



Broman Group in brief

1616

EMPLOYEES

16

COMPANIES

65

OUTLETS

SOME OF THE BRANDS WE REPRESENT



FOUNDED IN JOENSUU IN

1965

SALES IN 2019

390.5 M €

EQUITY RATIO

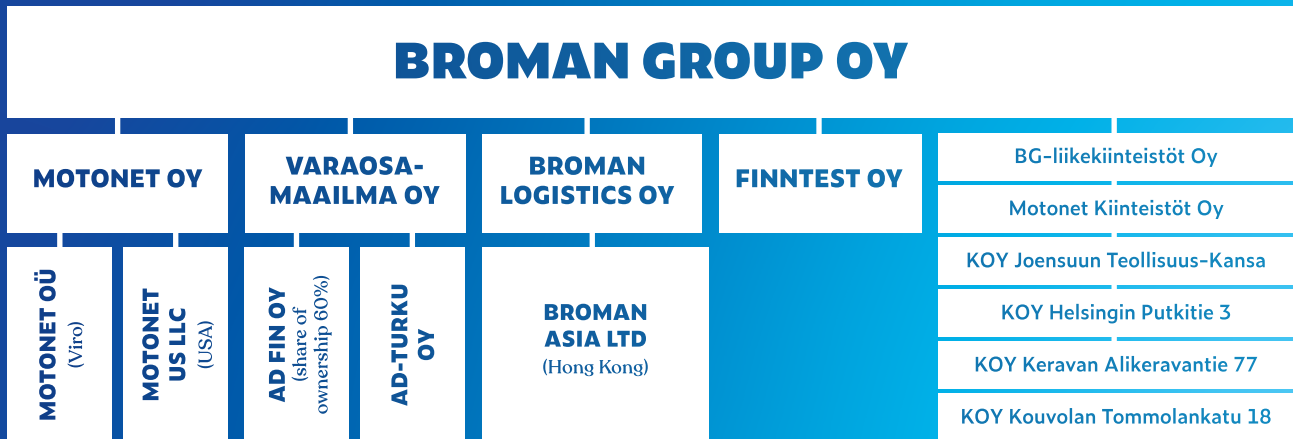


Read more about Broman Group's key figures

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Group Organisation Chart



Outlets

OUR NETWORK NOW INCLUDES 35 Motonet and 30 AD VaraosaMaailma outlets, as well as a Motonet online shop.



-  MOTONET OUTLETS
-  AD VARAOSAMAAILMA OUTLETS
-  BROMAN LOGISTICS CENTRE
-  BROMAN GROUP OFFICE, JOENSUU
-  BROMAN GROUP OFFICE, TURKU



Broman Group

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Excellent customer service is the foundation for our operations

WE CONSTANTLY RECEIVE A LOT OF CUSTOMER FEEDBACK, which is nearly always extremely positive. By maintaining this high level of customer service, we can look confidently into the future.

Changes in CEO and Managing Director positions

During the financial year, the CEO of the Group's parent company changed. After more than two decades of service, Harri Broman resigned from the position of the parent company's CEO on 30 September 2019. I would like to cordially thank Harri for his successful long-term work for our company. He will continue as the full-time Deputy Chairman of Broman Group Oy's Board of Directors.

Antti Tiitola, who used to be the Managing Director of the Group's subsidiaries, was appointed the CEO of Broman Group Oy as of 1 October 2019. Antti will also continue in the position of Broman Logistics Oy's Managing Director. Toni Stigzelius was appointed the Managing Director of Motonet Oy and Mikko Vuolle the Managing Director of Varaosamaailma Oy. I wish this trio the utmost success in their positions.

Properties into a separate company

At the turn of the financial year, on 1 October 2019, all the properties and real estate companies of our Group were transferred in a partial demerger into another group called Broman Yhtiöt. Even though Broman Yhtiöt's properties are now in a different group, they are still developed mainly for the operations of our business

group. From now on, Broman Group will concentrate on trade and will have excellent preconditions for further investments in operational development.

