

RELAIS

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Half-year financial report
January–June
2020



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RELAIS GROUP PLC HALF-YEAR FINANCIAL REPORT January 1–June 30, 2020 (unaudited) – PROFITABLE GROWTH IN EXCEPTIONAL CIRCUMSTANCES, DIVIDEND PROPOSAL OF EUR 0.10 PER SHARE

SUMMARY

Relais Group Plc acquired the shares of AB Reservdelar (ABR) and Huzells i Karlstad AB on May 31, 2019. The companies have been included in Relais Group's consolidated balance sheet from May 31, 2019 and in the consolidated income statement from June 1, 2019. This half-year financial report on the reference data concerning the first half of FY2019 includes the figures for the acquired companies from the dates of joining as stated hereinabove.

Relais Group Plc acquired 70% of the shares of SEC Scandinavia A/S ("SEC") on January 16, 2020. On February 6, 2020 it acquired 95,25% of the shares of TD Tunga Delar Sverige AB (TD"). SEC Has been included in consolidated group figures from January 1, 2020 and TD from February 1, 2020. The companies are not included in the reference data concerning the first half of FY2019.

JANUARY-JUNE 2020 IN BRIEF

- Net sales totaled EUR 58,959 thousand (January – June 2019: 37,720), +56.3% change
- EBITA was EUR 7,490 (3,876) thousand, 12.7% (10.3%) of net sales, +93.2% change
- EBIT was EUR 3,664 (2,185) thousand, 6.2% (5.8%) of net sales, +67.7% change
- Comparable earnings per share excluding amortization of goodwill (undiluted) was EUR 0.29 (0.32) *)
- The company continued the implementation of its growth strategy by acquiring 70% of the Danish SEC Scandinavia A/S on January 16, 2020 and 95.25% of the Swedish TD Tunga Delar Sverige AB on February 6, 2020
- Net sales were positively affected mainly by the impact of acquisitions in 2019 and 2020 as well as the strong sales of spare parts, especially in Sweden
- Net sales were slowed down by the mild winter in Nordic countries as well as the COVID-19 pandemic. The impact of the pandemic was felt in the equipment sales along with the decreased sales of new commercial vehicles
- The sales were partially affected by the COVID-19 pandemic during March-April. However, the sales developed favorably in all markets especially in May-June
- To support the profitability and cash flow during the pandemic, controlled cost saving measures were implemented
- Contrary to the original plans, The AGM on June 8, 2020 was arranged by using the advance voting method without the shareholders attending the meeting in person due to the coronavirus situation
- The AGM approved Board's proposal regarding dividend distribution and decided that no dividend was paid
- Based on the first half-year performance, the Board of Directors has re-evaluated the conditions for dividend distribution and proposes to the EGM of September 8, 2020 a dividend of EUR 0.10 per share be paid

*) The average undiluted number of shares Jan-Jun 2020 was 16,556,848 and Jan-Jun 2019 8,628,100.

2020 OUTLOOK

On March 26, 2020, the company withdrew its earlier guidance issued on February 27, 2020 as the market conditions had become very exceptional and visibility into future developments had lowered materially due to the COVID-19 situation and the resulting restrictions and declining of overall development. According to the withdrawn guidance, Relais Group's reported net sales and operating profit excluding the amortization of goodwill (EBITA) had been estimated to grow clearly from the previous year. The withdrawal of the guidance did not affect the company's growth strategy involving corporate acquisitions that the company will actively pursue.

However, the company estimates that the visibility of the future developments remains low, especially due to the pandemic situation, a threat of a second wave of COVID-19, and the uncertain future prospects of global economic development. The company, therefore, refrains from issuing new guidance.

