invest Oy is available in Finnish on the company's website at www.sijoittajat.wetteri.fi/julkinen-ostotarjous.

On 26 January 2023, Wetteri Plc published a stock exchange release concerning Simula Invest Oy's decision to make a mandatory public tender offer on all shares issued by the company and all outstanding shares or securities entitling their holders to shares that are not held by the company or the tenderer. On 6 February 2023, Wetteri Plc's Board of Directors issued a statement on the tender offer in accordance with chapter 11, section 13 of the Securities Markets Act (746/2012, as amended). The statement is available at www.sijoittajat.wetteri.fi/julkinen-ostotarjous.

Wetteri had issued a total of 134,600,870 shares, of which around 93% were held by parties who had committed in advance not to accept the tender offer and thus to continue as shareholders in Wetteri. In addition, the holder of the conversion rights to the convertible bond related to the financing of the acquisition of E. Hartikainen Oy's car trade business, which Wetteri announced on 19 December 2022, and the subscribers to the directed share issue made a corresponding commitment not to accept the tender offer in terms of the conversion rights or new shares they had acquired as a result of the completion of the transaction.

The mandatory tender offer procedure was completed 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, which corresponded 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. Aarne Simula, who controls Simula Invest Oy, personally owned 64,080 shares in Wetteri Plc, and his related parties owned 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 41.68% of all the votes in Wetteri Plc.

Key risks

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 route 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.

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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 through comprehensive due diligence. The aim is to support the success of integration through careful planning and the elimination of overlaps in the organisation of information management and governance, as well as by supporting personnel during changes and 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 can lead to the maturity of the Group's bank financing. After the end of the financial year on 14 February 2024, Wetteri announced that the covenants included in one of its financing agreements were not fully met at the time of review on 31 December 2023. More information regarding this is given in section **Going concern** in **Note 1 ("Accounting principles")** of the financial statements. 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

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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 one 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.

Exchange rate 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 exchange rate risk is not significant.

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 corresponded 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 owned 64,080 shares in Wetteri Plc, and his related parties owned 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 41.68% 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 2023. 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

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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 published 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 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.

On 8 May 2023, Wetteri's Annual General Meeting was held. 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, granted 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. 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 did not change as a result of the planned acquisition. On 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 4.16 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

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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 directed 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 was expected to be completed by 31 March 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 was expected to be executed on 2 April 2024 if the conditions are met.

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, the acquisition of Suvanto Trucks Oy was completed.

On 2 April 2024, the sale of the training service companies Management Institute of Finland MIF Oy and Tieturi Oy was completed. The transaction price, EUR 5.3 million, consists of the basic purchase price, 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, and the capital return made before implementation. The buyer paid 40 per cent of the purchase price as a cash contribution on the transaction date and ten per cent will be paid on 30 June 2024. For the remaining 50 per cent, Wetteri granted an

interest-bearing loan with a five-year loan period, the first two years being free of loan repayments.

On 17 April 2024, the company announced that due to the schedule of closing on-going financing negotiations, the audit will not be completed as scheduled and the publication date for financial statements will be postponed. The new date for the publication of the financial statements and the annual report is 30 April 2024. Postponing the publication of the financial statements and the annual report does not affect the planned date of the general meeting.

On 24 April 2024, the company announced that it had received a notice from the financing bank that the bank will not exercise its right to demand immediate repayment of its receivables although the covenants were not fully met on 31 December 2023, and that it had agreed with the financing bank to update the covenant terms of the financing agreement. In addition, Elo Mutual Pension Insurance Company replaced the previous pension insurance company as a financier in the financing agreement. As the notice was received and the amendment to the terms of the financing agreement was made after the financial year that ended on 31 December 2023, the long-term portion (EUR 14.7 million) of funding under the financing agreement has been accounted for as a current liability in the financial statements.

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 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 result for the financial year, and that the result for the financial year be transferred to retained earnings.

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Key performance indicators

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022	Change
Revenue	443,287	191,825	131%
EBITDA	21,009	6,172	240%
EBITDA, % of revenue	5%	3%	
Items affecting comparability included in EBITDA	3,909	3,616	
Adjusted EBITDA	24,918	9,788	155%
Adjusted EBITDA, % of revenue	6%	5%	
Operating profit (loss) (EBIT)	5,351	-2,279	-
Operating profit (loss), % of revenue	1%	-1%	
Items affecting comparability included in operating profit (loss)	6,678	5,601	
Adjusted operating profit	12,030	3,322	262%
Adjusted operating profit, % of revenue	3%	2%	
Profit (loss) before tax	-3,824	-4,367	-
Profit (loss) before tax, % of revenue	-1%	-2%	
Profit (loss) for the period	-4,049	-3,834	-
Profit (loss) for the period, % of revenue	-1%	-2%	
Earnings per share, basic (EUR)	-0.03	-0.05	
Earnings per share, diluted (EUR)	-0.03	-0.05	
Balance sheet total	214,302	154,595	39%
Net debt	131,659	94,404	39%
Return on equity (ROE), %	-13%	-25%	
Return on investment (ROI), %	-9%	-11%	
Equity ratio, %	16%	20%	
Liquidity, %	83%	85%	
Gearing, %	388%	312%	
Average number of personnel during the financial year ¹⁾	926	622	
Invoiced sales of new passenger cars (pcs)	3,322	1,394	
Invoiced sales of new commercial trucks (pcs)	181	143	
Invoiced sales of used passenger cars (pcs)	5,764	3,280	
Orders: new passenger cars (pcs)	2,862	1,916	
Orders: new commercial trucks (pcs)	127	89	
Passenger cars: order backlog at the end of the period	57,343	82,700	
Commercial trucks: order backlog at the end of the period	13,655	20,100	
Passenger car repair shop: hours sold	319,562	109,342	
Commercial truck repair shop: hours sold	110,759	74,514	

¹⁾ 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. The comparison information has also been adjusted to correspond to this calculation method.

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Share performance indicators

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022 ²⁾
Earnings per share, basic (EUR) ¹⁾	-0.03	-0.05
Earnings per share, diluted (EUR) ¹⁾	-0.03	-0.05
Equity per share (EUR)	0.23	0.22
Dividend per share (EUR)	0.00	0.00
Dividend, % of profit	0%	0%
Effective dividend yield, %	0%	0%
Price-to-earnings ratio (P/E)	neg.	neg.
Closing price of the share on the balance sheet date (EUR)	0.55	0.71
Highest share price during the financial year (EUR)	0.82	1.03
Lowest share price during the financial year (EUR)	0.43	0.33
Average volume-weighted share price for the financial year (EUR)	0.73	0.67
Market value of the share capital at the end of the financial year	81,813	95,567
Weighted average number of shares during the financial year, adjusted for share issues ¹⁾	140,707,543	89,565,270
Number of shares at the end of the financial year, adjusted for share issues ¹⁾	148,275,826	135,667,771
Number of shares traded	20,450,575	12,291,422
Number of shares traded, % of the share capital ¹⁾	14%	9%

¹⁾ The share issue -adjusted number of shares used in calculating the share performance indicators for the financial year and the comparison period has been adjusted retroactively to take into account the effects of bonus elements of directed share issues (subscription price reductions) carried out during the financial year and the personnel bonus issue carried out after the end of the financial year, and the new shares issued without a corresponding change in resources have been taken into account in the share issue -adjusted number of shares.

²⁾ The comparison period differs from 12 months. As a result of the share transaction of Wetteri Yhtiöt Oy and the reverse acquisition of Wetteri Plc, the result of the business transferred to the Group and the net assets acquired are included in the key indicators as of 11 May 2022 and 9 December 2022.

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Calculation formulas for key indicators

EBITDA	=	Operating profit + depreciation, amortisation 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
Operating profit, % of revenue	=	Revenue + other operating income – materials and services – the cost of employee benefits – other operating expenses – depreciation, amortisation and impairment
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/weighted average number of shares during the period
Earnings per share, diluted (EUR)	=	Profit for the period/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
Equity per share (EUR)	=	Equity/number of shares at the end of the period
Dividend per share (EUR)	=	Dividends for the financial year/average number of shares during the financial year, adjusted for share issues
Dividend, % of profit	=	Dividend per share/diluted earnings per share
Effective dividend yield, %	=	Dividend per share/closing price of the share on the balance sheet date
Price-to-earnings ratio (P/E)	=	Closing price of the share on the balance sheet date/(profit (loss) for the period /number of shares at the end of the period)
Market value of the share capital at the end of the financial year	=	Number of shares at the end of the period * closing price of the share on the balance sheet date
Number of shares traded	=	Number of shares traded during the period
Number of shares traded, % of the share capital	=	Number of shares traded/number of shares at the end of the period, adjusted for share issues

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Reconciliation of key indicators

FORMATION OF ADJUSTED EBITDA

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Adjusted EBITDA		
Operating profit	5,351	-2,279
Depreciation, amortisation and impairment	15,658	8,451
EBITDA	21,009	6,172
Items affecting comparability included in EBITDA	3,909	3,616
Total	24,918	9,788

FORMATION OF ITEMS AFFECTING COMPARABILITY INCLUDED IN EBITDA

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Items affecting comparability included in EBITDA		
Negative goodwill arising from a business acquisition	-254	0
Transaction and integration costs related to business acquisitions	1,594	0
Expenses related to the planning of share issues	77	0
Compensation for termination of employment	240	0
Transfer tax on Wetteri Yhtiöt Oy's share transaction	0	496
Other expenses related to the acquisition of Wetteri Yhtiöt Oy	0	95
Expenses related to the reverse acquisition of Wetteri Plc arising from listing on the stock exchange	1	899
Depreciation of the fair value of inventories	2,251	2,125
Total	3,909	3,616

FORMATION OF ADJUSTED OPERATING PROFIT

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Adjusted operating profit		
Operating profit	5,351	-2,279
Items affecting comparability included in operating profit	6,678	5,601
Total	12,030	3,322

FORMATION OF ITEMS AFFECTING COMPARABILITY INCLUDED IN OPERATING PROFIT

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Items affecting comparability included in operating profit		
Negative goodwill arising from a business acquisition	-254	0
Transaction and integration costs related to business acquisitions	1,594	0
Expenses related to the planning of share issues	77	0
Compensation for termination of employment	240	0
Transfer tax on Wetteri Yhtiöt Oy's share transaction	0	496
Other expenses related to the acquisition of Wetteri Yhtiöt Oy	0	95
Expenses related to the reverse acquisition of Wetteri Plc arising from listing on the stock exchange	1	899
Depreciation of the fair value of inventories	2,251	2,125
Amortisation of the fair value of the brand value	1,214	777
Amortisation of the fair value of representation agreements	981	613
Amortisation of the fair value of customer relationships	120	7
Amortisation of the fair value of the order backlog	455	588
Total	6,678	5,601

FORMATION OF NET DEBT

EUR thousand	31 Dec 2023	31 Dec 2022
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	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Return on equity (ROE), %		
Profit (loss) for the period	-4,049	-3,834
Equity on average during the period	32,080	15,121
Total	-13%	-25%

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FORMATION OF RETURN ON INVESTMENT (ROI), %

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Return on investment (ROI), %		
Profit (loss) before tax	-3,824	-4,367
Financial expenses	-9,254	-2,282
Equity on average during the period	32,080	15,121
Interest-bearing liabilities on average during the period	114,033	47,776
Total	-9%	-11%

FORMATION OF THE EQUITY RATIO, %

EUR thousand	31 Dec 2023	31 Dec 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	31 Dec 2023	31 Dec 2022
Liquidity, %		
Current assets	107,729	71,153
Current liabilities	129,626	83,262
Total	83%	85%

FORMATION OF GEARING, %

EUR thousand	31 Dec 2023	31 Dec 2022
Gearing, %		
Net debt	131,659	94,404
Equity	33,918	30,242
Total	388%	312%

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Consolidated statement of comprehensive income

EUR thousand	Note	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Revenue	3, 4	443,287	191,825
Other operating income	5	761	344
Materials and services	6	-348,050	-152,899
The cost of employee benefits	7, 29	-50,763	-22,309
Depreciation, amortisation and impairment	8	-15,658	-8,451
Other operating expenses	9	-24,225	-10,788
Operating profit (loss)		5,351	-2,279
Financial income	10	79	195
Financial expenses	10	-9,254	-2,282
Financial income and expenses		-9,175	-2,087
Share of profit or loss of associates	17	0	-1
Profit (loss) before tax		-3,824	-4,367
Income taxes	11	-226	534
Profit (loss) for the period		-4,049	-3,834

EUR thousand	Note	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Other items of comprehensive income that may be reclassified as profit or loss			
Translation differences arising from net investments in subsidiaries		29	6
Comprehensive income for the period		-4,021	-3,828
Distribution of profit (loss) for the period			
To shareholders of the parent company		-4,049	-3,834
To non-controlling interests		0	0
		-4,049	-3,834
Distribution of comprehensive income for the period			
To shareholders of the parent company		-4,021	-3,828
To non-controlling interests		0	0
		-4,021	-3,828
Earnings per share calculated from the profit (loss) attributable to shareholders of the parent company			
Basic and diluted earnings per share (EUR)	12	-0.03	-0.05

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EUR thousand	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Goodwill	13, 14	32,942	21,075
Intangible assets	13	7,806	10,102
Property, plant and equipment	15, 16	64,295	50,376
Interests in associates	17	0	0
Other shares and interests	18	298	74
Non-current receivables	20	238	263
Non-current financial assets	21	74	121
Deferred tax assets	11	920	1,430
Total non-current assets		106,573	83,442
Current assets			
Inventories	19	77,819	49,517
Trade and other receivables	20	28,184	19,998
Other financial assets	21	33	20
Tax assets based on taxable income for the period	11	836	471
Cash and cash equivalents	22	856	1,147
Total current assets		107,729	71,153
TOTAL ASSETS		214,302	154,595

EUR thousand	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	23	96	96
Invested unrestricted equity fund	23	40,171	32,474
Translation differences	23	34	6
Retained earnings	23	-3,834	0
Profit (loss) for the period	23	-4,049	-3,834
Equity loan	23	1,500	1,500
Total equity attributable to shareholders of the company		33,918	30,242
Non-current liabilities			
Loans	24, 25	6,780	6,736
Lease liabilities	16	38,624	32,038
Other non-current liabilities	26	3,074	177
Other financial liabilities	24, 25	156	1
Deferred tax liabilities	11	2,123	2,138
Total non-current liabilities		50,757	41,091
Current liabilities			
Loans	24, 25	36,301	28,692
Lease liabilities	16	8,798	5,704
Trade and other payables	26	42,476	26,289
Provisions	27	133	88
Other financial liabilities	24, 25	41,856	22,380
Tax liabilities based on taxable income for the period	11	63	109
Total current liabilities		129,626	83,262
Total liabilities		180,383	124,353
TOTAL EQUITY AND LIABILITIES		214,302	154,595

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Consolidated cash flow statement

EUR thousand	Note	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 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	5	506	343
Transaction costs related to business combination	2	-451	-1,490
Interest received	10	65	89
Interest paid	10	-8,694	-2,240
Income taxes paid	11	-424	-554
Cash flow from operating activities		11,048	717
Cash flow from investing activities			
Investments in intangible assets	13	-43	-29
Investments in property, plant and equipment	15	-2,362	-1,232
Business combination less cash and cash equivalents acquired	2	-14,318	-30,298
Investments in other shares and interests	18	-224	0
Cash flow from investing activities		-16,947	-31,559

EUR thousand	Note	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Cash flow from financing activities			
Share issues against payment	23	5,700	17,600
Transaction costs related to the issue of new shares	23	-456	-381
Dividends paid to shareholders	23	0	-988
Withdrawals of long-term loans	24, 25	417	0
Repayments of long-term loans	24, 25	0	-2,670
Withdrawals of long-term loans from related parties	25, 29	1,000	5,500
Repayments of long-term loans to related parties	25, 29	-800	0
Repayment of principal on lease liabilities	16, 25	-7,855	-3,808
Withdrawals of short-term loans ^{1), 2)}	24, 25	12,083	17,930
Repayments of short-term loans ¹⁾	24, 25	-5,107	-1,600
Withdrawals of other financial liabilities	24, 25	100,486	39,886
Repayments of other financial liabilities	24, 25	-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	22	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 total withdrawal of EUR 12,000 thousand of long-term loans granted by Nordea Bank Plc and Varma Mutual Pension Insurance Company to the Group during the financial year. The long-term portion (EUR 9,500 thousand) of the loans at the time of withdrawal has also been presented as a withdrawal of short-term loans because the loans have been presented as current financial liabilities in the consolidated financial statements as described in more detail in [Note 24 \("Financial liabilities"\)](#).

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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 Mar 2023	23		4,600				4,600		4,600
Share issue 22 Dec 2023	23		3,400				3,400		3,400
Transaction costs related to the new shares issued in connection with the share issue on 22 Dec 2023	23		-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

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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 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 share exchange 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

The above calculation of the change in equity for the comparison period reflects the structure of Wetteri Plc's equity as of the share exchange executed on 9 December 2022 and the structure of Themis Holding Oy's equity until 9 December 2022.

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Notes to the consolidated financial statements

1. Accounting principles

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.

Wetteri operates in the automotive trade sector in Finland, and its business operations cover the following: multi-brand representation of new passenger and commercial vehicles; nationwide spare parts, maintenance and repair operations; and used car business operations. In addition, the Group has heavy vehicle sales and maintenance operations. Wetteri is one of Finland's largest car dealerships. Wetteri has locations in Oulu, Espoo, Iisalmi, Joensuu, Kajaani, Kemi, Kempele, Kokkola, Kuusamo, Kuopio, Lahti, Lempäälä, Pori, Rovaniemi, Rauma, Raisio and Ylivieska. Its customer base consists of corporate customers and private customers.

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 executed on 9 December 2022, in which the shareholders of Themis Holding Oy transferred their shares to Wetteri Plc (previously Soprano 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.

Wetteri Plc's Board of Directors approved these consolidated financial statements for publication at its meeting on 30 April 2024. A copy of the consolidated financial statements is available on Wetteri's website at www.sijoittajat.wetteri.fi/en. Under the Limited Liability Companies Act, shareholders have the right to approve, reject or amend the financial statements at the next Annual General Meeting.

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the European Union, and in accordance with the IAS and IFRS accounting standards in force on 31 December 2023 and the SIC and IFRIC interpretations related to them. The financial statements follow the same accounting principles as the Group's financial statements for the financial year that ended on 31 December 2022, with the exception of 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 notes to the

consolidated financial statements are also in compliance with the requirements of the Finnish accounting and corporate legislation supplementing the IFRS regulations.

Several new accounting standards, amendments to standards and interpretations will not become binding until the financial years beginning on or after 1 January 2024, and the Group has not adopted them proactively. These standards are not expected to have a material impact on the financial year or subsequent financial years, or on foreseeable future transactions. The new standards and interpretations are described in more detail in [Note 31 \("New and amended IFRS accounting standards to be applied in future financial years"\)](#).

The accounting principles for various financial statement items are presented separately in connection with each financial statement item. The consolidated financial statements have been prepared based on original acquisition costs unless otherwise indicated in the accounting principles presented in connection with various financial statement items.

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

The financial information in the consolidated financial statements is not comparable with the financial information

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for the comparison period 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 11 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, 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.

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE EQUITY METHOD

Reverse acquisition of Wetteri Plc

The Group's parent company Wetteri Plc (formerly Soprano Plc) acquired the entire share capital of Themis Holding Oy, established on 24 February 2022, in a share exchange executed on 9 December 2022. In the arrangement, the shareholders of Themis Holding Oy transferred their shares to Wetteri Plc in exchange for new shares issued by the company. Legally, Wetteri Plc served as the acquirer, which issued new shares to

the shareholders of Themis Holding Oy. However, in financial reporting, the share exchange has been treated as a reverse acquisition, in which Themis Holding Oy is the accounting acquirer and Wetteri Plc is the accounting acquiree. Therefore, after the date of implementation of the share exchange, the consolidated financial statements have been prepared as a continuum of the consolidated financial statements of Themis Holding Oy, the accounting acquirer, with the exception of the Group's equity, which has been adjusted to reflect the legal capital structure of the legal parent company, Wetteri Plc. For this reason, the comprehensive income statement and cash flow statement for the comparison period include Themis Holding Oy's comprehensive income statement and cash flows for the entire comparison period, but the comprehensive income and cash flows of Wetteri Plc and its subsidiaries only from the date of implementation of the share exchange (9 December 2022) onwards. In addition, the comprehensive income statement and cash flow statement for the comparison period include the comprehensive income and cash flows of Wetteri Yhtiöt Oy and its subsidiaries acquired by Themis Holding Oy in a share transaction executed on 11 May 2022 only from 11 May 2022 onwards. More information about the reverse acquisition of Wetteri Plc and the share transaction of Wetteri Yhtiöt Oy is provided in [Note 2 \("Business combinations"\)](#).

Subsidiaries

The consolidated financial statements cover the parent company and its subsidiaries. Subsidiaries are companies over which the Group has control. Control is established when the Group, by being involved in a company, is exposed to the company's variable returns or is entitled to its variable returns and can affect those returns by exercising its power over the company. The consolidation of subsidiaries begins on the date of acquisition, which is the date on which the Group acquires control or, if the subsidiaries were originally

established by the Group's parent company, the date on which the subsidiary was established. In the event of a change in one or more of the three elements of control, the Group will reassess whether it controls the company. The consolidation of the subsidiary ends on the day on which control ceases.

Intra-group shareholdings are eliminated using the acquisition method. The consideration transferred and the identifiable assets and liabilities of the acquired company are measured at fair value at the time of acquisition. The costs related to the acquisition, excluding those arising from the issue of debt or equity securities, are recognised as an expense. Any contingent additional purchase price is measured at fair value at the time of acquisition and is classified as either debt or equity. An additional purchase price classified as debt is measured at fair value at the end of each reporting period, and the resulting profit or loss is recognised through profit or loss. An additional purchase price classified as equity will not be remeasured.

Any non-controlling interest in the acquiree is measured either at fair value or at an amount equal to the proportional share of the non-controlling interest of the acquiree's identifiable net assets. The valuation principle is determined separately for each acquisition. Any non-controlling interest in the result and equity of subsidiaries is presented as a separate item in the consolidated statement of comprehensive income and the statement of changes in equity and on the balance sheet.

Transactions, receivables and liabilities between Group companies, as well as unrealised gains arising from intra-group transactions, are eliminated. Unrealised losses are also eliminated unless the transaction indicates an impairment of the transferred asset. If necessary, the financial statements of the subsidiaries are amended to comply with the Group's accounting principles.

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Associated companies

Associates are companies in which the Group has significant influence. As a rule, significant influence is established when the Group holds more than 20% of the voting rights in the company, or when the Group otherwise has significant influence, but not control or joint control. Investments in associates are initially recognised at cost and then accounted for using the equity method.

The equity method

When the equity method is applied, investments are initially recognised at cost and then adjusted by recognising the Group's share of the investee's profits or losses after the date of acquisition through profit or loss and by recognising the Group's share of changes in the investee's items of other comprehensive income in the Group's items of other comprehensive income. Dividends received or to be received from associated companies and joint ventures reduce the book value of the investment.

If the Group's share of an investee's losses that are treated with the equity method is equal to or greater than its share of that company, including any other unsecured long-term receivables, the Group will not recognise any further loss unless the Group is committed to meeting the obligations of the associated company.

Unrealised gains arising from transactions between the Group and its associates are eliminated in proportion to the Group's shareholding. Unrealised losses are also eliminated unless the transaction indicates an impairment of the transferred asset. If necessary, the accounting principles of investees treated with the equity method are adjusted to reflect those of the Group.

Changes in shareholdings

Any transactions with non-controlling interests that do not result in a loss of control are treated as transactions with shareholders. A change in shareholding will result in an adjustment between the book values of the shareholdings of the Group and the non-controlling interests.

When the consolidation of an investment into the consolidated financial statements or the treatment of an investment with the equity method ceases as a result of a loss of control, joint control or significant influence, the remaining holding is measured at fair value, and the change in the book value is recognised through profit or loss. Fair value serves as the initial book value when the remaining holding is subsequently treated as an associate, joint venture or financial asset. In addition, amounts previously recognised in items of other comprehensive income for the company concerned are treated as if the Group had directly disposed of the related assets and liabilities. This may mean that the amounts previously recognised in items of other comprehensive income are transferred to profit or loss.

If a shareholding in a joint venture or an associated company decreases, but joint control or significant influence is maintained, only a proportional share of the amounts previously recognised in items of other comprehensive income is transferred to profit or loss.

CONVERSION OF ITEMS DENOMINATED IN A FOREIGN CURRENCY

Functional currency and presentation currency

The items included in the financial statements of the Group companies are measured in the currency of the economic environment in which the company in question mainly

operates (functional currency). The consolidated financial statements are presented in euros. The euro is the operating and presentation currency of Wetteri Plc.

Transactions denominated in a foreign currency

The Group companies' foreign currency transactions are converted into the functional currency using the exchange rate prevailing on the day of the transaction. Monetary assets and liabilities denominated in a foreign currency are converted into operating currency using the exchange rate prevailing on the balance sheet date.

Exchange rate gains and losses arising from payments related to transactions and from the conversion of monetary assets and liabilities denominated in a foreign currency at the exchange rate prevailing on the balance sheet date are recognised through profit or loss. Exchange rate gains and losses are recognised in equity if the items are part of a net investment in a foreign Group company.

Any exchange rate gains and losses related to financial liabilities are presented in the income statement in financial expenses. All other foreign exchange gains and losses are presented net in the income statement in the corresponding items as part of the operating profit.

Group company using a functional currency different from the presentation currency

The comprehensive income statement and balance sheet of a Group company that uses a functional currency different from the Group's presentation currency, and that does not operate in a hyperinflationary country, are converted into the presentation currency as follows: the assets and liabilities on the balance sheet are converted at the exchange rate prevailing on the balance sheet date; the income and

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expense items of the comprehensive income statement are converted at the average rate of the period (or at the exchange rates prevailing on the transaction dates if using the average rate does not come reasonably close to the same result); and all resulting exchange rate differences are recognised in items of other comprehensive income.

Exchange rate differences resulting from a net investment in a foreign Group company are recognised in items of other comprehensive income when preparing the consolidated financial statements. If a foreign Group company is sold, the related exchange rate differences are transferred to profit or loss as part of the capital gain or loss.

FAIR VALUE MEASUREMENT

Some of the accounting principles for the consolidated financial statements require the measurement of the fair value of assets and liabilities. Fair value is the price that would be obtained from the sale of an asset or paid for the transfer of a liability between market participants in a normal transaction on the valuation date. Fair value is a market-based value, not a company-specific value. Thus, the fair value of an asset or liability is determined using the assumptions that market participants would use to price the asset or liability.

The fair values of assets and liabilities can be classified into three levels of the fair value hierarchy. These levels represent the nature of the inputs used to measure fair value. The levels of the fair value hierarchy are as follows:

Level 1. If the asset or liability is traded in an active market, its fair value is classified at hierarchy level 1. In such a case, the fair value of the asset or liability is based on its quoted market price. For example, the following are classified

at this level in the fair value hierarchy: publicly traded financial instruments such as derivatives and shares whose market prices are readily and regularly available from the stock exchange, a broker, a market information distribution service, a market pricing service provider or the supervisory authorities.

Level 2. If all significant inputs needed to measure the fair value of an asset or liability can be observed, either directly or indirectly, but an identical asset or liability is not traded in an active market, and a quoted market price is therefore not available for the asset or liability, its fair value is classified at level 2. In such a case, the fair value of the asset or liability is measured using a generally accepted valuation method. When using a valuation method, as much information available from the market as possible is used, with as little recourse as possible to other assumptions.

Level 3. If no market information is available about one or more significant inputs concerning an asset or liability, its fair value is classified at Level 3. In such a case, the inputs used to measure the fair value of an asset or liability are formed using the best available information about the assumptions that market participants would use to price the asset or liability.

ACCOUNTING ESTIMATES AND JUDGEMENTS MADE BY THE MANAGEMENT BASED ON DISCRETION

The preparation of the financial statements 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, 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. 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. Therefore, the accounting estimates used and the judgements made are continuously reviewed by the management and adjusted to reflect the management's current best knowledge if necessary. A description of the management's significant accounting estimates, as well as the judgements made based on discretion when applying the accounting principles for the financial statements, is presented separately in connection with each financial statement item. The following financial statement items involve significant estimates or judgements made based on discretion:

Note	Accounting estimates and judgements made by the management based on discretion
2.	Valuation of intangible assets acquired through business combinations
11.	Recognition of deferred tax assets for tax losses
13.	Future economic benefits and useful lives of intangible assets
14.	Estimates used to determine the recoverable amount of cash-generating units
15.	Future economic benefits and useful lives of property, plant and equipment
16.	Determination of the lease term of the lease and the discount rate for the lease liability
19.	Valuation of inventories

GOING CONCERN

On 14 February 2024, before the publication of these financial statements, Wetteri announced a partial breach of the covenant terms included in a financing agreement regarding the review date of 31 December 2023, and as

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a result of this, negotiated with the financing bank on updating the covenant terms of the financing agreement. As the outcome of the negotiations, the financing bank gave notice that it would not exercise its right to demand immediate repayment of its receivables although the covenants were not fully met on 31 December 2023, in addition to which, the covenant terms were updated regarding the covenants measuring financial performance indicators of 30 June 2024 and 31 December 2024. Wetteri will negotiate on the covenants measuring the financial performance indicators of 30 June 2025 before 31 December 2024. It is part of the company's normal process to negotiate covenants with the creditors if the covenant terms are at risk of not being met according to forecasts. Covenant terms are described in more detail in [Note 24 \("Financial liabilities"\)](#).

