

RELAIS

19

Financial statement
bulletin
January – December
2019



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RELAIS GROUP PLC FINANCIAL STATEMENT BULLETIN 1 January – 31 December 2019 (unaudited) – POWERFUL GROWTH THROUGH ACQUISITIONS

SUMMARY

Relais Group Plc acquired the shares of AB Reservdelar (ABR) and Huzells i Karlstad AB on 31 May 2019. The companies have been included in Relais Group's consolidated balance sheet from 31 May 2019 and in the consolidated income statement from 1 June 2019. This financial statement bulletin includes the figures for the acquired companies in the 2019 financial period from the dates of joining stated above. The financial statement's reference data for the 2018 financial period does not include the figures for the acquired companies.

JULY – DECEMBER 2019 IN BRIEF

- Net sales totalled EUR 61,225 thousand (July – December 2018: 38,794), +57.8% change
- EBITA was EUR 9,100 (4,868) thousand, 14.9% (12.5%) of net sales
- EBIT was EUR 5,671 (3,506) thousand, 9.3% (9.0%) of net sales
- Comparable earnings per share excluding amortisation of goodwill (undiluted) was EUR 0.41 (0.42)
- Share issue and listing on the Nasdaq First North Growth Market Finland market on 17 October 2019
- Ownership of Awimex International AB increased to 100% with the purchase of 30% of its shares on 18 December 2019

JANUARY – DECEMBER 2019 IN BRIEF

- Acquisition of the Swedish companies AB Reservdelar (ABR) and Huzells i Karlstad AB on 31 May 2019
- Net sales were EUR 98,946 thousand (January – December 2018: 72,452), +36.6% change
- EBITA was EUR 12,976 (8,395) thousand, 13.1% (11.6%) of net sales
- EBIT was EUR 7,856 (5,723) thousand, +39.2% change
- Comparable earnings per share excluding amortisation of goodwill (undiluted) was EUR 0.76 (0.67)
- The Board of Directors will propose to the Annual General Meeting of March 26, 2020 a dividend of EUR 0.10 per share

2020 OUTLOOK

Group's reported net sales and operating profit excluding amortization of goodwill (EBITA) are estimated to grow clearly from the previous year.

KEY FIGURES

EUR thousand	Jul – Dec 2019	Jul – Dec 2018	Jan – Dec 2019	Jan – Dec 2018
Net sales	61,225	38,794	98,946	72,452
Gross profit	20,723	13,001	33,090	24,316
EBITDA	9,296	5,019	13,335	8,731
EBITDA margin, %	15.2%	11.0%	13.5%	12.1%
EBITA	9,100	4,868	12,976	8,395
EBITA margin, %	14.9%	12.5%	13.1%	11.6%

Operating profit	5,671	3,506	7,856	5,723
Operating profit margin, %	9.3%	9.0%	7.9%	7.9%
Profit (loss)	657	2,240	384	3,092
Profit (loss) margin, %	1.1%	5.8%	0.4%	4.3%
Comparable profit (loss) excluding amortisation of goodwill	6,010	3,601	8,740	5,765
Comparable profit (loss) excluding amortisation of goodwill margin, %	9.8%	9.3%	8.8%	8.0%
Return on equity (ROE), %	n/a	n/a	1.4%*)	21.2%
Equity ratio	44,5%	36,0%	44.5%	36.0 %
Net gearing	54,3%	108,1%	54.3%	108.1%
Earnings per share, basic, EUR	0.05	0.26	0.03	0.36
Earnings per share, diluted, EUR	0.04	0.25	0.03	0.34
Comparable earnings per share, basic, EUR	0.18	0.26	0.31	0.36
Comparable earnings per share, diluted, EUR	0.17	0.25	0.29	0.34
Comparable earnings per share excluding amortisation of goodwill, basic, EUR	0.41	0.42	0.76	0.67
Comparable earnings per share excluding amortisation of goodwill, diluted, EUR	0.40	0.40	0.71	0.64
Personnel at the end of the period, FTE	258	147	258	147

*) Items affecting comparability and amortization of goodwill not eliminated

CEO ARNI EKHOLM COMMENTS:

“2019 was a year of growth and development for Relais. Our net sales grew by 36.6%, making it EUR 98.9 million. In addition to growth achieved through acquisitions, we also saw growth in the lighting products group, where we successfully launched several products over the course of the year. Even though we invested heavily in developing our business activities, our profitability remained on a good level. The corporate transactions we completed in Sweden have had a particularly favourable effect on our growth and development.