KEY FIGURES

EUR thousand	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales	58,959	37,720	98,946
Gross profit	20,344	12,367	33,090
EBITDA	7,707	4,039	13,335
EBITDA margin, %	13.1%	10.7%	13.5%
EBITA	7,490	3,876	12,976
EBITA margin, %	12.7%	10.3%	13.1%
Operating profit	3,664	2,185	7,856
Operating profit margin, %	6.2%	5.8%	7.9%
Profit (loss)	930	-273	384
Profit (loss) margin, %	1.6%	-0.7%	0.4%
Comparable profit (loss) excluding amortization of goodwill	4,756	2,731	8,740
Comparable profit (loss) excluding amortization of goodwill margin, %	8.1%	7.2%	8.8%
Return on equity (ROE), %	2.9%*)	-1.1%*)	1.4%*)
Equity ratio	46.5%	33.6%	44.5%
Net gearing	53.6%	124.4%	54.3%
Earnings per share, basic, EUR**)	0.06	-0.03	0.03)
Earnings per share, diluted, EUR**)	0.05	-0.03	0.03
Comparable earnings per share, basic, EUR**)	0.06	0.12	0.31
Comparable earnings per share, diluted, EUR**)	0.05	0.11	0.29
Comparable earnings per share excluding amortization of goodwill, basic, EUR**)	0.29	0.32	0.76
Comparable earnings per share excluding amortization of goodwill, diluted, EUR**)	0.28	0.30	0.71
Personnel at the end of the period, FTE	292	268	258

*) Items affecting the comparability and amortization of goodwill not eliminated

***) The average undiluted number of shares Jan-Jun 2020 was 16,556,848 and Jan-Jun 2019 8,628,100. The average diluted number of shares Jan-Jun 2020 was 17,238,216 and Jan-Jun 2019 9,178,098.

CEO ARNI EKHOLM COMMENTS:

“We had an excellent start in 2020 by being able to make two important acquisitions within a short period of time in January-February. With the acquisition of SEC, we expanded to Denmark and enhanced our competencies in light commercial vehicle lighting solutions. With the acquisition of TD Tunga Delar Sverige AB, we expanded our offering of spare parts and equipment for heavy commercial vehicles in the increasingly important Swedish market. The first months for both companies as a part of Relais Group have been extremely promising and the companies are clearly contributing to our growth and profitability.

As the first COVID-19 news came in from Asia, we initially assessed their operational impact, mainly in terms of our extensive sourcing channels. As the situation changed in March and the pandemic spread into Europe, we took swift action to ensure the safety of our staff and customers, but also to reduce the financial

impact of the pandemic on our company's business and economy. In particular, we wanted to secure our cash reserves that are intended for the company's strategic investments. We initiated targeted cost-saving measures to be able to react immediately should the sales in any part of the Group decrease. We have limited our spending to external services and also implemented personnel cost savings through temporary layoffs where this has been necessary due to sales development or reduced customer work due to restrictive measures.

The impact of the COVID-19 pandemic on net sales for the review period varies between operating countries and product areas. The most vulnerable to the impact are product areas related to new vehicle sales, such as the equipment of new commercial vehicles. On the other hand, there are clear signs of defensive characteristics in our business owing to the inherent stability of especially the service- and repair part of the automotive aftermarket. The development of our net sales and cash flow remained strong, despite the negative effects of the COVID-19 pandemic in the general economic situation.

The past review period has demonstrated to us that our strategy works in varying market situations. Our dividend proposal also reflects our strong belief in the future. In all future scenarios, it is important to be determined in growing our business to be an even stronger player in the market. It is also important that our offering covers several countries and product areas so that we can serve our customers even better in the future. Encouraged by our experience to date, we are actively pursuing our growth strategy together with our competent and motivated personnel."

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 targets for Relais' strategy period extending to 2024 have been defined in summer 2019 as follows:

The company aims to double its net sales by 2024. 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 aims to make 1–2 acquisitions per year, where targeted synergies are expected to support earnings growth.

BUSINESS REVIEW JANUARY 1–JUNE 30, 2020

Net sales of Relais Group for the review period was EUR 59.0 (37.7) million, growing by 56.3% compared to last year. The growth in net sales was primarily the result of the acquisitions made in 2019-2020. The COVID-19 pandemic negatively affected net sales to some extent especially on equipment sales from the slowdown of sales of new commercial vehicles in the company's operating countries. Furthermore, the winter was considerably milder than usual, which had a negative impact especially on the demand for electric spare parts in Finland during January-February. However, the demand for spare parts and equipment developed very positively in all operating countries during the second quarter.

