

RELAIS



Half-year financial report January–June
The growth story continues.

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RELAIS GROUP PLC HALF-YEAR FINANCIAL REPORT January 1–June 30, 2021 (unaudited) – THE GROWTH STORY CONTINUES

JANUARY-JUNE 2021 IN BRIEF

- Net sales totaled EUR 105.8 million (January–June 2020: 59.0), +79.4% change
- EBITDA was EUR 13.0 (7.7) million, 12.3% (13.1%) of net sales, +68.9% change
- EBITA was EUR 12.2 (7.5) million, 11.5% (12.7%) of net sales, +62.6% change
- EBIT was EUR 6.1 (3.7) million, 5.8% (6.2%) of net sales, +66.0% change
- Comparable earnings per share excluding amortization of goodwill (undiluted) was EUR 0.48 (0.29) *)
- The company continued the implementation of its growth strategy by acquiring the entire share capital of Swedish Strands Group AB and Finnish Raskone Oy and Lumise Oy
- The Annual General Meeting on March 30, 2021, decided to pay dividends of EUR 0.30 (0.10) per share for the financial year 2020
- Strategy recalibration and a new long-term net sales target: the aim is to reach net sales of EUR 500 million by the end of 2026
- Starting the investigation of the transition to the main list (Nasdaq Helsinki) for the transition to occur in 2022 at the earliest
- Transition to quarterly financial reporting starting from the third quarter of 2021
- Acquisitions made during the review period clearly contributed to the growth in total net sales and EBITA
- The market situation improved in all operating countries and product lines compared to the previous year
- The winter conditions had a clear positive effect on sales, especially in electrical spare parts
- Demand for lighting products was very strong and that product area grew especially sharply, both organically and through acquisitions
- The impact of the COVID-19 pandemic on business during the review period is minor, but the risks have not disappeared due to new variants of the virus and new waves of the pandemic

*) The average undiluted number of shares Jan-Jun 2021 was 17,370,082 and Jan-Jun 2020 16,556,848.

2021 OUTLOOK AND LONG-TERM FINANCIAL TARGETS

Relais has been able to demonstrate the effectiveness and resilience of its business model even under the challenging circumstances. The strong financial position of Relais gives the company a good possibility to continue the successful implementation of the chosen strategy also in 2021. Even if the market conditions as a whole are stable at the time of this financial bulletin publication, the continuing COVID-19 pandemic still weakens the predictability of the market development, especially from the international supply chains perspective. Therefore, the company does not provide a numeric guidance for financial year 2021.

In line with the new long-term target published on 17 May 2021, the company aims to reach pro forma net sales of 500 MEUR by the end of year 2026.

The new net sales target is based on the recalibrated strategy for the years 2021-2026. The new recalibrated strategy continues to rely on a combination of strong growth through acquisitions and a faster than market average organic growth. Relais aims to accelerate and reinforce its acquisition activities. In this context, the Company has chosen to expand its potential acquisition target area to include the entire mobility-related aftermarket, with the main focus remaining on the Nordic vehicle aftermarket.

The long-term financial targets published in 2019 included an ambition to double the company's net sales by 2025.

KEY FIGURES

EUR thousand	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net sales	105,759	58,959	128,924
Gross profit	43,125	20,344	44,996
EBITDA	13,019	7,707	19,127
EBITDA margin, %	12.3%	13.1%	14.8%
EBITA	12,177	7,490	18,711
EBITA margin, %	11.5%	12.7%	14.5%
Operating profit	6,084	3,664	11,088
Operating profit margin, %	5.8%	6.2%	8.6%
Profit (loss)	2,265	930	6,937
Profit (loss) margin, %	2.1%	1.6%	5.4%
Comparable profit (loss) excluding amortization of goodwill	8,387	4,756	14,562
Comparable profit (loss) excluding amortization of goodwill margin, %	7.9%	8.1%	11.3%
Return on equity (ROE), %	5.9%*)	2.9%*)	10.3%*)
Equity ratio	37.8%	46.5%	46.7%
Net gearing	90.7%	53.6%	39.2%
Earnings per share, basic, EUR**)	0.13	0.06	0.42
Earnings per share, diluted, EUR**)	0.12	0.05	0.40
Comparable earnings per share, basic, EUR**)	0.13	0.06	0.42
Comparable earnings per share, diluted, EUR**)	0.12	0.05	0.40
Comparable earnings per share excluding amortization of goodwill, basic, EUR**)	0.48	0.29	0.87
Comparable earnings per share excluding amortization of goodwill, diluted, EUR**)	0.46	0.28	0.84
Personnel at the end of the period, FTE	854	292	296

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

**) The average undiluted number of shares Jan-Jun 2021 was 17,370,082 and Jan-Jun 2020 16,556,848. The average diluted number of shares Jan-Jun 2021 was 18,261,525 and Jan-Jun 2020 17,238,216.