In May 2019, we implemented the largest corporate transaction in the history of the company when we acquired the Swedish companies AB Reservdelar (ABR) and Huzells i Karlstad AB. ABR has a strong foothold in the Swedish passenger vehicle spare parts market and Huzells is strong in the spare parts market for heavy-duty commercial vehicles. The aim of joining forces was to increase our presence on the Swedish market and to allow us to benefit from synergies between our companies. With this joining of forces, we can offer our customers more comprehensive services and customer support as well as one of the widest product ranges in our sector.

Post-transaction integration work in 2019 progressed as planned. We worked to unify our product range and we have now been able to benefit from greater purchase volumes. We expect to be able to benefit from new synergies from the 2020 financial period onwards.

One of the most pivotal moments of the year was Relais Group’s listing on Nasdaq Helsinki’s Nasdaq First North Growth Market Finland in October 2019. We sought support through listing for the specific purpose of implementing and financing our growth strategy. The venture succeeded and we attracted more than 2,000 new shareholders. Over the course of the year, we also updated our financial management processes and strengthened our organisation.”

STRATEGY

Relais aims to be a forerunner in vehicle life cycle enhancement in the Nordic and Baltic countries. Relais focuses on value generation through the vehicle life cycle, and it operates on the aftermarket, which is independent from vehicle manufacturers. Relais' strategy is based on three key elements, which together also form a platform for the company's profitable growth in the future:

- Relais aims to continue growing at an average pace exceeding the market growth, which is supported by targeted synergies, e.g. cross-sales between the existing and acquired entities.
- Relais aims to create customer value through Relais' comprehensive product range, digital platform and superior customer service.
- Relais strives to continue targeted acquisitions and aims to be an active player in the consolidation of the Nordic and Baltic vehicle aftermarket sector.

Relais plans to capitalize on the growing addressable market, with approximately 19 million passenger cars and commercial vehicles already on the road in the Nordic and Baltic countries.

LONG-TERM FINANCIAL TARGETS

The company aims to double its net sales in five years. The company aims to grow through a combination of organic growth and acquisitions.

- Organic growth: Relais aims to continue growing at an average pace exceeding the market growth, which is supported by targeted synergies, e.g. cross-sales between the existing and acquired entities.
- Based on Relais management's view, the overall market has been growing during recent years at a moderate but stable rate of approximately 1–3 percent annually, depending on product category and geography.
- M&A based growth: The company targets to make 1–2 acquisitions per year, where targeted synergies are expected to support earnings growth.

BUSINESS REVIEW, 1 January – 31 December 2019

Net sales of Relais Group for the financial period was EUR 98.9 (72.5) million, growing 36.6% from the previous financial period. The growth in net sales was primarily the result of the acquisition of ABR and Huzells.

The market situation in Finland and the Baltic countries was favourable for the period, particularly in the vehicle equipment and lighting product groups. The market conditions for spare parts in Finland remained stable. The development of business activities and the market situation in Sweden did not entirely match expectation, primarily because of the change in value of the Swedish krona, the changing market situation and the changes in organization and the customer base of Huzells i Karlstad AB.

As part of synergies in Sweden, the merging of the business activities of Startax Sweden AB with those of other Swedish group companies was started. Structural cost saving measures were also taken at the same time. Reorganisation of purchase management, standardisation of purchase terms, harmonization of product range between the Group companies and other measures were taken to synergise Group companies.

Relais aims to achieve synergies with long-term impact from the combination with ABR and Huzells. Synergies are expected to be realised from cross-selling between group companies and from purchasing. In the mid-term by 2021, Relais targets annual net sales synergies of EUR 6–8 million. Synergies are expected to have an impact from financial year 2020 onwards.

FINANCIAL REVIEW 1 JANUARY – 31 DECEMBER 2019

Financial result

The Group's EBITDA was EUR 13,335 (8,731) thousand for the period. The acquisition of ABR and Huzells made up a significant portion of EBITDA growth. Due to the seasonal nature of the business activities, a larger proportion of EBITDA was accumulated during the second half of the year.

Earnings before interest, taxes, and amortisation (EBITA) grew in 2019 in relation to the previous financial period, totalling EUR 12,976 (8,395) thousand, 13.1% (11.6%) of net sales. As with net sales above, the most significant factor for EBITA growth was the acquisition of ABR and Huzells. Due to the seasonal nature of the business activities, also the majority of EBITA was accumulated during the second half of the year. The change in fixed expenses of business activities was limited, considering the acquisitions that were made.

Operating profit for the financial period rose from the previous year, totalling EUR 7,856 (5,723) thousand – 7.9% (7.9%) of net sales. The Group's operating profit margin stayed at the same level it had been at during the previous financial period due to increasing amortisation of goodwill originating from the acquisition of ABR and Huzells.