Swedish operations were reorganized during the review period by transferring the Swedish operative management and the Group level supply chain management to Relais Group Sweden AB and merging of the business activities of Startax Sweden AB with those of other Swedish group companies. Harmonization of purchase terms and product ranges between the Group companies were continued in order to gain synergy benefits.

FINANCIAL REVIEW JANUARY 1–JUNE 30, 2020

Financial result

The Group's EBITDA for the period was EUR 7,707 (4,039) thousand or 13.1% (10.7%) of net sales, growing by 90.8 % in year-on-year comparison. A significant portion of the EBITDA growth resulted from the acquisitions. The Group-wide and focused cost saving measures taken contributed to the EBITDA growth.

Earnings before interest, taxes, and amortization (EBITA) grew in 2020 93.2% in relation to the reference financial period, totaling EUR 7,490 (3,876) thousand, 12.7% (10.3%) of net sales. As with the net sales above, the acquisitions made during 2019-2020 were the most significant factor for EBITA growth. In addition, the success in cost control in all group companies contributed to the EBITA growth.

Operating profit for the review period rose by 67.7% from the previous year, totaling EUR 3,664 (2,185) thousand – 6.2% (5.8%) of net sales. Operating profit was negatively impacted by the amortization of goodwill increased by the recent acquisitions from 2019-2020. On the other hand, Operating profit was positively impacted by extensive cost saving activities. Furthermore, the companies acquired during the review period contributed to the operating profit.

The profit for the period was EUR 930 (-273) thousand. In addition to the aforementioned amortization of goodwill, it was affected by the increased interest expenses due to the acquisition financing arrangements in 2019.

Balance sheet, financing, and investments

The Group's balance-sheet total at the end of the review period on June 30, 2020 amounted to EUR 150,812 (132,668) thousand. The Group's equity was EUR 69,911 (43,906) thousand, and its net debt at the end of the period was EUR 37,651 (55,490) thousand. Net gearing was 53.6% (124.4%), and the equity ratio was 46.5% (33.6%). Cash assets at the end of the financial year were EUR 26,337 (10,495) thousand. The difference in amount of cash assets was affected by the acquisitions and cash flow from operations that grew significantly from last year.

In 2019, the company negotiated a multicurrency term loan facility of EUR 70 million, primarily for financing 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 the term loan facility, the company has a 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 May 31, 2023.

Cash flow from operations was EUR 4,560 (-2,493) thousand. In a year-on-year comparison, there was a significant improvement enabled by the solid overall performance of the Group companies despite the challenging times, including the cash flow generated by the recently acquired companies. During H1/2019,

the cash flow from operations was negatively affected by the non-recurring arrangement fees from the above-mentioned multicurrency term loan facility.

Cash flow used in investing activities was EUR -7,605 (-61,732) thousand, arising almost entirely from the acquisition of TD Tunga Delar Sverige AB and SEC Scandinavia A/S, other capital expenditure activity being on a low level. In 2019, the key figure included the acquisition of ABR and Huzells.

Cash flow from financing activities was EUR 0 (73 141) thousand. There were no draw-down or repayment transactions related to financing during the review period. As a pandemic preparedness measure, the company agreed with the bank that no repayment installments regarding the term loan drawn down in 2019 would be paid during the review period.

CHANGES IN THE GROUP STRUCTURE

On January 16, 2020, the company acquired a 70 percent majority interest in the Danish SEC Scandinavia A/S (SEC). Founded in 1991, SEC is a wholesaler specialized in auxiliary and working lights, power management systems, and automotive camera systems for commercial vehicles. SEC's unaudited turnover in 2019 amounted to EUR 2.1 million and EBITDA EUR 0.2 million. At the time of the acquisition, the number of SEC's personnel amounted to 7.