The financial statements have been prepared on a going concern basis. In assessing the applicability of the going concern assumption, Wetteri Plc's management has taken account of the risks and uncertainties related to the Group's business environment and the sources of financing available to the Group. The management has prepared forecasts for the future performance of the Group's business operations and made estimates of the Group's revenue, EBITDA, working capital needs, financial position and compliance with the covenants regarding financial performance indicators included in the financing agreement, especially on the review dates of 30 June 2024 and 31 December 2024. Cash flow forecasts based on various scenarios have been prepared by the management for a period of 12 months from the balance sheet date.

At the balance sheet date, the most significant sources of financing for the Group are the credit facilities provided by financial companies for financing used cars and

demonstration cars in the Group's stock. On the balance sheet date, the Group's used car consignment stock facilities totalled EUR 40,682 thousand, of which EUR 24,662 thousand was in use, and the Group's demonstration car sale and leaseback facilities totalled EUR 20,320 thousand, of which EUR 15,810 thousand was in use. The credit facilities for financing cars are agreements valid until further notice, with notice periods of 1-6 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. As part of its risk management, the Group has also investigated alternative financing solutions that it estimates are available to it, should the limit agreements regarding car financing end. More information about the sources of the Group's financing can be found in the [Note 24 \("Financial liabilities"\)](#) and [Note 25 \("Financial risk and capital management"\)](#).

The Group's income generating capacity is also estimated to be stronger in the future compared to the financial year 2023. Both new car registrations and used car sales figures have turned to growth in the beginning of 2024 compared with the previous year. Recent signals of stabilization in interest rates and inflation turning down may increase demand for new cars of all car types. Car maintenance operations are expected to continue strong.

The management assesses the Group's financing as sufficient to enable growth in accordance with the Group's strategy and to meet short-term payment obligations in all cash flow forecast scenarios. The availability and flexibility of the Group's financing is ensured through the use of financial institutions' credit instruments, facilities provided by financial companies for financing used cars

and demonstration cars in the Group's stock, and share issues, among other means. One of the options the company is exploring for financing growth is a directed share issue for institutional investors, private investors, and personnel during 2024.

THE ACCOUNTING IMPLICATIONS OF THE WAR IN UKRAINE

The Russian attack on Ukraine is continuing at the time of these consolidated financial statements' publication. Wetteri has no business operations in Russia or Ukraine and no direct purchases from these countries. The management's view is that the war will continue to have no direct impact on the Group's business operations.

2. Business combinations

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

A business combination is a transaction or other event in which the acquirer gains control of the acquiree's business operations. For example, a share transaction can meet the definition of a business combination.

Business combinations are accounted for using the acquisition method. In a share transaction that meets the definition of a business combination, the consideration to be transferred for the acquisition of a subsidiary consists of the following: the fair value of the transferred assets and the liabilities arising from contingent consideration, the equity shares issued, the liabilities to the previous owners of the acquired business, and the fair value of any previous holding. The identifiable assets and liabilities and contingent liabilities acquired in a business combination are measured

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at their acquisition-date fair values. Acquired right-of-use assets and lease liabilities are measured at an amount corresponding to the present value of the remaining lease payments as if the acquired leases were new leases at the acquisition date. Any non-controlling interest in the acquired business is measured either at its fair value or at its relative share in the identifiable net assets of the acquired business.

The goodwill recognised is the amount by which the combined total of the consideration transferred, the non-controlling interest measured at fair value or the relative share in the acquiree's net assets, and the fair value of the previously held equity interest in the acquiree exceeds the fair value of the identifiable net assets. Goodwill reflects, for example, the expected future synergies from acquisitions.

The costs related to the acquisition are recognised as an expense at the time of implementation, and are presented in the income statement in other operating expenses, excluding costs directly related to the issue of equity instruments, which are deducted from equity. Any contingent consideration (additional purchase price) is measured at fair value at the acquisition date and is classified as either debt or equity. Contingent consideration classified as debt is remeasured at fair value at the end of each reporting period, and the resulting changes in fair value are recognised through profit or loss. Contingent consideration classified as equity will not be remeasured later.

BUSINESS ACQUISITIONS DURING THE FINANCIAL YEAR

Acquisition of the car trade business of E. Hartikainen Oy

Wetteri Auto Oy, a subsidiary of the Group, acquired the car trade business of E. Hartikainen Oy (Autotalo Hartikainen)

through a business acquisition executed on 7 March 2023. With the completion of the acquisition, E. Hartikainen Oy's car trade business was transferred to the Group on 8 March 2023. The acquisition 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 business acquisition, Wetteri'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 car multi-brand representation also increased as a result of the acquisition. Autotalo Hartikainen's sales and maintenance representations transferred to Wetteri through the acquisition include Mercedes-Benz, Ford, Mitsubishi, Hyundai, Kia, Suzuki, Isuzu and Volvo, and the maintenance representations include Polestar and DS Automobiles. Autotalo Hartikainen's commercial truck and trailer maintenance and repair shops, which were transferred to Wetteri through the acquisition, are located in Joensuu, Kajaani and Iisalmi. The heavy vehicles maintenance representations include Mercedes-Benz, Mitsubishi Fuso, Scania, Sisu and MAN.

CONSIDERATION TRANSFERRED IN THE BUSINESS ACQUISITION

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

The consideration transferred in the business acquisition 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 Wetteri Plc.

IDENTIFIABLE NET ASSETS ACQUIRED AND GOODWILL GENERATED IN THE BUSINESS ACQUISITION

EUR thousand	7 Mar 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 assets transferred to the Group through the business acquisition include the following: intangible assets,

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property, plant and equipment, right-of-use assets on 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.

CASH FLOW FROM THE BUSINESS ACQUISITION

EUR thousand	
Cash consideration paid	-13,694
Cash flow	-13,694

COSTS RELATED TO THE BUSINESS ACQUISITION

The transaction costs related to the business acquisition (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 in integration costs and other operating expenses include EUR 589 thousand in integration costs arising from the business combination.

IMPACT OF THE BUSINESS ACQUISITION 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 amortisation and 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 acquisition executed on 31 May 2023. In the business acquisition, passenger car sales and maintenance operations, with around 70 employees, were transferred to the Group. The sales and maintenance representations transferred from AutoPalin to Wetteri through the acquisition include Mercedes-Benz and Volvo. The acquisition 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.

CONSIDERATION TRANSFERRED IN THE BUSINESS ACQUISITION

EUR thousand	
Cash consideration paid	624
Consideration transferred	624

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

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IDENTIFIABLE NET ASSETS ACQUIRED AND GOODWILL GENERATED IN THE BUSINESS ACQUISITION

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 assets transferred to the Group through the business acquisition include the following: intangible assets, property, plant and equipment, right-of-use assets on 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 capital gain in other operating income in the Group's comprehensive income. The acquisition 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 representations, order backlog and inventories transferred through the acquisition are 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.

CASH FLOW FROM THE BUSINESS ACQUISITION

EUR thousand	
Cash consideration paid	-624
Cash flow	-624

COSTS RELATED TO THE BUSINESS ACQUISITION

The transaction costs related to the acquisition (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 in integration costs and other operating expenses include EUR 175 thousand in integration costs arising from the business combination.

IMPACT OF THE BUSINESS ACQUISITION 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 amortisation and depreciation of the fair value allocated to intangible assets and inventory at the time of acquisition, EUR -153 thousand.

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Revenue and profit of the Group resulting from the business combinations

It is not practically possible to estimate the 1 January to 31 December 2023 revenue and comprehensive income of the entity formed as a result of the business acquisitions executed in the financial year, including both the Group's previous business operations and the operations transferred to the Group in the business acquisitions, with the assumption that the acquisitions had already taken place on 1 January 2023. As the business combinations in question are business acquisitions and not share deals, the Group does not have all the necessary information about the transferred businesses from the period before the acquisitions to make the estimate.

BUSINESS COMBINATIONS IN THE COMPARISON PERIOD

Reverse acquisition of Wetteri Plc

On 2 June 2022, the shareholders who owned around 34% of the shares in Wetteri Plc (formerly Soprano Plc), Themis Holding Oy, Simula Invest, which owned around 39% of Themis Holding Oy, and PM Ruukki, which owned around 35% of Themis Holding Oy, signed a share exchange agreement, under which Wetteri Plc acquired the entire share capital of Themis Holding Oy, which was established on 24 February 2022, in a share exchange executed on 9 December 2022. In the arrangement, the shareholders of Themis Holding Oy transferred their shares to Wetteri Plc in exchange for new shares issued by Wetteri Plc to the shareholders of Themis Holding Oy. Legally, Wetteri Plc acted as the acquirer, which issued new shares to the shareholders of Themis Holding Oy. However, in terms of financial reporting, the share exchange is a reverse acquisition, in which Themis Holding Oy is the accounting acquirer and Wetteri Plc is the accounting acquiree. In

a reverse acquisition, the accounting acquirer does not transfer any consideration for the acquiree; instead, the accounting acquiree issues its shares to the owners of the accounting acquirer. The reverse acquisition of Wetteri Plc has been treated as a business combination using the acquisition method.

The strategic goal of Wetteri Plc and Themis Holding Oy is to develop and grow business operations through the integration of Themis Holding Oy and its subsidiaries into Wetteri Plc's business operations. Wetteri Plc's main line of business (the car trade), which changed as a result of the arrangement, offers opportunities for this. Even before the arrangement, Wetteri Plc's strategy was to develop various business strategies. The management estimates that the reverse acquisition will bring significant value to Wetteri Plc's shareholders through expanding business opportunities. The share exchange arranged for the completion of the acquisition and the related directed share issue also significantly strengthened the Group's equity, in addition to which the arrangement is expected to significantly improve the Group's result.

CONSIDERATION TRANSFERRED FOR THE ACQUISITION

EUR thousand	
New shares issued	15,701
Consideration transferred	15,701

In a reverse acquisition, the fair value of the consideration transferred by the accounting acquirer at the time of acquisition is determined on the basis of the number of equity interests that the legal subsidiary would have had to issue to provide the owners of the legal parent company with the same percentage of the equity in the resulting entity as has been realised in the reverse acquisition. In the share

exchange between Wetteri Plc and Themis Holding Oy, this number of equity interests was 19,503,745. Of the number of equity interests, 18,903,745 were calculated by dividing the number of outstanding shares in Themis Holding Oy right before the execution of the share exchange (115,097,125) by the exchange ratio used in the share exchange (6.0886). The remaining 600,000 equity interests consisted of such shares that the Board of Directors of Wetteri Plc had decided to direct to Arto Tenhunen, the holder of a EUR 200 thousand convertible loan issued by the company before the execution of the arrangement, who announced on 9 December 2022 before the execution of the arrangement that he would exchange his convertible loan for 600,000 new shares in the company at a subscription price of EUR 0.3333 in accordance with the terms and conditions of the loan.

The fair value of the consideration transferred (the new shares issued in the share exchange) was determined by multiplying the number of equity interests (19,503,745) by the closing price of the Wetteri Plc share (EUR 0.805) on the date of execution of the share exchange (9 December 2022). The price of Wetteri Plc's share offered the most reliable measure of the fair value of Themis Holding Oy's share at the time of execution of the share exchange because Themis Holding Oy was not a listed company at the time of execution of the share exchange and the fair value of its share was therefore not available from the market. The consideration transferred has been recognised in the company's invested unrestricted equity fund.

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IDENTIFIABLE NET ASSETS ACQUIRED AND GOODWILL GENERATED

EUR thousand	9 Dec 2022
ASSETS	
Non-current assets	
Intangible assets	682
Property, plant and equipment	164
Other shares and interests	6
Non-current receivables	263
Deferred tax assets	1,090
Total non-current assets	2,205
Current assets	
Trade and other receivables	1,927
Cash and cash equivalents	257
Total current assets	2,184
TOTAL ASSETS	4,389
LIABILITIES	
Non-current liabilities	
Equity loan	1,500
Loans	1,561
Lease liabilities	45
Deferred tax liabilities	40
Total non-current liabilities	3,145
Current liabilities	
Loans	1,716
Lease liabilities	82
Trade and other payables	3,287
Other financial liabilities	310
Tax liabilities based on taxable income for the period	76
Total current liabilities	5,472
TOTAL LIABILITIES	8,618
Acquired identifiable net assets	-4,229
Goodwill	19,929
Acquired net assets	15,701

Wetteri Plc's identifiable assets and assumed liabilities at the time of acquisition on 9 December 2022 have been measured at fair value. The liabilities assumed at the time of acquisition also include Wetteri Plc's equity hybrid loan of EUR 1,500 thousand.

The goodwill generated by the acquisition is EUR 19,929 thousand, the amount by which the transferred consideration exceeded the fair value of the identifiable assets and assumed liabilities. The goodwill generated by the acquisition is based on the Group's strategic goal, the liquidity of the share brought by the listing and the ability to use the liquid share for future acquisitions, the enhanced efficiency of administration and the logistics function, and the future profit expectations for the combined businesses. The goodwill is allocated to the operating segments of the Group and to cash-generating units operating at a lower level. The goodwill generated is not deductible in taxation.

The acquired intangible assets include the fair value allocated to the customer relationships (EUR 240 thousand) and brand value (EUR 270 thousand) of the training business operations in determining the identifiable net assets. Other financial liabilities include an equity hybrid bond (EUR 1,500 thousand) and the interest calculated on the loan (EUR 310 thousand) for fair value measurement.

CASH FLOW FROM THE ACQUISITION

EUR thousand	
Cash consideration paid	0
Cash and cash equivalents acquired	257
Cash flow	257

COSTS RELATED TO THE ACQUISITION

Of the transaction costs related to the acquisition, EUR 381 thousand was directly related to the issue of new shares in the share exchange. These transaction costs have been accounted for as a decrease in the subscription price of new shares recognised in the Group's invested unrestricted equity fund, adjusted for the tax effect of EUR 76 thousand, and they include, for example, legal and financial advisors' fees. Costs related to the acquisition (EUR 899 thousand) that could not be attributed directly to the issue of new shares, but rather to the listing on the stock exchange, have been recognised as an expense in other operating expenses in the income statement for the comparison period.

IMPACT OF THE ACQUISITION ON THE ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

After the date of implementation of the share exchange, the consolidated financial statements have been prepared as a continuum of the consolidated financial statements of Themis Holding Oy, the accounting acquirer, with the exception of the Group's equity, which has been adjusted to reflect the legal capital structure of the legal parent company, Wetteri Plc. The accounting principles for the consolidated financial statements are described in more detail in [Note 1 \("Accounting principles"\)](#).

Acquisition of Wetteri Yhtiöt Oy

The Group's subsidiary Themis Holding Oy acquired the entire share capital of Wetteri Yhtiöt Oy through a share transaction agreement signed on 1 April 2022 and executed on 11 May 2022. Themis Holding Oy was established on 24 February 2022 for the change of ownership of Wetteri Yhtiöt Oy and its wholly owned subsidiaries Wetteri Auto Oy, Wetteri Power Oy, Autotalo Mobila Oy and Pohjois-Suomen

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Autotalot Oy and for the reverse acquisition of Wetteri Plc described above, and the company had no previous business operations. Wetteri Yhtiöt Oy's share transaction has been treated as a business combination using the acquisition method.

CONSIDERATION TRANSFERRED FOR THE ACQUISITION

EUR thousand	
Cash consideration paid	31,000
Consideration transferred	31,000

The transaction price of the share capital was EUR 31,000 thousand. The purchase price of the share transaction was paid to the seller in full in cash at the time of the transaction. The share transaction was financed by the following means: a bank loan (EUR 8,500 thousand); capital loans granted by Simula Invest Oy and PM Ruukki Oy (EUR 5,500 thousand), the then majority shareholders of Themis Holding Oy; a convertible bond (EUR 11,600 thousand); a share capital investment (EUR 2,000 thousand); and an investment in the invested unrestricted equity (EUR 4,000 thousand).

IDENTIFIABLE NET ASSETS ACQUIRED AND GOODWILL GENERATED

EUR thousand	11 May 2022
ASSETS	
Non-current assets	
Intangible assets	11,444
Property, plant and equipment	54,835
Other shares and interests	68
Deferred tax assets	234
Total non-current assets	66,582
Current assets	
Inventories	47,688
Trade and other receivables	17,637
Other financial assets	35
Cash and cash equivalents	445
Total current assets	65,805
TOTAL ASSETS	132,388
LIABILITIES	
Non-current liabilities	
Loans	2,970
Lease liabilities	34,891
Other non-current liabilities	1,998
Other financial liabilities	29
Deferred tax liabilities	2,894
Total non-current liabilities	42,782
Current liabilities	
Loans	10,295
Lease liabilities	5,601
Trade and other payables	22,128
Provisions	98
Other financial liabilities	21,630
Total current liabilities	59,752
TOTAL LIABILITIES	102,534
Acquired identifiable net assets	29,854
Goodwill	1,146
Acquired net assets	31,000

Wetteri Yhtiöt Oy's identifiable assets and assumed liabilities at the time of acquisition on 11 May 2022 have been measured at fair value. The goodwill generated by the acquisition is EUR 1,146 thousand, the amount by which the transferred consideration exceeds the fair value of the identifiable assets and assumed liabilities. The goodwill arises from future profit expectations concerning Wetteri Yhtiöt Oy and its wholly owned subsidiaries Wetteri Auto Oy, Wetteri Power Oy, Autotalo Mobila Oy and Pohjois-Suomen Autotalot Oy. The goodwill is allocated to the Group's operating segments. The goodwill generated in the acquisition is not deductible in taxation.

The acquired intangible assets include the fair values (EUR 5,802 thousand, EUR 4,596 thousand and EUR 882 thousand) allocated to Wetteri's and Wetteri Power's brand value, car brand representation agreements and the order backlog of new vehicles at the time of acquisition when determining identifiable net assets. The acquired inventories include an increase of EUR 3,188 thousand in the book value of used vehicles and spare parts at the time of acquisition, arising from fair value allocation. The book value of the new 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.

CASH FLOW FROM THE ACQUISITION

EUR thousand	
Cash consideration paid	-31,000
Cash and cash equivalents acquired	445
Cash flow	-30,555

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COSTS RELATED TO THE ACQUISITION

The transfer tax (EUR 496 thousand) and transaction costs (EUR 95 thousand) related to the acquisition have been recognised as an expense in other operating expenses in the income statement for the comparison period. Transaction costs include fees charged by legal advisors.

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS MADE BY THE MANAGEMENT BASED ON DISCRETION

Valuation of intangible assets acquired through business combinations

The identifiable assets and liabilities acquired in a business combination shall be measured at their acquisition-date fair values. When identifying the assets acquired and the liabilities assumed, the management uses judgement in determining whether intangible assets acquired in the business combination are distinguishable from goodwill. In addition, the management uses estimates to determine the fair value of intangible assets that can be distinguished from goodwill.

The fair value of intangible assets is 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. Determining the present value of future cash flows requires the management to estimate future cash flows arising from the intangible asset and the useful life of the asset. The discount rate used to determine the present value of cash flows also involves estimation. The relief-from-royalty method or the multi-period excess earnings method is used as the income-based valuation method.

3. Revenue

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Revenue includes income generated in the normal course of the Group's operations. Income from the sale of products and services is presented as revenue and measured at the fair value of the consideration received, adjusted for indirect taxes, discounts and exchange rate differences in foreign currency sales.

Recognition of sales revenue

The Group applies the five-step revenue recognition model of IFRS 15 Revenue from Contracts with Customers to recognise its revenue. Sales revenue is recorded in the amount expected to be received from the customer as consideration for the transfer of the product or service. Sales revenue is recognised when control of a product or service is transferred to the customer, either at one point in time or over time. Sales revenue is recognised in the amount to which the Group expects to be entitled from the transfer of the products or services.

The Group's business operations consist of the following: trade in new and used passenger cars, commercial vehicles and heavy vehicles; the sale of spare parts and repair and maintenance services for vehicles; the brokerage of third-party financial and insurance products for customers in the car trade; service station business operations; and the renting of vehicles. The Group also engages in training business operations. The transfer of the products and services listed above has been identified as a separate performance obligation in accordance with IFRS 15 Revenue from Contracts with Customers.

The Group operates under traditional dealership agreements with car manufacturers, with the exception of Polestar. With Polestar, the Group has an agent model, in which the Group acts as a service provider for the services of the car manufacturer. Polestar provides insurance and vehicles, and Wetteri operates on a commission basis without any costs of its own.

The Group does not expect to enter into customer contracts in which the period between the transfer of the promised products or services and the payment made by the customer to the Group is longer than one year. Consequently, the Group does not adjust transaction prices to reflect the time value of money.

SALE OF PASSENGER CARS AND HEAVY VEHICLES

In the sale of new and used passenger cars, commercial vehicles and heavy vehicles, the customer gains control of the sold product at the time of delivery of the vehicle. Revenue from the sale of a vehicle is recognised at one point in time when the vehicle has been transferred, and the Group has satisfied its performance obligations to the customer. At the time of delivery, the customer either pays the selling price of the vehicle in cash or provides the Group with a credit decision approved by a financing company, based on which the financing company makes the payment to the Group. Revenue from the sale of the vehicle is recognised in accordance with the fair value of the vehicle sold and is subject to indirect taxes (car tax and value added tax) and discounts.

Cars are also sold at a distance via the Group's website. Vehicles sold at a distance are delivered to the customer's

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home and involve a 14-day return policy. Revenue from the sale of such vehicles is recognised once the vehicle has been delivered to the customer. Revenue is recognised up to the amount to which the Group expects to be entitled. The number of returns in the distance sales of vehicles is low.

In the sale of new heavy vehicles, the revenue recognition dates and invoicing dates may differ in some cases. The Group recognises a contract asset when revenue is recognised before it is invoiced, and a contract liability when revenue is recognised after it is invoiced. Assets and liabilities based on customer contracts related to the sale of heavy vehicles are mainly short-term.

SALES OF SPARE PARTS

The Group sells spare parts for passenger cars, commercial vehicles and heavy vehicles as such and as part of vehicle maintenance. Revenue from the sale of spare parts is recognised at one point in time when the Group satisfies its performance obligations, and control over the spare parts is transferred to the customer. Control over spare parts is transferred when they are handed over to the customer at Wetteri's location either as such or as part of the maintenance performed on the customer's vehicle. Spare parts are charged to the customer either in cash or in a sales invoice at Wetteri's location.

SALES OF MAINTENANCE AND REPAIR SERVICES

The work included in maintenance and repair services for passenger cars, commercial vehicles and heavy vehicles is typically carried out over several days, and the transaction price of the services is formed based both on the work performed and time spent and the price of the spare parts used for the service. The spare parts used are part of the

service agreement with the customer. Revenue from the sale of maintenance and repair services is recognised at one point in time, when the vehicle is handed back to the customer after maintenance or repair operations have been carried out, and the customer accepts the service they have received. At this point in time, the Group fulfils its performance obligations. Maintenance and repair services are charged to the customer either in cash or in a sales invoice at the Group's location when the service is handed over.

When the service performed is covered by a warranty granted to the vehicle by the importer of the vehicle, the service performed is invoiced to the importer. When the service performed is covered by the customer's vehicle maintenance agreement with a third party, or by the customer's new car purchase financing agreement with a financing company which covers maintenance and repair, the service performed is charged to the third party or the financing company. In such a case, sales revenue is recognised in line with the same principles that apply to any other sale of maintenance and repair services. Revenue is recognised when the vehicle is handed back to the customer after the service has been performed.

BROKERAGE OF FINANCIAL AND INSURANCE PRODUCTS RELATED TO THE SALE OF VEHICLES

Wetteri brokers financial and insurance products provided by third parties to its customers. In the sale of financial and insurance products, the Group serves as an agent from the customer's perspective. The Group recognises commissions received from financial and insurance companies for the sale of financial and insurance products at one point in time, when it has satisfied its performance obligations for the

brokerage of financial and insurance products. The Group's credit establishment and insurance commissions received from financial and insurance companies are recognised when the customer has signed a financial or insurance agreement, and the Group is entitled to a commission. Financing companies also pay credit processing fees and variable interest fees to the Group during the term of the financing agreement established for the customer, which the Group recognises when it is entitled to receive a fee from the financing company.

SERVICE STATION SALES

The Group has a service station in Kuusamo, where it sells fuel, food products and other products to its customers. Revenue from products sold at the service station is recognised at one point in time when the products are handed over to the customer at the checkout point, and their control is transferred to the customer. The products are charged to the customer as cash or credit card sales.

RENTING OF VEHICLES

The Group rents courtesy cars, commercial trucks and used passenger cars to its customers under short-term operating leases. Revenue from the rental of vehicles is recognised in equal instalments over the rental period.

VEHICLE SALE AND LEASEBACK TRANSACTIONS

The Group sells demonstration cars and courtesy cars to financing companies, which it then leases back. The financing company does not gain control of the vehicles because, under the agreement between the financing company and the Group, the Group is entitled to buy the vehicles back at a price lower than the original selling price no later than the end of the lease period, and because the

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financing company is at the same time limited in its ability to direct the use of and obtain the remaining benefits of the vehicles in all material respects. In addition, the vehicles remain in the Group's physical possession for the duration of the arrangement. The transfer of vehicles to financing companies therefore does not meet the requirements of IFRS 15 Revenue from Contracts with Customers, according to which the transfer should be treated as a sale of the vehicle. Instead, the arrangement is a sale and leaseback transaction, which is accounted for as a financing arrangement, in which the Group continues to recognise the cost of the vehicle in its inventories and recognises the consideration it received from the financing company for the transfer of the vehicle on its balance sheet as a short-term financial liability. The financial liability is derecognised on the balance sheet against lease payments to the financing company during the lease period and as financial expense in the income statement. The lower of the cost and net realisable value of the vehicles is presented in the Group's inventories and a change in the book value of the vehicles is recognised in the Group's income statement during the lease period to reach the residual value of the vehicle, which the Group is committed to paying to the financing company when buying back the vehicle. The vehicles are presented in inventories because if a buyer is found for the vehicles before the end of the Group's lease period, the Group may choose to buy the vehicles back from the financing company before the lease period ends and sell them forward to the interested buyer.

A sale and leaseback transaction is accounted for as follows:

- The consideration received for the transfer from the financing company and the car tax invoiced to the financing company are recognised as short-term financial liabilities, which are measured at amortised cost after the

initial recognition of the liability using the effective interest method.

- The initial cost of the vehicle and the car tax invoiced to the financing company are carried in inventories because the vehicle is still for sale by the Group during the sale and leaseback arrangement.
- During the lease period, lease payments for the vehicle are deducted from the financial liability, and the interest charged by the financing company in connection with the lease payments is recognised as a financial expense in the consolidated income statement.
- The difference between the initial cost of the vehicle and the residual value determined for the vehicle is recognised as impairment in inventories in the Group's income statement systematically over the lease period.
- At the end of the lease period, the remaining financial liability on the Group's balance sheet and the cost less impairment on the vehicle correspond to the residual value determined for the vehicle. The Group will pay the residual value to the financing company when it exercises the purchase option and repurchases the vehicle.
- The cost of the vehicle, less impairment, remains in the Group's inventories when the Group has exercised its purchase option.

More detailed information about vehicles subject to sale and leaseback arrangements is provided in **Note 19 ("Inventories")**.

VEHICLE REPURCHASE AGREEMENTS

The Group's property, plant and equipment include new vehicles sold by the Group, in connection with which the Group has entered into a repurchase agreement binding on the Group with a financing company. The possessors of the cars are mainly car rental companies. From the possessor's

perspective, the arrangement is a financing agreement with a financing company for the purchase of a new vehicle, under which the possessor of the vehicle pays a fixed monthly instalment for the car to the financing company. The Group has undertaken, under the repurchase agreement with the financing company for the vehicle, to pay the final, larger instalment of the financing agreement and to buy the vehicle back from the financing company at the request of the possessor of the vehicle. The financing company therefore has a put option concerning the vehicle. From the Group's perspective, the final instalment of the financing agreement represents the repurchase price of the vehicle. The repurchase price is always lower than the original selling price of the vehicle.

The Group has estimated that the other party to the repurchase agreement will always have a significant financial incentive to exercise the put option, as the arrangement will allow the acquisition of a new vehicle without the possessor of the vehicle having to bear the risk of a decrease in value as a result of the use of the car. In addition, the arrangement will allow the easy replacement of the car with the next new car at the end of the agreement. The Group therefore deems that there is a high probability that the financing company will exercise its put option and sell the vehicle back to the Group. This means that the financing company actually pays the Group, in connection with the transfer of the car, consideration for the right to use the vehicle for a certain period, instead of the Group transferring control of the vehicle to the financing company so that the arrangement would involve the sale of a vehicle under IFRS 15 Revenue from Contracts with Customers. From the Group's perspective, this is actually an operating lease in accordance with IFRS 16 Leases, in which the Group is the lessor.