CEO ARNI EKHOLM COMMENTS:

“Relais Group achieved significant growth during H1. Our net sales grew with 79.4% to EUR 105.8 million and EBITA with 62.6% to EUR 12.2 million.”

Growth through disciplined execution of the strategy

The strategy of Relais Group is based on a well-balanced combination of growth through targeted acquisitions and achieving a faster than market average organic growth, supported by the synergies between the existing and acquired companies. During the first half of the year 2021, we have meticulously continued the execution of our chosen strategy and managed to achieve significant and profitable growth in all our operating units.

Accelerated acquisition activities

During the first half of 2021, we managed to perform three highly successful and targeted acquisitions. In January, we concluded the acquisition of Europe's fastest growing vehicle lighting company Strands Group. In February, we acquired Raskone Oy, the biggest independent commercial vehicle repair shop chain in the Nordics. In March, we welcomed Lumise Oy, the innovative vehicle lighting on-line operator as a new member in the growing Relais family.

As announced in May, we intend to further accelerate the acquisition activities in our field of operation. Additionally, we have announced that we will slightly broaden our acquisition scope to also include a limited number of other mobility sub-segments.

In June, we also announced the appointment of Lennart Sjöblom as Head of Acquisitions and Business Development. We have a solid pipeline of relevant target companies in the Nordic markets, and I am convinced that the recruitment of a dedicated resource in this area will further strengthen our ability to carry out successful acquisitions during 2021 and beyond.

Synergy benefits supporting our growth

Utilizing synergy benefits between the existing and newly acquired Group companies is at the heart of our strategy and has become a permanent part of our corporate DNA. Having a clear sector focus and in-depth knowledge within the vehicle aftermarket gives us a unique opportunity to further utilize synergy benefits that support the growth of our company.

Even though our operating model is decentralized, the management teams of our different Group companies co-operate very effectively, and proactively continue to seek new synergy benefits in the daily operations. The synergy effects are often significant, especially in the case of combining the Group purchasing power to get better prices and conditions from the suppliers. The synergies can also include other type of benefits, such as creating a common Product Information Management platform or carrying out other joint Functional Excellence projects between Group companies. As an example, we have successfully combined the management and back-office functions of TD Tunga Delar and Huzells, effectively creating one of the strongest independent commercial vehicle aftermarket wholesale operators in Sweden. In Finland, Startax now takes care of the purchase and supply of a growing number of spare parts to Raskone, utilizing the joint purchase power of the entire Group.

Organic growth

Nordic vehicle aftermarket remained stable despite the ongoing COVID-19 pandemic during H1. According to our own estimate, we managed to grow faster than the market in average during the first half of the year. The exceptionally cold weather during Q1 boosted the sales of specifically electrical spare parts and accessories. In practice, all of our Group companies performed strongly. Especially worth mentioning is the strong growth of Strands and the excellent performance of AB Reservdelar, managing to grow despite a move to a new location in Sollentuna near Stockholm in May.

Digitalization

Relais aims to be in the forefront of the digital revolution in the aftermarket. We actively seek new ways to help our customers to find the products they need easier and faster. Creating an excellent customer experience needs to be in the center of our operations, be it a consumer looking for the perfect auxiliary light for their vehicle, or a professional buyer looking for a comprehensive range of spare parts and equipment for a commercial fleet.

The acquisition of Lumise in March has given us valuable insight into running a highly successful on-line operation and increased our capabilities in e-commerce. We intend to utilize this clear competitive advantage especially in the global roll-out of our vehicle lighting business during the coming years.

Further growth in Lighting and Commercial Vehicles

By the acquisition of Strands, Lumise and Raskone during H1 we have further strengthened our ability to grow in the strategically important business areas of Lighting and Commercial Vehicles. Strands is an extremely strong and fast-growing vehicle lighting brand with a proven track record of successful export operations, innovatively utilizing social media in marketing. Lumise is strong in creating an unparalleled on-line shopper experience. Raskone has developed into a profitable, well-functioning and trusted commercial vehicle workshop chain in Finland, creating us a platform for a further expansion in this area.

Sustainability

For us, sustainability means first and foremost practical deeds and actions in the daily life. We take good care of our employees, customers, and business partners. We have set clear ESG-related criteria to our global suppliers and an increasing part of the spare parts that we sell is covered by a refund system. The used spare parts are returned to us in order to reach a new life after refurbishing or remanufacturing at the production site. Also, our own digital catalogue tools contribute to sustainability. The easier it is for our customers to choose the exactly right product, the less there is need for unnecessary returns causing CO2 emissions.