On February 6, 2020, the Company acquired 95.25% of the shares of TD Tunga Delar Sverige AB ("TD", "Tunga Delar"). Tunga Delar is a wholesaler of spare parts and equipment for heavy duty vehicles with multiple locations in Sweden. The Acquisition is in line with Relais Group's growth strategy, and it will strengthen the Company's position as an independent importer and technical wholesaler of spare parts and equipment for heavy-duty vehicles and buses in Sweden. Founded in 2012, Tunga Delar's turnover for 2019 was SEK 99.5 million with an EBITDA of SEK 19.9 million. At the time of the acquisition, the number of Tunga Delar's personnel was 31.

PERSONNEL AND MANAGEMENT

The Group employed an average of 288 (169) employees between January and June. On June 30, 2020, at the end of the review period, the personnel amounted to 292 (268), representing an increase of 24.

Salaries and fees paid from January to June totaled EUR 6,089 (4,043) thousand. The increase was driven by the acquisitions.

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

The Group CEO is Arni Ekholm. In addition to Mr. Ekholm, the Management Team of the company and Group consists of CFO Pekka Raatikainen, Managing Director Sweden Juan Garcia and Managing Director Finland Ville Mikkonen.

ANNUAL GENERAL MEETING ON JUNE 8, 2020 AND THE BOARD AUTHORIZATIONS IN EFFECT

The AGM confirmed the company's financial statements for the financial year January 1-December 31, 2019 and discharged the members of the Board of Directors and the Managing Director from liability.

The AGM decided that four members be elected to the Board of Directors and re-elected Olli-Pekka Kallasvuo, Katri Nygård, Jesper Otterbeck and Kari Stadigh as board members. In the Board Meeting held after the AGM, the Board of Directors re-elected Kari Stadigh as Chairman of the Board.

The AGM decided that the members of the Board of Directors will not be paid any remuneration for Board or potential Committee membership.

The AGM re-elected PricewaterhouseCoopers Oy, Authorized Public Accountants, as the company's auditors with Janne Rajalahti, Authorized Public Accountant, acting as the principal auditor. The AGM decided to pay the auditors' fees as invoiced and approved by the company.

The AGM decided to accept the Board's proposal on profit distribution, according to which the profit for the financial period, EUR 804,846.05, will be added to retained earnings and no dividend will be paid.

The AGM authorized the Board of Directors to resolve on the acquisition of a maximum of 1,682,000 of the company's own shares in one or more tranches using the company's unrestricted equity. The company may buy back shares in order to develop its capital structure, finance and implement any corporate acquisitions or other transactions, implement share-based incentive plans, pay board fees, or otherwise transfer or cancel them. The company may buy back shares in public trading on marketplaces whose rules and regulations allow the company to trade in its own shares. In such a case, the company buys back shares through a directed purchase, i.e. in a proportion other than its shareholders' holdings of company shares, with the consideration paid for the shares based on their publicly quoted market price so that the minimum price of the purchased shares equals the lowest market price quoted in public trading during the authorization period and, similarly, their maximum price equals the highest market price quoted in public trading during that period. The authorization is effective until the end of the Annual General Meeting held in 2021, yet no further than until June 30, 2021. This authorization shall supersede the buyback authorization granted at the earlier General Meetings.

The AGM authorized the Board of Directors to decide on issuing a maximum of 3,364,000 shares in a share issue or on granting special rights (including stock options) entitling holders to shares as referred to in Chapter 10 Section 1 of the Companies Act, in one or several tranches. This authorization may be used to finance and implement any prospective corporate acquisitions or other transactions, to implement the company's share-based incentive plans, or for other purposes determined by the Board. The authorization grants the Board the right to decide on all terms and conditions governing the share issue and the granting of said special rights, including the subscribers or the recipients of said special rights and the payable consideration. The authorization also includes the right to issue shares by deviating from the shareholders' preemptive rights, i.e. by issuing them in a directed manner. The authorization of the Board covers the issue of new shares and the transfer of any shares that may be held by the company. The authorization is effective until the end of the Annual General Meeting held in 2021, yet no further than until June 30, 2021. This authorization shall supersede previous authorizations resolved in General Meetings concerning the issue of shares and special rights entitling you to shares.