Investments in logistics continue

Price competition is intensifying, the Internet makes pricing transparent and, as a result, consumers benefit. We must improve the efficiency of our operations. Consequently, we will make significant investments in the automation of our logistics centre in Kerava also in 2020. In the future, products must take an as direct route as possible from the manufacturer to the consumer. This is the only way to create the best price-quality experience for consumers. Cost-efficient logistics will enable us to respond to even fierce price competition on the market.

Thanks

We constantly receive a lot of customer feedback, which is nearly always extremely positive. By maintaining this high level of customer service, we can look confidently into the future. I would like to take this opportunity to thank all of the Group's employees for their hard work during the year. I also want to thank our partners for their cooperation over the past year.

“
Price competition
is intensifying,
the Internet makes
pricing transparent
and, as a result,
consumers benefit.”

Eero Broman

EERO BROMAN



“
To support own
imports, we opened
a purchasing
office in Hong Kong
in October 2018.


ANTTI TIITOLA



Broman Group continues to grow and make investments

THE GROUP'S SALES amounted to 390.5 million euros, increasing by 31.8 million euros from the previous year. Operating profit was 36.2 million euros and the profit for the financial year after taxes was 28.3 million euros. The Group had on average 1616 employees.

The Group's strategy as a key business element

The strategy, approved annually by the Group's Board of Directors, has been implemented systematically. We have summarised our strategy into four main themes and numerous strategic projects that will be implemented in a determined and systematic manner. Our personnel have participated in strategy work extensively, by providing ideas, working in projects and embracing the change in our operating environment.

The share of own imports is increasing

According to the Group's strategy, competitiveness will be improved in the long term by strengthening own imports. This year, we have signed many new direct supplier agreements in different product categories. To support own imports, we opened a purchasing office in Hong Kong in October 2018. Its operations have got off to a better start than expected.

New Group companies

In April 2019, we acquired the entire share capital of Finntest Oy. Finntest is a repair shop equipment importer, which imports machinery and equipment and provides installation, training and maintenance services. In August 2019, we acquired the entire share capital of

AD-Turku Oy. AD-Turku is a significant reseller of spare parts, car equipment and accessories, chemicals and workwear located in Raisio. Both companies complement Broman Group's service offering optimally.

New employer companies

The employer company structure has been revised so that it better matches future needs. The employer companies of the Group's administrative employees were changed as of 1 October 2019 so that they are more consistently aligned with the content of the work duties.

New Managing Directors for Motonet and AD VaraosaMaaailma

Starting from the beginning of this financial year, Toni Stigzelius was appointed Motonet's Managing Director and Mikko Vuolle Varaosamaailma's Managing Director. Congratulations to both of them!

I am very satisfied with the performance of the entire Group personnel. Regardless of the high number of changes taking place, they have been promoted with determination and commitment. I would like to thank the personnel for their excellent work. I also want to thank our numerous partners, both long-term and new ones.



Motonet
Managing Director's Review
Toni Stigzelius

Motonet has 1.5 Million loyal customers

ALREADY 1.5 MILLION FINNS have joined Motonet's loyal customer programme. This is a good indication of the functionality of our concept and the success of our service. During the financial year, we opened new department stores in Rauma and Loimaa.

Our sales for the period increased by 8.6% and amounted to 350.5 million euros. Our operating profit was 35.4 million euros and our profitability was good. Motonet employed an average of 1,317 people, representing an increase of 98 employees.

Active recruitment in our department stores has increased the number of loyal customer programme members considerably. Reaching the limit of 1.5 million loyal customers was a significant milestone for us. We have received positive feedback on the perks and value adding services targeted at loyal customers. We will develop them and related targeted marketing actions further.