Outlook 2021 and long-term perspective

Relais is well positioned to continue the execution of the chosen strategy. We have ramped up the inventory levels of several new lighting products to be ready for the upcoming autumn season, as well as increased the inventory levels of certain other critical products. The underlying market demand looks robust in all Nordic countries. Nevertheless, there is a considerable amount of uncertainty deriving from the global lack of semi-conductors and we cannot rule out the effect of possible supply problems, especially during Q4. In light of this and considering the still ongoing COVID-19 pandemic, Relais is not giving a numeric guidance for the year 2021.

Looking at the longer perspective, we recently announced our new financial targets for the strategy period extending to 2026. As our previous turnover target of ca. 240 MEUR will be reached considerably earlier than planned, we decided to set a new strategic target of reaching a turnover of 500 MEUR by 2026. In addition, we announced our intention to examine the possibility of transferring to the Nasdaq Helsinki main list at the earliest during 2022 in order to support the realization of our growth strategy.

Finally, profitable and strong growth does not happen automatically. It is the result of the hard work and efforts that our teams are putting in every day, and the excellent cooperation we have with our customers, suppliers, business partners and shareholders. In this connection I want to thank you all very warmly for placing your trust in us. We will do our very best to earn that trust also in the future. Relais is a growth company, and we intend to continue the uncompromised execution of our strategy during 2021 and beyond. “

STRATEGY

Relais' strategy was published in 2019 in connection with the First North listing and was updated in May 2021 with additions to the long-term revenue target and to accelerate, strengthen and to broaden the scope of future acquisitions.

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.

BUSINESS REVIEW 1 JANUARY–30 JUNE 2021

The Relais Group's net sales in the review period were EUR 105.8 (59.0) million, an increase of 79.4% compared to the previous year. The increase in net sales was due to both the successful acquisitions made in the first quarter and the good market situation. Winter conditions in the Nordic countries were favorable for demand for electrical spare parts and equipment, and their sales clearly increased compared to the previous mild winter. The market situation during the review period can generally be described as normal, but the risks associated with the pandemic have not disappeared. The financial effects of the pandemic during the review period are related to the committed working capital as the Group companies significantly advance and increase their purchases related to seasonal products in the second half of the year, especially lighting products, to ensure product availability.

The impact of the acquisitions made during the review period on the Group was significant in terms of both growth and strategy. Strands Group AB (implementation of the transaction on 11 January 2021) is one of the fastest growing light brands in Europe and it clearly strengthened the sales growth of the Group's own brands. Raskone Oy's first months in the Group were very positive in terms of both net sales and earnings, and rapid progress has been made in achieving the benefits of spare parts procurement. The company sees concrete and clear growth opportunities as part of the Relais Group. Lumise Oy's strongest months in terms of sales are seasonal and are placed in the second half of the year, in addition to the company playing a significant role in the implementation of the group's digital strategy.

FINANCIAL REVIEW 1 JANUARY–30 JUNE 2021

Financial result

The Group's EBITDA for the period was EUR 13.0 (7.7) million or 12.3% (13.1%) of net sales, growing by 68.9% in year-on-year comparison. The growth in EBITDA was affected by acquisitions made in the first half of the review period and the healthy development of sales in all of the Group companies. In terms of fixed costs, the operating rate of the Group companies was at a normal level, apart from travel costs, which remain low. During the comparison period, adjustment measures related to the pandemic were made at fixed costs.

Earnings before interest, taxes, and amortization (EBITA) grew in review period 62.6% in relation to the reference financial period, totaling EUR 12.2 (7.5) million, 11.5% (12.7%) of net sales. EBITA's growth was also driven by acquisitions at the beginning of the review period and the positive sales-driven earnings development of the Group companies.

Operating profit (EBIT) for the review period grew by 66.0% from the previous year, totaling EUR 6.1 (3.7) million, 5.8% (6.2%) of net sales. Acquisitions made by the Group increase goodwill and their amortization affecting operating profit in the consolidated financial statements prepared in accordance with FAS accounting standards. However, operating profit was positively affected by the EBIT generated by the companies acquired during the review period and the good development of business in all Group companies.

The profit for the period was EUR 2.3 (0.9) million, 2.1% (1.6%) of net sales, growing by 143.5%. In addition to business development, the increase in profit for the review period was due to acquisitions as well as financial expenses on acquisition loans and exchange rate differences recognized in financial expenses.

Balance sheet, financing, and investments

The Group's balance-sheet total at the end of the review period on 30 June 2021 amounted to EUR 223.3 (150.8) million. The Group's equity was EUR 84.1 (69.9) million and its net debt at the end of the period was EUR 76.7 (37.7) million. Net gearing was 90.7% (53.6%), and the equity ratio was 37.8% (46.5%). Cash assets at the end of the review period were EUR 23.8 (26.3) million. The changes in the consolidated balance sheet key figures are based on acquisitions made during the review period.