CURRENT OPTION SCHEMES

The company has option-based incentive plans intended for the company's management personnel. On June 30, 2020, 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 6.1% of Relais shares and votes. Moreover, on December 31, 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, the issued option rights entitled the option holders to the issue of a total of 1,070,150 shares. The 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 of the shares provide equal entitlements to the dividend and other fund distribution (including fund distribution in dissolution situations).

On February 6, 2020 the company decided on issuing a directed share issue. The Company paid SEK 55 million of the Purchase Price of TD Tunga Delar Sverige AB by issuing total of 606,250 new Relais Group's shares to the shareholders of TD Tunga Delar Sverige AB in connection with the closing of the Acquisition.

The Share Issue was carried out by the decision of the Board of Directors of Relais Group under the authorization given by the Extraordinary General Meeting of Relais Group on September 18, 2019. The Share Issue was carried out in order to develop Relais Group's business and finance the corporate transaction, so there is a weighty financial reason for deviating from the pre-emptive right of the shareholders within the meaning of the Finnish Limited Liability Companies Act. The subscription price for the Consideration Shares was EUR 8.6091 per Consideration Share, which corresponds to the volume weighted

average price of Relais Group Plc's share in the Nasdaq First North Growth Market Finland for the period of 30 trading days before the closing of the Acquisition.

The new shares were entered into the trade register on March 20, 2020 and were listed on the Nasdaq First North Growth Market Finland on March 23, 2020 in the same series as the company's existing shares.

The company's registered share capital was EUR 80,000 on June 30, 2020, and the number of shares recorded in the trade register was 16,820,050.

According to the shareholder register maintained by Euroclear Finland, Relais had 2,368 shareholders at the end of the review period. Relais owned 50 of its own shares.

The company's ten largest registered shareholders and their holdings on June 30, 2020:

Shareholder	Number of shares	%
1. Ari Salmivuori	6,328,800	37.6
2. Nordic Industry Development AB ¹	4,375,350	26
3. Ajanta Oy ²	464,800	2.8
4. Finnish Industry Investment Ltd (Tesi)	462,949	2.8
5. Ilmarinen Mutual Pension Insurance Company	440,463	2.6
6. Elo Mutual Pension Insurance	396,813	2.4
7. Kari Stadigh	292,200	1.7
8. Veritas Pension Insurance	195,761	1.2
9. Ville Mikkonen	174,800	1.0
10. Evli Finland Select	155,000	0.9
11. Rausanne Oy	134,165	0.8
Ten largest combined	13,421,101	79.8
Other shareholders	3,398,949	20.2
Total	16,820,050	100

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

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

On June 30, 2020, 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 29.8% 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

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

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

³ Owned 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 ongoing coronavirus pandemic can be mentioned as an example of a macroeconomic risk.

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

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

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

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

When it comes to finance, fluctuating exchange rates can have an adverse effect on Relais' business activities, profits, and balance sheet position. By financing its loans, the company also 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 October 4, 2019 company prospectus.

MAJOR EVENTS AFTER THE REVIEW PERIOD

On July 13, 2020, the Company announced having been informed by its major shareholders Ari Salmivuori, Ajanta Oy, and Nordic Industry Development AB, that these major shareholders have agreed to amend the terms of the shareholders' agreement between the aforementioned parties, the company, and certain other shareholders of the company. The shareholders' agreement includes a call option in favor of Ari Salmivuori and Ajanta Oy with respect to certain shares of the company owned by Nordic Industry Development AB. Ari Salmivuori's and Ajanta Oy's right to exercise such call option with respect to those shares has been extended to last until September 30, 2020.

On August 14, 2020, the Company announced a notice to an Extraordinary General Meeting to be held on September 8, 2020. The Board of Directors proposes to the EGM a dividend of EUR 0.10 per share be paid.