Active product range development

Motonet's offering has been developed intensively according to customers' wishes. During the financial year, our product range was once again complemented by hundreds of new products in different product categories. We want to surprise our customers positively with new products on every visit to our department store or online shop. Furthermore, we have especially invested in marketing communications, in product display and availability in department stores.

We also experimented with new things: in the summer, all of our department stores had outdoor sales of garden



*The product range of our own
Cloudberry brand consists of more than*

70

*mobile phone accessories and
is continually growing.*



supplies, complementing the department stores' existing product range optimally. The experiment was successful and we will continue it next summer.

Motonet services

Motonet service development continued this year, too. There are Motonet repair shops in 25 locations now. New repair shops were opened in Pirkkala and Rauma. There are Motolataus charging stations in 21 locations, with six of the locations also offering the possibility of quick charging. Ten locations have a Motopesu car wash, two of them featuring both self-service and mechanical car wash.

The hugely popular Motomaatti testing and service stations can be found in 33 locations in Finland and also in Tallinn. From the point of view of customer satisfaction, Motomaatti is an excellent investment. Our skilled and professional personnel have received brilliant feedback from drivers. In spring 2020, Motomaatti will celebrate its fifth anniversary.

Looking ahead to 2020

In 2020, we will open new department stores in Lohja and Jyväskylä. The new Lohja department store is an investment made to replace the current department store. In Jyväskylä, we will convert the AD VaraosaMaailma in

Seppälänkangas into a Motonet department store, serving both consumers and AD VaraosaMaailma's corporate customers.

According to our customers' wishes, we have developed Motonet's corporate sales, which will be launched in 2020.

Personnel

We have increased resources and training to develop managerial work in department stores. The results of the personnel survey indicate that our managerial work at all organisational levels has been highly successful during the year. Thanks to all managers for their good work and the motivational coaching of their teams!

From the point of view of sales, I would like to thank the entire personnel for the successful year. On 360 days a year, the Motonet department store personnel work with customers and provide the excellent customer service that Motonet is famous for. With the aid of our high-quality supporting functions, we have managed to develop our overall operations, sales and customer experience.

AD VaraosaMaailma

Managing Director's Review

Mikko Vuolle



*The appeal of Varaosamaailma's
product range was boosted by more than*

700

*new items from the world's leading power
transmission company GKN.*

Varaosamaailma gained market share from competitors

VARAOSAMAAILMA'S SALES GROWTH clearly outpaced the average growth of the industry. We opened 3 new outlets.

Varaosamaailma Oy's sales for the period increased by 11.9% and amounted to 38.5 million euros. Operating profit was 0.2 million euros. The decline in operating profit was due to non-recurring expenses and the start-up costs of new business locations.