The Group has a financing agreement with its main bank valid until the end of May 2023. The maximum financial exposure under the financing agreement is EUR 111 million, consisting of a maximum of EUR 104 million in acquisition financing and an RCF limit of EUR 7 million. At the end of the review period, the undrawn portion of the RCF limit was EUR 4.8 million. The acquisition financing limit in accordance with the agreement has been utilized in its entirety. Further facilities are under discussion and will be implemented in connection with future acquisitions.

Cash flow from operations was EUR 5.1 (4.6) million. Business growth had a favorable effect on cash flow. Cash flow was burdened by working capital tied up for early and increased product purchases for the second half of the year, especially for the lighting products sales season.

Cash flow used in investing activities was EUR -48.3 (-7.6) million, arising almost entirely from the acquisitions of Strands Group AB, Raskone Oy and Lumise Oy. Other minor investments were related to ICT-systems and warehouse and office equipment.

Cash flow from financing activities was EUR 32.1 (0) million. The amount of new acquisition loans drawn down from the existing facility during the review period was approximately EUR 40 million. Repayments and interest payments were made on the loans in accordance with the repayment program. A total of EUR 5.2 million in dividends was paid out.

CHANGES IN THE GROUP STRUCTURE

On 11 January 2021, Relais completed the acquisition of the entire share capital of the Swedish Strands Group AB ("Strands"), as announced on 14 December 2020. Strands is one of the fastest growing brands in the vehicle lighting and accessories aftermarket in Europe. The corporate acquisition is fully in line with Relais' growth strategy and significantly broadens the company's range of lighting products and brands. In addition, the acquisition opens up additional geographic markets for the company in Europe and elsewhere. The acquisition also further strengthens the position of vehicle lighting aftermarket as a strategic growth area for Relais.

Established in 2002, Strands' business operations have been based on its own strong lighting products and brands. Strands Group AB's 2020 net sales was approximately SEK 157 million and the EBITDA approximately SEK 27.2 million. Export accounts for approximately 55% of net sales. The company employs approximately 30 people.

On 29 January 2021, Relais acquired Raskone Oy a company specialised in the commercial vehicle maintenance and repair business. Raskone is Finland's largest nationwide multi-brand maintenance and repair workshop chain for commercial vehicles, with a total of 19 workshops throughout Finland. The acquisition is part of Relais' growth strategy and gives Relais a significant new pillar for growth in the commercial vehicle segment.

The net sales of Raskone for the calculated financial period 1 January–31 December 2020 were approximately EUR 63 million and EBITDA approximately EUR 4.7 million. The Company employs a total of approximately 460 people.

On 31 March 2021, Relais acquired the shares of Lumise Ltd, an e-commerce operator providing vehicle lighting solutions, as well as the shares of the procurement company Optisell Oy (jointly "Lumise". Specialized in the online sales of vehicle lighting, Lumise Oy is the leader in its' field in the Nordics, and a fast-growing player in Europe. Lumise has a Swedish subsidiary called Design by Scandinavian Metal AB, which, in addition to engaging in e-commerce, develops model-specific auxiliary lighting.

With the acquisition, Relais can accelerate its growth by utilizing digitalization, e-commerce solutions and data analytics. Lumise's e-commerce platform is a new scalable growth area for Relais which also can be a strong growth accelerator for Relais's lighting business and creates new international growth opportunities, also outside the Nordic countries.

The net sales of Lumise companies during the twelve-month period ending in February 2021 were approximately EUR 11.0 million and EBITDA approximately EUR 1.1 million. The company employs a total of approximately 29 people.

PERSONNEL AND MANAGEMENT

The Group employed an average of 737 (288) employees between January and June. On 30 June 2021, at the end of the review period, the personnel amounted to 854 (292), representing an increase of 562. The increase in personnel was due to acquisitions, especially from the acquisition of Raskone.

Salaries and fees paid from January to June totaled EUR 16.3 (6.1) million. 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 Chief Financial Officer Pekka Raatikainen, Managing Director (Scandinavia) Juan Garcia and Managing Director (Finland and Baltics) Ville Mikkonen. Mr. Lennart Sjöblom, Head of M&A and business development, has been a member of the Management Team as of 1 August 2021.

ANNUAL GENERAL MEETING ON 30 MARCH 2021 AND THE BOARD AUTHORIZATIONS IN EFFECT

The AGM confirmed the company's financial statements for the financial year January 1–December 31, 2020 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 Annual General meeting approved the proposal of the Board of Directors that a dividend of EUR 0.30 per share shall be paid from the parent company's distributable funds to shareholders who are registered in the company's shareholders' register maintained by Euroclear Finland Oy on the dividend record date, 1 April 2021. The dividend was paid on 12 April 2021.