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The Group recognises the consideration received for the transfer of such vehicles as a repurchase liability on its balance sheet at the date of the repurchase agreement, and presents it as short-term and long-term liabilities. The share of the difference between the consideration received from the transfer and the agreed repurchase price of the vehicle of the repurchase liability is recognised in revenue in equal instalments over the agreement period. The cost of vehicles is transferred from the Group's inventories to property, plant and equipment, and depreciated in the Group's income statement over the agreement period on a straight-line basis to reach the repurchase price of the vehicle. Once the Group buys the vehicles back from the financing company, the cost less accumulated depreciation of the vehicles is transferred back to inventory because the vehicles will be sold forward after the Group has bought them back.

Repurchase agreements are accounted for as follows:

- The consideration received from the financing company for the transfer of the vehicle and the car tax invoiced to the financing company are recognised as short-term and long-term repurchase liabilities.
- The initial cost of the vehicle and the car tax invoiced to the financing company are recognised in the Group's property, plant and equipment.
- The difference between the consideration received and the repurchase price is recognised as revenue and as deduction from the repurchase liability evenly over the agreement period.
- The difference between the initial cost of the vehicle and the repurchase price is recognised as depreciation on the property, plant and equipment item recognised for the vehicle in the consolidated income statement evenly over the agreement period.

- At the end of the agreement, the remaining repurchase liability in the consolidated balance sheet and the cost of the vehicle in property, plant and equipment, less accumulated depreciation, correspond to the repurchase price of the vehicle, which the Group will pay to the financing company when the financing company exercises its put option.
- The cost of the vehicle, less accumulated depreciation, is transferred from property, plant and equipment back to inventory because the Group will put the car back on sale.

More information about the vehicles for which the Group has entered into a repurchase agreement is provided in **Note 15 ("Property, plant and equipment")** and **Note 16 ("Leases")**.

VEHICLE CONSIGNMENT STOCK ARRANGEMENTS

The Group has entered into an agreement with financing companies on a consignment stock arrangement under which the Group may offer vehicles for purchase for the financing companies' consignment stock within a separately determined amount (limit). Vehicles purchased by financing companies from the Group for their consignment stock reduce the limit available to the Group by an amount equal to the selling price of the cars. The Group may increase it by either redeeming the cars it has sold to the consignment stock or selling the cars forward to its customers. The redemption price that the Group pays for the vehicles corresponds to the price at which the Group originally sold the cars to the consignment stock.

Financing companies do not gain control of the cars subject to the consignment stock arrangement because the Group is entitled to redeem them at a price that corresponds to their original selling price. At the same time, the financing

company is limited in its ability to direct the use of and obtain the remaining benefits of the cars in all material respects. The transfer of vehicles to the consignment stock does not therefore meet the requirements of IFRS 15 Revenue from Contracts with Customers that the transfer of a vehicle must meet for the transfer to be treated as a sale of the vehicle. Instead, the arrangement is a financing arrangement in which the Group shall recognise the selling price of the vehicle in its inventories and recognise the consideration received from the financing company for the transfer of the vehicle on its balance sheet as a short-term financial liability equal to the selling price recognised in inventories.

Consignment stock arrangements are accounted for as follows:

- The vehicle is recognised in inventories at the selling price at which it has been transferred to the consignment stock.
- The price received for the transfer of the car from the financing company is recognised as a short-term financial liability, which is measured at amortised cost after the initial recognition of the liability using the effective interest method.
- The fee charged by the financing company for the use of the limit is recognised as a financial expense in the consolidated income statement.
- When the Group redeems the vehicle from the consignment stock, the redemption price corresponding to the original selling price of the vehicle remains in the Group's inventories, and the financial liability is derecognised on the Group's balance sheet.

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More detailed information about vehicles subject to consignment stock arrangements is provided in [Note 19 \("Inventories"\)](#).

SALES OF TRAINING SERVICES

Revenue from the sale of training services is recognised over time as the service is performed in accordance with the output-based method. A customer contract for training services may include one or more training events. Training events may also include digital learning environment services and digital content. When a customer contract contains digital products that serve as support material for the actual training event, the customer contract is recognised over time as the service is performed. If the training is carried out exclusively as digital content and in a digital training environment, revenue recognition will take place over time, depending on the period of validity of the right to use the digital environment. Training services are charged to customers in a sales invoice.

The revenue recognition and invoicing dates for training services sales may differ. The Group recognises a contract asset when revenue is recognised before it is invoiced, and a contract liability when revenue is recognised after it is invoiced. Assets and liabilities based on customer contracts related to the sale of training services are short-term. As a rule, these assets and liabilities based on customer contracts consist of customer contracts containing more than one training event, the invoicing of which is based on invoicing periods.

REVENUE BY OPERATING SEGMENT

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Passenger Cars	284,456	116,088
Heavy Equipment	67,846	45,513
Maintenance Services	76,040	26,580
Items not allocated to operating segments	14,945	3,644
Total	443,287	191,825

The operating segments are described in [Note 4 \("Operating segments"\)](#).

REVENUE BY SALES CATEGORY

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Sales of passenger cars	279,749	114,125
Sales of spare parts for passenger cars	45,046	16,881
Sales of maintenance and repair services for passenger cars	31,180	12,779
Sales of heavy vehicles	39,971	24,012
Sales of spare parts for heavy vehicles	17,926	11,114
Sales of maintenance and repair services for heavy vehicles	9,784	6,261
Service station sales	4,056	2,994
Financial and insurance product brokerage	2,701	1,889
Renting of vehicles	1,984	1,124
Sales of training services	10,890	641
Other sales	0	5
Total	443,287	191,825

More information about vehicle rental income included in revenue is provided in [Note 16 \("Leases"\)](#). Rental income includes EUR 155 (93) thousand related to courtesy cars in maintenance operations, EUR 213 (232) thousand related to

commercial trucks, and EUR 200 (142) thousand related to used passenger cars. Rental income also includes a share of EUR 1,415 (657) thousand recognised in revenue from the repurchase liability related to vehicle repurchase agreements during the financial year.

REVENUE BY PERFORMANCE OBLIGATION

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
At a point in time	430,423	190,060
Over time	12,864	1,765
Total	443,287	191,825

GEOGRAPHICAL BREAKDOWN OF REVENUE

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Finland	441,528	191,685
Sweden	1,438	122
Rest of Europe	117	6
Rest of the world	205	12
Total	443,287	191,825

AMOUNTS ENTERED ON THE BALANCE SHEET FROM CUSTOMER CONTRACTS

EUR thousand	31 Dec 2023	31 Dec 2022
Assets from contracts with customers	442	354
Advances received	1,709	1,215
Liabilities from contracts with customers	410	376
Total	2,561	1,945

More information about the amounts entered on the balance sheet from customer contracts is provided in [Note 20 \("Trade and other receivables"\)](#) and [Note 26 \("Trade and other payables"\)](#).

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4. Operating segments

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

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 chief operating decision maker (CODM). The Group's chief operating decision maker 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 transport 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	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Passenger Cars	284,456	116,088
Heavy Equipment	67,846	45,513
Maintenance Services	76,040	26,580
Items not allocated to operating segments	14,945	3,644
Total	443,287	191,825

EBITDA BY OPERATING SEGMENT

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Passenger Cars	4,235	3,572
Heavy Equipment	4,809	1,667
Maintenance Services	10,534	1,625
Items not allocated to operating segments	1,430	-692
EBITDA	21,009	6,172

In the financial year the Group has partially changed the basis on which the common administrative costs of the

Passenger Cars and Maintenance Services segments, which are responsible for the Group's passenger cars related business, are allocated to these two segments. The common administrative costs of the segments include depreciation, leases, personnel costs and other administrative costs that cannot be directly allocated to either segment but are caused by enabling the segments' operations on a general level. Such costs are allocated to segments based on predefined allocation rules.

If the common costs of the Passenger Cars and Maintenance Services segments had been allocated to the segments in the comparison period 24 February to 31 December 2022 on the same basis as in the financial year 1 January to 31 December 2023, the EBITDA of the Passenger Cars segment would have been approximately EUR 2,056 thousand in the comparison period and the adjusted EBITDA approximately EUR 2,073 thousand, and the EBITDA of the Maintenance Services segment would have been approximately EUR 3,142 thousand and the adjusted EBITDA approximately EUR 4,081 thousand.

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ADJUSTED EBITDA BY OPERATING SEGMENT

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Passenger Cars	5,070	3,589
Heavy Equipment	5,441	2,836
Maintenance Services	12,654	2,564
Items not allocated to operating segments	1,753	798
Adjusted EBITDA	24,918	9,788
Negative goodwill arising from a business acquisition	254	0
Transaction and integration costs related to business acquisitions	-1,594	0
Expenses related to the planning of share issues	-77	0
Compensation for termination of employment	-240	0
Transfer tax on Wetteri Yhtiöt Oy's share transaction	0	-496
Other expenses related to the acquisition of Wetteri Yhtiöt Oy	0	-95
Expenses related to the reverse acquisition of Wetteri Plc arising from listing on the stock exchange	-1	-899
Depreciation of the fair value of inventories	-2,251	-2,125
EBITDA	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 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.

Of the items affecting comparability for the financial year, the negative goodwill of the business acquisition (EUR 254 thousand) is included in other operating income in the income statement. Of the transaction and integration costs of business acquisitions, EUR 356 thousand is included in the cost of employee benefits in the income statement and EUR 1,238 thousand in other operating expenses. The costs related to the planning of share issues (EUR 77 thousand) and the costs related to Wetteri Plc's reverse acquisition arising from listing on the stock exchange (EUR 1 thousand) are included in other operating expenses in the income statement, and the compensation for termination of employment (EUR 240 thousand) is included in the cost of employee benefits.

RECONCILIATION OF EBITDA TO OPERATING PROFIT

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
EBITDA	21,009	6,172
Depreciation, amortisation and impairment	-15,658	-8,451
Total	5,351	-2,279

OPERATING PROFIT (EBIT) BY OPERATING SEGMENT

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Passenger Cars	-2,491	-1,100
Heavy Equipment	2,596	-3
Maintenance Services	3,151	-429
Items not allocated to operating segments	2,095	-748
Total	5,351	-2,279

In the financial year the Group has partially changed the basis on which the common administrative costs of the Passenger Cars and Maintenance Services segments, which are responsible for the Group's passenger cars related

business, are allocated to these two segments. This has been explained in more detail above in the description of EBITDA by operating segment.

If the common costs of the Passenger Cars and Maintenance Services segments had been allocated to the segments in the comparison period 24 February to 31 December 2022 on the same basis as in the financial year 1 January to 31 December 2023, the operating profit of the Passenger Cars segment would have been approximately EUR -1,297 thousand in the comparison period and the adjusted operating profit approximately EUR -216 thousand, and the operating profit of the Maintenance Services segment would have been approximately EUR -231 thousand and the adjusted operating profit approximately EUR 980 thousand.

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ADJUSTED OPERATING PROFIT BY OPERATING SEGMENT

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Passenger Cars	77	-19
Heavy Equipment	3,682	1,805
Maintenance Services	5,680	783
Items not allocated to operating segments	2,591	753
Adjusted operating profit	12,030	3,322
Negative goodwill arising from a business acquisition	254	0
Transaction and integration costs related to business acquisitions	-1,594	0
Expenses related to the planning of share issues	-77	0
Compensation for termination of employment	-240	0
Transfer tax on Wetteri Yhtiöt Oy's share transaction	0	-496
Other expenses related to the acquisition of Wetteri Yhtiöt Oy	0	-95
Expenses related to the reverse acquisition of Wetteri Plc arising from listing on the stock exchange	-1	-899
Depreciation of the fair value of inventories	-2,251	-2,125
Amortisation of the fair value of the brand value	-1,214	-777
Amortisation of the fair value of representation agreements	-981	-613
Amortisation of the fair value of customer relationships	-120	-7
Amortisation of the fair value of the order backlog	-455	-588
Operating profit (EBIT)	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.

5. Other operating income

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Other operating income includes income from the Group's business operations that is not income from the sale of products and services that are part of the Group's normal course of business. Other operating income therefore does not include recurring income that is part of the Group's usual operations.

Other operating income is recognised at the fair value of the consideration received, adjusted for indirect taxes, discounts and exchange rate differences in foreign currency sales in the same manner as the Group's revenue. The Group recognises other operating income when the amount of the income can be reliably determined, and when it is likely that the future economic benefits associated with the item will accrue to the Group.

OTHER OPERATING INCOME

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Negative goodwill arising from a business acquisition	254	0
Rental income	388	244
Other income	118	100
Total	761	344

The Group's other operating income mainly consists of the negative goodwill EUR 254 (0) thousand arising from the acquisition of the AutoPalin business of Palin Oy (**Note 2 "Business combinations"**) and rental income EUR 388 (244) thousand from the Group's subleased facilities.

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6. Materials and services

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Materials and services consist of the variable costs related to the Group's normal course of operations. Purchases of materials and services are classified more precisely into purchases during the financial year, changes in inventories and purchases of external services. The Group recognises a purchase of a good or service when the cost can be reliably measured and when it is likely that the future economic benefits associated with the item will flow to the Group.

Material purchases related to the goods and services sold by the Group in its normal course of operations are presented in purchases during the financial year. These include the following: purchases of new and used passenger cars, commercial vehicles and heavy vehicles; purchases of spare parts and tyres; the cost of reconditioning used vehicles for sale; repair costs associated with the repair liability of used vehicles; and purchases of fuel and daily consumer goods related to service station operations. Discounts issued by car brand importers based on the purchase volumes of vehicles and spare parts are presented as purchase rebates.

Changes in the Group's inventories of vehicles and spare parts and repair shop work in progress are presented as change in inventories.

Purchases of external services include labour-intensive purchases related to goods and services sold by the Group in its normal course of operations, such as the costs of subcontracting and leased labour. The Group also presents the painting, inspection and special maintenance work related to crash-damaged vehicles that is acquired by

the Group's repair shops as external work in purchases of external services.

MATERIALS AND SERVICES

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Purchases during the financial year	371,310	165,578
Change in inventories	-28,303	-13,441
External services	5,043	762
Total	348,050	152,899

7. The cost of employee benefits

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Short-term employee benefits are recognised as an expense for the financial year on an accrual basis as the related work is performed for the Group. Short-term employee benefits are fully due within one year of the end of the financial year during which the employee completed the work. Short-term employee benefits include salaries, holiday and sick pay, commissions, bonuses, social security contributions and occupational health contributions paid by the Group, as well as non-cash fringe benefits.

Any termination-related benefits payable at the time of termination are recognised as an expense at the earlier of the following dates: when the Group can no longer withdraw from its offer for such benefits, or when the Group recognises an expense for a reorganisation involving the provision of termination-related benefits.

Contribution-based post-employment benefits are recognised as an expense for the financial year on an accrual basis. In defined contribution pension plans, payments are made to an insurance company or another similar entity, after which the Group no longer has any other payment obligations. All the Group's pension plans are classified as defined contribution plans. Pension cover in accordance with Finnish earnings-related pension legislation has been arranged with insurance companies, and the amount of the pension benefit is based on the duration of employment and the level of earnings. The retirement age under earnings-related pension legislation is 63–68 years.

The Group does not have defined benefit post-employment arrangements or other long-term employee benefits.

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EMPLOYEE BENEFITS

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Salaries and fees	42,125	18,444
Pension expenses – defined contribution plans	7,094	3,225
Other personnel expenses	1,544	640
Total	50,763	22,309

The Group's personnel remuneration is based on a fixed and variable salary. In addition, some employees are entitled to the car benefit, the telephone benefit and internet access at home.

Information about the remuneration of the management is presented in **Note 29 ("Related party transactions")**.

AVERAGE NUMBER OF PERSONNEL

	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Average number of personnel during the period	926	622

The Group had an average of 926 (622) employees during the financial year. 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. The comparison information has also been adjusted to correspond to this calculation method.

8. Depreciation, amortisation and impairment

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Depreciation (amortisation) refers to the systematic amortisation of the cost less the residual value of an asset over the useful life of the asset. Depreciation (amortisation) is recognised in the income statement in equal charges over the useful life of property, plant and equipment and intangible assets. The right-of-use assets of leases included in property, plant and equipment are depreciated over their useful life, or over the lease term if shorter. Depreciation is not recognised on land and works of art included in property, plant and equipment.

Impairment refers to the amount by which the book value of an asset exceeds its recoverable amount. When the estimated recoverable amount of an asset is less than its book value, the book value is reduced to reflect the recoverable amount. The impairment loss resulting from the reduction is recognised through profit or loss. The Group did not recognise impairment losses on intangible assets or property, plant and equipment during the financial year.

DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Intangible assets		
Brand	1,214	777
Representation agreements	981	613
Customer relationships	120	7
Order backlog	455	588
Development costs	126	10
Other intangible assets	55	52
Total	2,951	2,047
Property, plant and equipment		
Right-of-use assets	8,594	4,167
Buildings and structures	1,726	1,127
Machinery and equipment	1,098	499
Vehicles	1,289	611
Total	12,707	6,404

DEPRECIATION (AMORTISATION) PERIODS

Intangible assets	
Brand	5 years
Representation agreements	5 years
Customer relationships	2 years
Order backlog	1 year
Development costs	3–5 years
Other intangible assets	3–5 years
Property, plant and equipment	
Right-of-use assets	2–25 years
Buildings and structures	2–15 years
Machinery and equipment	3–10 years
Vehicles	2–6 years

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9. Other operating expenses

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Other operating expenses include all expenses included in the Group's normal course of business operations that are not variable costs arising from the purchase of materials and services or costs arising from employee benefits. The Group recognises other operating expenses when the cost can be reliably measured, and when it is likely that the future economic benefits associated with the item will accrue to the Group or result in a loss for the Group. Other operating expenses include expenses related to facilities, IT, equipment, vehicles, travel and marketing, as well as voluntary personnel expenses and other expenses.

OTHER OPERATING EXPENSES

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Facility costs	5,637	2,365
IT expenses	4,104	1,489
Equipment costs	1,739	945
Vehicle costs	2,265	425
Travel expenses	671	368
Marketing costs	4,213	2,282
Voluntary personnel expenses	2,292	896
Share issue and listing costs	78	899
Other administrative costs	3,225	1,117
Total	24,225	10,788

The Group's facility costs EUR 5,637 (2,365) thousand mainly consist of heating, electricity and cleaning costs. Facility costs also include the costs of leases that are short-term and to which the Group does not therefore apply the requirements of IFRS 16 Leases. Such leases include office leases.

The Group's IT expenses EUR 4,104 (1,489) thousand mainly include costs related to IT software and equipment, such as application fees. Of the IT expenses for the financial year, EUR 460 (0) thousand is related to integration of the business operations acquired during the financial year (**Note 2 "Business combinations"**) into the Group's IT environment.

Equipment costs EUR 1,739 (945) thousand mainly include costs related to the purchase of tools and technical service repair liability. Vehicle costs EUR 2,265 (425) thousand consist of costs related to the Group's own cars and customers' courtesy cars, among other costs. The costs also include vehicle inspection and registration fees, as well as motor insurance fees. Travel expenses EUR 671 (368) thousand include daily allowances and mileage allowances.

Marketing costs EUR 4,213 (2,282) thousand include costs related to marketing and advertising. Voluntary personnel expenses EUR 2,292 (896) thousand include occupational healthcare fees, personnel training expenses and employee workwear purchases.

Share issue and listing costs EUR 78 (899) thousand include share issue costs other than those directly related to the issue of new shares. They mainly consist of legal and financial advisors' fees. Transaction costs related to the issue of new shares EUR 378 (381) thousand, less the tax effect EUR 76 (76) thousand, have been recognised in the invested unrestricted equity fund in equity as a reduction in the subscription price of the new shares issued through the share issue, as they are additional costs directly attributable to the equity transaction and would otherwise have been avoided.

Other administrative costs EUR 3,225 (1,117) thousand include, for example, the following: fees charged by legal and financial advisors; auditing fees; expenses related to financial management services; insurance premiums and office expenses; and rental expenses related to leases of low-value water and coffee machines, postage machines, office printers and IT equipment used by the Group, to which the Group does not apply the requirements of IFRS 16 Leases.

AUDITOR'S FEES

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Auditing services	166	145
Other services	21	226
Tax advisory	0	10
Total	187	381

Wetteri Plc's Annual General Meeting elects the Group's auditor annually. The Annual General Meeting on 8 May 2023 elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the Group's auditor.

The auditor's fees include the fees paid to the auditor of the companies belonging to the Group. PricewaterhouseCoopers Oy's non-audit services to the Group companies totalled EUR 21 (237) thousand in the financial year.

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10. Financial income and expenses

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Financial income and expenses are recognised on an accrual basis in the financial year during which the income and expenses are incurred. The Group's financial income includes interest income and other financial income such as exchange rate gains. Financial expenses include interest expenses on the Group's loans, credit facilities, lease liabilities and other financial liabilities, as well as other financial expenses such as exchange rate losses, bank guarantee fees and bank service fees. Financial income or expenses also include changes in the fair value of the Group's derivative instruments measured at fair value through profit or loss that are not subject to hedge accounting.

The Group recognises transaction costs and interest related to financial liabilities measured at amortised cost, such as loans, through profit or loss using the effective interest method. The effective interest rate is the rate at which future cash flows estimated to be settled during the expected life of the financial liability are discounted to the amortised cost of the financial liability. The effective interest rate includes all cash flows between the parties to the contract.

FINANCIAL INCOME AND EXPENSES

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Financial income		
Change in the fair value of derivative instruments	0	121
Interest income and other financial income	79	73
Total	79	195
Financial expenses		
Change in the fair value of derivative instruments	-199	0
Profit impact of the change in the terms of equity loans	-360	0
Interest expenses on loans	-2,271	-728
Interest expenses on lease liabilities	-1,759	-780
Interest expenses on the use of consignment stock facilities	-2,507	0
Interest expenses on the use of sale and leaseback facilities	-575	-276
Credit facility commissions	-729	-280
Other interest in financial expenses	-854	-218
Total	-9,254	-2,282
Total financial income and expenses	-9,175	-2,087

The change in the fair value of derivative instruments EUR -199 (121) thousand included in financial expenses

has been recognised in accordance with the lower market value of the Group's interest rate swaps compared with the comparison period. More information about interest rate swaps is provided in [Note 24 \("Financial liabilities"\)](#) and [Note 25 \("Financial risk and capital management"\)](#).

Financial expenses include a profit (loss) impact of EUR -360 (0) thousand from the derecognition of capital loans received from related parties of the Group. There has been a significant change in the terms and conditions of the capital loans during the financial year, which has been accounted for as extinguishment of the original capital loans and recognition of a new capital loan. The difference between the book value of the original capital loans and the fair value of the new capital loan is recognised as a financial expense through profit or loss. More information about this is provided in [Note 24 \("Financial liabilities"\)](#).

Detailed information about the Group's financial assets and liabilities is provided in [Note 21 \("Financial assets"\)](#), [Note 24 \("Financial liabilities"\)](#) and [Note 25 \("Financial risk and capital management"\)](#). In addition, information about lease liabilities is provided in [Note 16 \("Leases"\)](#).

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11. Income taxes

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

The income tax for the period is the tax payable on taxable income for the period based on the income tax rate of each country, adjusted for changes in deferred tax assets and liabilities resulting from temporary differences and unused tax losses.

Taxes and deferred taxes based on the taxable income for the period are recognised through profit or loss in the financial year to which they relate, unless they are related to business combinations, items of other comprehensive income or items recognised directly in equity. Taxes and deferred taxes based on the taxable income for the period that are related to items recognised in items of other comprehensive income or directly in equity in the financial year or a previous financial year are recognised in items of other comprehensive income or equity accordingly.

Taxes based on the taxable income for the period

Taxes based on the taxable income for the financial year are calculated from taxable income in accordance with the tax laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Group's parent company and its subsidiaries and associates operate and accumulate their taxable income. Taxes are based on the best estimate of the amount expected to be paid based on taxable income for the financial year. The tax is adjusted for any taxes based on taxable income for previous financial years.

Tax assets and liabilities based on taxable income for the period are deducted from each other when the parent company or its subsidiaries have a legally enforceable right

to set off the tax assets and liabilities against each other, and when the settlement is to be carried out on a net basis, or the assets and liabilities are to be realised simultaneously.

Deferred taxes

Deferred taxes are recognised for temporary differences between the tax base and book value of assets and liabilities. Deferred taxes are determined based on the rates and laws that have been enacted or substantively enacted by the end of the financial year, and that are expected to apply when the deferred tax asset is realised, or the deferred tax liability is settled.

A deferred tax asset is recognised only to the extent that it is likely that taxable income will arise in the future against which a temporary difference or unused tax loss can be used. The Group reviews the book value of the deferred tax asset at the end of each reporting period. The book value of a deferred tax asset is reduced to the extent that it is no longer likely that sufficient taxable income will be available to make full or partial use of the deferred tax asset. Such a previous reduction will be reversed to the extent that it becomes likely that sufficient taxable income will be available.

Deferred tax is not recognised in the initial recognition of an asset or liability when the transaction is not a business combination and the transaction, at its time of execution, affects neither accounting profit nor taxable profit or tax loss. In addition, deferred tax is not recognised on temporary differences between the book value and the tax base of investments in foreign subsidiaries and associates if the parent company can determine the date of dissolution of the temporary differences, and the temporary difference is

unlikely to dissolve in the foreseeable future. In addition, no deferred tax liability is recognised for the initial recognition of non-tax-deductible goodwill.

Deferred tax assets and liabilities are deducted from each other when the parent company or its subsidiaries have a legally enforceable right to set off the tax assets and liabilities based on the taxable income for the period against each other, and when the deferred tax assets and liabilities are related to income taxes levied by the same taxation authority.

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INCOME TAXES RECOGNISED IN THE INCOME STATEMENT

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Taxes based on the taxable income for the financial year	-103	-358
Adjustment to taxes based on taxable income for previous financial years	15	0
Deferred taxes	-138	891
Total	-226	534

INCOME TAXES RECOGNISED IN EQUITY

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Taxes based on the taxable income for the financial year		
Tax effect of the transaction costs related to the new shares issued in the share issue 22 Dec 2023	76	0
Tax effect of the transaction costs related to the new shares issued in the share exchange 9 Dec 2022	0	76
Total	76	76

INCOME TAXES RECOGNISED IN OTHER COMPREHENSIVE INCOME

No taxes or deferred taxes based on the taxable income for the financial year have been recognised in the Group's items of other comprehensive income for the financial year.

RECONCILIATION BETWEEN INCOME TAXES AND TAXES CALCULATED AT THE GROUP'S DOMESTIC TAX RATE OF 20%

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Profit before tax	-3,824	-4,367
Taxes calculated at 20% domestic tax rate	765	873
Impact of foreign subsidiaries' tax rates	3	0
Impact of tax-exempt income	1	1
Impact of non-deductible expenses	-252	-225
Share of result of associates and joint ventures, net of taxes	0	0
Impact of costs arising from the issue of new shares	76	76
Use of previous years' tax losses	30	39
Reduction in book value of deferred tax assets recognised for previous years' tax losses	-686	0
Tax losses for the financial year for which no deferred tax asset has been recognised	-177	-231
Adjustment of taxes for previous financial years	15	0
Income taxes	-226	534

CHANGES IN DEFERRED TAX ASSETS AND LIABILITIES

EUR thousand	1 Jan 2023	Business acquisition 7 Mar 2023	Business acquisition 31 May 2023	Amount recognised through profit or loss	31 Dec 2023
Deferred tax assets					
Lease liabilities	7,548	42	788	1,105	9,484
Tax losses	1,088	0	0	-691	396
Property, plant and equipment	133	0	0	-36	96
Sale and leaseback facilities	60	0	0	3	63
Repurchase liabilities	5	63	4	-33	39
Loans	43	0	0	-12	31
Derivative instruments	0	0	0	30	30
Provisions	18	0	0	9	27
Other temporary differences	13	0	0	4	17
Total	8,907	105	793	379	10,184
Netting of deferred taxes	-7,477				-9,264
Deferred tax assets	1,430				920
Deferred tax liabilities					
Property, plant and equipment	7,476	42	788	958	9,264
Intangible assets	1,899	97	25	-345	1,676
Inventories	213	261	42	-97	419
Derivative instruments	24	0	0	-10	15
Other temporary differences	2	0	0	11	13
Total	9,614	401	856	517	11,387
Netting of deferred taxes	-7,476				-9,264
Deferred tax liabilities	2,188				2,123

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EUR thousand	24 Feb 2022	Acquisition of Wetteri Yhtiöt Oy 11 May 2022	Reverse acquisition of Wetteri Plc 9 Dec 2022	Amount recognised through profit or loss	31 Dec 2022
Deferred tax assets					
Lease liabilities	0	8,098	25	-575	7,548
Tax losses	0	0	1,088	0	1,088
Property, plant and equipment	0	128	0	4	133
Sale and leaseback facilities	0	72	0	-12	60
Repurchase liabilities	0	15	0	-10	5
Loans	0	0	0	43	43
Provisions	0	20	0	-2	18
Other temporary differences	0	0	3	10	13
Total	0	8,333	1,115	-540	8,907
Netting of deferred taxes	0				-7,477
Deferred tax assets	0				1,430
Deferred tax liabilities					
Property, plant and equipment	0	8,098	25	-647	7,476
Intangible assets	0	2,256	40	-397	1,899
Inventories	0	638	0	-425	213
Derivative instruments	0	0	0	24	24
Other temporary differences	0	0	0	2	2
Total	0	10,992	65	-1,443	9,614
Netting of deferred taxes	0				-7,476
Deferred tax liabilities	0				2,138

The Group's most significant temporary differences between the tax base and book values arise from the recognition of the Group's lease liabilities and corresponding right-of-use assets included in property, plant and equipment, the fair value measurement of identified intangible assets and inventories acquired in business combinations, as well as from unused tax losses.