Continued strong investments in new corporate sales outlets

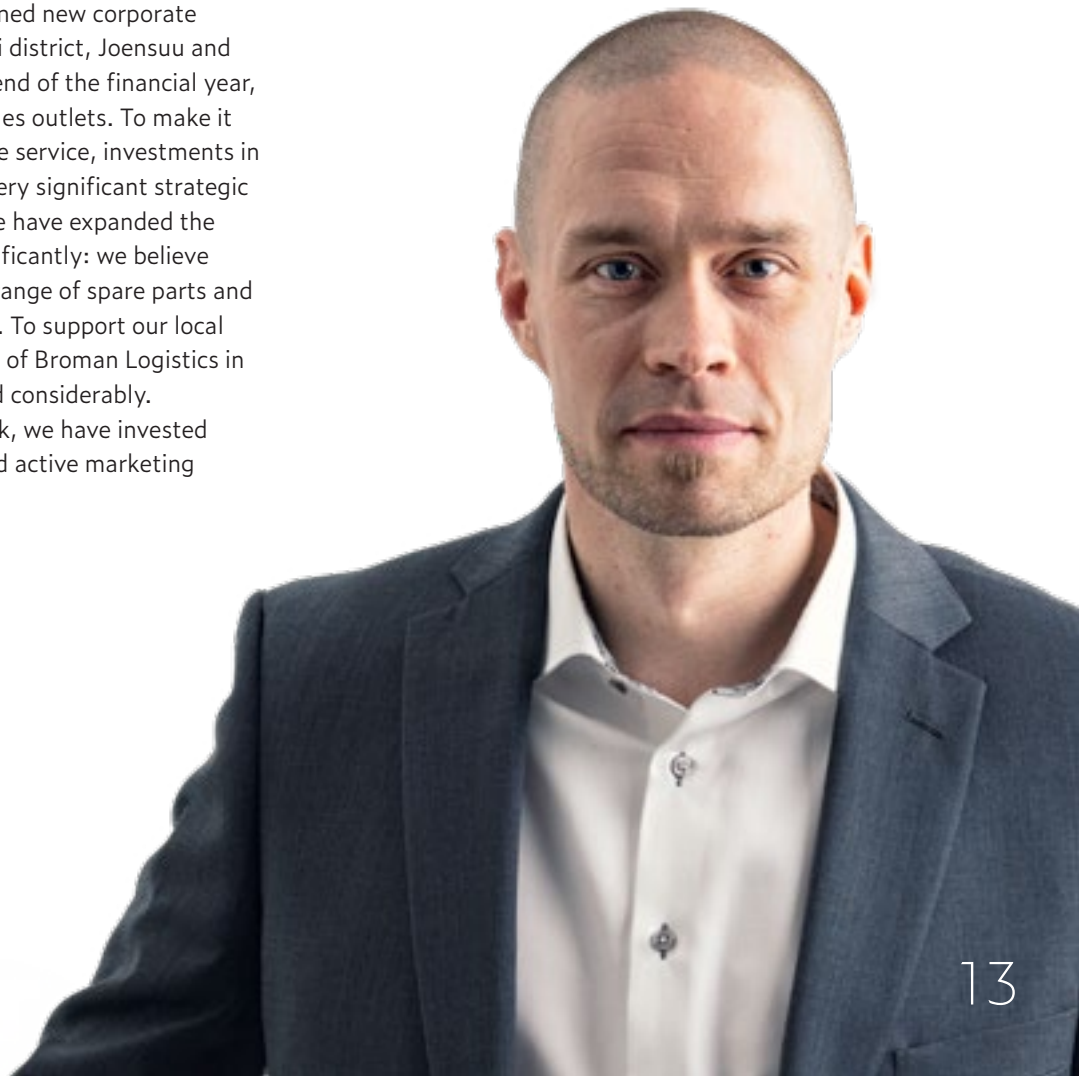
During the financial year, we opened new corporate sales outlets in Tampere's Lielähti district, Joensuu and Jyväskylä's Keljo district. At the end of the financial year, we had a total of 30 corporate sales outlets. To make it possible for us to offer nationwide service, investments in the outlet network have been a very significant strategic move for us. At the local level, we have expanded the outlets' range of spare parts significantly: we believe that our network has the widest range of spare parts and other car products on the market. To support our local product range, the product range of Broman Logistics in Hyvinkää has also been expanded considerably.

In addition to active sales work, we have invested in training, repair shop events and active marketing targeted at corporate customers.

Looking ahead to 2020

During this financial year, we will open new corporate sales outlets in Turku, Kaarina and Loimaa.

I want to thank Varaosamaailma's personnel for their determined work in a changing operating environment and for their willingness to participate in development activities.





Comprehensive supply chain development continues

BROMAN LOGISTICS signed a significant agreement with Swisslog on the automation of the Kerava logistics centre. Work is currently ongoing and the first deployment phase will be in early 2020.

We have streamlined supply chain management and transferred a great part of order-related tasks to a centralised supply chain organisation. In addition, more attention is paid to the management of inventories.

The significance of own logistics operations is increasing

The sales of Broman Logistics increased by 25.0% and amounted to 142.6 million euros. The company employed an average of 82 people.