The profit for the period, EUR 384 (3,092) thousand, was affected by the increased interest expenses due to acquisition financing, financial restructuring, non-recurring expenses associated with IPO and increased amortisation of goodwill. Financial restructuring resulted in EUR 1,325 thousand in arrangement fees and advisor fees, which have been recorded in the period's financial expenses. Financial expenses resulting from listing on the First North market amounted to EUR 2,729 thousand for the financial period.

Balance sheet, financing and investments

The Group's balance-sheet total at the end of the financial period on 31 December 2019 amounted to EUR 143,044 (47,686) thousand. The Group's equity was EUR 63,685 (16,528) thousand, and its net debt at the end of the period was EUR 34,550 (18,563) thousand. Net gearing was 54.3% (108.1%), and the equity ratio was 44.5% (36.0%). Cash assets at the end of the financial year were EUR 29,600 (2,309) thousand. The difference in amount of cash assets was significantly affected by the private offering related to the acquisition of ABR and Huzells and the IPO that took place in October.

The company has a multicurrency term loan facility of EUR 70 million for financing its business activities and acquisitions, primarily for the acquisition of ABR and Huzells and for amortizing debt that pre-dated those acquisitions. The amount of acquisition loan drawn down from the facility on the balance sheet day was EUR 64.2 million. In addition to term loan facility, the company has an EUR 7 million multicurrency revolving credit facility that can be used for purposes such as checking account credit limits and bank guarantees. The finance limit is in force until 31 May 2023.

In connection to the acquisition of ABR and Huzells, the companies' sellers, Nordic Industry Development AB and JG Management AB, agreed to make a substantial reinvestment by purchasing 4,880,650 newly issued shares of Relais on 31 May 2019.

Cash flow from operations was EUR 1,799 (3,383) thousand. It was negatively affected by expenses incurred from IPO and financial restructuring as well as by interest expenses incurred from acquisition financing. Also with the expansion of business activities, a greater amount of working capital was tied up in stock.

Cash flow used in investing activities was EUR -64,441 (-941) thousand, arising primarily from the acquisition of ABR and Huzells and the purchase of 30% of Awimex International AB's shares. Additionally, the investments in tangible and intangible assets include investments in financial management ERP, the establishment of a lighting studio in Finland and the renovation of facilities in Estonia.

Cash flow from financing activities was EUR 90,312 (-1,654) thousand. It was affected by the term loans drawn down for the acquisition of ABR and Huzells, repayment of the Group's prior loan financing, the Sellers' reinvestment and the proceeds from the shares issued in the IPO.

CHANGES IN GROUP STRUCTURE

The most significant changes in the Group's structure during the financial period were the acquisition of ABR and Huzells on 31 May 2019 and the related reinvestments. ABR specialises in spare parts for passenger vehicles and acts as a national wholesaler in Sweden. The company's logistics centres are located in Stockholm and Malmö. Huzells specialises in spare parts and equipment for heavy-duty commercial vehicles such as buses and trucks. Huzells acts as a national wholesaler in Sweden, and its main logistics centre is located in Karlstad, Sweden.

The objective of these strategically important acquisitions was to strengthen the market position of Relais in Sweden. Through the combination of Startax, ABR, Huzells and Awimex, Relais can offer its customers more comprehensive services and customer support as well as one of the widest product ranges in our sector.

On 16 December 2019, the company decided to use its share options to acquire the remaining 30% of Awimex International AB's minority shares. The company previously acquired a 70% majority share of Awimex International AB in September 2017. Awimex International AB is a Swedish technical wholesaler and importer specialising in innovative power management and lighting systems, with a particular focus on light commercial vehicles.

PERSONNEL AND MANAGEMENT

The Group employed an average of 214 (153) personnel between January and December. On 31 December 2019, at the end of the financial year, personnel amounted to 258 (147), representing an increase of 111.

Salaries and fees paid from January to December totalled EUR 9,470 (7,552) thousand. The significant increase was driven by the acquisition of ABR and Huzells.

From 31 May 2019, the Board of Directors of Relais Group Plc consists of Kari Stadigh (chairman), Olli-Pekka Kallasvuo, Jesper Otterbeck and Katri Nygård.

The company's CEO is Arni Ekholm. In addition to Ekholm, the Management Team of the company and group consists of Chief Financial Officer Pekka Raatikainen, Managing Director Sweden Juan Garcia and Managing Director Finland Ville Mikkonen.

ANNUAL GENERAL MEETING ON 24 MAY 2019, SHAREHOLDER DECISIONS AND THE BOARD'S EXISTING AUTHORIZATIONS

The annual General Meeting on 24 May 2019 confirmed the company's financial statements for the period of 1 January – 31 December 2018. The audit firm PricewaterhouseCoopers was re-appointed as the auditor for the company, with Certified Public Accountant Janne Rajalahti as the principal auditor.