TAX LOSSES

EUR thousand	Unused tax losses 31 Dec 2023	Recognised deferred tax assets 31 Dec 2023	Non-recognised deferred tax assets 31 Dec 2023
Expires within 1–5 years	5,260	144	908
Expires within 6–10 years	4,555	253	658
Will not expire	4,105	0	846
Total	13,919	396	2,412

EUR thousand	Unused tax losses 31 Dec 2022	Recognised deferred tax assets 31 Dec 2022	Non-recognised deferred tax assets 31 Dec 2022
Expires within 1–5 years	5,789	294	864
Expires within 6–10 years	5,241	631	418
Will not expire	3,616	163	582
Total	14,645	1,088	1,863

On the balance sheet date, the Group's tax losses totalled EUR 13,919 (14,645) thousand, of which EUR 13,048 (12,240) thousand are losses confirmed in taxation, and the remaining EUR 871 (2,405) thousand are estimated losses to be confirmed for the financial year that ended 31 December 2023 (31 December 2022). Of the losses, EUR 5,548 (5,865) thousand are losses of the parent company, EUR 4,105 (3,616)

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thousand are losses of Informer Utbildning Svenska AB, EUR 2,893 (3,641) thousand are losses of Management Institute of Finland MIF Oy, EUR 1,156 (1,156) thousand are losses of Themis Holding Oy, and EUR 215 (366) thousand are losses of Tieturi Oy. The tax losses of Informator Utbildning Svenska AB do not expire.

Of the tax losses of EUR 1,982 (5,438) thousand, a deferred tax asset of EUR 396 (1,088) thousand has been recognised based on the projected taxable profit accumulated by the Group companies in the future. The forecasts for the future performance of the Group companies are based on the management's conservative estimates, in which the management has taken into account the actual development of the companies, the growth prospects of the industry and the general economic conditions. The book value of the deferred tax asset recognised for tax losses has been reduced by EUR 686 thousand during the financial year because the management has considered that it is no longer likely that sufficient taxable income will be generated in the future to use the deferred tax assets in question. The reduction is related to the tax losses of the parent company, Informator Utbildning Svenska AB, Management Institute of Finland MIF Oy and Tieturi Oy.

The deferred tax assets recognised on the Group's balance sheet account for around 14% (37%) of the Group's total tax losses. Most of the losses for which the deferred tax asset is recognised expire in 6–10 years.

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS MADE BY THE MANAGEMENT BASED ON DISCRETION

Recognition of deferred tax assets for tax losses

The measurement and recognition of a deferred tax asset for unused tax losses requires the management's judgement, as the deferred tax asset may only be recognised to the extent that it is likely that taxable income will be generated in the future against which the unused tax loss can be used. Tax losses can be used against taxable income generated in the coming years only in the Group company in which they are incurred. In addition, the use of tax losses has been limited in Finland so that they expire in ten years. Tax losses incurred in Sweden do not expire.

At the end of each reporting period, the management assesses whether the conditions for recognising deferred tax assets are met for unused tax losses, and the management uses judgement to assess the likelihood that Group companies will generate sufficient taxable income against which unused tax losses can be used. When making the assessment, the management takes all possible evidence of the amount of taxable income into account that will be generated for the Group companies in the future, such as future profit forecasts and structural and financial arrangements that have been implemented or are being planned. Based on the assessment, the book value of a deferred tax asset is reduced to the extent that it is no longer likely that sufficient taxable income will be generated to make use of the deferred tax asset. Such a previous reduction of a deferred tax asset will be reversed to the extent that it becomes likely that sufficient taxable income will be generated.

12. Earnings per share

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Basic earnings per share is calculated by dividing the profit for the financial year attributable to the parent company's shareholders by the weighted average number of shares outstanding during the financial year. As an equity loan is accounted for in the same manner as a preferred share, the profit for the year used in the calculation is adjusted for the accrued interest on the equity loan, less its tax effect.

When calculating diluted earnings per share, the weighted average number of shares takes account of the dilution effect resulting from the conversion of all dilutive potential ordinary shares into shares. Potential ordinary shares are treated as dilutive only if their conversion into ordinary shares would reduce earnings per share or increase the loss per share. When calculating diluted earnings per share, no conversion of potential ordinary shares or other type of issue is assumed that would increase earnings per share.

If the number of outstanding ordinary shares or potential ordinary shares changes during the period or after its end without a corresponding change in resources, for example as a result of a bonus element in a share issue or a bonus issue, the weighted average number of shares used to calculate the basic and diluted earnings per share for all periods presented shall be adjusted retroactively.

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EARNINGS PER SHARE

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Basic and diluted earnings per share		
Profit for the financial year attributable to shareholders of the parent company	-4,049	-3,834
Interest accrued on the equity loan, net of tax effect	-184	-248
Profit attributable to shareholders of the parent company used in the calculation of earnings per share	-4,233	-4,082
Weighted average number of ordinary shares used in the calculation of earnings per share	140,707,543	89,565,270
Basic and diluted earnings per share (EUR)	-0.03	-0.05

The Group's basic and diluted earnings per share correspond to one another. The Group has convertible bonds, and the dilutive effect resulting from their conversion into shares would be taken into account in the calculation of diluted earnings per share if the Group's result for the financial year was not loss-making. Because the result is loss-making, the conversion of the convertible bonds and therefore the savings resulting from the non-accumulation of interest on the loans would increase earnings per share, which is why the impact of the conversion of the convertible bonds into shares has not been taken into account in the calculation of diluted earnings per share.

The calculation of the basic and diluted earnings per share for the financial year and comparison period has been adjusted retroactively to take into account the effects of the bonus element of directed share issues (subscription price reductions) carried out during the financial year and the bonus issue to personnel carried out after the financial

year, and the weighted average number of shares used in calculating the earnings per share has been adjusted to take into account the impact of new shares issued without a corresponding change in resources. The directed share issues and the bonus issue to personnel are described in [Note 23 \("Equity"\)](#). The weighted average number of shares used in calculating the earnings per share for the financial year and the comparison period, in turn, has not been adjusted retroactively due to the share exchange of Suvanto Trucks Oy and the 8,869,936 new shares issued in connection with it. If the share exchange had taken place before the end of the financial year, it would have significantly changed the number of shares outstanding at the end of the financial year. The share exchange is described in more detail in [Note 32 \("Events after the end of the financial year"\)](#).

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share in the comparison period includes the impact of the reverse acquisition of Wetteri Plc. The number of outstanding ordinary shares from the beginning of the comparison period to the acquisition date has been calculated as follows: the weighted average number of Themis Holding Oy's (the accounting acquirer) ordinary shares outstanding during the comparison period has been multiplied by the share exchange ratio specified in the share exchange agreement, and the number of outstanding ordinary shares from the date of acquisition to the end of the comparison period corresponds to the actual number of Wetteri Plc's (the accounting acquiree) shares outstanding during that period.

Basic earnings per share and diluted earnings per share for the financial year are negative as a result of the transaction and integration costs arising from business acquisitions, which are described in [Note 2 \("Business combinations"\)](#),

as well as depreciation and amortisation on the recognition of the fair value of assets on the balance sheet through purchase calculations. Transaction and integration costs recognised through profit or loss from business acquisitions are included in other operating expenses or in cost of employee benefits in the income statement, and depreciation and amortisation on the fair value of assets is included in depreciation, amortisation and impairment or in the change in inventories contained in materials and services.

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13. Goodwill and intangible assets

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Goodwill

Goodwill recognised is the amount by which the combined total of the consideration transferred in connection with the acquisition of a subsidiary and the fair value of the non-controlling interest or the relative share of the net assets of the acquiree, as well as the fair value of the previous holding in the acquiree, exceed the fair value of the identifiable net assets. Goodwill represents future economic benefits from assets acquired through business combinations that are not individually identified and separately recognised in the consolidated balance sheet. Goodwill does not generate cash flows independently of other assets or groups of assets, and often contributes to the cash flows of several cash-generating units.

Goodwill is measured at the original cost less impairment. Goodwill is not amortised but is subject to impairment testing, in which the amount recoverable from goodwill is compared with its carrying amount on an annual basis or more frequently if events or changes in circumstances indicate impairment. For the purpose of impairment testing, goodwill generated in business combinations is allocated to the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combinations. Cash-generating units or groups of units are determined at the lowest level at which goodwill is monitored for management purposes. Goodwill impairment testing is described in more detail in [Note 14 \("Impairment testing"\)](#).

Intangible assets

Intangible asset is recognised on the balance sheet at its original cost if the asset is identifiable, the Group has control of the asset, the cost of the asset can be determined reliably, and it is likely that the expected future economic benefits attributable to the asset will flow to the Group. The cost of an intangible asset acquired as a separate purchase includes the purchase price of the asset and the costs directly attributable to preparing the asset for its intended use. The cost of an intangible asset acquired in a business combination is the fair value of the asset at the time of acquisition.

An internally generated intangible asset or an intangible asset generated during the development phase of an internal project is recognised on the balance sheet at its original cost in the event that the completion of the asset is feasible, the Group intends to complete the asset, the Group can use or sell the asset, the Group can demonstrate how the asset will generate future economic benefits, the Group has sufficient resources to complete the asset, and the cost of the asset can be reliably measured. The cost of an internally generated intangible asset includes the costs directly arising from the completion of the asset to function as intended by the management. Development costs initially recognised as an expense will not be activated later as part of the cost of the intangible asset.

An internally generated intangible asset arising from research activities or the research phase of an internal project is not recognised on the balance sheet, but the costs

arising from research or the research phase of a project are recognised as an expense when they are realised.

After their initial recognition on the balance sheet, intangible assets with finite useful lives are carried at their cost less accumulated amortisation and impairment. Such intangible assets are amortised over their estimated useful lives in accordance with a straight-line amortisation plan prepared in advance for the assets. The estimated useful lives of the Group's intangible assets are as follows:

Brand	5 years
Representation agreements	5 years
Customer relationships	2 years
Order backlog	1 year
Development costs	3–5 years
Other intangible assets	3–5 years

Intangible assets with indefinite useful lives and incomplete internally generated intangible assets are not amortised. These are tested annually for impairment in the same manner as goodwill. Amortisation is recognised on internally generated intangible assets from the date the asset is ready for use. The Group does not have intangible assets with indefinite useful lives or incomplete internally generated intangible assets on its balance sheet.

The useful life of an intangible asset is reviewed at the end of each financial year and adjusted to reflect changes in the expectations of future economic benefits if necessary. At the end of each financial year it is also assessed whether there

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are indications that an intangible asset is impaired. If such indications are identified, the recoverable amount of the asset in question is estimated. If the estimated recoverable amount of an asset is smaller than its book value, the book value is reduced to reflect the recoverable amount. The impairment loss resulting from the reduction is recognised through profit or loss.

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GOODWILL AND INTANGIBLE ASSETS

EUR thousand	Goodwill	Brand	Representation agreements	Customer relationships	Order backlog	Development costs	Other intangible assets	Total intangible assets
Cost 1 Jan 2023	21,075	6,072	4,596	240	882	161	198	33,224
Business acquisition 7 Mar 2023	11,867	0	310	0	175	0	0	12,352
Business acquisition 31 May 2023	0	0	96	0	31	0	0	127
Additions	0	0	0	0	0	43	0	43
Disposals	0	0	0	0	0	0	0	0
Cost 31 Dec 2023	32,942	6,072	5,002	240	1,088	204	198	45,746
Accumulated amortisation and impairment 1 Jan 2023	0	-777	-613	-7	-588	-10	-52	-2,047
Amortisation	0	-1,214	-981	-120	-455	-126	-55	-2,951
Impairment	0	0	0	0	0	0	0	0
Accumulated amortisation 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 Jan 2023	32,942	4,080	3,408	113	45	68	92	40,748

EUR thousand	Goodwill	Brand	Representation agreements	Customer relationships	Order backlog	Development costs	Other intangible assets	Total intangible assets
Cost 24 Feb 2022	0	0	0	0	0	0	0	0
Acquisition of Wetteri Yhtiöt Oy 11 May 2022	1,146	5,802	4,596	0	882	0	165	12,590
Reverse acquisition of Wetteri Plc 9 Dec 2022	19,929	270	0	240	0	161	5	20,605
Additions	0	0	0	0	0	0	29	29
Disposals	0	0	0	0	0	0	0	0
Cost 31 Dec 2022	21,075	6,072	4,596	240	882	161	198	33,224
Accumulated amortisation and impairment 24 Feb 2022	0	0	0	0	0	0	0	0
Amortisation	0	-777	-613	-7	-588	-10	-52	-2,047
Impairment	0	0	0	0	0	0	0	0
Accumulated amortisation 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

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The Group's goodwill EUR 32,942 (21,075) thousand has been generated in business combinations implemented during the financial year and the comparison period. Goodwill is allocated to the Group's cash-generating units as described in **Note 14 ("Impairment testing")**.

The brand value EUR 4,080 (5,295) thousand, car brand representation agreements EUR 3,408 (3,983) thousand, customer relationships EUR 113 (233) thousand and order backlog of new vehicles EUR 45 (294) thousand included in intangible assets have been acquired and identified as part of the above-mentioned business combinations. These intangible assets have been separated from goodwill in the identification of assets and liabilities acquired, and have been measured at the fair value determined for the assets in connection with their initial recognition on the balance sheet.

Development costs EUR 68 (151) thousand include capitalised development costs related to the development of international online training and ERP system of the training business operations. Other intangible assets EUR 92 (147) thousand mainly include costs related to revamping of the car business website.

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS MADE BY THE MANAGEMENT BASED ON DISCRETION

Future economic benefits and useful lives of intangible assets

The assessment of the expected future economic benefits and useful life of intangible assets requires the management's judgement. The useful lives of assets are reviewed at least at the end of each financial year and adjusted to reflect changes in the expectations of future economic benefits if necessary. The assessment of the existence of events and conditions that indicate impairment of assets also requires the management's judgement.

14. Impairment testing

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

At the end of each reporting period, the Group assesses whether there are indications of impairment of an asset. If such indications exist, the Group estimates the recoverable amount of the asset. Regardless of whether there are indications of impairment, the Group estimates the recoverable amount annually for goodwill acquired in business combinations, as its useful life is indefinite. In addition to goodwill, the Group does not have any other intangible assets with indefinite useful lives or incomplete intangible assets on its balance sheet.

For the assessment of goodwill impairment, assets are allocated to cash-generating units. Cash-generating units are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of future cash flows expected to be derived from an asset or cash-generating unit. When determining the present value of cash flows, a pre-tax interest rate that reflects the market's view of the time value of money and the specific risks associated with the asset that have not been taken into account by adjusting future cash flows is used as the discount rate.

If the recoverable amount of an asset is less than its book value, the book value of the asset is reduced to reflect the recoverable amount. The impairment loss resulting from the reduction is recognised through profit or loss.

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If the impairment loss is related to a cash-generating unit, it is first allocated to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to reduce the book value of other assets belonging to the cash-generating unit pro rata on the basis of the book value of each asset. When an impairment loss is recognised, the useful life of an asset subject to depreciation (amortisation) is reassessed so that the revised book value of the asset is depreciated (amortised) in a systematic manner over the remaining useful life of the asset.

An impairment loss recognised for an asset other than goodwill is reversed in the event of a change in the estimates used to determine the recoverable amount of the asset. If this is the case, the book value of the asset is increased to reflect the recoverable amount. This increase is a reversal of the impairment loss. However, an impairment loss is not reversed by more than what the book value of the asset would be if an impairment loss had not previously been recognised for the asset. An impairment loss recognised for goodwill shall not be reversed in any circumstances.

CARRYING AMOUNT OF GOODWILL ARISING FROM BUSINESS COMBINATIONS

EUR thousand	31 Dec 2023	31 Dec 2022
Acquisition of Wetteri Yhtiöt Oy 11 May 2022	1,146	1,146
Reverse acquisition of Wetteri Plc 9 Dec 2022	19,929	19,929
Acquisition of the car trade business of E. Hartikainen Oy 7 Mar 2023	11,867	0
Total	32,942	21,075

The Group's goodwill has been generated in business combinations implemented during the financial year and the comparison period. More information about business combinations is provided in [Note 2 \("Business combinations"\)](#).

ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS

EUR thousand	31 Dec 2023	31 Dec 2022
Passenger Cars	2,986	749
Heavy Equipment	6,863	6,863
Maintenance Services	21,059	11,429
IT Group	1,283	1,283
Management Institute of Finland MIF	751	751
Total	32,942	21,075

The Group's management monitors goodwill at the level of the operating segments defined in [Note 4 \("Operating segments"\)](#), which are also cash-generating units. In addition, the goodwill generated by Wetteri Plc's reverse acquisition is also partly monitored at the level of cash-generating units that are not defined as operating segments, but that are monitored by the management as part of items not allocated to operating segments. These cash-generating units are the IT Group, a subgroup formed by the Group's subsidiaries Tieturi Oy and Informator Utbildning Svenska

AB, and Management Institute of Finland MIF Oy, a subsidiary of the Group, which engage in training business operations and were consolidated into the Group through the reverse acquisition. Goodwill is allocated to the operating segments and the Group's cash-generating units involved in training business operations in proportion to their value in use.

GOODWILL IMPAIRMENT TESTING

The recoverable amounts (value in use) of cash-generating units determined for goodwill impairment testing exceeded their carrying amount. No indications of goodwill impairment were found in the impairment testing.

The cash flow projections for the next five years used in the cash-generating units' value in use calculations for impairment testing were based on the 2024 budget approved by the management and the cash flow forecasts for 2025–2028, which were estimated using growth factors. Cash flows exceeding the next five-year period were extrapolated using a terminal growth estimate.

The management used the following key assumptions and estimates to determine the value in use of cash-generating units:

- Projected revenue for the next five years, determined using moderate estimated growth factors
- Sales margin (%) based on previously realised sales margins and adjusted for the management's expectations for the future
- Costs below the sales margin projected for the next five years, determined using cost item-specific growth factors
- The terminal growth rate used to extrapolate cash flows exceeding the next five-year period, which is consistent

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with forecasts in industry reports that concern the industry of the cash-generating units

- The discount rate, which corresponds to the pre-tax weighted average cost of capital (WACC) of the cash-generating units and reflects the market's current view of the time value of money and the specific risks associated with the assets of the cash-generating units that have not yet been taken into account by adjusting the cash-generating units' cash flow forecasts

31 Dec 2023	Sales margin, %	Terminal growth rate, %	Pre-tax discount rate, %
Passenger Cars	6.4%	2.0%	9.5%
Heavy Equipment	26.4%	2.0%	10.4%
Maintenance Services	57.9%	2.0%	10.1%
IT Group	51.6%	0.0%	10.5%
Management Institute of Finland MIF	71.3%	0.0%	10.6%

31 Dec 2022	Sales margin, %	Terminal growth rate, %	Pre-tax discount rate, %
Passenger Cars	8.0%	2.0%	9.4%
Heavy Equipment	27.5%	2.0%	10.3%
Maintenance Services	43.2%	2.0%	10.0%
IT Group	51.9%	0.0%	9.7%
Management Institute of Finland MIF	73.4%	0.0%	9.6%

The carrying amount determined for the cash-generating units for impairment testing included the book value of the assets that directly belong to the cash-generating unit or that can be allocated to it on a reasonable and consistent basis,

and that generate cash inflows that the management uses in determining the cash-generating unit's value in use.

In the financial year the Group has partially changed the basis on which the common administrative costs of the Passenger Cars and Maintenance Services segments, which are responsible for the Group's passenger cars related business, are allocated to these two segments. The common administrative costs of the segments include depreciation, leases, personnel costs and other administrative costs that cannot be directly allocated to either segment but are caused by enabling the segments' operations on a general level. Such costs are allocated to segments based on predefined allocation rules. The allocation rules have an impact on both the value in use of the segments and the portion of the book value of common assets allocated to the segments, as the carrying amount of the segments must be determined on a basis consistent with the way their recoverable amount is determined. The effects of the change on key figures measuring the result of the Passenger Cars and Maintenance Services segments are explained in more detail in [Note 4 \("Operating segments"\)](#).

SENSITIVITY ANALYSIS OF GOODWILL IMPAIRMENT TESTING

The management has conducted a sensitivity analysis of goodwill impairment testing. In the analysis, the sales margin and terminal growth rate of the cash-generating units were lowered, and the discount rate was increased for the next five years covered by the cash flow forecasts and for the terminal period. Based on the sensitivity analysis, no reasonably possible change in the estimates used can cause the recoverable amounts (value in use) of the Heavy Equipment operating segment, the Maintenance Services operating segment, IT Group or Management Institute of

Finland MIF to be equal to or less than the carrying amounts of the cash-generating units in question.

Based on the sensitivity analysis performed, the recoverable amount of the Passenger Cars operating segment exceeds its carrying amount by EUR 26,918 thousand. The operating segment's recoverable amount would be equal to or less than its carrying amount if the operating segment's sales margin decreased by at least 0.47 percentage points, the terminal growth rate decreased by at least 3.57 percentage points, or the pre-tax discount rate increased by at least 2.53 percentage points. Of these changes, according to the management's estimate, a decrease in the sales margin can be considered to be somewhat possible, but unlikely, and should therefore not be interpreted as an indication of the materialisation of a decrease in the Passenger Cars operating segment's sales margin. When considering the results of the sensitivity analyses, it should be noted that they are only hypothetical.

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS MADE BY THE MANAGEMENT BASED ON DISCRETION

Estimates used to determine the recoverable amount of cash-generating units

When assessing goodwill impairment, the Group measures the recoverable amount of cash-generating units based on their value in use. The value in use of a cash-generating unit corresponds to the present value of the future cash flows expected to be derived from the unit. The preparation of the cash flow forecasts used by the management in value in use calculations requires the management to use assumptions and estimates. As the Group's financial and operational conditions change, the future cash flows of cash-generating units may differ from the management's original forecasts.

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15. Property, plant and equipment

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Items of property, plant and equipment are recognised as assets on the balance sheet at their original cost. The cost includes direct costs arising from the acquisition of the asset.

Subsequent additional costs are included in the book value of items of property, plant and equipment if it is likely that the future economic benefits associated with them will be for the benefit of the Group, and that their cost can be reliably measured and allocated to the asset. Otherwise, costs are recognised through profit or loss when they are incurred.

After their initial recognition on the balance sheet, items of property, plant and equipment are carried at their cost less accumulated depreciation and impairment. The assets are depreciated over their estimated useful lives in accordance with a predetermined depreciation plan prepared for the assets. The estimated useful lives of the Group's property, plant and equipment items are as follows:

Right-of-use assets	2–25 years
Buildings and structures	2–15 years
Machinery and equipment	3–10 years
Vehicles	2–6 years

Land and works of art are not depreciated. Depreciation on right-of-use assets is recognised in equal depreciation charges over the useful life of the asset or the lease term if it is shorter than the useful life. More detailed information about right-of-use assets and their depreciation is provided in **Note 16 ("Leases")**.

The useful lives and residual values of items of property, plant and equipment are reviewed at the end of each financial year and adjusted to reflect changes in the expectations of future economic benefits if necessary. At the end of each financial year it is assessed whether there are indications that an asset is impaired. If such indications are identified, the recoverable amount of the asset in question is estimated. If the estimated recoverable amount of an asset is less than its book value, the book value is reduced to reflect the recoverable amount. The impairment loss resulting from the reduction is recognised through profit or loss.

Any gains or losses arising from the disposal of property, plant and equipment are also recognised through profit or loss.

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EUR thousand	Right-of-use assets	Land	Buildings and structures	Machinery and equipment	Vehicles	Works of art	Total property, plant and equipment
Cost 1 Jan 2023	41,547	23	8,271	2,312	4,552	76	56,781
Business acquisition 7 Mar 2023	212	0	0	1,561	5,349	0	7,123
Business acquisition 31 May 2023	3,941	0	0	805	655	0	5,402
Additions	13,382	0	1,287	1,056	0	0	15,726
Disposals	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
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	Buildings and structures	Machinery and equipment	Vehicles	Works of art	Total property, plant and equipment
Cost 24 Feb 2022	0	0	0	0	0	0	0
Acquisition of Wetteri Yhtiöt Oy 11 May 2022	40,492	23	7,449	1,868	4,940	63	54,835
Reverse acquisition of Wetteri Plc 9 Dec 2022	124	0	0	34	0	12	170
Additions	932	0	822	410	0	0	2,164
Disposals	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
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

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The Group's property, plant and equipment mainly consists of the following: right-of-use assets of leases EUR 46,320 (37,379) thousand, buildings and structures EUR 6,705 (7,144) thousand, vehicles EUR 7,014 (3,941) thousand, and machinery and equipment EUR 4,157 (1,813) thousand.

Right-of-use assets

The amount of right-of-use assets increased in the financial year mainly because of the right-of-use assets for the leases of new locations in Joensuu, Kuopio, Kajaani, Iisalmi, Pori and Rauma transferred to the Group through business acquisitions described in [Note 2 \("Business Combinations"\)](#) were recognised on the balance sheet. The right-of-use assets recognised for leases 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 transferred to the Group in the business acquisitions, and by EUR 7,468 thousand as a result of the leases concerning the business premises in Joensuu, Kuopio, Kajaani and Iisalmi negotiated with the seller in connection with one of the two business acquisitions. Other additions in the right-of-use assets during the financial year are mainly related to the following: the right-of-use assets EUR 2,251 thousand recognised for the leases of the new used car centres in Raisio, Oulunportti and Lempäälä opened during the financial year; additions of EUR 3,302 thousand in the right-of-use assets recognised for the index increases implemented regarding the Group's old leases in 2023; and the right-of-use assets EUR 235 thousand recognised for the lease of the new repair shop in Kemi. More information about right-of-use assets is provided in [Note 16 \("Leases"\)](#).

Buildings and structures

Buildings and structures EUR 6,705 (7,144) thousand mainly include capitalised renovation costs related to the facilities

leased by the Group. Of the additions to buildings and structures in the financial year, EUR 478 thousand is related to the new repair shop opened in Kemi and its energy-efficient car paint shop, and EUR 537 thousand is associated with the development investments related to the Kokkola location of Wetteri Power Oy, which is responsible for the Group's Heavy Equipment business operations.

Machinery and equipment

The Group's machinery and equipment EUR 4,157 (1,813) thousand consist of the equipment of car dealerships, the workshop equipment used by car repair shops, and the office furniture and equipment used in car sales, spare parts sales, and Group administration. Of the additions to machinery and equipment in the financial year, EUR 2,367 thousand is related to the fact that the machinery and equipment of the Joensuu, Kuopio, Kajaani, Iisalmi, Pori and Rauma locations, which were transferred to the company through business acquisitions, were recognised on the balance sheet.

Vehicles

The vehicles EUR 7,014 (3,941) thousand are new vehicles sold by the Group, in connection with which the Group has entered into a repurchase agreement binding on the Group with a financing company. The possessors of the cars are mainly car rental companies. Control of the vehicles is not considered to be transferred to the financing company when the vehicle is handed over, as the Group has an obligation to buy back the vehicles at the very likely request of the financing company. Consequently, vehicles will continue to be presented in the consolidated balance sheet. The cost of the vehicles is transferred from the Group's inventories to property, plant and equipment when the vehicles are transferred to the financing company, and the cost is depreciated in the Group's income statement over

the agreement period on a straight-line basis to reach the repurchase price agreed for the vehicle. Once the Group buys the vehicles back from the financing company, the cost less accumulated depreciation on the vehicles is transferred back to inventory because the vehicles will be sold forward after the Group has bought them back. Transfers of vehicles from inventories EUR 1,783 (1,459) thousand and to inventories EUR 3,117 (272) thousand are related to the transfer of vehicles to financing companies and their repurchase. The disposals EUR 308 (1,576) thousand are related to vehicles for which the Group's binding repurchase agreement has lapsed without the financing company exercising its put option. The accounting treatment of repurchase agreements is described in more detail in [Note 3 \("Revenue"\)](#). More information about the long-term and short-term repurchase liabilities recognised for repurchase agreements on the balance sheet is provided in [Note 26 \("Trade and other payables"\)](#).