In 2019, we could use the Kerava logistics centre only to a limited extent. On the basis of the automation

agreement signed with Swisslog in autumn 2019, comprehensive automation development has been started. As own imports are increasing, the logistics volumes have grown substantially, which requires not only the latest automation solutions but also the development of the Hyvinkää logistics centre's operations.

The personnel of Broman Logistics have done an excellent job in the management of growing volumes of goods. We have managed to meet both our own needs and those of our partners. I would like to thank the personnel for their excellent work.



*Of the motorcycle batteries
we sold, more than*

40%

*were MTX Energy batteries
imported by us.*

Broman Group as a responsible company

BROMAN GROUP IS A FINNISH FAMILY BUSINESS, that plays a responsible role in society. For years already, we have been among the top 100 corporation tax payers in Finland. Responsibility is visible in our everyday operations and we focus our attention on our personnel, customers, other stakeholders, society and environment. The responsibility of our operations has been recognised by several awards granted to Broman Group.

Social responsibility

Every year, Broman Group supports various types of organisations, projects and cooperation initiatives. We encourage people to lead a sporty, healthy and safe life and support vulnerable groups. It is important for us that our partners share our values and ways of operating. We have carried out successful cooperation with the Football Association of Finland, the Finnish national team in athletics and the maritime rescue association Suomen Meripelastusseura, among others, and supported the SOS Children's Villages.

Personnel responsibility

Broman Group is a Finnish employer that strongly focuses on operational development and creates new jobs. We develop our operations together with our personnel. We train our personnel, coach our managers, regularly monitor work atmosphere, offer good working conditions, look after our employees' health and encourage them to do sports. Our goal is a safe workplace for all employees.

Our Group's annual personnel survey analyses work performance, managers, units and the employer in general. Traditionally, our results have exceeded the

trade industry averages. All key areas have stayed at a good level or developed positively.

In the next few years, one of our strategic themes will be a professional and enthusiastic personnel. We want to boost the personnel's enthusiasm as it has been proved to have many positive effects on the performance of an organisation.

Customer responsibility

We make responsible choices on behalf of our customers already when deciding on our product range. We can have an indirect impact on the choices made by consumers. Our product range does not include any products with a short life cycle. When processing warranty and damage compensation matters, our aim is to understand the customer's point of view and, in case of a product recall, our top priority is the safety of our customers.

We also help our customers to act responsibly. When materials are collected from customers, the primary goal is always to reuse or recycle them. These materials include, for instance, starter batteries and free-time use batteries which we deliver to appropriate recycling. Certain car spare parts also have refundable structures.





In the next few years, one of our strategic themes will be professional and enthusiastic personnel. In the image, you can see Marketing Director Kimmo Kiili with his team.



Motonet is a main partner of the Finnish national team in athletics.

We return them to the manufacturer for reuse in spare part manufacturing.

We want to support our customers' transition to electric vehicles. In connection with our department stores, we offer our customers the Motolataus service for charging electric vehicles. In the next few years, our aim is to install electric vehicle charging stations in every Motonet.

Stakeholder responsibility

It is important for us to act responsibly when it comes to our stakeholders. We want to be a reliable partner and we expect the same in return. We ensure that our operations meet all the requirements set by authorities and require our agreement partners to do so as well.