The AGM authorized the Board of Directors to resolve on the acquisition of a maximum of 1,720,890 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 2022, yet no further than until 30 June 2022. 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 3,441,780 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 2022, yet no further than until 30 June 2022. 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 30 June 2021, the members of the Board of Directors and the Management Team of Relais owned a total of 816,800 option rights, corresponding to approximately 4.4% of Relais shares and votes. Moreover, on 30 June 2021, the inheritors of a late board member owned a total of 18,800 option rights, entitling them to the issue of a corresponding number of shares.

In total, the issued option rights entitled the option holders to the issue of a total of 835,600 shares. The current options are divided into several option series with varying subscription prices and subscription periods (2017E, 2017F, 2019D, 2019E and 2019G).

During the review period, a total of 234,550 new Relais shares were subscribed based on the option rights.

LONG-TERM INCENTIVE PLAN

The Board of Directors of Relais Group Plc decided on the establishment of a new share-based long-term incentive plan for the company's management on 25 February 2021. The objectives of the plan are to align the interests of Relais Group's management with those of the company's shareholders and, thus, to promote shareholder value creation in the long term as well as to reward and retain the company's management.

Eligible to participate in the plan are at the maximum 15 individuals, including the members of the Management Team of Relais Group.

The rewards payable under the plan will be paid in cash based on the value of a specific number of incentive units included in the plan. The maximum aggregate number of incentive units to be settled in cash based on the Plan is 258,000 units. The incentive units are allocated to the participants free of charge. The value of

each incentive unit is linked to Relais Group's share price development during the plan period. The earned reward represents a gross earning, from which the applicable payroll tax is withheld.

The incentive units allocated to the participants are divided into three separate tranches. The potential rewards payable under these tranches will be paid during the first half of the years 2023, 2024 and 2025 respectively. The threshold price of each incentive unit in each of the three tranches is the trade volume weighted average price of Relais Group's share on the First North Growth Market Finland marketplace of Nasdaq Helsinki Ltd during the last twenty-five trading days preceding March 16, 2021.

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 11 January 2021, Relais decided on issuing a directed share issue. The company paid SEK 40.7 million of the purchase price of the shares of Strands group AB by issuing a total of 388,851 new Relais Group's shares to the shareholders of Strands Group 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 Annual General Meeting of Relais Group on 8 June 2020. 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 10.2243 per share, which corresponds to the volume weighted average price of Relais Group Plc's share in the Nasdaq First North Growth Market Finland between 2 November 2020–11 December 2020. The new shares were entered into the trade register on 9 February 2021 and were listed on the Nasdaq First North Growth Market Finland on 10 February 2021 in the same series as the company's existing shares.

On 29 January 2021, Relais decided on issuing a directed share issue. The company paid EUR 0.9 million of the purchase price of the shares of Raskone Oy by issuing a total of 67,423 new Relais Group's shares to Mr. Jan Popov, a shareholder and the CEO of Raskone Oy 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 Annual General Meeting of Relais Group on 8 June 2020. 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 13.7390 per share, which corresponds to the share's trade volume weighted average rate on Nasdaq Helsinki First North Growth Market for 30 trading days preceding the closing of the transaction. The new shares were entered into the trade register on 17 March 2021 and were listed on the Nasdaq First North Growth Market Finland on 18 March 2021 in the same series as the company's existing shares.

On 31 January 2021, Relais decided on issuing a directed share issue. The company paid EUR 7.2 million of the purchase price of the shares of Lumise Oy by issuing a total of 430,559 new Relais Group's shares to the shareholders of Lumise Oy 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 Annual General Meeting of Relais Group on 30 March 2020. 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 16.8131 per share, which corresponds to the share's trade volume weighted average rate on Nasdaq Helsinki First North Growth Market for 30 trading

days preceding the closing of the transaction. The new shares were entered into the trade register on 23 April 2021 and were listed on the Nasdaq First North Growth Market Finland on 24 April 2021 in the same series as the company's existing shares.

During the review period, a total of 234,550 new shares were subscribed by using Relais Group Plc's option rights.

On 30 June 2021, the company's registered share capital was EUR 80,000, and the number of shares recorded in the trade register 17,941,433.

According to the shareholder register maintained by Euroclear Finland, Relais had 2,832 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 30 June 2021:

Shareholder	Number of shares	%
1. Ari Salmivuori	5,368,800	29.9
2. Nordic Industry Development AB ¹	3,932,100	21.9
3. Ajanta Oy ²	464,800	2.6
4. Finnish Industry Investment Ltd (Tesi)	462,949	2.6
5. Elo Mutual Pension Insurance Company	396,813	2.2
Kari Kauhanen	378,892	2.1
7. Rausanne Oy	376,514	2.1
8. Ilmarinen Mutual Pension Insurance Company	312,200	1.7
9. Evli Finland Select Fund	305,861	1.7
10. Kari Stadigh	292,000	1.6
11. Helander Holding Oy	269,914	1.5
Ten largest combined	12,561,043	70.0
Other shareholders	5,380,390	30.0
Total	17,941,433	100.0