ACCOUNTING PRINCIPLES OF THE HALF-YEAR FINANCIAL REPORT

The figures in the half-year financial report are unaudited and have been prepared in accordance with the Finnish Accounting Standards (FAS). The impact of COVID-19 pandemic has been taken into account in applying the accounting principles.

Relais Group Plc

Board of Directors

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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 as of December 31, 2019.

TABLE SECTION, January 1–June 30, 2020

GROUP INCOME STATEMENT

EUR thousand	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
NET SALES	58,959	37,720	98,946
Other business income	442	210	518
Materials and services			
Materials, supplies, and goods			
Purchases during the period	-37,369	-27,090	-68,310
Increase/decrease in inventories	-1,238	1,751	2,491
External services	-8	-15	-37
	-38,615	-25,353	-65,856
Personnel expenses			
Wages and salaries	-6,089	-4,043	-9,472
Social security expenses			
Pension expenses	-759	-681	-1,470
Other social security expenses	-933	-466	-1,423
	-7,780	-5,190	-12,365
Depreciation, amortization, and impairments	-4,043	-1,855	-5,480
Other operating expenses	-5,298	-3,347	-7,907
OPERATING PROFIT	3,664	2,185	7,856
Financial income and expenses			
Other interest and financing income	106	329	54
Interest expenses and other financial expenses	-1,461	-2,278	-5,419
	-1,355	-1,949	-5,365
Profit before taxes	2,309	236	2,491
Income taxes	-1,337	-413	-1,931
Minority interest	-42	-95	-175
Profit (loss) for the period	930	-273	384

CONSOLIDATED BALANCE SHEET

EUR thousand	June 30, 2020	June 30, 2019	December 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Immaterial rights	115	151	132
Goodwill	61,075	55,648	53,731
Other intangible assets	388	366	414
Intangible assets total	61,578	56,165	54,277
Machinery and equipment	580	771	653
Other tangible assets	67	89	81
Tangible assets total	647	860	735
Other shares and holdings	92	54	62
Investments total	92	54	62
TOTAL NON-CURRENT ASSETS	62,316	57,080	55,074
CURRENT ASSETS			
Finished products/goods	42,868	40,744	41,661
Advance payments	2,129	2,169	1,433
Inventories total	44,997	42,913	43,094
Trade receivables			
Deferred tax assets	673	485	284
Other receivables	0	9	0
Prepaid expenses and accrued income	2	4	2
Total long-term receivables	675	498	286
Trade receivables	14,062	14,019	11,909
Loans receivables	0	675	0
Deferred tax assets	0	0	0
Other receivables	131	421	241
Subscribed capital unpaid	0	4,741	0
Prepaid expenses and accrued income	2,294	1,826	2,840
Total short-term receivables	16,487	21,682	14,990
Cash at bank and in hand	26,337	10,495	29,600
TOTAL CURRENT ASSETS	88,495	75,588	87,970
TOTAL ASSETS	150,812	132,668	143,044

EUR thousand	June 30, 2020	June 30, 2019	December 31, 2019
EQUITY			
Share capital	80	3	80
Reserve for invested unrestricted equity	56,226	31,368	51,007
Retained earnings	12,675	12,807	12,214
Profit (loss) for the period	930	-273	384
TOTAL EQUITY	69,911	43,906	63,685
MINORITY INTEREST	281	716	0
LONG-CURRENT LIABILITIES			
Loans from financial institutions	57,928	60,774	59,388
Other loans and purchase consideration liability	122	5,122	122
Deferred tax liabilities	2,745	2,040	2,321
Total non-current liabilities	60,795	67 935	61,831
CURRENT LIABILITIES			
Loans from financial institutions	6,061	5,000	4,763
Other loans and purchase consideration liability	0	505	0
Trade payables	6,139	7,344	6,560
Other liabilities	3,207	3,047	3,244
Accrued expenses and deferred income	4,417	4,213	2,962
Total current liabilities	19,825	20,110	17,528
TOTAL LIABILITIES	80,620	88,045	79,359
EQUITY AND LIABILITIES TOTAL	150,812	132,668	143,044