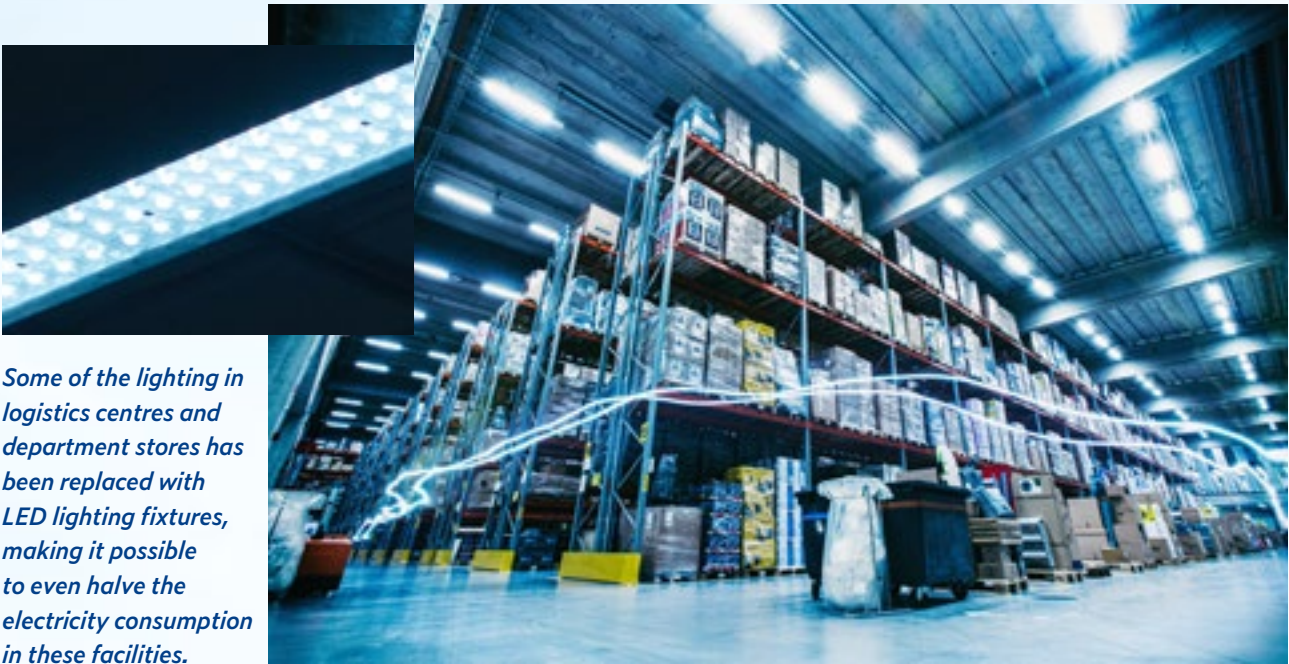
For us, quality means, first and foremost, product safety and supply chain responsibility. In product range development, we focus on high-quality raw materials that have been produced sustainably.

The materials used in the production of the textiles we sell are declared in the product information. We have products produced by various manufacturers in Europe and the Far East. The manufacturers are selected on the basis of the quality criteria and ethical values we have defined. We audit suppliers of our own brands annually.

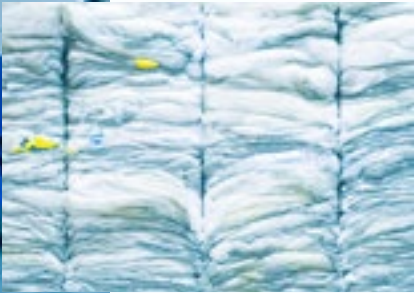
We focus on long-term partnerships with our suppliers. We are constantly developing our operations and also encourage our partners to act responsibly for a better future.

Motonet is a main partner of the Football Association of Finland.





Some of the lighting in logistics centres and department stores has been replaced with LED lighting fixtures, making it possible to even halve the electricity consumption in these facilities.



The plastics collected in our department stores and logistics centres are delivered to a recycling facility that gives plastic waste a new life.



Regardless of the dark winter, Finland's solar power production potential is on a par with that of the Central European countries. These panels on the roof of the Hyvinkää logistics centre, together with the other Broman Group solar power plants, generate more than a million kilowatt hours of electricity per year.

Environmental responsibility

OUR GOAL is to turn our properties into eco-efficient and energy-efficient entities and thus act responsibly from an environmental point of view. Our eco-efficiency has been improved with the aid of solar power, geothermal heating and cooling. For instance, electricity generated by all Broman Group solar power plants per year amounts to more than a million kilowatt hours, which equals the annual electricity consumption of approximately 50 single-family houses with electric heating. Nearly 100% of the solar power produced is utilised in the properties themselves.