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

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

On 30 June 2021, the members of the Board of Directors and the Executive Team of Relais owned a total of 4,679,600 Relais shares, corresponding to approximately 26.1% 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	66,450
Juan Garcia ¹	62,050
Olli-Pekka Kallasvuo ²	64,300
Ville Mikkonen	174,800
Katri Nygård	67,700
Jesper Otterbeck ³	3,932,100
Pekka Raatikainen	20,000
Kari Stadigh	292,200
Total	4,679,600

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

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

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

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 and its potential impact on demand for Relais products and availability of products supplied via global supply- and logistics chains can be mentioned as specific examples of current 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

There have been no major events after the review period.

FINANCIAL RELEASES IN 2021

- Q3 Interim Report, 1 January–30 September 2021
4 November 2021

INVITATION TO THE WEBCAST

Relais Group's CEO Arni Ekholm and CFO Pekka Raatikainen will present the result to the media, investors and analysts at a webcast on 12 August 2021 from 10:00 am EET. The webcast can be followed at: <https://relais.videosync.fi/2021-08-12-interimreportq2>

Presentation material and video will be available on the company's website at <https://relais.fi/en/investors/> after the event.

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.

COMPARABILITY OF FINANCIAL INFORMATION

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.

Relais Group Plc acquired the shares of Strands Group AB on 11 January 2021, Raskone Oy on 29 January 2021 and Lumise Oy on 31 March 2021. This half-year financial report on the reference data 2020 does not include the figures for these companies acquired in 2021.

Relais Group Plc

Board of Directors

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Key media
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Relais Group

Relais Group is the leading consolidator and acquisition platform on the vehicle aftermarket in the Nordic and Baltic countries. We are an industrial operator with a sector focus in vehicle life cycle enhancement and related services. We also serve as a growth platform for the companies we own.

We are a profitable company seeking strong growth. We carry out targeted acquisitions in line with our growth strategy and want to be an active player in the consolidation of the aftermarket in our area of operation. Our acquisitions are targeted at companies having a good strategic fit with our group companies.

Our net sales in 2020 was EUR 128.9 (2019: 98.9) million and we employed almost 300 professionals in six different countries. During 2021, we have already made three acquisitions. The combined net sales of the acquired companies total to almost EUR 92 million. Following the acquisitions, we employ more than 800 professionals. Our share is listed on Nasdaq Helsinki Ltd's Nasdaq First North Growth Market Finland with the stock symbol RELAIS.

TABLE SECTION, 1 January–30 June, 2021

GROUP INCOME STATEMENT

EUR thousand	Jan-Jun 2021	Jan-Jun 2020	Jan-ec 2020
NET SALES	105,759	58,959	128,924
Other business income	1,595	442	1,040
Materials and services			
Materials, supplies, and goods			
Purchases during the period	-59,888	-37,369	-81,271
Increase/decrease in inventories	-974	-1,238	-2,639
External services	-1,772	-8	-19
	-62,634	-38,615	-83,928
Personnel expenses			
Wages and salaries	-16,316	-6,089	-12,876
Social security expenses			
Pension expenses	-2,257	-759	-1,538
Other social security expenses	-2,120	-933	-2,231
	-20,693	-7,780	-16,645
Depreciation, amortization, and impairments	-6,935	-4,043	-8,039
Other operating expenses	-11,008	-5,298	-10,264
OPERATING PROFIT	6,084	3,664	11,088
Financial income and expenses			
Other interest and financing income	415	106	2,235
Interest expenses and other financial expenses	-1,953	-1,461	-2,912
	-1,538	-1,355	-677
Profit before taxes	4,546	2,309	10,411
Income taxes	-2,232	-1,337	-3,403
Minority interest	-49	-42	-70
Profit (loss) for the period	2,265	930	6,937

CONSOLIDATED BALANCE SHEET

EUR thousand	June 30, 2021	June 30, 2020	December 31, 2020
ASSETS			
NON-CURRENT ASSETS			
Immaterial rights	231	115	109
Goodwill	106,342	61,075	58,215
Other intangible assets	1,642	388	363
Intangible assets total	108,215	61,578	58,688
Machinery and equipment	2,929	580	602
Other tangible assets	137	67	62
Tangible assets total	3,066	647	664
Other shares and holdings	811	92	81
Investments total	811	92	81
TOTAL NON-CURRENT ASSETS	112,092	62,316	59,433
CURRENT ASSETS			
Finished products/goods	54,691	42,868	42,269
Advance payments	5,572	2,129	2,004
Inventories total	60,623	44,997	44,273
Trade receivables			
Deferred tax assets	259	673	284
Other receivables	0	0	0
Prepaid expenses and accrued income	0	2	0
Total long-term receivables	259	675	284
Trade receivables	22,792	14,062	13,123
Other receivables	972	131	359
Prepaid expenses and accrued income	3,124	2,294	2,491
Total short-term receivables	26,887	16,487	15,972
Cash at bank and in hand	23,771	26,337	34,669
TOTAL CURRENT ASSETS	111,179	88,495	95,198
TOTAL ASSETS	223,271	150,812	154,630