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS MADE BY THE MANAGEMENT BASED ON DISCRETION

Future economic benefits and useful lives of property, plant and equipment

The assessment of the expected future economic benefits and useful life of items of property, plant and equipment requires the management's judgement. The estimated useful lives and residual values of assets are reviewed at least at the end of each financial year and adjusted to reflect changes in the expectations of future economic benefits if necessary. The assessment of the existence of events and conditions that indicate impairment of assets also requires the management's judgement.

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16. Leases

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

At inception of a contract, the Group assesses whether the contract is or contains a lease. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a specified period of time in exchange for a consideration.

Lease contracts may include both lease components and non-lease components. The Group applies the practical expedient permitted by IFRS 16 Leases, and does not separate non-lease components from lease components in terms of leases of land, facilities, machinery and equipment, but instead treats each lease component and the associated non-lease components as a single lease component in its accounting.

The Group as a lessee

When acting as a lessee, the Group recognises a right-of-use asset and a lease liability on its balance sheet on the commencement date of the lease contract.

RIGHT-OF-USE ASSETS

Depending on its nature, a right-of-use asset is presented either in intangible assets or in property, plant and equipment.

The Group measures the right-of-use asset recognised for the lease at its cost on the commencement date of the contract. The following items are included in the cost of a right-of-use asset:

- Amount of the initial measurement of the lease liability to be recognised for the lease

- Lease payments made by the Group by the commencement date of the lease
- Any additional costs incurred by the Group to obtain the lease
- Estimate of the costs incurred by the Group in dismantling and removing the underlying asset, restoring its location to its original state, or restoring the underlying asset to the condition required by the terms and conditions of the lease contract

After the initial recognition of the lease, the Group measures the right-of-use asset recognised for the lease at its cost less accumulated depreciation and impairment, adjusted for any remeasurement of the lease liability (cost model). Depreciation on right-of-use assets is recognised in equal depreciation charges over the useful life of the asset or the lease term if it is shorter than the useful life.

LEASE LIABILITIES

The Group measures the lease liability to be recognised for the lease on the commencement date of the lease contract at the present value of the lease payments that have not been paid by that date. To determine the present value of the lease payments, they are discounted using the interest rate implicit in the lease if that rate can be readily determined, or if that rate cannot be readily determined, using the Group's incremental borrowing rate.

The following items are included in the measurement of the lease liability:

- Fixed lease payments
- Variable lease payments that depend on an index

- Amounts expected to be paid by the Group based on residual value guarantees
- Exercise price of a potential purchase option if it is reasonably certain that the Group will exercise the option
- Lease payments based on the period covered by the extension option of the lease if exercising the option is reasonably certain

The long-term and short-term portion of the lease liability is presented separately on the balance sheet in long-term and short-term liabilities.

After initial recognition, the Group increases the book value of the lease liability recognised for the lease by the interest accrued on the liability and reduces the book value of the liability by the lease payments made. The interest accrued on the liability during the financial year is recognised through profit or loss and presented as financial expenses in the income statement.

The Group remeasures the book value of the liability to take account of any reassessments or lease modifications.

If there is a change in the lease term because it can be considered reasonably certain that the Group will exercise a lease extension or termination option that it has not previously included in the lease term it has specified, or that the Group will not exercise the option that it has previously included in the lease term it has specified, or if there is a change in the estimate of the exercise of the purchase option included in the lease, the Group will remeasure the lease liability by discounting the revised lease payments using the revised discount rate.

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If there is a change in the amounts expected to be paid under a residual value guarantee, or if there is a change in future lease payments because of a change in an index or rate used to determine those payments, the Group will remeasure the lease liability by discounting the revised lease payments at an unchanged discount rate unless the change in lease payments is caused by a change in floating interest rates. In such a case, the Group uses a revised discount rate that reflects changes in the interest rate.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group applies the exemptions permitted by IFRS 16 Leases for the recognition of leases by the lessee and does not recognise a right-of-use asset and lease liability on its balance sheet for short-term leases with a lease term of up to 12 months and leases of low-value assets. Whether the underlying asset in a lease is of low value is assessed on a case-by-case basis. For example, the Group has estimated that its leased water and coffee machines, postage machines, and office printers are low-value assets. The lease payments on short-term leases and leases of low-value assets are recognised through profit or loss in equal instalments over the lease term and are presented in the income statement in other operating expenses.

The Group as a lessor

When acting as a lessor, the Group classifies its leases as either an operating lease or a finance lease. A lease is classified as an operating lease if it does not transfer the risks and rewards inherent in the ownership of the underlying asset to the lessee in all material respects. A lease is classified as a finance lease if it transfers the risks and rewards inherent in the ownership of the underlying asset to the lessee in all material respects. The Group only

has operating leases. The Group recognises the income from operating leases through profit or loss in equal instalments over the lease term.

THE GROUP AS A LESSEE

The Group is a lessee in lease contracts related to land, properties, and machinery and equipment. All the facilities used in the Group's business operations are in properties leased by the Group in different locations. The right-of-use assets and lease liabilities recognised on the Group's balance sheet mainly consist of leases on these properties.

The leases on properties are mainly fixed-term leases, some of which include options to extend the lease term. A few of the leases are valid until further notice. These include a termination option, and their period of notice is 6 or 12 months for both parties depending on the lease. The leases on land and machinery and equipment leased by the Group are all fixed-term.

Most of the leases on properties are also subject to rent index increase conditions. The index increases are tied to the cost-of-living index. Index increases are taken into account in the book value of the right-of-use asset and lease liability of the leases when they enter into force.

The right-of-use assets and lease liabilities recognised on the Group's balance sheet are presented in the consolidated balance sheet in property, plant and equipment, and long-term and short-term lease liabilities, according to their nature.

Amounts recognised on the balance sheet for leases

EUR thousand	31 Dec 2023	31 Dec 2022
Right-of-use assets		
Land	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

The amount of the right-of-use assets and lease liabilities recognised for leases on the balance sheet increased by EUR 4,153 thousand in the financial year because the leases concerning the business premises of the Joensuu, Pori and Rauma car dealerships, which were transferred to the Group through business acquisitions (**Note 2 "Business Combinations"**), were recognised on the balance sheet, 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. More information regarding the additions of right-of-use assets recognised for leases in the financial year can be found in **Note 15 ("Property, plant and equipment")**.

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Amounts recognised in the income statement for leases

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Depreciation of right-of-use assets		
Land	-22	-10
Buildings and structures	-8,293	-4,046
Machinery and equipment	-279	-111
Total depreciation of right-of-use assets	-8,594	-4,167
Interest expenses on lease liabilities	-1,759	-780
Costs related to short-term and low-value leases	-782	-124
Total expense recognised in the income statement	-11,135	-5,072

Cash outflow from leases was EUR 10,396 (4,712) thousand in the financial year.

In future, the Group may be exposed to cash outflows arising from lease extension options of facilities that have not been taken into account when measuring lease liabilities. The total amount of these cash flows is EUR 18,021 (7,879) thousand, calculated at the lease level on the balance sheet date of the financial year. In future, the Group will also be exposed to cash outflows from leases that have not yet started on the balance sheet date, but to which the Group has already committed. The total amount of these cash flows is EUR 3,779 (1,770) thousand, calculated at the lease level on the commencement date of the leases.

The Group as a lessor

The Group sublets some of the leased premises included in the Group's right-of-use assets. The Group also leases courtesy cars to car maintenance customers, commercial trucks and used passenger cars. These vehicles are included in the Group's inventories. In addition, the Group's

property, plant and equipment include vehicles sold by the Group, in connection with which the Group has entered into a repurchase agreement binding on the Group with a financing company. From the Group's perspective, the sale of these vehicles is a lease in which the Group is the lessor, as the financing company actually pays the Group a consideration for the right to use the vehicle during a certain period in connection with the transfer of the car. The accounting treatment for repurchase agreements is described in more detail in [Note 3 \("Revenue"\)](#).

All the Group's leases are operating leases because the risks and rewards inherent in the ownership of the leased underlying asset are not transferred in all material respects from the Group to the lessee. The rental income from leases is presented in other operating income for subleased premises and in revenue for vehicles. The Group's other operating income for the financial year includes EUR 388 (244) thousand in rental income from subleased premises. The Group's revenue includes EUR 155 (93) thousand in rental income from courtesy cars, EUR 213 (232) thousand in rental income from commercial trucks, EUR 200 (142) thousand in rental income from used passenger cars, and EUR 1,415 (657) thousand in rental income from cars sold to financing companies under a repurchase agreement.

Undiscounted minimum rental payments from leases

EUR thousand	31 Dec 2023	31 Dec 2022
Within one year	95	176
Within 1–2 years	47	15
Within 2–3 years	24	15
Within 3–4 years	17	15
Within 4–5 years	15	15
Later than within 5 years	0	15
Total	198	249

Undiscounted minimum rental payments from subleased premises for the next five years and subsequent years are presented above. Rental income from vehicle leases is not included in the maturity breakdown. The leases of vehicles other than those sold by the Group under a repurchase agreement are short-term, and the rental income from a single vehicle is not significant.

In terms of vehicles sold to financing companies, the Group has no outstanding payments, as the related consideration has been paid by the financing companies to the Group in connection with the transfer of the vehicle. The difference between the consideration and the Group's repurchase price has been recognised in the Group's short-term and long-term liabilities on the balance sheet as a repurchase liability and is recognised as revenue and reduction of the repurchase liability evenly over the duration of the repurchase agreement. Of the total short-term and long-term repurchase liability of EUR 7,287 (3,980) thousand on the Group's balance sheet on the balance sheet date, EUR 1,934 (265) thousand will be recognised as revenue for the duration of the agreement. More information about the repurchase liability is provided in [Note 26 \("Trade and other payables"\)](#).

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS MADE BY THE MANAGEMENT BASED ON DISCRETION

Determining the lease term of the lease

Most of the Group's leases on facilities are fixed-term. Some of the fixed-term leases include options to extend the lease. The periods covered by the extension options are taken into account for the lease term affecting the measurement of the right-of-use asset and lease liability if the extension of the lease is reasonably certain.

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The Group also has a few leases on facilities that are valid until further notice. The period of notice for these leases is 6 or 12 months for both parties depending on the lease. The termination options for leases valid until further notice are taken into account in the lease term to the extent that it is reasonably certain that the termination option will not be exercised.

Assessing whether the exercise of the extension option or the non-use of the termination option is reasonably certain requires the management's judgement. When determining the lease term of fixed-term leases with extension options and leases valid until further notice, the management takes into account all the facts and circumstances that create a financial incentive to exercise the extension option or not to exercise the termination option. These may include, for example, the necessity of the leased property for the Group's business operations, investments made in the property, improvements made to the property, and any additional costs arising from finding and renting another property. If at a later date it can be considered reasonably certain that the Group will not exercise the extension option that it has previously included in its specified lease term or will exercise the option that it has not previously included in its specified lease term, the Group will remeasure the right-of-use asset and the lease liability.

Determining the discount rate for the lease liability

It is common that the Group's leases' interest rate implicit in the lease cannot be readily determined. In such a case, the Group discounts the lease payments on its leases using the incremental borrowing rate. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow for a similar period and with similar collateral, the funds necessary to obtain an asset corresponding to

the value of the right-of-use asset in a similar economic environment.

To determine the incremental borrowing rate, the Group applies the terms and conditions of recently received external financing, which are adjusted to take account of changes in economic conditions, such as a rise in reference rates. Determining the incremental borrowing rate requires the management's judgement.

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17. Interests in associates

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Associates are companies in which the Group has significant influence. As a rule, significant influence is established when the Group holds more than 20% of the voting rights in the company, or when the Group otherwise has significant influence, but not control or joint control. Investments in associates are initially recognised at cost and then accounted for using the equity method.

INTERESTS IN ASSOCIATES

Associated companies	Country of registration	The Group's holding 31 Dec 2023, %
Brain Alliance Oy	Finland	49%

Information about Brain Alliance Oy, an associated company in which the Group has a 49% holding, is presented below. Brain Alliance Oy provides network development services. The company's revenue in 2023 was EUR 1 (5) thousand, and its result was EUR -21 (-7) thousand. The holding in Brain Alliance Oy has no book value on the Group's balance sheet. The share of the result of the associated company is presented below the Group's operating result in the "Share of profit or loss of associates" item.

INVESTMENTS IN ASSOCIATES

EUR thousand	Brain Alliance Oy	Total
Book value 1 Jan 2023	0	0
Book value 31 Jan 2023	0	0

EUR thousand	Brain Alliance Oy	Total
Book value 24 Feb 2022	0	0
Reverse acquisition of Wetteri Plc 9 Dec 2022	0	0
Book value 31 Dec 2022	0	0

SUMMARY OF THE ASSOCIATED COMPANY'S FINANCIAL INFORMATION

EUR thousand	31 Dec 2023 Brain Alliance Oy	31 Dec 2022 Brain Alliance Oy
Revenue	1	5
Profit (loss) for the period	-21	-7
Assets	0	9
Liabilities	496	484

RECONCILIATION OF FINANCIAL INFORMATION WITH THE BOOK VALUE OF THE ASSOCIATED COMPANY

EUR thousand	31 Dec 2023 Brain Alliance Oy	31 Dec 2022 Brain Alliance Oy
Net assets of the associated company	-496	-475
The Group's holding, %	49%	49%
The Group's share of the net assets	-243	-233
Goodwill	0	0
Impairment	243	233
Book value 31 Dec	0	0

18. Other shares and interests

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Other shares and interests are measured at fair value at their initial recognition. Changes in fair value that occur later are recognised through profit or loss.

OTHER SHARES AND INTERESTS

EUR thousand	Other shares and interests	Total
Book value 1 Jan 2023	74	74
Additions	224	224
Book value 31 Dec 2023	298	298

EUR thousand	Other shares and interests	Total
Book value 24 Feb 2022	0	0
Acquisition of Wetteri Yhtiöt Oy 11 May 2022	68	68
Reverse acquisition of Wetteri Plc 9 Dec 2022	6	6
Book value 31 Dec 2022	74	74

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19. Inventories

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes all costs incurred in bringing the inventories to their condition and location at the time of reporting. Such costs include the purchase price of the inventory item and other costs directly incurred in acquiring the item. Discounts and similar items are deducted when determining the purchase price of the item. The net realisable value is determined based on the estimated selling price in the ordinary course of the Group's business, less the estimated costs arising from making the sale.

The cost of new vehicles included in the Group's inventories is determined based on their purchase price, to which the direct cost of accessories is added. The Group acquires new vehicles from importers of various car manufacturers at a purchase price determined by the importers.

The cost of used vehicles is determined based on their purchase price and the costs of refurbishment for the purpose of sale. Used vehicles are also subject to the active pricing model, in which the net realisable value of each used vehicle is reviewed periodically. First review is carried out when the car has been in the Group's inventories for 30 days. Determination of the net realisable value of a used car is based on actual location-specific sales prices and sales statistics of the automotive sector. Any impairment losses arising from measurement at net realisable value below the cost are recognised through profit or loss through the change in inventories.

The cost of spare parts included in the Group's inventories is determined using the average price method based on the purchase price of spare parts and the direct costs arising from the acquisition. For spare parts inventories, the Group has a systematic model for determining the net realisable value of spare parts. The sales of spare parts are monitored, and if there have been no sales of a spare part item over the past year, 50% of the inventory value of the item is recognised as an impairment loss on the spare part item. If there have been no sales of a spare part item for two years, the item is recognised as an impairment loss at 100% of its inventory value. However, first it is made sure whether it is possible to return the obsolete spare part to the importer in accordance with a pre-agreed return policy. Obsolete spare parts that are subject to a pre-agreed return policy with importers are returned to importers instead of recognising an impairment loss on their inventory value. Any impairment losses are recognised through profit or loss through the change in inventories.

The Group's inventories also include work in progress in repair shops. The cost of work in progress includes the cost of the spare parts used in the work and the mechanics' work input. The value of spare parts included in work in progress is determined based on the average cost of the spare parts picked for the job, and the value of the mechanics' work is determined based on either the hourly rate or the average hourly rate.

The Group's inventories also include a small number of products sold at the service station, such as fuel and food products. These products are recognised at cost and measured at net realisable value below the cost if necessary.

INVENTORIES

EUR thousand	31 Dec 2023	31 Dec 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

AMOUNTS RECOGNISED THROUGH PROFIT OR LOSS ON INVENTORIES

The net change in inventories recognised as an expense was EUR 28,303 (13,441) thousand in the financial year. In terms of vehicle inventories, a total of EUR -2,128 (-2,562) thousand of changes in value was made to the Group's inventories in the financial year to reach the net realisable value. In terms of spare parts inventories, a total of EUR -925 (-387) thousand of changes in value was made. The changes in value have been recognised through profit or loss as part of the change in inventories.

INVENTORIES SERVING AS COLLATERAL FOR LIABILITIES

Inventories include vehicles that serve as collateral for the Group's liabilities. On the balance sheet date, the book value of the vehicles serving as collateral for the Group's liabilities was EUR 40,219 (20,817) thousand. Of the vehicles serving as collateral for liabilities, EUR 24,662 (11,372) thousand were vehicles subject to a sale and leaseback arrangement and EUR 15,557 (9,446) thousand were vehicles sold for consignment stock financing. More information about the accounting treatment of consignment stock arrangements and vehicle sale and leaseback transactions is provided in [Note 3 \("Revenue"\)](#).

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Inventories under consignment stock financing

The vehicles sold for consignment stock financing, with an inventory value of EUR 24,662 (11,372) thousand, are mainly used cars. The Group continues to recognise the selling price of vehicles sold for consignment stock financing in its inventories and recognises the consideration it receives from the financing company, which is the other party to the consignment stock arrangement, on its balance sheet as a short-term financial liability equal to the selling price recognised in inventories. More information about the financial liability related to consignment stock financing and the Group's financing agreements concerning consignment stock facilities, within which the Group can finance vehicles in its inventories, is provided in **Note 24 ("Financial liabilities")**. The price recognised for the vehicles in inventories corresponds to the cost at which the Group redeems the vehicles from consignment stock financing, and serves as collateral for the financial liability recognised for consignment stock financing.

Inventories subject to a sale and leaseback arrangement

The vehicles subject to a sale and leaseback arrangement, with an inventory value of EUR 15,557 (9,446) thousand, are mainly demonstration cars and courtesy cars which the Group has sold and leased back, and which the Group will buy back at a certain price at the end of the lease period at the latest. The counterparty to a sale and leaseback transaction is always a financing company. The Group has recognised the consideration received for the transfer of these vehicles on its balance sheet as a short-term financial liability. More information about the financial liability related to cars that have been sold and leased back, as well as the Group's sale and leaseback facilities and their terms and conditions, is provided in **Note 24 ("Financial liabilities")**. The cost or net realisable value of the vehicles if lower is

presented in inventories and serves as collateral for the recognised financial liability. The vehicles are presented in inventories because they are sold forward after the Group buys them back from financing companies. During the lease period, the Group recognises a change in value in its income statement to reach the residual value of the vehicle, which the Group will pay to the financing company when repurchasing the vehicle.

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS MADE BY THE MANAGEMENT BASED ON DISCRETION

Valuation of inventories

The Group's inventories are measured at the lower of cost and net realisable value. In particular, the determination of the net realisable value (selling price) of used vehicles and spare parts included in the Group's inventories requires the management's judgement.

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20. Trade and other receivables

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Trade receivables

Trade receivables are receivables from the Group's customers arising from the sale of products and services in the Group's ordinary course of business. Trade receivables are presented in current assets on the balance sheet because they usually fall due within 14 to 30 days of their initial recognition. Trade receivables are measured at transaction price at their initial recognition. The Group's trade receivables do not include a significant financing component that should be taken into account in the measurement of trade receivables at the time of their initial recognition because the time between when the Group hands the promised product or service over to the customer, and when the customer pays for the product or service, is a maximum of 12 months.

After initial recognition, the Group measures its outstanding trade receivables at amortised cost using the effective interest method. The expected credit losses on the receivables (loss allowance) are deducted from the amortised cost of trade receivables unless they cannot reasonably be expected to be recovered. In such a case, the trade receivable is written off the balance sheet as a final credit loss through profit or loss and presented in the income statement as a revenue adjustment item. For example, the debtor's likely bankruptcy, the debtor's inability to comply with the payment plan drawn up with the Group, and a delay in payments of more than 360 days are considered indications that payment cannot reasonably be expected. If

payment is later received for receivables recognised as final credit losses, they are recognised as a credit entry in the same income statement item.

Expected credit losses on trade receivables are measured using a simplified approach in which the impairment of trade receivables is estimated based on the lifetime expected credit losses of the receivables. To measure impairment, the management divides outstanding trade receivables into age groups based on their maturity and calculates the amount of the credit loss allowance to be recognised for each age group of trade receivables using a provision matrix. When preparing the provision matrix, the management uses historical data on actual credit losses and takes account of future prospects. On this basis, the management determines fixed provision rates to be used in the provision matrix for each age group of trade receivables. The fixed provision rates are determined separately for the trade receivables of the car trade business and the training business because historical credit loss experience shows that there are differences between the business operations in terms of late payments and the realisation of credit losses.

In situations where the Group has both a trade receivable and a credit invoice related to the trade receivable from the same customer, the Group presents the outstanding trade receivable and the credit invoice as net on its balance sheet.

Accruals and other receivables

Accruals include payments made in the financial year or in an earlier financial year for expenses incurred in future financial years on an accrual basis or in a manner consistent with an accrual basis unless they must be presented in pre-payments, as well as income realised in the financial year that ended or an earlier financial year on an accrual basis or in a manner consistent with an accrual basis for which no payment has been received unless they must be presented in trade receivables. Other receivables usually arise from transactions that are not part of the Group's ordinary business operations and include the Group's possible value added tax receivables and car tax receivables.

Accruals and other receivables are measured at fair value at their initial recognition and later at amortised cost using the effective interest method because the Group holds the receivables for the purpose of collecting contractual cash flows, and the related cash flows are solely a payment of principal.

With some exceptions, the Group expects to receive other receivables during its normal operating cycle or within 12 months of the recognition of the receivables on the balance sheet. Such other receivables are presented in current assets on the balance sheet. Otherwise, other receivables are presented as long-term.

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TRADE AND OTHER RECEIVABLES

EUR thousand	31 Dec 2023	31 Dec 2022
Non-current		
Other receivables	238	263
Total	238	263
Current		
Trade receivables	20,874	15,485
Other receivables	2,230	1,163
Accruals	5,080	3,350
Total	28,184	19,998
Material items of accruals		
Receivables from importers	3,370	1,804
Assets from contracts with customers	388	354
Frame refunds	317	339
Accruals of personnel expenses	180	181
Other accruals	826	672
Total	5,080	3,350

The Group's non-current other receivables include long-term VAT receivables EUR 231 (236) thousand and long-term lease collateral paid EUR 7 (27) thousand.

Current other receivables include a car tax receivable EUR 1,332 (574) thousand, a short-term VAT receivable EUR 665 (381) thousand and short-term lease collateral paid EUR 233 (206) thousand. Car tax receivables consist of car taxes invoiced by the Group to its customers in connection with the sale of new vehicles. The Group forwards the car tax payments to the importers of the vehicles. Car tax liabilities paid to importers are included in other current liabilities,

and their amounts are presented in [Note 26 \("Trade and other payables"\)](#).

Accruals include receivables from importers EUR 3,370 (1,804) thousand, assets from customer contracts EUR 388 (354) thousand, heavy vehicle frame refunds EUR 317 (339) thousand, occupational healthcare fees EUR 180 (181) thousand and other expense accruals EUR 826 (672) thousand. Receivables from importers mainly include receivables from various car brand importers related to repairs carried out by the Group during the vehicle warranty period, as well as discounts linked to the purchase volumes of new cars and spare parts. Assets from customer contracts consist of customer contracts with more than one training event in the Group's training business operations, in which the income recognised and the expenses incurred are greater than the amount invoiced for the customer contract by the balance sheet date. Frame refunds consist of outstanding refunds related to returns of heavy equipment replacement parts.

CREDIT RISK RELATED TO TRADE RECEIVABLES

The Group's trade receivables are mainly trade receivables related to the sale of vehicles from financing companies. A trade receivable from a financing company arises when there is a short time gap between the approved credit decision for the Group's customer and the transfer of the vehicle and the payment made by the financing company to the Group. However, the credit risk associated with the sale of the vehicle is borne by the financing company after the approval of the Group's customer's credit application.

The Group's overdue trade receivables also consist mainly of trade receivables from financing companies. Financing companies' trade receivables may temporarily fall due, for example, in cases where the financing company still expects to receive certain contract technical information from the Group. Once the financing companies have received all the information they need from the Group, they pay the receivable to the Group. Although a receivable from a financing company may fall due before the Group receives payment from the financing company, these receivables do not involve credit risk for the Group. Of overdue trade receivables, trade receivables more than 60 days past due in particular also include individual overdue receivables from customers of passenger car and heavy equipment maintenance service sales, for which a payment plan has been negotiated, or which are being actively collected. Trade receivables more than 60 days past due constitute only an insignificant part of the Group's trade receivables.

More information about credit risk is provided in [Note 25 \("Financial risk and capital management"\)](#).

AGING OF TRADE RECEIVABLES

EUR thousand	31 Dec 2023	31 Dec 2022
Not due	10,661	9,652
Past due		
Less than 30 days	8,178	4,284
30–60 days	1,236	1,105
61–90 days	97	157
More than 90 days	701	286
Total	20,874	15,485

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CREDIT LOSS ALLOWANCE FOR TRADE RECEIVABLES

EUR thousand	Not due	Less than 30 days past due	30–60 days past due	61–90 days past due	More than 90 days past due	Total
31 Dec 2023						
Car trade business						
Expected credit loss rate	0.1%	0.1%	0.7%	4.3%	8.2%	
Gross book value of trade receivables	10,014	8,020	1,245	102	743	20,125
Credit loss allowance	-6	-6	-9	-4	-61	-86
Net book value of trade receivables	10,008	8,015	1,236	97	682	20,039
Training business operations						
Expected credit loss rate	0.5%	0.6%	6.0%	36.0%	68.9%	
Gross book value of trade receivables	656	164	0	0	62	882
Credit loss allowance	-3	-1	0	0	-43	-47
Net book value of trade receivables	652	163	0	0	19	835

EUR thousand	Not due	Less than 30 days past due	30–60 days past due	61–90 days past due	More than 90 days past due	Total
31 Dec 2022						
Car trade business						
Expected credit loss rate	0.1%	0.1%	0.7%	4.3%	8.2%	
Gross book value of trade receivables	8,864	4,100	1,105	164	309	14,542
Credit loss allowance	-5	-3	-8	-7	-25	-48
Net book value of trade receivables	8,858	4,097	1,097	157	284	14,494
Training business operations						
Expected credit loss rate	0.5%	0.6%	6.0%	36.0%	68.9%	
Gross book value of trade receivables	798	188	9	0	4	999
Credit loss allowance	-4	-1	-1	0	-2	-8
Net book value of trade receivables	794	187	8	0	2	991

AMOUNTS RECOGNISED AS A CREDIT LOSS ON TRADE RECEIVABLES

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Credit loss provision 1 Jan and 24 Feb	56	0
Change in credit loss provision recognised through profit or loss	181	113
Non-collectible receivables recognised as final credit losses	-118	-59
Returned credit losses	13	2
Credit loss provision 31 Dec	132	56

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21. Financial assets

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

The Group recognises a financial asset on its balance sheet when it becomes a party to the contractual provisions of the instrument. At initial recognition financial assets are measured at fair value plus transaction costs directly attributable to their acquisition or issue, in the case of financial assets other than those measured at fair value through profit or loss. Transaction costs attributable to financial assets measured at fair value through profit or loss are recognised in profit or loss. After initial recognition, financial assets are classified as either financial assets measured at amortised cost or at fair value through other comprehensive income or through profit or loss. The classification depends on the business model used to manage the financial assets and the contractual characteristics of the cash flows of the financial assets.

A financial asset is classified as short-term when it matures within 12 months of the end of the reporting period. Otherwise, financial assets are classified as long-term. A financial asset is derecognised when the Group's rights to its cash flows have expired, or when the Group has transferred substantially all the risks and rewards of ownership of the financial asset to another party.

Financial assets measured at amortised cost

After initial recognition, a financial asset is measured at amortised cost using the effective interest method if it is held in accordance with a business model aimed at collecting contractual cash flows, and the cash flows arising from the contractual terms are solely payments of principal and interest. The Group's financial assets measured at amortised

cost consist of trade receivables, other short-term financial assets, and cash and cash equivalents.

Financial assets measured at fair value through other comprehensive income

After initial recognition, a financial asset is measured at fair value through other comprehensive income if it is held in accordance with a business model that aims to both collect contractual cash flows and sell financial assets, and the cash flows arising from contractual terms are solely payments of principal and interest. The Group does not hold such financial assets.