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Profit (loss) for the period	930	-273	384
Adjustments			
Depreciation, amortization, and impairments	4,043	1,855	5,480
Financing income and expenses	1,355	1,948	6,019
Income taxes	1,336	413	1,931
Minority interest in net income	42	95	175
Other adjustments	-4	0	-701
Operating cash flow before changes in working capital	7,703	4,039	13,288
Changes in working capital			
Increase/decrease in inventories	332	-3,120	-3,144
Increase/decrease in short-term receivables	-365	520	4,000
Increase/decrease in short-term liabilities	-433	-1,113	-3,800
Cash flow from operations before financial items and taxes	7,237	325	10,343
Interest and other financial expenses paid	-1,075	-1,518	-6,119
Dividends received	0	0	15
Interest received	0	0	44
Taxes paid	-1,602	-1,303	-2,484
Cash flow from operations	4,560	-2,493	1,799
Acquisition of subsidiaries	-7,593	-61,450	-64,779
Purchase of tangible and intangible assets	-12	-282	-399
Repayment of loans receivable	0	0	675
Proceeds from sale of tangible and intangible assets	0	0	63
Net cash used in investing activities	-7,605	-61,732	-64,441
Proceeds from issue of share capital	0	23,500	47,957
Proceeds from current borrowings	0	5,038	5,019
Repayment of current borrowings	0	-6,105	-11,105
Proceeds from non-current borrowings	0	69,378	69,627
Repayment of non-current borrowings	0	-18,669	-21,186
Net cash from in financing activities	0	73,141	90,312
Increase/decrease in cash and cash equivalents	-3,228	8,916	27,670
Cash and cash equivalents at the beginning of the period	29,600	2,309	2,309
Effects of exchange rate fluctuations	-35	-729	-378
Cash and cash equivalents, at the end of the period	26,337	10,495	29,600

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 1/1/2020	80	51,007	14,129	-1,531	12,598	63,685
Change in translation differences				77	77	77
Share issue		5,219				5,219
Profit (loss) for the period			384		930	930
Equity 6/30/2020	80	56,226	15,059	-1,454	13,605	69,911
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 12/31/2019	80	51,007	14,129	-1,531	12,598	63,685

ACCOUNTING PRINCIPLES

The half-year financial report for the January 1–June 30, 2020 period has been prepared in accordance with the Finnish Accounting Standards (FAS) and it adheres to the accounting principles of the consolidated financial statements of 2019. The impact of COVID-19 pandemic has been taken into account in applying the accounting principles.

The financial information presented in the 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. Furthermore, the demand for lighting products, such as LEDs and auxiliary lights, typically grows in the fall and winter months. Due to seasonal changes, Relais typically produces greater Net sales in the second half of the year.

EARNINGS PER SHARE

EUR	Jan-Jun 2020	Jul-Dec 2019	Jan-Dec 2019
Earnings per share, basic	0.06	-0.03	0.03
Earnings per share, diluted	0.05	-0.03	0.03

	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Number of outstanding shares at the end of the period	16,820,000	8,628,100	16,213,750
Weighted average number of shares, basic	16,556,848	8,628,100	11,602,091
Weighted average number of shares, diluted	17 238 216	9,178,098	12,282,636

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 September 18, 2019, where all Relais shareholders received 49 new shares toward every owned Relais share.