The annual General Meeting authorized the Board of Directors to decide on private offerings. The board was authorized to issue, at most, 5,000,000 new shares.

The company's shareholders decided unanimously on 31 May 2019 to elect Kari Stadigh as chairman and Katri Nygård, Olli-Pekka Kallasvuo and Jesper Otterbeck as board members.

The company's shareholders decided unanimously on 18 September 2019 to tie the company's shares to the book-entry system maintained by Euroclear Finland Ltd within the registration period of 25 September – 1 October 2019. Additionally, it was decided that the company be made into a public limited company in accordance with the changes to the articles of association and to change the company name to Relais Group Plc.

Furthermore, the company's shareholders decided unanimously to implement a share issue without consideration (split) where all the company's shareholders would receive 49 new shares for each share they held in Relais. A total of 13,238,624 shares were issued. After the issue, the number of company shares amounted to 13,508,800. In accordance with the terms of all option rights issued by the company, the number of issued shares was changed correspondingly. For the sake of comparability, all share quantities in this financial statement bulletin are displayed with the changes made in the free issue.

Additionally, on 18 September 2019, the Board of Directors was authorized to decide on a share issue in connection with the company's listing by a unanimous decision of the shareholders. The maximum number of new shares to be issued in connection with this authorization was set at 3,000,000. A total of 2,705,000 shares were offered and issued in the IPO.

The company's shareholders decided unanimously on 18 September 2019 to authorize the Board of Directors to decide upon issuing shares and options as well as giving other special rights that would entitle the holder to company shares in one or more tranche. The maximum number of shares that may be issued under this authorization is 1,650,000. Share issues and the giving of special rights that would entitle the holder to shares may be done through a private offering. The Board of Directors decides on all other conditions when issuing shares or giving special rights that would entitle the holder to shares. This authorization will be valid until the next annual General Meeting ends or until 30 June 2020, whichever occurs first.

The company's shareholders decided unanimously on 18 September 2019 to authorize the Board of Directors to decide on the repurchase of the company's own shares. The maximum number of shares that may be purchased under this authorization is 1,650,000. However, the company may not, together with its subsidiaries, own more than 10% of its own shares at any given time. Shares can also be acquired through a private offering. The authorization is conditional on successful listing and is valid until the next annual General Meeting ends or until 30 June 2020, whichever occurs first.

On 25 September 2019 the company's share capital was raised to EUR 80,000 through an increase from the invested unrestricted equity fund as set forth in Limited Liability Companies Act Chapter 11, Section 2.

CURRENT OPTION SCHEMES

The company has option-based incentive plans intended for the company's management personnel. On 31 December 2019, the members of the Board of Directors and the Management Team of Relais owned a total of 1,032,550 option rights, corresponding to approximately 7.6% of Relais shares and votes. Additionally, on 31 December 2019, the inheritors of a late board member owned a total of 37,600 option rights, entitling them to the issue of a corresponding number of shares. In total, issued option rights entitled the option holders to the issue of a total of 1,070,150 shares. Current options are divided into several option series with varying subscription prices and subscription periods (2017A-2017H, 2019A-2019G).

SHARES AND SHAREHOLDERS

The company has one class of shares and each share entitles the shareholder to one vote at the General Meeting. No voting restrictions or limits on the number of shares that can be held are in place. The company's shares do not have a nominal value. All shares provide equal entitlements to the dividend and other fund distribution (including fund distribution in dissolution situations).

The company's registered share capital was EUR 80,000 on 31 December 2019, and the number of shares recorded in the trade register was 16,213,800.

According to the shareholder register maintained by Euroclear Finland, Relais had 2,664 shareholders at the end of the financial period. Relais owned 50 of its own shares.

The company's ten largest registered shareholders and their holdings on 31 December 2019:

Shareholder	Number of shares	%
1. Ari Salmivuori	6,328,800	39.0
2. Nordic Industry Development AB ¹	4,375,350	27.0
3. Finnish Industry Investment Ltd (Tesi)	462,949	2.9
4. Ajanta Oy ²	453,200	2.8
5. Ilmarinen Mutual Pension Insurance Company	440,463	2.7
6. Elo Mutual Pension Insurance	396,813	2.5
7. Kari Stadigh	292,200	1.8
8. Veritas Pension Insurance	195,761	1.2
9. Ville Mikkonen	174,800	1.1
10. Rausanne Oy	165,972	1.0
11. Evli Finland Select	137,033	0.8
Ten largest combined	13,424,341	82.8
Other shareholders	2,789,459	17.2
Total	16,213,800	100.0

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

²In Ajanta Oy, control is held by Ari Salmivuori.

On 31 December 2019, the members of the Board of Directors and the Executive Team of Relais owned a total of 5,013,300 Relais shares, corresponding to approximately 33.7% of all shares and the resulting vote share. The number of shares includes those held by the persons themselves as well as those held by close associates and controlled corporations.