Financial assets measured at fair value through profit or loss

After initial recognition, a financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. The Group's derivative instruments are classified as financial assets (and liabilities) measured at fair value through profit or loss.

DERIVATIVE INSTRUMENTS

The Group's derivative instruments are initially recognised at fair value on the date of the derivative contract, after which they are measured at fair value at the end of each reporting period. The accounting treatment of changes in the fair value of a derivative instrument depends on whether the derivative instrument has been identified as a hedged item and is subject to hedge accounting. The Group's derivative instruments consist of interest rate swaps that are not subject to hedge accounting. Changes in the fair value of such derivative instruments are recognised through profit

or loss and included, in accordance with the nature of the instruments, in financial expenses and income in the income statement.

Impairment of financial assets

Possible impairment of financial assets is taken into account in the book value of financial assets measured at amortised cost by deducting their expected credit losses from the book value. Expected credit losses are determined based on lifetime expected credit losses of the instrument if there has been a significant increase in the credit risk associated with the instrument. Otherwise, credit losses are estimated based on expected credit losses for the next 12 months. The Group writes a financial asset off the balance sheet as a final credit loss through profit or loss if the Group cannot reasonably expect to recover it.

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FINANCIAL ASSETS BY MEASUREMENT CATEGORY

EUR thousand	31 Dec 2023		31 Dec 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

The Group's non-current financial assets consist of derivative instruments, or the fair value of the Group's interest rate swap, EUR 74 (121) thousand. The Group's current financial assets consist of trade receivables EUR 20,874 (15,485) thousand, other short-term financial assets EUR 33 (20) thousand and cash and cash equivalents EUR 856 (1,147) thousand. Interest income on financial assets is included in financial income in the consolidated income statement.

More information about trade receivables is provided in [Note 20 \("Trade and other receivables"\)](#). Cash and cash equivalents are described in more detail in [Note 22 \("Cash and cash equivalents"\)](#).

FAIR VALUE OF FINANCIAL ASSETS

EUR thousand	31 Dec 2023		31 Dec 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	

The book values and fair values of financial assets and their classification into three levels of the fair value hierarchy are presented above. The levels of the fair value hierarchy are described in [Note 1 \("Accounting principles"\)](#).

The fair value of derivative contracts (interest rate swaps) is determined using a method based on the present value of estimated future cash flows. The fair value measurement is supported by the price quotation of the counterparty to the interest rate swaps, but the management also prepares its own fair value calculation using generally accepted valuation methods.

The book values of the Group's other financial assets are not materially different from their fair values. Because of the nature of trade receivables and other short-term financial assets, their book value is assumed to be the same as their fair value.

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22. Cash and cash equivalents

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Cash and cash equivalents consist of cash on hand, demand deposits and other short-term, highly liquid investments. Items classified as cash and cash equivalents have a maturity of up to three months, are readily convertible into a known amount of cash and have a low risk of changes in value.

The Group's cash and cash equivalents mainly consist of bank deposits. The balance available in the Group's credit facilities at the end of the financial year is presented as loans in current liabilities on the balance sheet.

CASH AND CASH EQUIVALENTS

EUR thousand	31 Dec 2023	31 Dec 2022
Cash and cash equivalents	856	1,147
Total	856	1,147

23. Equity

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

The Group classifies the financial instruments it has issued based on their nature as either equity or a financial liability. Equity is the residual interest in the Group's assets after deducting all its liabilities. A financial instrument classified as equity is any contract that evidences a residual interest in the Group's assets after deducting all of its liabilities. Costs related to the issue or acquisition of the company's equity instruments are presented as an equity deduction item adjusted for the tax effect. If the company repurchases its own equity instruments, the cost of the instruments is also deducted from equity. Dividends that have been duly accepted and are no longer at the discretion of the company but have not been distributed by the end of the reporting period are recognised as a dividend liability.

Share capital

Subscription price of shares received in connection with share issues is entered in the share capital to the extent that the share issue decision does not require the subscription price to be recognised in the invested unrestricted equity fund.

Invested unrestricted equity fund

Invested unrestricted equity fund includes other equity-like investments and the subscription price of shares to the extent that it is not required, based on an explicit decision, to enter the subscription price in the share capital.

The equity component (EUR 574 thousand) of the capital loans granted to the Group by Simula Invest Oy and PM Ruukki Oy in the comparison period on 11 May 2022 has

been recognised in the invested unrestricted equity fund. The equity component of loans is explained in more detail in [Note 24 \("Financial liabilities"\)](#).

The transaction costs (EUR 378 thousand) related to the issue of new shares through the directed share issue on 22 December 2023, less the tax effect (EUR 76 thousand), and the transaction costs (EUR 381 thousand) related to the issue of new shares in connection with the reverse acquisition of Wetteri Plc on 9 December 2022, less the tax effect (EUR 76 thousand), have been recognised in the invested unrestricted equity fund as a reduction of the subscription price of the new shares issued through the share issue, as they are additional costs directly attributable to the equity transaction and would otherwise have been avoided.

Translation differences

Translation differences arising from the translation of the financial statement items of a foreign subsidiary into the Group's functional currency are recognised in items of other comprehensive income and accumulated in a separate equity fund. The translation differences accumulated from a net investment in a subsidiary are transferred to profit or loss when the net investment is disposed of.

Retained earnings

Retained earnings include profits and losses carried forward from previous financial years. The profit or loss for the financial year that ended is presented separately from retained earnings. Distribution of dividends to shareholders reduces retained earnings.

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Equity loan

Equity loan includes a hybrid loan agreement signed by Wetteri Plc in 2016 with the Finnish Cultural Foundation amounting to EUR 1,500 thousand, of which EUR 1,000 thousand was issued on 6 June 2016, and EUR 500 thousand on 6 June 2017. The loan has no due date, and the borrower cannot demand repayment of the loan in advance. The capital of the first tranche of the loan accrued interest at a fixed annual rate of 8.75% until 6 June 2020, after which the capital of the loan accrued interest at a fixed annual rate of 12.50% until 8 June 2023. The capital of the second tranche of the loan accrued interest at a fixed annual rate of 8.75% until 6 June 2021, after which the capital of the loan accrued interest at a fixed annual rate of 12.50% until 8 June 2023. Since 9 June 2023, the fixed annual interest rate on both tranches has been 17.5%. Wetteri Plc may not distribute dividends unless the interest on the loan is paid. Unpaid interest totalled to EUR 459 thousand by 31 December 2023. The loan is classified as equity and presented as an equity loan because the company has not decided on the redemption of the loan.

EQUITY

EUR thousand	31 Dec 2023	31 Dec 2022
Share capital	96	96
Invested unrestricted equity fund	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 parent company	33,918	30,242
Non-controlling interests	0	0
Total equity	33,918	30,242

CHANGES IN SHARE CAPITAL AND THE INVESTED UNRESTRICTED EQUITY FUND

EUR thousand	Number of shares	Share capital	Invested unrestricted equity fund
24 Feb 2022	18,742,458	96	5,371
Directed share issue to the members of the Board 8 Mar 2022	161,287	0	60
Directed share issue in connection with the share exchange 9 Dec 2022	115,097,125	0	27,147
Transaction costs related to the new shares issued in connection with the share exchange 9 Dec 2022	0	0	-305
Conversion of the convertible bond into new shares 9 Dec 2022	600,000	0	200
31 Dec 2022	134,600,870	96	32,474
Directed share issue 7 Mar 2023	6,284,152	0	4,600
Directed share issue 22 Dec 2023	7,327,587	0	3,400
Transaction costs related to the new shares issued in connection with the share issue on 22 Dec 2023	0	0	-302
31 Dec 2023	148,212,609	96	40,171

SHARES

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 (134,600,870). The total number of shares increased during the financial year from 134,600,870 (18,742,458) to 148,212,609 (134,600,780) as a result of the directed share issues described in more detail in the following paragraph. Each share provides an equal right to dividends, and each share entitles its holder to one vote at the Annual 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 on the balance sheet date. 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.

	Number of shares
24 Feb 2022	18,742,458
Directed share issue to the members of the Board 8 Mar 2022	161,287
Directed share issue in connection with the exchange of shares 9 Dec 2022	115,097,125
Conversion of the convertible bond into new shares 9 Dec 2022	600,000
31 Dec 2022	134,600,870
Directed share issue 7 Mar 2023	6,284,152
Directed share issue 22 Dec 2023	7,327,587
31 Dec 2023	148,212,609

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SHARE ISSUES

As part of the financing for the acquisition of E. Hartikainen Oy's car trade business ([Note 2 "Business Combinations"](#)), 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 of 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, of which EUR 2,300 thousand in cash and EUR 2,300 thousand as conversion of convertible bonds. 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 funds. 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.

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. After the end of the financial year on 15 March 2024, the company announced that a total of 670 employees participated in the share issue, and the Board of Directors approved the issue of a total of 67,000 new shares through the share issue to personnel. The shares issued correspond to around 0.04 per cent of all the shares and votes in the company. The new shares entered into the Trade Register on 22 March 2024, and public trading with the shares began on 25 March 2024. Following the entry of the new shares into the Trade Register, the total number of shares in the company is 157,149,545.

BOARD AUTHORISATIONS

On 8 May 2023, Wetteri Plc's Annual General Meeting 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 DIRECTOR'S PROPOSAL FOR MEASURES CONCERNING THE PROFIT FOR THE FINANCIAL YEAR

The distributable funds of Wetteri Plc, the parent company, are EUR 64,171 thousand, including the result for the financial year (EUR -594 thousand). The Board of Directors proposes to the Annual General Meeting that no dividend be distributed from the result for the financial year, and that the result for the financial year be transferred to retained earnings.

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24. Financial liabilities

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

The Group recognises a financial liability on its balance sheet when it becomes a party to the contractual provisions of the liability. At initial recognition the Group's financial liabilities are measured at fair value less transaction costs such as arrangement fees. After initial recognition, financial liabilities are classified either as financial liabilities measured at amortised cost using the effective interest method or as financial liabilities measured at fair value through profit or loss.

A financial liability is classified as short-term when the Group expects to settle the liability during its normal operating cycle, or when the liability falls due within 12 months of the end of the reporting period. Short-term financial liabilities also include liabilities for which the Group does not have an unconditional right to settle the liability at least 12 months after the end of the reporting period. Otherwise, financial liabilities are classified as long-term.

A financial liability is derecognised when the obligation under the contract is discharged or cancelled or has expired. A significant change in the terms of an existing financial liability is treated as extinguishment of the original financial liability and recognition of a new financial liability. The new financial liability is initially measured at fair value, which is determined based on future cash flows discounted at a market interest rate. The difference between the book value of the original financial liability and the fair value of the new financial liability is recognised through profit or loss in financial income or expenses.

Financial liabilities measured at amortised cost

After initial recognition, most of the Group's financial liabilities are measured at amortised cost using the effective interest method, whereby interest on financial liabilities and the related transaction costs are amortised in the Group's income statement as a financial expense over the life of the liability. The Group's financial liabilities measured at amortised cost consist of the following: capital loans, loans from financial institutions, overdraft facilities, loans under the Employee Pensions Act (TyEL), product development loans, convertible bonds, other loans, lease liabilities, trade payables, the balance in use under vehicle consignment stock facilities and sale and leaseback facilities, and other financial liabilities. More detailed information about lease liabilities is provided in [Note 16 \("Leases"\)](#). More detailed information about trade payables is provided in [Note 26 \("Trade and other payables"\)](#).

Financial liabilities measured at fair value through profit or loss

After initial recognition on the balance sheet, the financial liability recognised for the market value of the Group's derivative contracts (interest rate swaps) is measured at fair value, and changes in its fair value are recognised through profit or loss in financial income or expenses in the income statement.

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FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY

EUR thousand	31 Dec 2023		31 Dec 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 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
Vehicle consignment stock facilities	24,662	0	11,372	0
Vehicle sale and leaseback facilities	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

More detailed information about lease liabilities is provided in [Note 16 \("Leases"\)](#). More information about trade payables is presented in [Note 26 \("Trade and other payables"\)](#). More information about derivative instruments (interest rate swaps) is provided in [Note 25 \("Financial risk and capital management"\)](#). The maturity breakdown of financial liabilities is also presented in [Note 25](#).

CAPITAL LOANS

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 related parties and major shareholders of the Group. The capital loans have been drawn down as part of the financing arrangement for Wetteri Yhtiöt Oy's share transaction, which was implemented in the comparison period. The book value of the capital loans on the balance sheet date is EUR 5,742 (5,175) thousand, including an unpaid interest expense of EUR 242 (249) thousand accrued on the loans.

A fixed interest rate of 1% has initially been agreed on the loans. The loans must be repaid on demand, but regardless of the repayment term, the creditors have agreed, in accordance with a separate commitment made during the financial year, not to demand repayment of the loans until 30 June 2025 unless the creditors and the debtor otherwise agree. In the event of the debtor's liquidation and bankruptcy, the principal of the loan and its interest can only be paid with a lower priority than all other debt. The principal may otherwise be returned and interest paid 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

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for the payment of the principal or interest. In addition, the financing agreement between the Group and Nordea Bank Plc and Varma Mutual Pension Insurance Company includes a condition that the repayment of the principal and payment of the interest on the loans require the consent of the bank.

At the time of drawing down the loans, the interest rate of 1% initially agreed on the capital loans did 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 or major shareholders. The loans were therefore 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 has been 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 (EUR 574 thousand) representing the non-market-based portion of the loans will not be remeasured. After initial recognition, the capital loans have been measured at amortised cost at a market rate of 8%.

The actual interest rate on the loans was raised on 5 April 2023 to correspond to the 8% market rate retroactively from 1 January 2023, because the repayment of the loans has been delayed from the originally planned time. The loans were originally meant to be short-term and agreed to be repaid on demand, which is why the interest rate on the loans was originally agreed to be below market rate. Since there has been a significant change in the terms and conditions of the

capital loans following the renegotiation of the interest rate, the change has been accounted for as extinguishment of the original capital loans and recognition of a new capital loan on the balance sheet. The profit impact (EUR -360 thousand) of the derecognition of the original capital loans has been recognised as a financial expense.

More information about the capital loans is provided in [Note 29 \("Related party transactions"\)](#).

LOANS FROM FINANCIAL INSTITUTIONS AND OVERDRAFT FACILITIES

The Group's loans from financial institutions EUR 22,249 (14,672) thousand consist of bank loans from financing companies. The interest rates on the bank loans are determined by the three-, six- or 12-month Euribor rate, and their margins range from 2.45% to 3.95%. The bank loans have different maturities and are due for payment by the end of 2027 at the latest. The bank loans are repaid in accordance with their payment programmes.

During the financial year, 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 business acquisition of E. Hartikainen Oy described in [Note 2 \("Business Combinations"\)](#). 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%.

In addition to bank loans, the Group has an overdraft facility of EUR 13,800 thousand, of which EUR 11,752 thousand was in use on the balance sheet date. Of the overdraft facilities, EUR 13,300 thousand is from Nordea Bank Plc, and the remaining EUR 500 thousand is from Aktia Bank Plc. Interest is paid on the overdraft facilities, in addition to an overdraft commission of 1–1.25%. The interest rates on the overdraft facilities are determined by the three-, six- or 12-month Euribor rate, and their margins range from 1.85% to 2%. The overdraft facility granted by Nordea Bank Plc is valid until further notice, and the overdraft facility by Aktia Bank Plc until 31 May 2025. The period of notice for the overdraft facility granted by Nordea Bank Plc is one month.

Bank loans and the portion of the overdraft facilities that is in use are measured at amortised cost using the effective interest method. The interest payable accrued on the loans EUR 358 (51) thousand is included in their amortised cost.

Covenants of bank financing

The bank financing granted to the Group companies Themis Holding Oy and Wetteri Yhtiöt Oy by Nordea Bank Plc and Varma Mutual Pension Insurance Company includes a covenant measuring 12-month EBITDA divided by net interest-bearing liabilities. The bank financing consists of EUR 20,800 (13,000) thousand in bank loans and EUR 13,300 (13,300) thousand in overdraft facilities. According to the financing agreement, the 12-month EBITDA divided by interest-bearing net liabilities is calculated in accordance with Finnish accounting practice based on the interest-bearing net liabilities and 12-month EBITDA of the subgroup consisting of 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 annually on 30 June and 31 December. The subgroup has committed

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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, and 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 bank financing granted by Nordea Bank Plc and Varma Mutual Pension Insurance Company also include a covenant measuring the equity ratio of the Wetteri Group and the subgroup formed by Themis Holding Oy and its subsidiaries Wetteri Yhtiöt Oy, Wetteri Auto Oy, Wetteri Power Oy, Autotalo Mobila Oy and Pohjois-Suomen Autotalot Oy. The covenant measuring the equity ratio is reviewed annually on 30 June and 31 December. According to the covenant, the Wetteri Group's equity ratio must be at least 18.50% on 31 December 2023, at least 30% on 30 June 2024, at least 32.50% on 31 December 2024 and at least 35% on 30 June 2025 and the subsequent measuring dates. The subgroup's equity ratio is calculated in accordance with Finnish accounting practice, and it must be at least 25% on 31 December 2023, at least 30% on 30 June 2024, at least 32.50% on 31 December 2024 and at least 35% on 30 June 2025 and the subsequent measuring dates. When calculating

the equity ratio, the subordinated capital loans granted by Simula Invest Oy and PM Ruukki Oy are treated as equity.

The financing granted by Nordea Bank Plc and Varma Mutual Pension Insurance Company also includes covenants measuring the indebtedness and investments of the subgroup consisting of Themis Holding Oy and its subsidiaries Wetteri Yhtiöt Oy, Wetteri Auto Oy, Wetteri Power Oy, Autotalo Mobila Oy and Pohjois-Suomen Autotalot Oy, as well as other terms and conditions related to the Group's ownership structure, business continuity, transfer and pledge of shares, and distribution of funds. In addition, the companies have undertaken under their financing agreement not to grant any new pledges or make other similar commitments.

On 14 February 2024, before the publication of the financial statements, Wetteri announced that the covenants included in the financing agreement between 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 at the time of review on 31 December 2023, and that Wetteri has started negotiations with the bank and mutual pension insurance company to update the covenant terms of the financing agreement. As a result of the negotiations, the bank and mutual pension insurance company gave notice that they would not exercise their right to demand immediate repayment of their receivables, although the covenants were not fully met on 31 December 2023. Also, the covenant terms of the financing agreement were amended so, that Themis Holding Oy subgroup's 12-month EBITDA divided by net interest-bearing liabilities shall be no more than 4.60x on 30 June 2024, no more than 4.20x on 31 December 2024 and no more than 1.50x on 30 June 2025 and the subsequent measuring dates,

and that the equity ratio shall be at least 25% on 30 June 2024, at least 26% on 31 December 2024 and at least 35% on 30 June 2025 and the subsequent measuring dates. According to the amended covenant terms, Wetteri Group's equity ratio shall be at least 19% on 30 June 2024, at least 19.5% on 31 December 2024 and at least 30% on 30 June 2025 and the subsequent measuring dates. Mutual Pension Insurance Company Elo also replaced Mutual Pension Insurance Company Varma in the financing agreement.

As the negotiations started after the financial year end, their outcome has not been taken into account in the Group's financial statements on 31 December 2023. Consequently, the financing under the financing agreement, including EUR 20,800 thousand in bank loans and EUR 11,252 thousand in use under the overdraft facility, is presented in full as a short-term liability in the financial statements. If the creditors had given notice of that they would not exercise their right to demand immediate repayment of their receivables before the balance sheet date, EUR 14,725 thousand of the financing would have been presented as long-term liability in the financial statements. The financing under the financing agreement was also presented as a short-term liability in the financial statements for the comparison period. In the comparison period, the financing included EUR 13,000 thousand in bank loans and EUR 11,625 thousand in use under the overdraft facility. During the comparison period, the subgroup met the covenant terms of the financing agreement. However, because changes were made to the terms and the amended terms entered into force after the end of the comparison period on 6 April 2023, the amended terms were not taken into account in the financial statements on 31 December 2022 and the bank financing was presented in full as a short-term liability on the balance sheet.

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Aktia Bank Plc's bank financing to the Group companies Wetteri Plc and Management Institute of Finland MIF Oy also includes a covenant concerning solvency, according to which the Group's equity ratio must be more than 30%, as well as other normal terms and conditions related to the Group's indebtedness. The bank financing consists of EUR 853 (1,396) thousand in bank loans and an overdraft facility of EUR 500 (500) thousand. The covenant measuring the equity ratio is reviewed annually on 30 June and 31 December. During the comparison period, as a result of the share exchange between Wetteri Plc and Themis Holding Oy on 9 December 2022, Aktia Bank Plc gave advance approval for non-compliance with the covenant measuring the equity ratio for the reviews performed on 31 December 2022 and 30 June 2023. In addition, Aktia Bank Plc gave advance approval for non-compliance with the covenant for the reviews performed on 31 December 2023 and 30 June 2024. The covenant will next be reviewed by Aktia Bank Plc on 31 December 2024, when the equity ratio must be more than 30% in accordance with the covenant. In future, optimal capital structure planning will be used to ensure that the covenant is not breached at the time of review on 30 June and 31 December.

Note 30 ("Contingent liabilities and assets, and commitments") provides information about the guarantees provided as collateral for bank loans and overdraft facilities.

LOANS UNDER THE EMPLOYEE PENSIONS ACT (TYEL)

The Group companies Management Institute of Finland MIF Oy and Tieturi Oy have long-term and short-term TyEL loans from Varma Mutual Pension Insurance Company and Ilmarinen Mutual Pension Insurance Company, EUR 835 (856) thousand in total. The loans are fixed-rate, and their interest rates range from 0.65% to 5.60%. The loans are

repaid in accordance with their payment programmes, and will fall due by the end of 2026 at the latest.

During the financial year, the Group drew down a TyEL loan of EUR 500 thousand for its Group company Tieturi Oy. 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.

PRODUCT DEVELOPMENT LOANS

Wetteri has a R&D loan EUR 257 (386) thousand granted by Business Finland on 23 November 2018 for the company's digital training content development project. The interest rate on the product development loan is three percentage points below the base rate, but always at least one per cent. The loan period is seven years, and the first three years are free of repayments. The loan will be repaid in accordance with its payment programme by the end of 2025 at the latest.

CONVERTIBLE BONDS

As part of the financing for the business acquisition of E. Hartikainen Oy's car trade business, which is described in **Note 2 ("Business Combinations")**, 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.

OTHER LOANS

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, and a loan of EUR 200 thousand from a related party of Markku Kankaala. The interest paid on the loans consists

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of the 12-month Euribor rate and a 4.5% margin. The loans are payable on demand. However, the loans are subordinate to financing by Nordea Bank Plc, and consent from Nordea Bank Plc is required for the loans to fall due.

The Group repaid PM Ruukki Oy's loan capital (EUR 800 thousand) on 21 December 2023. The book value of the loans on the balance sheet date is EUR 246 (0) thousand, including an unpaid interest expense of EUR 46 (0) thousand accrued on the loans.

VEHICLE CONSIGNMENT STOCK FACILITIES

On the balance sheet date, the Group had at its disposal a used car consignment stock facility of EUR 40,682 (18,200) thousand with various financing companies, which allows the Group to offer used vehicles to be purchased in the financing companies' consignment stock. With the business acquisition of E. Hartikainen Oy ([Note 2 "Business Combinations"](#)), the Group's consignment stock facility granted by financing companies increased by EUR 11,000 thousand.

The balance in use of EUR 24,662 (11,731) thousand from the consignment stock facility on the balance sheet date corresponds to the selling price at which the vehicles in the consignment stock facility were originally sold to the consignment stock. The Group may increase the facility at its disposal by either redeeming the cars it has sold to the consignment stock or selling the cars forward to its customers. The vehicles are redeemed from the consignment stock at the same price at which they were originally sold by the Group.

The financing agreements concerning consignment stock facilities are 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. Financing companies charge a commission for the use of the facility. The commission is tied to the Euribor rate, and its margin ranges from 0.159% to 0.664%. The commission is recognised as a financial expense in the Group's income statement. The balance in use from the consignment stock facility is classified as a short-term financial liability because the Group expects to settle the debt during its normal operating cycle. The vehicles sold to the consignment stock are included in the Group's inventories, and their book value serves as collateral for the corresponding financial liability.

More information about vehicle consignment stock arrangements and their accounting treatment is provided in [Note 3 \("Revenue"\)](#).

VEHICLE SALE AND LEASEBACK FACILITIES

On the balance sheet date, the Group had a total credit facility of EUR 20,320 (15,040) thousand granted by various financing companies, under which the Group can place its demonstration and courtesy cars under sale and leaseback arrangements. With the business acquisition of E. Hartikainen Oy and Palin Oy's AutoPalin business ([Note 2 "Business Combinations"](#)), the Group's sale and leaseback facilities granted by financing companies increased by EUR 2,500 thousand and EUR 4,920 thousand.

The balance in use of EUR 15,810 (9,721) thousand under the facility on the balance sheet date corresponds to the sale price at which the vehicles subject to the sale and leaseback arrangement were originally sold to the facility provided by

the financing company, less the lease payments made for the cars during their lease period. The Group may increase the facility at its disposal by either paying lease for the cars during their lease periods or redeeming the cars at their residual value reduced by the lease payments made.

The financing agreements concerning sale and leaseback facilities are valid until further notice, with notice periods of one to six months. Financing companies charge the Group interest on the use of the facility. The interest rate is tied to the Euribor rate, and its margin ranges from 1.60% to 3.395%. The interest is recognised as a financial expense in the Group's income statement. Vehicles subject to sale and leaseback arrangements are included in the Group's inventories, and their book value serves as collateral for the corresponding financial liability. The financial liability is classified as short-term because the Group expects to settle the debt during its normal operating cycle.

More information about vehicle sale and leaseback arrangements and their accounting treatment is provided in [Note 3 \("Revenue"\)](#).

OTHER FINANCIAL LIABILITIES

The Group's other non-current financial liabilities consist of a long-term instalment plan debt of EUR 4 (1) thousand. The Group's other current financial liabilities include EUR 34 (17) thousand in short-term instalment plan debt, EUR 310 (310) thousand in fair value of interest payable on the hybrid equity loan determined in connection with a business combination, and EUR 1,039 (954) thousand in advance payments from financing companies related to the Group's customers' instalment plan payments. Other financial liabilities have been measured at amortised cost after their initial recognition.

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FAIR VALUE OF FINANCIAL LIABILITIES

EUR thousand	31 Dec 2023		31 Dec 2022		Hierarchy level
	Book value	Fair value	Book value	Fair value	
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	
Vehicle consignment stock facilities	24,662	24,662	11,372	11,372	
Vehicle sale and leaseback facilities	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	

The book values and fair values of financial liabilities and their classification into three levels of the fair value hierarchy are presented above. The levels of the fair value hierarchy are described in [Note 1 \("Accounting principles"\)](#).

The fair values of loans are based on the present value of future cash flows. When calculating the present value, the discount rate is the total interest rate of the loan, which consists of a risk-free interest rate and a company-specific risk premium. The fair values of loans are classified at Level 3 of the fair value hierarchy because non-observable inputs such as the Group's own credit risk are used to determine

them. The fair values of the loans do not differ materially from their book values because the interest rate paid on them is close to the market rate.

The fair value of lease liabilities is based on the present value of estimated future cash flows from leases. The present value of lease liabilities has been calculated by discounting future cash flows at an interest rate that the management estimates the Group would have to pay if it borrows, for a similar period and with similar collateral, the funds necessary to obtain an asset that corresponds to the value of the underlying asset.

The fair value of the derivative instruments (interest rate swaps) is determined using a method based on the present value of estimated future cash flows. The fair value measurement is supported by the price quotation of the counterparty to the interest rate swaps, but the management also prepares its own fair value calculation using generally accepted valuation methods.

The book values of the Group's other financial liabilities are not materially different from their fair values. Because of the nature of 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.

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25. Financial risk and capital management

FINANCIAL RISK MANAGEMENT

In its normal business operations, the Group is exposed to several financial risks, the main ones being liquidity, interest rate, credit and exchange rate risks. The Group's risk management aims to minimise the adverse impacts of changes in the financial markets on the Group's performance and business operations. The general principles of the Group's risk management are approved by the Board of Directors, which also has the responsibility to monitor and ensure that the functions of the Group's risk management process are adequate. In accordance with the instructions of the Board of Directors, the Group CEO is responsible for the practical implementation of the Group's risk management, with the support of the rest of the Group's management. The CEO regularly reports on risks and related measures to the Board of Directors.

Liquidity risk

Liquidity risk is the risk that the Group faces difficulties in trying to meet its obligations arising from financial liabilities when the obligations are met through the disposal of cash or other financial assets. The Group's management exercises careful management of the liquidity risk. 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.

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. To reduce the liquidity risk, Wetteri uses a variety of financing sources to ensure

that the company can meet its short-term and long-term payment obligations.