The energy efficiency of our properties is taken into account already in the planning phase. Consumption of electricity, water and heating is monitored regularly. Some of the lighting in logistics centres and department stores has been replaced with LED lighting fixtures, making it possible to even halve the electricity consumption in these facilities. Careful property maintenance and service as well as long-term renovation plans also create preconditions for improving energy efficiency.

Transport, warehousing and waste are significant environmental factors in the field of trade. In transport and warehousing, we benefit from advantages brought along by our own logistics centre: we can plan the flows of goods efficiently and thus minimise emissions caused by transport, for instance.

In waste management, our primary goal is to minimise waste generated in our properties. For instance, trade

generates a lot of plastic waste. The plastics collected in our department stores and logistics centres around the country are delivered to a recycling facility that gives plastic waste a new life. The higher the efficiency of plastic waste recycling, the greater the positive impact on the environment. The use of recycled plastic saves natural resources and reduces climate emissions. At the moment, our average total waste recycling rate is 75%.

In our properties, we also pay attention to ensuring that our operations do not cause severe environmental damage. For instance, our logistics centre has prepared for this by dedicating a separate warehouse facility for flammable materials.



ARI LAAMANEN
DIRECTOR, REAL ESTATE

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The Group's sales amounted to 390.5 million euros, increasing by 31.8 million euros from the previous year. Operating profit was 36.2 million euros and the profit for the financial year after taxes was 28.3 million euros.