	Shares
Arni Ekholm	30,250
Juan Garcia ¹	62,050
Olli-Pekka Kallasvuo ²	44,300
Ville Mikkonen	174,800
Katri Nygård	29,350
Jesper Otterbeck ³	4,375,350
Pekka Raatikainen	5,000
Kari Stadigh	292,200
Total	5,013,300

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

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

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

ASSESSMENT OF RISKS AND UNCERTAINTIES RELATING TO BUSINESS ACTIVITIES

The company is exposed to macroeconomic risks and other macro-level trends that may reduce demand for its products. It operates in a competitive and fragmented market in certain areas, and competition and consolidation may increase in the future.

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

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

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

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

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

Risks related to the company's business activities are described in more detail in the 4 October 2019 company prospectus.

MAJOR EVENTS AFTER THE REVIEW PERIOD

On 15 January 2020, the company announced that it had acquired a 70% majority share in SEC Scandinavia A/S, a company specialising in lighting solutions for light commercial vehicles.

Founded in 1991, SEC is an importer and wholesaler specialising in auxiliary and working lights, power management systems and automotive camera systems for commercial vehicles with net sales of EUR 2.1 million in 2019 and EBITDA of EUR 0.2 million. The purchase price for the shares was EUR 0.8 million and was paid in cash.

On 6 February 2020, the company announced having acquired a 95.25% majority share of Swedish TD Tunga Delar AB. Operating in Sweden, Tunga Delar is a wholesaler of spare parts and equipment for heavy-duty commercial vehicles. The acquisition is a part of Relais Group's growth strategy, and it will strengthen the company's position as an independent importer and technical wholesaler of accessories and spare parts for heavy-duty vehicles and buses in Sweden.

Founded in 2012, Tunga Delar's net sales for 2019 were SEK 99.5 million (2018: SEK 101.6 million) and EBITDA SEK 19.9 million (SEK 20.1 million).

The purchase price paid was approximately SEK 142.9 million, of which approximately SEK 87.9 million was paid in cash in connection with the conclusion of the sale and SEK 55.0 million in Relais Group's shares. Relais paid the portion of the purchase price that was to be paid in shares by releasing a total of 606,250 Relais Group shares in connection with the acquisition and issuing them to Tunga Delar's shareholders in a private offering. The price of shares given as payment was EUR 8.6091 per share, which corresponds to a volume weighted average rate on Nasdaq First North Growth Market Finland for a period of 30 trading days before the enactment of the acquisition.

FINANCIAL RELEASES IN 2020

- Financial statements and report of the Board of Directors, 1 January – 31 December 2019
5 March 2020
- Mid-year report, 1 January – 30 June 2020
4 August 2020

ACCOUNTING PRINCIPLES OF THE FINANCIAL STATEMENT BULLETIN

The figures in the financial statement bulletin are unaudited and have been prepared in accordance with Finnish Accounting Standards (FAS).

Relais Group Plc

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Relais Group

Relais Group is an importer and technical wholesaler that actively develops its vehicle spare parts and electrical equipment business in the Nordic and Baltic countries. Relais creates added value for its customers by offering vehicle spare parts, electrical equipment, and specialist services throughout the lifecycle of vehicles in a reliable, efficient and timely manner. As a strongly growth-oriented company, Relais aims to be an industry forerunner in the vehicle lifecycle enhancement business. The net sales of Relais Group were EUR 98.9 million in 2019. The company employed 258 people across five countries on 31 December 2019.

TABLE SECTION, 1 January – 31 December 2019

GROUP INCOME STATEMENT

EUR thousand	Jul – Dec 2019*	Jul – Dec 2018	Jan - Dec 2019*	Jan – Dec 2018
NET SALES	61,225	38,794	98,946	72,452
Other business income	308	204	518	367
Materials and services				
Materials, supplies and goods				
Purchases during the period	-41,221	-28,423	-68,310	-50,084
Increase/decrease in inventories	740	2,644	2,491	1,977
External services	-22	-14	-37	-29
	-40,502	-25,794	-65,856	-48,136
Personnel expenses				
Wages and salaries	-5,429	-3,741	-9,472	-7,552
Social security expenses				
Pension expenses	-789	-591	-1,470	-1,242
Other social security expenses	-957	-406	-1,423	-747
	-7,175	-4,738	-12,365	-9,542
Depreciation, amortisation and impairments	-3,625	-1,513	-5,480	-3,008
Other operating expenses	-4,561	-3,447	-7,907	-6,411
OPERATING PROFIT	5,671	3,505	7,856	5,723
Financial income and expenses				
Other interest and financing income	15	41	54	98
Interest expenses and other financial expenses	-3,431	-476	-5,419	-976
	-3,416	-435	-5,365	-879
Profit before taxes	2,255	3,070	2,491	4,844
Income taxes	-1,518	-791	-1,931	-1,523
Minority interest	-80	-39	-175	-229
Profit (loss) for the period	658	2,240	384	3,092

*2019 contains the impact of the ABR/Huzells acquisition, starting in June.