SOURCES OF FINANCING

The availability and flexibility of the Group's financing is ensured through the use of financial institutions' credit instruments, the extensive facilities provided by financial companies for financing used cars and demonstration cars in the Group's stock, and the issue of equity instruments, among other means. The Group has access to an overdraft facility of EUR 13,300 (13,300) thousand from Nordea Bank Plc, and an overdraft facility of EUR 500 (500) thousand from Aktia Bank Plc. Of the overdraft facilities, EUR 11,752 (12,039) thousand was in use on the balance sheet date. On the balance sheet date, the Group's used car consignment stock facilities provided by various financing companies totalled EUR 40,682 (18,200) thousand, of which EUR 24,662 (11,372) thousand was in use on the balance sheet date. On the balance sheet date, the Group's demonstration car sale and leaseback facilities provided by financing companies totalled EUR 20,320 (15,040) thousand, of which EUR 15,810 (9,721) thousand was in use. The terms and conditions of the Group's credit instruments provided by financial institutions and its facilities for financing used cars and demonstration cars are described in more detail in [Note 24 \("Financial liabilities"\)](#). During the financial year, the Group raised EUR 8,000 thousand in new equity financing through directed share issues, which are described in more detail in [Note 23 \("Equity"\)](#).

In addition to debt and equity financing, the Group's significant sources of financing also include working capital items such as inventories and trade receivables. On the balance sheet date, the Group had a total of EUR 77,819 (49,517) thousand in inventories and a total of EUR

20,874 (15,485) thousand in trade receivables. The Group's cash and cash equivalents on the balance sheet date were EUR 856 (1,147) thousand.

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MATURITY OF FINANCIAL LIABILITIES

EUR thousand	Book value	Total contractual cash flows	2024	2025	2026	2027	2028	2029 and later
31 Dec 2023								
Capital loans	5,742	6,399	680	5,719	0	0	0	0
Loans from financial institutions	22,249	24,996	24,695	168	133	0	0	0
Overdraft facilities	11,752	11,752	11,752	0	0	0	0	0
Loans under the Employee Pensions Act (TyEL)	835	882	494	302	86	0	0	0
Product development loans	257	261	131	130	0	0	0	0
Convertible bonds	2,000	2,000	2,000	0	0	0	0	0
Other loans	246	304	63	17	17	206	0	0
Lease liabilities	47,422	53,238	10,523	9,903	9,411	8,621	4,387	10,393
Vehicle consignment stock facilities	24,662	24,792	24,792	0	0	0	0	0
Vehicle sale and leaseback facilities	15,810	16,631	16,631	0	0	0	0	0
Other financial liabilities	1,388	1,388	1,383	4	0	0	0	0
Derivative instruments	152	152	0	0	0	152	0	0
Trade and other payables	45,549	45,549	42,476	1,460	723	417	241	232
Total	178,064	188,345	135,621	17,704	10,370	9,396	4,628	10,625

EUR thousand	Book value	Total contractual cash flows	2023	2024	2025	2026	2027	2028 and later
31 Dec 2022								
Capital loans	5,175	5,591	0	5,591	0	0	0	0
Loans from financial institutions	14,672	16,043	15,139	607	173	123	0	0
Overdraft facilities	12,039	12,039	12,039	0	0	0	0	0
Loans under the Employee Pensions Act (TyEL)	856	883	455	306	122	0	0	0
Product development loans	386	394	133	131	130	0	0	0
Convertible bonds	2,300	2,335	2,335	0	0	0	0	0
Lease liabilities	37,742	42,331	6,747	6,471	5,961	5,673	4,958	12,520
Vehicle consignment stock facilities	11,372	11,374	11,374	0	0	0	0	0
Vehicle sale and leaseback facilities	9,721	9,930	9,930	0	0	0	0	0
Other financial liabilities	1,289	1,289	1,288	1	0	0	0	0
Trade and other payables	26,467	26,467	26,289	117	60	0	0	0
Total	122,018	128,674	85,729	13,224	6,447	5,796	4,958	12,520

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The table above describes the maturity of the Group's financial liabilities on the balance sheet date. The cash flows shown in the table are undiscounted and include both repayments of principal and payments of interest on financial liabilities, broken down by the contractual maturity dates in force on the balance sheet date.

The contractual cash flows of EUR 24,008 thousand related to the bank loans of EUR 20,800 thousand granted to the Group by Nordea Bank Plc and Varma Mutual Pension Insurance Company are included in full in cash flows due in the 2024 calendar year in the maturity distribution of financial liabilities because in the financial statements the bank loans are presented in full as short-term debt as described in more detail in **Note 24 ("Financial liabilities")**. In the maturity distribution for the comparison period, the cash flows of EUR 14,284 thousand in total related to the bank loans of EUR 13,000 thousand granted by Nordea Bank Plc are also included in full in cash flows due in the 2023 calendar year.

Interest rate risk

Interest rate risk arises 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 derivative instruments such as interest rate swaps. The Group does not apply hedge accounting to its interest rate swaps. The fair value of the interest rate swaps is included in the Group's non-current financial assets and liabilities. Information about the fair value of the interest rate swaps on the balance

sheet date is provided in **Note 21 ("Financial assets")** and **Note 24 ("Financial liabilities")**.

Based on a sensitivity analysis, the Group's recalculated result for the financial year and equity would have been EUR 473 (188) thousand less if interest rates on variable rate loans had been two percentage points higher, with all other variables remaining unchanged. The Group's operating cash flows are mainly independent of fluctuations in market interest rates.

Credit risk

Credit risk is the risk that a counterparty is unable to meet its contractual obligations, thus causing a financial loss to the Group. The Group may incur a credit loss if its customers or counterparties to other contracts are unable to meet their obligations towards the Group.

The Group 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. The Group receives payment against its trade receivables from the third party managing the account, and the third party then bears the credit risk for the outstanding trade receivables in the customer's account. No interest in these trade receivables remains with the Group.

The Group's trade receivables are mainly trade receivables related to the sale of vehicles from financing companies which arise when there is a short time gap between the approved credit decision received by the Group's customer from the financing company and the delivery of the vehicle and the payment made by the financing company to the Group. The credit risk associated with the sale of the vehicle is borne by the financing company after the approval of the Group's customer's credit application. The Group's credit risk related to trade receivables and cash assets is low because the counterparties are mainly financing companies that have received high ratings from international credit rating agencies. The credit risk associated with trade receivables is described in more detail in **Note 20 ("Trade and other receivables")**. Aging of trade receivables is also presented in the same note.

Exchange rate risk

Exchange rate 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 exchange rate risk arises from commercial transactions, monetary items on the balance sheet and net investments in a foreign subsidiary. On the balance sheet date, 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 exchange rate risk is not significant. The translation difference EUR 29 (6) thousand for the financial year is recognised in the items of comprehensive income statement.

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CAPITAL MANAGEMENT

The goal of the Group's capital management is to use an optimal capital and financial structure to support the Group's business operations by ensuring its normal operating conditions. Capital management also aims to increase shareholder value by ensuring the highest possible return on equity invested by shareholders. Optimal capital structure ensures a lower cost of capital for the Group. The capital structure is affected by means of share issues and by raising equity financing, for example, and the Group may also vary and adjust the amount of dividends paid to shareholders or the amount of capital returned to them. The Group may also decide to sell assets to reduce its debt.

The Group's management regularly monitors the development of the Group's capital structure through the Group's equity ratio, the amount of interest-bearing liabilities and the amount of working capital items such as inventories, trade receivables and trade payables. The equity ratio is calculated for capital management purposes by dividing the Group's equity capital by the balance sheet total, less advances received. The Group's bank financing also involves covenants measuring the equity ratio. More information about the covenants is provided in [Note 24 \("Financial liabilities"\)](#).

The Group's equity ratio and interest-bearing liabilities on the balance sheet date are presented below. The items included in interest-bearing liabilities and net debt are described in more detail in [Note 24 \("Financial liabilities"\)](#) and [Note 22 \("Cash and cash equivalents"\)](#).

Equity ratio

EUR thousand	31 Dec 2023	31 Dec 2022
Equity ratio, %	16%	20%

Interest-bearing liabilities and net debt

EUR thousand	31 Dec 2023	31 Dec 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
Vehicle consignment stock facilities	24,662	11,372
Vehicle sale and leaseback facilities	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

Interest-bearing liabilities totalled EUR 132,515 (95,552) thousand 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 44,620 (36,717) thousand.

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Changes in net debt

EUR thousand	Loans	Overdraft facilities	Lease liabilities	Other financial liabilities	Cash and cash equivalents	Total
Net debt 1 Jan 2023	23,389	12,039	37,742	22,382	-1,147	94,404
Cash flow	6,921	-287	-9,614	30	320	-2,631
Business combinations	2,000	0	4,153	18,881	0	25,034
Acquisitions of lease liabilities	0	0	13,382	0	0	13,382
Conversion of convertible bonds	-2,300	0	0	0	0	-2,300
Impact of the change of terms of equity loans	360	0	0	0	0	360
Measurement of derivative instruments at fair value	0	0	0	152	0	152
Exchange rate adjustments	0	0	0	0	-29	-29
Interest accrued	959	0	1,759	568	0	3,285
Net debt 31 Dec 2023	31,329	11,752	47,422	42,012	-856	131,659

EUR thousand	Loans	Overdraft facilities	Lease liabilities	Other financial liabilities	Cash and cash equivalents	Total
Net debt 24 Feb 2022	0	0	0	0	0	0
Cash flow	14,630	4,530	-4,588	129	-445	14,256
Business combinations	9,033	7,509	40,619	21,660	-702	78,118
Acquisitions of lease liabilities	0	0	932	0	0	932
Value of the equity component in capital loans	-574	0	0	0	0	-574
Interest accrued	300	0	780	593	0	1,673
Net debt 31 Dec 2022	23,389	12,039	37,742	22,382	-1,147	94,404

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26. Trade and other payables

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Trade payables

Trade payables are liabilities that the Group has outstanding on products or services that it has received, and that have been invoiced or on which an agreement has been made with the supplier. Trade payables are presented in short-term liabilities on the balance sheet because they usually fall due within 30 days of their initial recognition, and the Group therefore expects to settle them within 12 months of the end of the reporting period. Trade payables are measured at fair value at their initial recognition. After initial recognition, trade payables are measured at amortised cost using the effective interest method. The book value of trade payables is considered to be equal to their fair value because of the short maturities of the items.

Accruals and other liabilities

Accruals are liabilities that the Group has outstanding on products or services that it has received, but that have not been invoiced, or on which an agreement has not been made with the supplier. Other liabilities include liabilities based on a document showing the amount of the debt and the creditor. For example, the Group's possible value added tax liabilities, car tax liabilities, withholding tax liabilities and social security contribution liabilities are presented in other liabilities. Repurchase liabilities, which are recognised for the Group's commitment to a financial company under a repurchase agreement to buy back certain vehicles sold, are also presented in other liabilities.

Accruals and other liabilities are measured at fair value at initial recognition and subsequently at amortised cost using the effective interest method.

With some exceptions, the Group expects to settle other liabilities during its normal operating cycle or within 12 months of the recognition of the liabilities on the balance sheet. Such other liabilities are presented in current liabilities on the balance sheet. Current liabilities also include liabilities for which the Group does not have an unconditional right to defer payment until at least 12 months after the end of the reporting period. Otherwise, other liabilities are presented as long-term.

Advances received

Advances received are contractual liabilities for performance obligations related to the future transfer of products or services that are part of the Group's usual operations. The Group derecognises advances received and recognises revenue in the income statement when it transfers the products or services in question and thus fulfils its performance obligation.

TRADE AND OTHER PAYABLES

EUR thousand	31 Dec 2023	31 Dec 2022
Non-current		
Repurchase liabilities	3,074	177
Total	3,074	177
Current		
Trade payables	21,942	10,839
Repurchase liabilities	4,213	3,803
Advances received	1,709	1,215
Other liabilities	4,628	3,216
Accruals	9,983	7,217
Total	42,476	26,289
Material items included in accruals		
Accruals of personnel expenses	8,951	6,249
Liabilities from contracts with customers	349	376
Other accruals	683	593
Total	9,983	7,217

Repurchase liabilities

The Group's non-current and current repurchase liabilities EUR 3,074 (177) thousand and EUR 4,213 (3,803) thousand have been recognised for new cars included in property, plant and equipment that have been sold by the Group, regarding which the Group has entered into a repurchase agreement binding on the Group with a financing company. The Group recognises the consideration received for the transfer of such cars as a repurchase liability on its balance sheet at the time of the repurchase agreement and recognises the difference between the consideration received for the transfer and the agreed repurchase price in revenue in equal instalments over the agreement period. Of

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the total repurchase liability of EUR 7,287 (3,980) thousand on the Group's balance sheet on the balance sheet date, EUR 1,934 (265) thousand will be recognised as revenue over the duration of the agreement. The remaining EUR 5,353 (3,715) thousand will be paid by the Group to financial companies as a car repurchase price. More information about car repurchase agreements is provided in [Note 3 \("Revenue"\)](#).

Advances received

Advances received of EUR 1,709 (1,215) thousand mainly include advances received from customers for passenger car sales and heavy vehicle sales.

Other liabilities

Other current liabilities include value added tax liabilities EUR 2,475 (1,657) thousand, accruals related to cost of employee benefits EUR 1,257 (893) thousand, car tax liabilities EUR 713 (508) thousand and other liabilities EUR 183 (158) thousand. Car tax liabilities consist of car taxes to be paid to importers of new vehicles, which the Group invoices to its customers. Car tax liabilities invoiced to customers are included in other current receivables, and their amounts are presented in [Note 20 \("Trade and other receivables"\)](#).

Accruals

Accruals include accruals of personnel expenses EUR 8,951 (6,249) thousand, liabilities from customer contracts EUR 349 (376) thousand and other accruals EUR 683 (593) thousand. Liabilities from customer contracts consist of the Group's training business operations' customer contracts with more than one training event, in which the income recognised and the expenses incurred are smaller than the amount invoiced for the customer contract by the balance sheet date.

27. Provisions

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Provision is a liability of uncertain timing or amount. A provision is recognised on the balance sheet when a legal or constructive obligation has arisen for the Group as a result of a past event, the amount of which can be reliably estimated, and it is probable that the settlement of the obligation requires the outflow of resources embodying economic benefits from the Group.

The amount to be recognised as a provision is the present value of the management's best estimate of the expenditure expected to be required at the end of the reporting period to settle the obligation. The discount rate used to calculate the present value is determined so that it reflects the market's current view of the time value of money and the specific risks associated with the liability.

A restructuring provision is recognised when the Group has drawn up a detailed restructuring plan and has started the implementation of the plan or has communicated the main features of the plan to those affected by it. The Group did not have a restructuring provision on its balance sheet during the financial year.

A provision is recognised for any loss-making contracts when the unavoidable costs required to meet the contractual obligations exceed the economic benefits expected to be received under the contract. The Group did not have a provision related to loss-making contracts on its balance sheet during the financial year. Provisions are not recognised for the Group's future operating losses or expenses related to continuous operations.

A provision is presented as short-term when the provision is expected to be realised or settled within 12 months of the end of the reporting period. Otherwise, provisions are presented as long-term.

CHANGES IN PROVISIONS IN THE FINANCIAL YEAR

EUR thousand	Repair liability provision	Total
Provisions 1 Jan 2023	88	88
Increase in provisions	45	45
Use of provisions	0	0
Provisions 31 Dec 2023	133	133
Long-term provisions	0	0
Short-term provisions	133	133
Total	133	133

EUR thousand	Repair liability provision	Total
Provisions 24 Feb 2022	0	0
Acquisition of Wetteri Yhtiöt Oy on 11 May 2022	98	98
Increase in provisions	0	0
Use of provisions	-10	-10
Provisions 31 Dec 2022	88	88
Long-term provisions	0	0
Short-term provisions	88	88
Total	88	88

REPAIR LIABILITY PROVISION

In connection with the sale of used cars, the Group recognises a repair liability provision for the estimated repair related aftersales costs. The amount of the repair

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liability provision is estimated based on historical aftersales repair costs for used cars. When estimating the amount of the provision, any changes in the sales volume of used cars are also taken into account. Costs are typically front-loaded for the duration of the repair liability.

The repair liability provision and the underlying estimates and assumptions are reviewed at the end of each reporting period, and the provision is adjusted to reflect the management's best estimate at the time of review. If it is no longer likely that the settlement of the obligation requires the outflow of resources embodying economic benefits from the Group, the provision will be reversed. The management takes account of the differences between actual and estimated costs when estimating the amount of repair liability provisions to be recognised in future financial years. On the balance sheet date, the amount of the repair provision EUR 133 (88) thousand corresponds to the management's best estimate of the aftersales repair costs of used cars sold.

28. Group structure

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

The consolidated financial statements cover the parent company and its subsidiaries. Subsidiaries are companies over which the Group has control. Control is established when the Group, by being involved in a company, is exposed or has rights to the company's variable returns and has the ability to affect those returns by exercising its power over the company. The consolidation of subsidiaries begins on the date of acquisition, which is the date on which the Group acquires control or, if the subsidiaries were originally established by the Group's parent company, the date on which the subsidiary was established. In the event of a change in one or more of the three elements of control, the Group will reassess whether it controls the company. The consolidation of the subsidiary ends on the day on which control ceases.

	Country of registration	The Group's holding 31 Dec 2023, %
Parent company		
Wetteri Oyj	Finland	
Subsidiaries		
Themis Holding Oy	Finland	100%
Wetteri Yhtiöt Oy	Finland	100%
Wetteri Auto Oy	Finland	100%
Wetteri Power Oy	Finland	100%
Autotalo Mobila Oy	Finland	100%
Pohjois-Suomen Autotalot Oy	Finland	100%
Tieturi Oy	Finland	100%
Management Institute of Finland MIF Oy	Finland	100%
Informator Utbildning Svenska AB	Sweden	100%
Associated companies		
Brain Alliance Oy	Finland	49%

29. Related party transactions

The Group's related parties include its parent company Wetteri Plc and 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 and the comparison period. They 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	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Income statement items		
Sale of goods and services	409	18
Purchases of goods and services	-215	-36
Interest expenses on capital loans	-443	-249
Interest expenses on other loans	-49	0
Total income statement items	-299	-267

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EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Equity items		
Value of the equity component in capital loans 11 May 2022	0	574
Themis Holding Oy's share issue 11 May 2022	0	6,000
Themis Holding Oy's share issue 17 May 2022	0	3,200
Themis Holding Oy's distribution of dividends 18 Nov 2022	0	-806
Conversion of a convertible bond into new shares 9 Dec 2022	0	200
Share issue 7 Mar 2023	300	0
Share issue 22 Dec 2023	800	0
Total equity items	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. The terms and conditions of the loans are described in **Note 24 ("Financial liabilities")**. An interest rate of 1% was originally agreed on the loans, which, at the time of drawing down the loans, did 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 were therefore 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 has been 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 (EUR 574 thousand) representing the non-market-based portion of the loans will not be remeasured. After initial recognition, the capital loans have been measured at amortised cost at a market rate of 8%. The accrued interest expense EUR 443 (249) thousand on the loans calculated based on the 8% interest rate for the financial year has been recognised as a financial expense in the Group's income statement. Of the interest expense, EUR 242 (249) thousand is included in the book value EUR 5,742 (5,175) thousand of the capital loans on the balance sheet date. The actual interest rate on the loans was raised on 5 April 2023 to correspond to the 8% market rate retroactively from 1 January 2023. Since there has been a significant change in the terms and conditions of the capital loans following the renegotiation of the interest rate, the change has been accounted for as extinguishment of the original capital loans and recognition of a new capital loan on the balance sheet. The profit impact (EUR -360 thousand) of the derecognition of the original capital loans has been recognised as a financial expense in the financial year (**Note 10 "Financial income and expenses"**).

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 for the loan to fall due. The accrued interest expense EUR 49 (0) thousand on the loan for the financial year has been recognised as a financial expense in the Group's income statement, and its unpaid portion EUR 33 (0)

thousand is included in the Group's liabilities on the balance sheet date. The Group repaid the principal of the loan to the creditor on 21 December 2023. More information about the loan is provided in **Note 24 ("Financial liabilities")**.

As part of the financing for the business 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. Oy 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 total subscription price of EUR 300 thousand. The subscription price has been recognised in the invested unrestricted equity fund. More information about the directed share issue is provided in **Note 23 ("Equity")**.

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 total subscription price of EUR 800 thousand. The subscription price has been recognised in the invested unrestricted equity fund. More information about the directed share issue is provided in **Note 23 ("Equity")**.

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OPEN BALANCES WITH KEY MEMBERS OF THE MANAGEMENT AND THEIR CONTROLLED ENTITIES

EUR thousand	31 Dec 2023	31 Dec 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 the book value of EUR 5,742 (5,175) thousand, including an accrued interest liability of EUR 242 (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 (0) thousand included in the Group's liabilities, is provided in connection with related party transactions above.

TRANSACTIONS WITH OTHER RELATED PARTIES

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Income statement items		
Sale of goods and services	0	4
Purchases of goods and services	0	-6
Interest expenses on other loans	-13	0
Total income statement items	-13	-3
Equity items		
Themis Holding Oy's share issue 17 May 2022	0	200
Themis Holding Oy's distribution of dividends 18 Nov 2022	0	-4
Total equity items	0	196

On 6 April 2023, the Group drew down a loan of EUR 200 thousand from a related party of Markku Kankaala, 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 (0) thousand on the loan for the financial year has been recognised as a financial expense in the Group's income statement and is included in the book value of EUR 213 (0) thousand of the loan on the balance sheet date.

OPEN BALANCES WITH OTHER RELATED PARTIES

EUR thousand	31 Dec 2023	31 Dec 2022
Assets		
Trade and other receivables	0	1
Total assets	0	1
Liabilities		
Loans	200	0
Interest accrued on 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 permanently reduced.

The loan with the book value of EUR 213 (0) thousand, including an accrued interest liability of EUR 13 (0)

thousand, granted to the Group by a related party of Markku Kankaala, a key member of the Group's management, is described in connection with related party transactions above.

REMUNERATION OF KEY MEMBERS OF THE MANAGEMENT

Information about the remuneration of key members of the management is provided concerning the following members of the management of Wetteri Plc, the parent company: CEO Aarne Simula; Management Team members Panu Kauppinen, Antti Ollikainen, Sanna Räsänen and former member Sami Klemola (until 13 March 2023); Chair of the Board Markku Kankaala and Board members Aarne Simula, Martti Haapala, Hannu Pärssinen, Mikael Malmsten and Satu Mehtälä. The information for the comparison period also includes the remuneration of these persons for the period before the share exchange of Wetteri Plc and Themis Holding Oy to the extent that the amounts are included in the personnel costs in the consolidated financial statements.

The information about the remuneration of the management for the comparison period does not include the remuneration of the following persons who resigned on 9 December 2022, the date of execution of the share exchange of Wetteri Plc (formerly Soprano Plc) and Themis Holding Oy: Pauliina Lautanen-Nissi, CEO of former Soprano Plc; Management Team Member Panu Kauppinen; Chair of the Board Satu Mehtälä and Board members Harri Koponen, Jarmo Lehtinen, Arto Tenhunen and Jorma Wiitakorpi. This is because the amounts are not included in the profit for the comparison period.

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No share-based payments were made to key members of the management during the financial year or the comparison period.

The CEO's salaries and fees

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Salaries and other short-term employee benefits	727	648
Contribution-based pension benefits	140	5
Total	868	653

Salaries and fees of the members of the Management Team

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Salaries and other short-term employee benefits	701	388
Contribution-based pension benefits	119	60
Total	820	448

Board members' fees

EUR thousand	1 Jan to 31 Dec 2023	24 Feb to 31 Dec 2022
Markku Kankaala	63	15
Aarne Simula	36	10
Martti Haapala	36	10
Hannu Pärssinen	38	10
Mikael Malmsten	36	7
Satu Mehtälä	39	2
Total	249	54

Information about the policy applicable to the remuneration of key members of the management is presented in Wetteri Plc's 2023 [Corporate Governance Statement](#) and [Remuneration Report](#).

Shareholdings of key members of the management and their related parties

		Shares	%
Aarne Simula	CEO, member of the Board	59,615,943	40.22%
Markku Kankaala	Chair of the Board	42,787,496	28.87%
Martti Haapala	Member of the Board	8,076,677	5.45%
Satu Mehtälä	Member of the Board	111,234	0.08%
Hannu Pärssinen	Member of the Board	10,000	0.01%
Mikael Malmsten	Member of the Board	0	0.00%
Panu Kauppinen	Member of the Management Team	0	0.00%
Antti Ollikainen	Member of the Management Team	2,080	0.00%
Sanna Räsänen	Member of the Management Team	0	0.00%
Total		110,603,430	74.62%

The numbers of shares presented above include shares held personally by key members of the management of the Group's parent company, Wetteri Plc, by their controlling entities, and by their close family members.

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30. Contingent liabilities and assets, and commitments

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Contingent liability is a potential obligation arising as a result of past events, the existence of which is only confirmed when one or more uncertain event beyond the control of the Group occurs. Contingent liability is also defined as a present obligation that arose as a result of past events but is not recognised as a provision on the balance sheet because it is unlikely that the settlement of the obligation requires the outflow of resources embodying economic benefits from the Group, or because the amount of the obligation cannot be measured with sufficient reliability.

Similarly, a contingent asset is an asset arising as a result of past events, the existence of which is only confirmed when one or more uncertain event outside the control of the Group occurs.

Contingent liabilities or assets are not recognised on the balance sheet but are presented as notes to the financial statements.

CONTINGENT LIABILITIES

EUR thousand	31 Dec 2023	31 Dec 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. On the balance sheet date, the book value of the vehicles serving as collateral for the Group's liabilities was EUR 40,219 (20,817) thousand. The vehicles are subject to a sale and leaseback arrangement and a consignment stock arrangement. More information is provided in [Note 19 \("Inventories"\)](#).

OTHER OFF-BALANCE-SHEET LIABILITIES

EUR thousand	31 Dec 2023	31 Dec 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	67	196

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

OBLIGATION TO ADJUST VALUE ADDED TAX DEDUCTIONS ON REAL ESTATE INVESTMENTS

The Group has an obligation to adjust its value added tax deductions on real estate 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 (1,249) thousand on 31 December 2023.

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.

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31. New and amended IFRS accounting standards to be applied in future financial years

The Group has not yet applied the new and amended IFRS accounting standards and interpretations that have already been published but will not become binding until financial periods beginning on or after 1 January 2024. The Group applies these standards and interpretations from the date

of their entry into force, or from the beginning of the following financial year if the date of entry into force is different from the first day of the financial year. According to the management's estimate, these standards will not have a material impact on the financial year or subsequent financial years, or on foreseeable future transactions. The new and amended applicable standards and interpretations are described below.

Title	Key requirements	Entry into force
Classification of Liabilities as Current or Non-current; Classification of Liabilities as Current or Noncurrent – Deferral of Effective Date; Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements	The aim of the amendments is to harmonise the application practice and clarify the requirements for classifying liabilities as short-term or long-term. The amendments specify that covenants that must be met after the end of the reporting period do not affect the classification of a liability as short-term or long-term at the end of the reporting period. Information regarding such covenants must be presented in the notes to the financial statements. The amendments also clarify that the transfer of the company's own equity instruments is considered settlement of the liability. If the liability is associated with a conversion right, this may affect the classification of the liability as short-term or long-term, unless the conversion rights are recorded in equity in accordance with IAS 32.	Applicable for reporting periods beginning on or after 1 January 2024, earlier application is permitted
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases	The amendments add a new accounting model for variable payments and require the lessee to reassess and possibly correct sale and leaseback transactions carried out after the introduction of IFRS 16 in 2019.	Applicable for reporting periods beginning on or after 1 January 2024, earlier application is permitted
Supplier Finance Arrangements – Amendments to IAS 7 Statement of Cash Flows ja IFRS 7 Financial Instruments: Disclosures	The aim of the amendments is to improve the transparency of supplier financing arrangements (SFAs) and to clarify their effects on financial liabilities, cash flows and the total amount of liquidity risk. The changes require the presentation of qualitative and quantitative information on supplier financing arrangements.	Applicable for reporting periods beginning on or after 1 January 2024, earlier application is permitted*
Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	The amendments require a uniform approach in assessing when a currency can be exchanged for another currency and, if it is not exchangeable, in determining which exchange rate can be used and which supporting information must be provided.	Applicable for reporting periods beginning on or after 1 January 2025, earlier application is permitted*

* The provision in question has not been approved for application in the EU by 31 December 2023.

32. 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. The car brand representation for 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 of 31 December 2023. The accounting treatment of the transaction has not been completed by the time the financial statements were approved for publication. Therefore, information on the identifiable net assets acquired and goodwill generated in the transaction has not been presented. 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.

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The Finnish Competition and Consumer Authority approved the transaction on 11 January 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 of 31 December 2023. The accounting treatment of the transaction has not been completed by the time the financial statements were approved for publication. Therefore, information on the identifiable net assets acquired and goodwill generated in the transaction has not been presented. 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. The transaction was completed on 2 April 2024. The buyer is a company specialising in working life training, Professio Finland Oy. The transaction price consists of the basic purchase price of EUR 5,300 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, and the capital return made before implementation. The buyer paid 40% of the purchase price as a cash contribution on the transaction date and 10% will be paid on 30 June 2024. For the remaining 50%, Wetteri granted an interest-bearing loan

with a five-year loan period, the first two years being free of loan repayments. The results of Management Institute of Finland MIF Oy and Tieturi Oy are presented as part of the Group's items not allocated to operating segments.