GROUP KEY FIGURES

EUR thousand unless stated otherwise	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales	58,959	37,720	98,946
Net sales growth, %	56.3%	12.1%	36.6%
Gross profit	20,344	12,367	33,090
Gross margin, %	34.5%	32.8%	33.4%
EBITDA	7,707	4,039	13,335
EBITDA margin, %	13.1%	10.7%	13.5%
EBITA	7,490	3,876	12,976
EBITA margin, %	12.7%	10.3%	13.1%
Operating profit	3,664	2,185	7,856
Operating profit margin, %	6.2%	5.8%	7.9%
Profit (loss) for the period	930	-273	384
Profit (loss) for the period margin, %	1.6%	-0.7%	0.4%
Comparable profit (loss)	930	1,039	3,620
Comparable profit (loss) margin, %	1.6%	2.8%	3.7%
Comparable profit (loss) excluding amortization of goodwill	4,756	2,731	8,740
Comparable profit (loss) excluding amortization of goodwill margin, %	8.1%	7.2%	8.8%
Items affecting comparability included in profit (loss) for the period	0	1,312	3,236
Net working capital	47,720	44,575	45,391
Inventories	44,997	42,913	43,094
Free cash flow	7,225	43	9,952
Cash conversion	93.8%	1.1%	74.9%
Net debt	37,651	55,490	34,550
Net debt to EBITDA, annualized	2.4	6.9	2.6
Net gearing	53.6%	124.4 %	54.3%
Equity ratio	46.5%	33.6 %	44.5%
Return on investment (ROI)*	5.8%*	5.5%*	6.2%*
Return on equity (ROE)*	2.9%*	-1.1%*	1.4%*
Return on assets (ROA)*	5.1%*	4.7%*	5.4%*
Earnings per share, basic (EUR)**)	0.06	-0.03	0.03
Earnings per share, diluted (EUR)**)	0.05	-0.03	0.03
Comparable earnings per share, basic (EUR)**)	0.06	0.12	0.31
Comparable earnings per share, diluted (EUR)**)	0.05	0.11	0.29
Comparable earnings per share excluding amortization of goodwill, basic (EUR)**)	0.29	0.32	0.76
Comparable earnings per share excluding amortization of goodwill, diluted (EUR)**)	0.28	0.30	0.71
Average number of employees	288	169	214
Personnel at the end of the period, FTE	292	268	258

*) Items affecting the comparability and amortization of goodwill not eliminated from the ROI, ROE, and ROA- key figures

***) The average undiluted number of shares Jan-Jun 2020 was 16,556,848 and Jan-Jun 2019 8,628,100. The average diluted number of shares Jan-Jun 2020 was 17,238,216 and Jan-Jun 2019 9,178,098.

ACCOUNTING PRINCIPLES FOR KEY FIGURES

Key figure	Definition
EBITA ¹	Operating profit + amortization 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 amortization of goodwill ¹	Profit (loss) for the period + items affecting comparability included in profit (loss) for the period + amortization 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 amortization of goodwill, basic	Comparable profit (loss) excluding amortization of goodwill/weighted average number of shares outstanding during the period
Comparable earnings per share excluding amortization 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 annualized 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	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales	58,959	37,720	98,946
Materials and services	-38,615	-25,353	-65,856
Gross profit	20,344	12,367	33,090
Gross margin, %	34.5%	32.8%	33.4%
Operating profit	3,664	2,185	7,856
Depreciation, amortization and impairments	4,043	1,855	5,480
EBITDA	7,707	4,039	13,335
EBITDA margin, %	13.1%	10.7%	13.5%
Operating profit	3,664	2,185	7,856
Amortization of goodwill	3,826	1,691	5,120
EBITA	7,490	3,876	12,976
EBITA margin, %	12.7%	10.3%	13.1%
Profit (loss) for the period	930	-273	384
Items affecting comparability included in profit (loss) for the period			
Listing expenses	0	393	2,729
Other non-recurring finance expenses	0	1,255	1,325
Tax impact of items affecting comparability	0	-337	-818
Items affecting comparability included in profit (loss) for the period	0	1,312	3,236
Comparable profit (loss)	930	1,039	3,620
Comparable profit (loss) margin, %	1.6%	2.8%	3.7%
Amortization of goodwill	3,826	1,691	5,120
Comparable profit (loss) excluding amortization of goodwill	4,756	2,731	8,740
Comparable profit (loss) excluding amortization of goodwill margin, %	8.1%	7.2%	8.8%
Operating cash flow before working capital changes	7,703	4,039	13,288
Change in working capital	-466	-3,714	-2,945
Purchase of tangible and intangible assets	-12	-282	-392
Free cash flow	7,225	43	9,952