EUR thousand	June 30, 2021	June 30, 2020	December 31, 2020
EQUITY			
Share capital	80	80	80
Reserve for invested unrestricted equity	69,345	56,226	56,226
Retained earnings	12,438	12,675	8,702
Profit (loss) for the period	2,265	930	6,937
TOTAL EQUITY	84,128	69,911	71,946
MINORITY INTEREST	366	281	363
Provisions	285	0	157
LONG-CURRENT LIABILITIES			
Loans from financial institutions	94,438	57,928	58,014
Other loans and purchase consideration liability	2,896	122	129
Deferred tax liabilities	3,242	2,745	2,816
Total non-current liabilities	100,576	60,795	60,959
CURRENT LIABILITIES			
Loans from financial institutions	6,000	6,061	5,000
Other loans and purchase consideration liability	24	0	0
Trade payables	13,865	6,139	8,606
Other liabilities	11,162	3,207	3,671
Accrued expenses and deferred income	6,865	4,417	3,972
Total current liabilities	37,916	19,825	21,250
TOTAL LIABILITIES	138,492	80,620	82,209
EQUITY AND LIABILITIES TOTAL	223,271	150,812	154,630

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Profit (loss) for the period	2,265	930	6,937
Adjustments			
Depreciation, amortization, and impairments	6,934	4,043	8,039
Financing income and expenses	1,274	1,355	617
Income taxes	2,232	1,336	3,403
Minority interest in net income	49	42	70
Other adjustments	267	-4	83
Operating cash flow before changes in working capital	13,021	7,703	19,150
Changes in working capital			
Increase/decrease in inventories	-5,445	332	2,013
Increase/decrease in short-term receivables	-158	-365	281
Increase/decrease in provisions	123	0	84
Increase/decrease in short-term liabilities	1 091	-433	-1,239
Cash flow from operations before financial items and taxes	8,631	7,237	20,228
Interest and other financial expenses paid	-1,275	-1,075	-3,173
Foreign exchange gain/loss			1,470
Interest received	0	0	57
Taxes paid	-2,253	-1,602	-2,546
Cash flow from operations	5,104	4,560	16,096
Acquisition of subsidiaries	-47,116	-7,593	-9,259
Purchase of tangible and intangible assets	-1,171	-12	-199
Repayment of loans receivable	0	0	708
Net cash used in investing activities	-48,287	-7,605	-8,750
Proceeds from shares subscribed by using option rights	915	0	0
Dividends paid	-5,189	0	-1,682
Proceeds from current borrowings	0	0	5,000
Repayment of current borrowings	0	0	-3,387
Proceeds from non-current borrowings	40,435	0	60,427
Repayment of non-current borrowings	-4,042	0	-63,425
Net cash from in financing activities	32,119	0	2,889
Increase/decrease in cash and cash equivalents	-11,064	-3,228	4,457
Cash and cash equivalents at the beginning of the period	34,669	29,600	29,600
Effects of exchange rate fluctuations	166	-35	611
Cash and cash equivalents, at the end of the period	23,771	26,337	34,669

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 1/1/2021	80	56,226	19,385	-3,745	15,640	71,946
Change in translation differences				1,987	1,987	1,987
Share issue		13,119				13,119
Dividend distribution			-5,189		-5,189	-5,189
Profit (loss) for the period			2,265		2,265	2,265
Equity 6/30/2021	80	69,345	16,461	-1,758	14,460	84,128
Equity 1/1/2020	80	51,007	14,129	-1,531	12,598	63,685
Change in translation differences				-2,214	-2,214	-2,214
Share issue		5,219				5,219
Dividend distribution			-1,682		-1,682	-1,682
Profit (loss) for the period			6,937		6,937	6,937
Equity 12/31/2020	80	56,226	19,385	-3,745	15,640	71,946

ACCOUNTING PRINCIPLES

The half-year financial report for the January 1–June 30 2021 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 2021	Jan-Jun 2020	Jan-Dec 2020
Earnings per share, basic	0.13	0.06	0.42
Earnings per share, diluted	0.12	0.05	0.40

	Jan-Jun 2020	Jan-Jun 2020	Jan-Dec 2020
Number of outstanding shares at the end of the period	17,941,433	16,820,000	16,820,000
Weighted average number of shares, basic	17,370,082	16,556,848	16,688,834
Weighted average number of shares, diluted	18,261,525	17,238,216	17,398,661