CONSOLIDATED BALANCE SHEET

EUR thousand	31 December 2019	31 December 2018
ASSETS		
NON-CURRENT ASSETS		
Immaterial rights	132	164
Goodwill	53,731	4,947
Other intangible assets	414	168
Intangible assets total	54,277	5,279
Machinery and equipment	653	594
Other tangible assets	81	24
Tangible assets total	735	619
Other shares and holdings	62	1
Investments total	62	1
TOTAL NON-CURRENT ASSETS	55,074	5,898
CURRENT ASSETS		
Finished products/goods	41,661	27,397
Advance payments	1,433	1,712
Inventories total	43,094	29,109
Trade receivables		
Deferred tax assets	284	0
Other receivables		
Prepaid expenses and accrued income	2	0
Total long-term receivables	286	0
Trade receivables	11,909	7,821
Loans receivables	0	675
Deferred tax assets	286	285
Other receivables	241	19
Prepaid expenses and accrued income	2,840	1,570
Total short-term receivables	14,990	10,370
Cash at bank and in hand	29,600	2,309
TOTAL CURRENT ASSETS	87,970	41,787
TOTAL ASSETS	143,044	47,686

*2019 contains the impact of the ABR/Huzells acquisition, starting in June.

EUR thousand	31 December 2019*	31 December 2018
EQUITY		
Share capital	80	3
Reserve for invested unrestricted equity	51,007	3,127
Retained earnings	12,214	10,306
Profit (loss) for the period	384	3,092
TOTAL EQUITY	63,685	16,528
MINORITY INTEREST	0	641
LONG-CURRENT LIABILITIES		
Loans from financial institutions	59,388	13,719
Other loans and purchase consideration liability	122	1,722
Deferred tax liabilities	2,321	99
Total non-current liabilities	61,831	15,540
CURRENT LIABILITIES		
Loans from financial institutions	4,763	5,705
Other loans and purchase consideration liability	0	400
Trade payables	6,560	3,967
Other liabilities	3,244	2,522
Accrued expenses and deferred income	2,962	2,382
Total current liabilities	17,528	14,977
TOTAL LIABILITIES	79,359	30,516
EQUITY AND LIABILITIES TOTAL	143,044	47,686

*2019 contains the impact of the ABR/Huzells acquisition, starting in June.

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	Jan – Dec 2019	Jan – Dec 2018
Profit (loss) for the period	384	3,092
Adjustments		
Depreciation, amortisation and impairments	5,480	3,008
Financing income and expenses	6,019	879
Income taxes	1,931	1,523
Minority interest in net income	175	229
Other adjustments	-701	-3
Operating cash flow before changes in working capital	13,288	8,728
Changes in working capital		
Increase/decrease in inventories	-3,144	-2,429
Increase/decrease in short-term receivables	4,000	-1,301
Increase/decrease in short-term liabilities	-3,800	1,293
Cash flow from operations before financial items and taxes	10,343	6,291
Interest and other financial expenses paid	-6,119	-795
Dividends received	15	0
Interest received	44	3
Taxes paid	-2,484	-2,116
Cash flow from operations	1,799	3,383
Acquisition of subsidiaries	-64,779	-756
Purchase of tangible and intangible assets	-399	-208
Repayment of loans receivable	675	0
Proceeds from sale of tangible and intangible assets	63	23
Net cash used in investing activities	-64,441	-941
Proceeds from issue of share capital	47,957	0
Proceeds from current borrowings	5,019	400
Repayment of current borrowings	-11,105	-1,000
Proceeds from non-current borrowings	69,627	2,476
Repayment of non-current borrowings	-21,186	-3,530
Net cash used in financing activities	90,312	-1,654
Increase/decrease in cash and cash equivalents	27,670	788
Cash and cash equivalents at the beginning of the period	2,309	41
Cash funds transferred in the merger	0	1,522
Effects of exchange rate fluctuations	-378	-43
Cash and cash equivalents, at the end of the period	29,600	2,309

*2019 contains the impact of the ABR/Huzells acquisition, starting in June.