The criteria for classifying the assets and liabilities of Management Institute of Finland MIF Oy and Tieturi Oy as held for sale were met before the publication of the financial statements, but after the end of the financial year. Consequently, the assets and liabilities of the subsidiaries are not classified as held for sale in the financial statements on 31 December 2023.

CHANGE IN THE COVENANTS OF THE FINANCING AGREEMENT

On 14 February 2024, before the publication of the financial statements, Wetteri announced that the covenants included in the financing agreement between 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 that Wetteri has started negotiations with the financing bank to update the covenant terms of the financing agreement. As a result of the negotiations, the financing bank gave notice that it would not exercise its right to demand immediate repayment of its receivables, although the covenants were not fully met on 31 December 2023. Also, the covenant terms of the financing agreement were amended so, that Themis Holding Oy subgroup's 12-month EBITDA divided by net interest-bearing liabilities shall be no more than 4.60x on 30 June 2024 and no more than 4.20x on 31 December 2024, and that the equity ratio shall be at least 25% on 30 June 2024 and at least 26% on 31 December 2024. According to the amended covenant terms, Wetteri Group's equity ratio shall be at least 19% on 30 June 2024 and at least 19.5% on 31 December 2024. Mutual Pension Insurance Company Elo also replaced Mutual Pension Insurance Company Varma in the financing agreement.

As the negotiations started after the financial year end, their outcome has not been taken into account in the Group's financial statements on 31 December 2023. Consequently, the financing under the financing agreement, including EUR 20,800 thousand in bank loans and EUR 11,252 thousand in use under the overdraft facility, is presented in full as a short-term liability in the financial statements. If the creditors had given notice of that they would not exercise their right to demand immediate repayment of their receivables before the balance sheet date, EUR 14,725 thousand of the financing would have been presented as long-term liability 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.

After the end of the financial year on 15 March 2024, the company announced that a total of 670 employees participated in the share issue, and the Board of Directors approved the issue of a total of 67,000 new shares through the share issue to personnel. The shares issued correspond to around 0.04% of all the shares and votes in the company. The new shares entered into the Trade Register on 22 March 2024, and public trading with the shares began on 25 March 2024. Following the entry of the new shares into the Trade Register, the total number of shares in the company is 157,149,545.

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Parent company's income statement

EUR	Note	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
Revenue	1	1,550,164	1,955,419
Other operating income	2	859,275	25,377
Materials and services	3	-48,266	-36,994
Personnel expenses	4	-653,343	-778,069
Depreciation, amortisation and impairment	5	-47,396	-82,995
Other operating expenses	6	-1,747,484	-1,770,582
Operating profit (loss)		-87,049	-687,844
Financial income and expenses	7	-141,251	-732,706
Profit (loss) before appropriations and taxes		-228,300	-1,420,550
Appropriations	8	60,900	0
Income taxes	9	-426,886	0
Profit (loss) for the period		-594,286	-1,420,550

Parents company's balance sheet

EUR	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	10	772	104,410
Tangible assets	11	5,306	7,075
Investments	12	70,949,457	60,449,456
Total non-current assets		70,955,535	60,560,942
Current assets			
Non-current receivables	13	36,121	463,007
Current receivables	14	4,161,806	4,030,087
Cash in hand and at bank		210,928	229,235
Total current assets		4,408,855	4,722,329
TOTAL ASSETS		75,364,390	65,283,271
LIABILITIES			
Equity			
Share capital		96,000	96,000
Invested unrestricted equity fund		67,684,546	59,684,545
Retained earnings (losses)		-4,418,793	-2,998,243
Profit (loss) for the period		-594,286	-1,420,550
Equity loan		1,500,000	1,500,000
Total equity	15	64,267,466	56,861,752
Debt			
Long-term debt		292,950	1,180,449
Short-term debt		10,803,974	7,241,071
Total debt	16	11,096,924	8,421,519
TOTAL LIABILITIES		75,364,390	65,283,271

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Parent company's cash flow statement

EUR	Note	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
Cash flow from operating activities			
Profit (loss) before appropriations and taxes		-228,300	-1,420,550
Adjustments to profit (loss) before appropriations and taxes		515,346	871,829
Change in working capital		345,369	337,543
Dividends, interest and other financial income received	7	20,817	2,497
Interest and other financial expenses paid	7	-414,447	-53,221
Taxes paid	9	0	0
Cash flow from operating activities		238,784	-261,902
Cash flow from investing activities			
Investments in subsidiary shares	12	-8,000,001	0
Shares in associated companies sold		0	639,455
Cash flow from investing activities		-8,000,001	639,455
Cash flow from financing activities			
Share issues against payment	15	8,000,001	0
Withdrawals of long-term loans	16	0	439,800
Withdrawals of short-term loans	16	2,085,721	2,755,393
Repayments of short-term loans	16	-2,832,823	-219,646
Change in Group receivables and liabilities		429,110	-3,250,885
Group contributions received	8	60,900	0
Cash flow from financing activities		7,742,910	-275,337
Total cash flow		-18,307	102,216
Change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		229,235	127,019
Cash and cash equivalents at the end of the period		210,928	229,235
Change in cash and cash equivalents		-18,307	102,216

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Notes to the parent company's financial statements

Wetteri Plc (hereinafter "Wetteri Plc", the "parent company" or the "company") is a Finnish public limited company domiciled in Oulu, with a registered address at 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.

The parent company's financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS). A copy of the parent company's financial statements and the consolidated financial statements is available at www.sijoittajat.wetteri.fi/en/.

1. Revenue

EUR	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
Administrative service fees	1,276,069	1,233,182
Rental income	169,701	368,521
Training services	101,911	122,455
Other services	2,484	231,261
Total	1,550,164	1,955,419

Wetteri Plc's revenue mainly consists of administrative service fees charged to other Group companies.

GEOGRAPHICAL BREAKDOWN OF REVENUE

EUR	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
Finland	1,400,545	1,789,544
Rest of Europe	47,709	53,908
Rest of the world	101,911	111,967
Total	1,550,164	1,955,419

2. Other operating income

EUR	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
Capital gain from the business divestment	852,962	0
Other income	6,313	25,377
Total	859,275	25,377

Other operating income includes a capital gain of EUR 852,962 from the sale of business operations to the Group company Management Institute of Finland MIF Oy.

3. Materials and services

EUR	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
Materials, supplies and goods	535	0
External services	47,731	36,994
Total	48,266	36,994

4. Personnel expenses

EUR	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
Salaries and fees	587,611	675,878
Pension expenses	57,237	90,130
Other personnel expenses	8,495	12,061
Total	653,343	778,069

	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
Average number of personnel during the financial year	7	7

SALARIES AND FEES PAID TO THE MANAGEMENT

EUR	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
CEO (until 9 December 2022)	0	193,426
Board members	248,709	155,625
Total	248,709	349,051

The CEO's salaries and fees are only presented until 9 December 2022. After that date, the CEO's salaries and fees are included in the result of a Group company other than Wetteri Plc.

Information about the policy applicable to the remuneration of the management is presented in Wetteri Plc's 2023 [Corporate Governance Statement](#) and [Remuneration Report](#).

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5. Depreciation, amortisation and impairment

EUR	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
Depreciation (amortisation) according to plan	47,396	82,995
Total	47,396	82,995

DEPRECIATION (AMORTISATION) PERIODS AND METHODS

Depreciation (amortisation) according to plan has been calculated based on the useful life of intangible assets on a straight-line basis, and based on the useful life of tangible assets as declining-balance depreciation.

Intangible assets

Renovation costs for rental properties	5 years
Development costs	5 years

Tangible assets

Machinery and equipment	Declining-balance depreciation 25%
-------------------------	------------------------------------

6. Other operating expenses

EUR	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
Facility costs	236,833	529,408
IT expenses	31,592	72,447
Equipment costs	51,641	47,719
Travel expenses	13,591	16,301
Marketing costs	16,835	17,401
Voluntary personnel expenses	3,596	21,291
Public company costs	143,142	140,504
Other administrative costs	1,250,254	925,512
Total	1,747,484	1,770,582

Other administrative costs included in other operating expenses include EUR 454,669 in costs related to share issues, EUR 258,163 in transaction costs related to the business transactions of the Group companies and impairment of EUR 268,688 on the Group company Informator Utbildning Svenska AB's trade receivables.

AUDITOR'S FEES

EUR	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
Auditing services	77,149	35,934
Other services	69,935	36,693
Tax advisory	0	5,770
Total	147,083	78,397

7. Financial income and expenses

EUR	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
Financial income		
Other interest and financial income		
From Group companies	20,795	1,575
From others	23	2,497
Total	20,817	4,073
Financial expenses		
Impairment on investments in associated companies	-16,818	-673,956
Interest expenses		
To others	-106,781	-43,863
Other financial expenses	-38,469	-18,959
Total	-162,068	-736,778
Total financial income and expenses	-141,251	-732,706

Financial expenses include impairment on the associated company Brain Alliance Oy's receivables (EUR -16,818).

8. Appropriations

EUR	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
Group contributions received	60,900	0
Total	60,900	0

9. Income taxes

EUR	1 Jan to 31 Dec 2023	1 Jan to 31 Dec 2022
Taxes based on the taxable income for the period	0	0
Deferred taxes	-426,886	0
Total	-426,886	0

Income taxes include a change (EUR -426,886) in the deferred tax asset recognised on the balance sheet for confirmed losses.

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10. Intangible assets

EUR	31 Dec 2023	31 Dec 2022
Renovation costs for rental properties		
Acquisition cost 1 Jan	28,059	28,059
Additions	0	0
Acquisition cost 31 Dec	28,059	28,059
Accumulated amortisation and impairment 1 Jan	-23,568	-17,956
Amortisation	-3,719	-5,612
Accumulated amortisation and impairment 31 Dec	-27,287	-23,568
Book value 1 Jan	4,491	10,103
Book value 31 Dec	772	4,491

EUR	31 Dec 2023	31 Dec 2022
Development costs		
Acquisition cost 1 Jan	375,127	375,127
Additions	0	0
Disposals	-52,025	0
Acquisition cost 31 Dec	323,102	375,127
Accumulated amortisation and impairment 1 Jan	-275,207	-200,182
Amortisation	-47,895	-75,025
Accumulated amortisation and impairment 31 Dec	-323,102	-275,207
Book value 1 Jan	99,920	174,945
Book value 31 Dec	0	99,920

11. Tangible assets

EUR	31 Dec 2023	31 Dec 2022
Machinery and equipment		
Acquisition cost 1 Jan	31,727	31,727
Additions	0	0
Acquisition cost 31 Dec	31,727	31,727
Accumulated depreciation and impairment 1 Jan	-24,653	-22,294
Depreciation	-1,769	-2,358
Accumulated depreciation and impairment 31 Dec	-26,421	-24,653
Book value 1 Jan	7,075	9,433
Book value 31 Dec	5,306	7,075

12. Investments

EUR	31 Dec 2023	31 Dec 2022
Interests in Group companies		
Acquisition cost 1 Jan	60,445,953	6,350,304
Additions	8,000,001	54,095,649
Disposals	0	0
Acquisition cost 31 Dec	68,445,953	60,445,953
Book value 1 Jan	60,445,953	6,350,304
Book value 31 Dec	68,445,953	60,445,953

EUR	31 Dec 2023	31 Dec 2022
Receivables from Group companies		
Acquisition cost 1 Jan	0	0
Additions	2,500,000	0
Disposals	0	0
Acquisition cost 31 Dec	2,500,000	0
Book value 1 Jan	0	0
Book value 31 Dec	2,500,000	0

EUR	31 Dec 2023	31 Dec 2022
Interests in associated companies		
Acquisition cost 1 Jan	0	1,093,251
Additions	0	0
Disposals	0	-1,093,251
Acquisition cost 31 Dec	0	0
Book value 1 Jan	0	1,093,251
Book value 31 Dec	0	0

EUR	31 Dec 2023	31 Dec 2022
Other shares and interests		
Acquisition cost 1 Jan	3,504	3,504
Additions	0	0
Disposals	0	0
Acquisition cost 31 Dec	3,504	3,504
Book value 1 Jan	3,504	3,504
Book value 31 Dec	3,504	3,504

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HOLDINGS IN OTHER COMPANIES

Subsidiaries	Domicile	Holding 31 Dec 2023, %
Themis Holding Oy	Oulu	100%
Wetteri Yhtiöt Oy ¹⁾	Oulu	100%
Wetteri Auto Oy ¹⁾	Oulu	100%
Wetteri Power Oy ¹⁾	Oulu	100%
Autotalo Mobila Oy ¹⁾	Oulu	100%
Pohjois-Suomen Autotalot Oy ¹⁾	Oulu	100%
Tieturi Oy	Helsinki	100%
Management Institute of Finland MIF Oy	Helsinki	100%
Informator Utbildning Svenska AB ¹⁾	Sweden	100%
Associated companies		
Brain Alliance Oy	Helsinki	49%

¹⁾ Indirect ownership 100 %.

13. Non-current receivables

EUR	31 Dec 2023	31 Dec 2022
Deferred tax assets	36,121	463,007
Total	36,121	463,007

Non-current receivables include deferred tax assets recognised for confirmed tax losses. In accordance with the principle of prudence, a deferred tax asset is recognised only to the extent that it is likely that taxable income will arise in the future against which a confirmed tax loss can be used.

14. Current receivables

EUR	31 Dec 2023	31 Dec 2022
Receivables from Group companies		
Trade receivables	2,774,440	572,920
Loan receivables	508,090	2,610,000
Other receivables	850,789	777,458
Total	4,133,319	3,960,378
Receivables from others		
Trade receivables	0	7,026
Loan receivables	0	311
Other receivables	381	33,493
Accruals	28,106	28,880
Total	28,487	69,709
Total current receivables	4,161,806	4,030,087
Material items of accruals		
Accruals of expenses	25,743	27,803
Other	2,363	1,077
Total	28,106	28,880

15. Equity

EUR	31 Dec 2023	31 Dec 2022
Share capital 1 Jan	96,000	96,000
Share capital 31 Dec	96,000	96,000
Total tied-up equity		
	96,000	96,000
Invested unrestricted equity fund 1 Jan	59,684,545	5,332,768
Board fees paid in shares	0	56,128
Share exchange 9 Dec 2022	0	54,095,649
Conversion of the convertible bond into new shares 9 Dec 2022	0	200,000
Share issue 7 Mar 2023	4,600,000	0
Share issue 22 Dec 2023	3,400,001	0
Invested unrestricted equity fund 31 Dec	67,684,546	59,684,545
Retained earnings (losses) 1 Jan	-4,418,793	-2,998,243
Retained earnings (losses) 31 Dec	-4,418,793	-2,998,243
Profit (loss) for the period	-594,286	-1,420,550
Equity loan	1,500,000	1,500,000
Total unrestricted equity	64,171,466	56,765,752
Total equity	64,267,466	56,861,752

STATEMENT OF DISTRIBUTABLE EQUITY

EUR	31 Dec 2023	31 Dec 2022
Invested unrestricted equity fund	67,684,546	59,684,545
Retained earnings (losses)	-4,418,793	-2,998,243
Profit (loss) for the period	-594,286	-1,420,550
Equity loan	1,500,000	1,500,000
Capitalised development costs	0	-99,920
Total	64,171,466	56,665,832

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TERMS OF THE EQUITY LOAN

Wetteri Plc has a hybrid loan of EUR 1,500,000 from the Finnish Cultural Foundation, of which EUR 1,000,000 was issued on 6 June 2016 and EUR 500,000 on 6 June 2017. The loan has no due date, and the borrower cannot demand repayment of the loan in advance. The capital of the first tranche of the loan accrued interest at a fixed annual rate of 8.75% until 6 June 2020, after which the capital of the loan accrued interest at a fixed annual rate of 12.50% until 8 June 2023. The capital of the second tranche of the loan accrued interest at a fixed annual rate of 8.75% until 6 June 2021, after which the capital of the loan accrued interest at a fixed annual rate of 12.50% until 8 June 2023. Since 9 June 2023, the fixed annual interest rate on both tranches has been 17.5%. Wetteri Plc may not distribute dividends unless the interest on the loan is paid. Unpaid interest totalled to EUR 459,118 by 31 December 2023.

16. Debt

EUR	31 Dec 2023	31 Dec 2022
Long-term debt		
Loans from financial institutions	292,950	697,115
Liabilities to Group companies		
Advances received	0	483,334
Total long-term debt	292,950	1,180,449
Short-term debt		
Capital loans	2,000,000	2,300,000
Loans from financial institutions	660,148	703,085
Liabilities to Group companies		
Advances received	0	100,000
Trade payables	47,856	34,034
Other liabilities	6,990,555	3,318,992
Liabilities to others		
Trade payables	917,806	672,610
Other liabilities	110,259	27,357
Accruals	77,349	84,992
Total short-term debt	10,803,974	7,241,071
Total debt	11,096,924	8,421,519
Material items of accruals		
Accruals of personnel expenses	73,925	74,742
Other	3,424	10,249
Total	77,349	84,991

Wetteri Plc has no debt that matures after more than five years.

TERMS OF CAPITAL LOANS

Wetteri Plc has a convertible bond of EUR 2,000,000 from E. Hartikainen Oy. 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.

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17. Guarantees and commitments

ASSETS PLEDGED AS COLLATERAL FOR LIABILITIES

EUR	31 Dec 2023	31 Dec 2022
Loans from financial institutions	953,098	1,400,200
Business mortgages pledged as collateral	3,800,000	3,800,000
Book value of pledged shares in subsidiaries	6,350,304	6,350,304

Aktia Bank Plc's bank financing to Wetteri Plc includes a covenant concerning self-sufficiency, according to which the Group's equity ratio must be more than 30%, as well as other normal terms and conditions related to the Group's indebtedness. The bank financing consists of EUR 453,150 thousand in bank loans and an overdraft facility of EUR 500 000 thousand. The covenant measuring the equity ratio is reviewed annually on 30 June and 31 December. During the comparison period, as a result of the share exchange between Wetteri Plc and Themis Holding Oy on 9 December 2022, Aktia Bank Plc gave advance approval for non-compliance with the covenant measuring the equity ratio for the reviews performed on 31 December 2022 and 30 June 2023. In addition, Aktia Bank Plc gave advance approval for non-compliance with the covenant for the reviews performed on 31 December 2023 and 30 June 2024. The covenant will next be reviewed by Aktia Bank Plc on 31 December 2024, when the Wetteri Group's equity ratio must be more than 30% in accordance with the covenant. In future, optimal capital structure planning will be used to ensure that the covenant is not broken at the time of review on 30 June and 31 December.

COLLATERAL PROVIDED ON BEHALF OF GROUP COMPANIES

EUR	31 Dec 2023	31 Dec 2022
Loans from financial institutions	1,234,949	1,655,589
Business mortgages pledged as collateral	3,800,000	3,800,000

Wetteri has pledged business mortgages as collateral for loans drawn down by its subsidiaries Management Institute of Finland MIF Oy and Tieturi Oy.

LEASE LIABILITIES

EUR	31 Dec 2023	31 Dec 2022
Falling due in the next financial year	0	241,019
Falling due later	0	0
Total	0	241,019

LEASING LIABILITIES

EUR	31 Dec 2023	31 Dec 2022
Falling due in the next financial year	0	52,663
Falling due later	0	3,610
Total	0	56,274

OTHER LIABILITIES

Wetteri Plc has an overdraft facility of EUR 500,000, of which EUR 499,948 was in use on the balance sheet date.

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Signatures to the financial statements and the Board of Directors' report

Oulu 30 April 2024

Markku Kankaala

Chair of
the Board of Directors

Aarne Simula

Member of the Board,
CEO

Martti Haapala

Member of the Board

Hannu Pärssinen

Member of the Board

Satu Mehtälä

Member of the Board

Mikael Malmsten

Member of the Board

Auditor's note

A report on the audit performed has been issued today.

Oulu 30 April 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Sami Posti
APA

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Auditor's report (Translation of the Finnish Original)

TO THE ANNUAL GENERAL MEETING OF WETTERI OYJ

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

WHAT WE HAVE AUDITED

We have audited the financial statements of Wetteri Oyj (business identity code 0548170-4) for the year ended 31 December 2023. The financial statements comprise:

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

Basis for Opinion

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

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

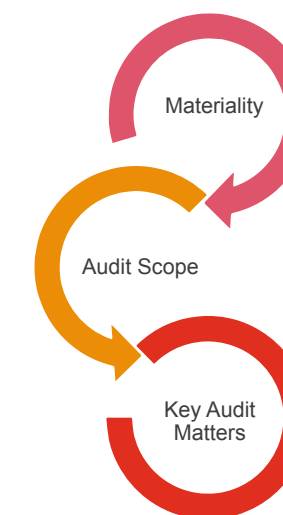
Independence

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

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 9 to the Financial Statements.

Our Audit Approach

OVERVIEW



- Overall group materiality: € 4.4 million, which represents 1 % of consolidated revenue.

- Our audit procedures covered all companies significant to the group, covering the majority of the group's revenue, assets and liabilities.

- Business combinations
- Valuation of goodwill
- Valuation of inventories
- Financing
- Valuation of investments in group companies (Parent company financial statements)

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

Materiality

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

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

Overall group materiality

€ 4.4 million (previous year € 1.9 million)

How we determined it

1% of consolidated revenue of the year ended 31 December 2023

Rationale for the materiality benchmark applied

We chose consolidated revenue as the benchmark because, in our view, revenue is one of the most commonly measured figure by readers of the financial statements. Additionally, consolidated revenue is also used as one of the figures in Wetteri Oyj's financial guidance. We chose 1% of consolidated revenue which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

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

Our audit procedures covered all significant companies of the group, covering most of the group's revenue, assets and liabilities. The audit of the consolidated financial statements was focused on the most significant companies in Finland, where we performed an audit based on the size of the companies and the characteristics of the risks. The audit of the significant companies of the group and additional procedures conducted at group level have provided us with sufficient and appropriate audit evidence as a basis for our opinion.

Key Audit Matters

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

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

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Key audit matter in the audit of the group

Business Combinations

Refer to notes 2, 13 and 14.

Wetteri Auto Oy, a subsidiary of the group, acquired the car trade business of E. Hartikainen Oy through a business acquisition. The acquisition has been treated in the group's financial reporting as a business combination using the acquisition method, and has been consolidated into the group since 8 March 2023.

The consideration transferred in the business acquisition was approx. € 15.7 million. The acquired intangible assets include fair value allocations of approx. € 0.5 million. The acquired inventories include an increase of approx. € 1.3 million arising from fair value allocations to work in progress related to spare parts and maintenance services included in the inventory at the time of acquisition. The goodwill generated by the acquisition is approx. € 11.9 million.

Wetteri Auto Oy, a subsidiary of the group, acquired the AutoPalin business of Palin Oy, which engages in car trade operations, through a business acquisition. The acquisition has been treated in the group's financial reporting as a business combination using the acquisition method, and has been consolidated into the group since 1 June 2023.

The consideration transferred in the business acquisition was approx. € 0.6 million. The acquired intangible assets include fair value allocations of approx. € 0.1 million. The acquired inventories include an increase of approx. € 0.2 million arising from fair value allocations to work in progress related to spare parts and maintenance services included in the inventory at the time of acquisition. The negative goodwill generated by the acquisition is approx. € 0.3 million.

The aforementioned business acquisitions have a significant impact on the consolidated financial statements. Business combinations is a key audit matter due to the level of management judgement involved in the estimation process.

How our audit addressed the key audit matter

We focused on the estimates dependent on management judgement in the business combinations. Our audit procedures included:

- We audited the accounting treatment of business acquisitions and assessed the fair value of assets and liabilities received in business acquisitions.
- We inquired management about the allocation of the acquisition costs to the assets identified in the business acquisitions.
- We audited the appropriateness of considerations transferred in the business acquisitions.
- We assessed the valuation methods used by management in the fair value allocations and have deployed our valuation specialists to assist with the matter. In addition, we tested the technical appropriateness of the fair value calculations.
- We have audited the explanatory notes related to business acquisitions.

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Key audit matter in the audit of the group

Valuation of goodwill

Refer to notes 13 and 14.

The balance of goodwill is approx. € 32.9 million and it is one of the most significant items in the balance sheet. Measurement of potential impairment of goodwill involves significant management judgement, including determination of cash generating units and estimates related to future profitability and determination of discount rate applied to future cash flows.

Valuation of goodwill is a key audit matter due to the size of the balance and the level of management judgement involved in the estimation process.

Valuation of inventories

Refer to note 19.

Inventories (approx. € 77.8 million) are stated at the lower of cost and net realizable value (NRV). Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs attributable to the sale.

The value of inventory is one of the most significant items in the balance sheet and its valuation requires a high level of management judgement. Because of this, we have determined the valuation of inventory as a key audit matter.

How our audit addressed the key audit matter

Our audit of goodwill impairment tests included following procedures:

- We tested the methodology applied in the goodwill impairment test by comparing the applied methodology to the requirements of IAS 36, Impairment of Assets.
- We evaluated the process by which the future cash flow forecasts were drawn up, including comparing them to the latest targets and long-term plans approved by the board of directors.
- We considered whether the sensitivity analysis performed by management around key drivers of the cash flow forecast was appropriate by considering the likelihood of the movements of these key assumptions.
- The discount rates applied within the model were assessed by our business valuation specialists, including performing a comparison to economic and industry forecasts as appropriate.

Our audit included forming an understanding of the processes and controls in place regarding inventory valuation and existence.

In addition to this, our audit procedures included the following procedures:

- We assessed the appropriateness of the group's inventory valuation principles and its application.
- We performed tests over the prices of cars and spare parts by comparing them to the purchases.
- We performed tests over the NRV of cars and spare parts by comparing them to sales transaction prices.
- We participated in the physical inventory counting and performed independent test counts to validate the existence of inventory and accuracy of counting performed.
- We obtained direct confirmations regarding the vehicle consignment inventories to verify the existence and value of consignment inventories.

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Key audit matter in the audit of the group

Financing

Refer to notes 1, 24, 25 and 32.

The total current liabilities in the consolidated balance sheet is approx. € 129.6 million.

Total current assets in the consolidated balance sheet is approx. € 107.7 million of which the value of inventory is approx. € 77.8 million.

As described in the accounting principles, the financial statements have been prepared on a going concern basis. In assessing the applicability of the going concern assumption, Wetteri Oyj's management has taken account of the risks and uncertainties related to the group's business environment and the sources of financing available.

As presented in the notes 24 and 32, the debt covenants of Themis Holding Oy subgroup were not fully met as of 31 December 2023 and Wetteri Oyj started negotiations with the bank and mutual pension insurance company to update the covenant terms of the financing agreement. As a result of the negotiations, the bank and mutual pension insurance company waived their right to call in their receivables although the debt covenants were not fully met as of 31 December 2023. In addition to this, the debt covenant terms of the financing agreement were amended.

Financing is a key audit matter because the assessment of the group's liquidity position and the preparation of cash flow forecasts require significant management judgement.

How our audit addressed the key audit matter

As part of our audit procedures we obtained an understanding of the management's process of financing risk and capital management. Our audit procedures included:

- We assessed the budgets and cash flow forecasts and various scenarios prepared by the management.
- We tested financing agreements.
- We assessed the subsequent events and inquired the management to identify events subsequent to the period end date.
- We audited the notes regarding financial risk and capital management.

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Key audit matter in the audit of the group	How our audit addressed the key audit matter
<p>Valuation of investments in group companies <i>Refer to parent company's financial statement notes</i></p> <p>The value of investments in group companies in the parent company's balance sheet prepared in accordance with Finnish GAAP is approx. € 70.9 million.</p> <p>The valuation of investments in group companies is tested as part of the group impairment testing based on the discounted cash flow model.</p> <p>The valuation of investments in group companies is significant and their valuation requires significant management judgement. Because of this we have determined valuation of investments in group companies as a key audit matter.</p>	<p>We have assessed the appropriateness of the impairment test of investments in group companies, the methods and assumptions applied in the test through the following procedures:</p> <ul style="list-style-type: none"> • We evaluated the process by which the future cash flow forecasts were drawn up, including comparing them to the latest targets and long-term plans approved by the board of directors. • We considered whether the sensitivity analysis performed by management around key drivers of the cash flow forecast was appropriate by considering the likelihood of the movements of these key assumptions. • The discount rates applied within the model were assessed by our business valuation specialists, including performing a comparison to economic and industry forecasts as appropriate. • We inquired the management about existence of events that might require changes in the assumptions made by the management regarding the value in use and the valuation of investments in group companies.

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

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

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good

auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists,

we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the

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

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 9 December 2022.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes

considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

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

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

Oulu 30 April 2024

PricewaterhouseCoopers Oy

Authorised Public Accountants

Sami Posti

Authorised Public Accountant (KHT)

WETTERI PLC

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