GROUP KEY FIGURES

EUR thousand unless stated otherwise	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net sales	105,759	58,959	128,924
Net sales growth, %	79.4%	56.3%	30.3%
Gross profit	43,125	20,344	44,996
Gross margin, %	40.8%	34.5%	34.9%
EBITDA	13,019	7,707	19,127
EBITDA margin, %	12.3%	13.1%	14.8%
EBITA	12,177	7,490	18,711
EBITA margin, %	11.5%	12.7%	14.5%
Operating profit	6,084	3,664	11,088
Operating profit margin, %	5.8%	6.2%	8.6%
Profit (loss) for the period	2,265	930	6,937
Profit (loss) for the period margin, %	2.1%	1.6%	5.4%
Comparable profit (loss)	2,265	930	6,937
Comparable profit (loss) margin, %	2.1%	1.6%	5.4%
Comparable profit (loss) excluding amortization of goodwill	8,387	4,756	14,561
Comparable profit (loss) excluding amortization of goodwill margin, %	7.9%	8.1%	11.3%
Items affecting comparability included in profit (loss) for the period	0	0	0
Net working capital	58,968	47,720	43,995
Inventories	60,263	44,997	44,273
Free cash flow	7,461	7,225	19,029
Cash conversion	57.3%	93.8%	99.4%
Net debt	76,666	37,651	28,345
Net debt to EBITDA, annualized	2.9	2.4	1.5
Net gearing	90.7%	53.6%	39.2%
Equity ratio	37.8%	46.5%	46.7%
Return on investment (ROI)*)	8.1%*)	5.8%*)	10.1%*)
Return on equity (ROE)*)	5.9%*)	2.9%*)	10.3%*)
Return on assets (ROA)*)	6.9%*)	5.1%*)	9.0%*)
Earnings per share, basic (EUR)**)	0.13	0.06	0.42
Earnings per share, diluted (EUR)**)	0.12	0.05	0.40
Comparable earnings per share, basic (EUR)**)	0.13	0.06	0.42
Comparable earnings per share, diluted (EUR)**)	0.12	0.05	0.40
Comparable earnings per share excluding amortization of goodwill, basic (EUR)**)	0.48	0.29	0.87
Comparable earnings per share excluding amortization of goodwill, diluted (EUR)**)	0.46	0.28	0.84
Average number of employees	737	288	290
Personnel at the end of the period, FTE	854	292	296

*) 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 2021 was 17,370,082 and Jan-Jun 2020 16,556,848. The average diluted number of shares Jan-Jun 2021 was 18,261,525 and Jan-Jun 2020 17,238,216

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
Return on investment (ROI)	(Operating profit + other interest and financial income - listing expenses, (half-year period figures annualized multiplying by two) / (Equity + minority interest + loans from financial institutions + other loans + capital loans + convertible bonds, average)
Return on equity (ROE)	Profit (loss) for the period + minority interest, (half-year period figures annualised multiplying by two) / (Equity + minority interest, average)
Return on assets (ROA)	(Operating profit + other interest financial income - listing expenses, half year period figures annualized multiplying by two) / (Total assets, average)
	¹ Key measure margin, % has been calculated by dividing the measure with net sales and multiplying by 100.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

In thousand euros unless stated otherwise	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net sales	105,759	58,959	128,924
Materials and services	-68,574	-38,615	-83,983
Gross profit	43,125	20,344	44,996
Gross margin, %	40,8%	34.5%	34.9%
Operating profit	6,084	3,664	11,088
Depreciation, amortization and impairments	6,964	4,043	8,039
EBITDA	13,019	7,707	19,127
EBITDA margin, %	12.3%	13.1%	14.8%
Operating profit	6,084	3,664	11,088
Amortization of goodwill	6,122	3,826	7,623
EBITA	12,177	7,490	18,711
EBITA margin, %	11.5%	12.7%	14.5%
Profit (loss) for the period	2,265	930	6,937
Items affecting comparability included in profit (loss) for the period			
Listing expenses	0	0	0
Other non-recurring finance expenses	0	0	0
Tax impact of items affecting comparability	0	0	0
Items affecting comparability included in profit (loss) for the period	0	0	0
Comparable profit (loss)	2,265	930	6,937
Comparable profit (loss) margin, %	2.1%	1.6%	5.4%
Amortization of goodwill	6,122	3,826	7,623
Comparable profit (loss) excluding amortization of goodwill	8,387	4,756	14,561
Comparable profit (loss) excluding amortization of goodwill margin, %	7.9%	8.1%	11.3%
Operating cash flow before working capital changes	13,021	7,703	19,150
Change in working capital	-4,389	-466	78
Purchase of tangible and intangible assets	-1,170	-12	-199
Free cash flow	7,461	7,225	19,029