CHANGES IN THE GROUP'S EQUITY

EUR thousand	Share capital	Reserve for invested unrestricted equity	Retained earnings excluding translation differences	Translation differences	Retained earnings total	Total
Equity 1.1.2019	3	3 127	13 745	-347	13 398	16 528
Change in translation differences				-1 184	-1 184	-1 184
Share issue		43 488				43 488
Reclassification between classes, share capital	77	-77				
Investment in reserve for unrestricted equity		4 469				4 469
Profit (loss) for the period			384		384	384
Equity 31.12.2019	80	51 007	14 129	-1 531	12 598	63 685
Equity 1.1.2018	3		10 653	-420	10 233	10 236
Change in translation differences				73	73	73
Relais Group Oy merger		3 127				3 127
Profit (loss) for the period			3 092		3 092	3 092
Equity 31.12.2018	3	3 127	13 745	-347	13 398	16 528

ACCOUNTING PRINCIPLES

The financial statement bulletin for the 1 January – 31 December 2019 period has been prepared in accordance with Finnish Accounting Standards (FAS) and it adheres to the accounting principles of the consolidated financial statements of 2018 with the exception of an amendment to the depreciation periods of group goodwill. Previously, the depreciation period of group goodwill was set at 5 years, but the useful life and depreciation period for the group goodwill created by the significant acquisition that took place in 2019 has been set at 10 years. The depreciation periods of group goodwill created in previous years have not been changed, and their depreciation plans remain unchanged.

The financial information presented in the mid-year report is unaudited. Financial and other information presented in the tables has been rounded.

SEASONALITY

The seasonality of the group's business has an impact on the demand for Relais's services, which in turn affects its net sales, net operating profit and cash flows. Variation in seasonal temperatures, such as warm summers and cold winters, can have an effect on the demand for batteries, starter motors and chargers as well as the need for vehicle air conditioning and heating. Additionally, the demand for lighting products, such as LEDs and auxiliary lights, typically grows in the autumn and winter months. Due to seasonal changes, Relais typically produces a greater net sales in the second half of the year.

EARNINGS PER SHARE

EUR	Jul-Dec 2019	Jul-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Earnings per share, basic	0.05	0.26	0.03	0.36
Earnings per share, diluted	0.04	0.25	0.03	0.34

	Jul-Dec 2019	Jul-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Number of outstanding shares at the end of the period	16 213 750	8 628 100	16 213 750	8 628 100
Weighted average number of shares, basic	14 576 082	8 628 100	11 602 091	8 628 100
Weighted average number of shares, diluted	9 178 098	9 062 280	12 282 636	9 062 280

Earnings per share and the number of shareholders for all displayed periods has been adjusted with the free issue (split) decided on by the Company's shareholders on 18 September 2019, where all Relais shareholders received 49 new shares towards every owned Relais share.

GROUP KEY FIGURES

EUR thousand unless stated otherwise	Jul-Dec 2019	Jul-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	61,225	38,794	98,946	72,452
Net sales growth, %	57.8%	-	36.6%	-
Gross profit	20,723	13,001	33,090	24,316
Gross margin, %	33.8%	33.5%	33.4%	33.6 %
EBITDA	9,296	5,019	13,335	8,731
EBITDA margin, %	15.2%	12.9%	13.5%	12.1 %
EBITA	9,100	4,868	12,976	8,395
EBITA margin, %	14.9%	12.5%	13.1%	11,6 %
Operating profit	5,671	3,506	7,856	5,723
Operating profit margin, %	9.3%	9.0%	7.9%	7.9 %
Profit (loss) for the period	657	2,240	384	3,092
Profit (loss) for the period margin, %	1.1%	5.8%	0.4%	4.3 %
Comparable profit (loss)	2,580	2,240	3,620	3,092
Comparable profit (loss) margin, %	4.2%	5.8%	3.7%	4.3 %
Comparable profit (loss) excluding amortisation of goodwill	6,010	3,601	8,740	5,765
Comparable profit (loss) excluding amortisation of goodwill margin, %	9.8%	9.3%	8.8%	8.0 %
Items affecting comparability included in profit (loss) for the period	1,924	0	3,236	0
Net working capital	45,391	29,648	45,391	29,648
Inventories	43,094	29,109	43,094	29,109
Free cash flow	9,908	6,806	9,952	6,083
Cash conversion	107.1%	87.6%	74.9%	69.7 %
Net debt	34,550	20,883	34,550	18,563
Net debt to EBITDA, annualized	2.6	2.8	2.6	2,1
Net gearing	54.3%	108,1 %	54.3%	108.1 %
Equity ratio	44.5%	36.0 %	44.5%	36.0 %
Return on investment (ROI)	n/a	n/a	6.2%*)	15.4%*)
Return on equity (ROE)	n/a	n/a	1.4.%*)	21.2%*)
Return on assets (ROA)	n/a	n/a	5.4.%*)	12.6%*)
Earnings per share, basic (EUR)	0.05	0.26	0.03	0.36
Earnings per share, diluted (EUR)	0.04	0.25	0.03	0.34
Comparable earnings per share, basic (EUR)	0.18	0.26	0.31	0.36
Comparable earnings per share, diluted (EUR)	0.17	0.25	0.29	0.34
Comparable earnings per share excluding amortisation of goodwill, basic (EUR)	0.41	0.42	0.76	0,67
Comparable earnings per share excluding amortisation of goodwill, diluted (EUR)	0.40	0.40	0.71	0,64
Average number of employees	260	151	214	153
Personnel at the end of the period, FTE	258	147	258	147

*) Items affecting comparability and amortization of goodwill not eliminated from return on capital key figures

ACCOUNTING PRINCIPLES FOR KEY FIGURES

Key figure	Definition
EBITA ¹	Operating profit + amortisation of consolidated goodwill
EBITDA ¹	Operating profit + depreciation, amortization and impairments
Gross profit	Net sales - materials and services
Gross margin	Gross profit / net sales *100
Items affecting comparability included in profit (loss) for the period	Items affecting comparability included in operating profit + listing expenses + other non-recurring finance expenses + group contributions + tax impact of items affecting comparability
Comparable profit (loss) for the period ¹	Profit (loss) for the period + items affecting comparability included in profit (loss) for the period
Comparable profit (loss) for the period excluding amortisation of goodwill ¹	Profit (loss) for the period + items affecting comparability included in profit (loss) for the period + amortisation of consolidated goodwill
Comparable earnings per share, basic	Comparable profit (loss) / weighted average number of shares outstanding during the period
Comparable earnings per share, diluted	Comparable profit (loss) / weighted average number of shares outstanding during the period + dilutive potential shares
Comparable earnings per share excluding amortisation of goodwill, basic	Comparable profit (loss) excluding amortisation of goodwill / weighted average number of shares outstanding during the period
Comparable earnings per share excluding amortisation of goodwill, diluted	Comparable profit (loss) / weighted average number of shares outstanding during the period + dilutive potential shares
Earnings per share, basic	Profit (loss) for the period / weighted average number of shares outstanding during the period
Earnings per share, diluted	Profit (loss) for the period / weighted average number of shares outstanding during the period + dilutive potential shares
Net working capital	Inventories + short-term trade receivables + other receivables + prepaid expenses and accrued income - trade payables - other current liabilities - accrued expenses and deferred income
Free cash flow	Operating cash flow before working capital changes + change in working capital + purchase of tangible and intangible assets
Cash conversion	Free cash flow / EBITDA
Net debt	Loans from financial institutions + other loans and purchase consideration liability + capital loans – loan receivables – receivables from Group companies – subscribed capital unpaid – cash at bank and in hand

Net debt to EBITDA

Net debt / EBITDA (half-year period figures annualised multiplying by two)

Net gearing

Net debt / Equity + minority interest

Equity ratio

Equity + minority interest / Equity and liabilities, total

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

In thousand euros unless stated otherwise	Jul-Dec 2019	Jul-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	61,2250	38,7940	98,946	72,452
Materials and services	-40,502	-25,794	-65,856	-48,136
Gross profit	20,723	13,001	33,090	24,316
Gross margin, %	33.8%	33.5%	33.4%	33.6%
Operating profit	5,671	3,506	7,856	5,723
Depreciation, amortisation and impairments	3,625	1,513	5,480	3,008
EBITDA	9,296	5,019	13,335	8,731
EBITDA margin, %	15.2%	12.9%	13.5%	12.1%
Operating profit	5,671	3,506	7,856	5,723
Amortisation of goodwill	3,429	1,326	5,120	2,672
EBITA	9,100	4,832	12,976	8,395
EBITA margin, %	14.9%	12.5%	13.1%	11.6%
Profit (loss) for the period	657	2,240	383	3,092
Items affecting comparability included in profit (loss) for the period				
Listing expenses	2,336		2,729	
Other non-recurring finance expenses	70		1,325	
Tax impact of items affecting comparability	-482		-818	
Items affecting comparability included in profit (loss) for the period	1,924		3,236	
Comparable profit (loss)	2,580	2,240	3,620	3,092
Comparable profit (loss) margin, %	4.2%	5.8%	3.7%	4.3%
Amortisation of goodwill	3,429	1,362	5,120	2,672
Comparable profit (loss) excluding amortisation of goodwill	6,010	3,601	8,740	5,765

Comparable profit (loss) excluding amortisation of goodwill margin, %	9.8%	9.3%	8.8%	8,0 %
Operating cash flow before working capital changes	9,249	7,768	13,288	8,7280
Change in working capital	769	-897	-2,945	-2,437
Purchase of tangible and intangible assets	-110	-65	-392	-208
Free cash flow	9,909	6,806	9,952	6,083