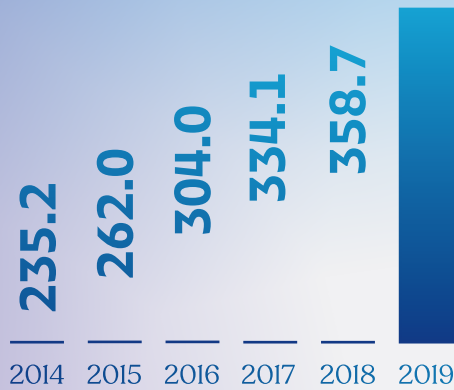
ANTTI TIITOLA

Financial Statements

Key figures

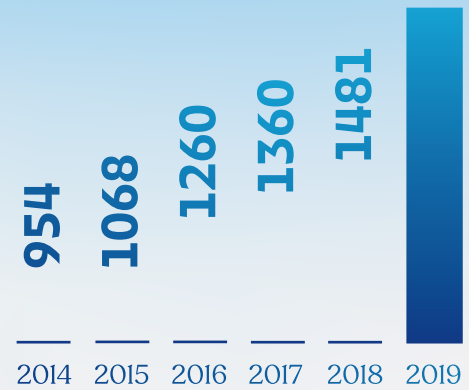
SALES

390.5 M€

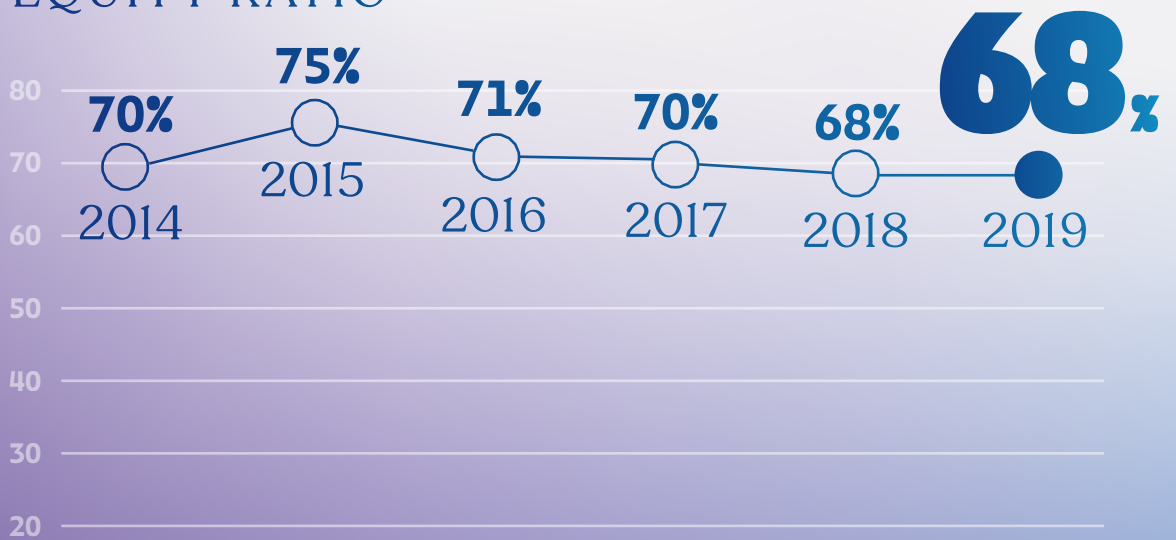


PERSONNEL

1616



EQUITY RATIO



OPERATING PROFIT

32.1 M€

35.9 M€

36.0 M€



Consolidated profit and loss account

	1.10.2018	1.10.2017
	30.9.2019	30.9.2018
SALES	390,531,731.36	358,684,431.15
Other operating income	4,903,920.52	4,536,899.78
Materials and services		
Materials, supplies and consumables		
Purchases during the financial period	-247,229,501.82	-226,892,813.60
Change in inventories	10,925,831.47	14,448,934.73
External services	-89,790.48	-1,720.00
Materials and services in total	-236,393,460.83	-212,445,598.87
Personnel expenses		
Wages, salaries and fees	-53,467,190.38	-48,157,034.85
Social security expenses		
Pension expenses	-9,330,236.11	-8,371,932.08
Other social security expenses	-1,944,467.94	-1,973,914.50
Social security expenses	-11,274,704.05	-10,345,846.58
Personnel expenses in total	-64,741,894.43	-58,502,881.43
Depreciation and reduction in value	-11,896,593.71	-12,059,363.84
Other operating expenses	-46,156,064.25	-40,436,152.51
OPERATING PROFIT	36,247,638.66	39,777,334.28
Financial income and expenses		
Income from other investments in non-current assets	331.00	329.00
Other interest and financial income	110,266.28	107,066.80
Interest and other financial expenses	-1,003,462.26	-933,425.44
Financial income and expenses in total	-892,864.98	-826,029.64
PROFIT BEFORE APPROPRIATIONS AND TAXES	35,354,773.68	38,951,304.64
Taxes for the financial year and previous financial years		
Imputed taxes	-7,102,914.03	-7,798,251.46
Minority shares	50,632.07	-129,067.75
RESULT OF THE FINANCIAL PERIOD	28,302,491.72	31,023,985.43



Consolidated balance sheet

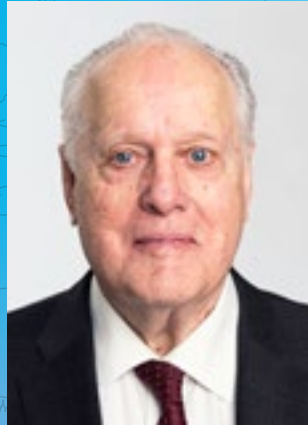
	30.9.2019	30.9.2018
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	60,471.28	74,525.20
Goodwill on consolidation	1,307,309.05	0.00
Other intangible assets	6,849,811.23	7,521,845.41
Intangible assets in total	8,217,591.56	7,596,370.61
Tangible assets		
Land and water areas	21,706,673.78	21,377,497.93
Buildings and constructions	102,732,382.22	108,351,459.27
Machinery and equipment	3,538,191.27	3,069,639.42
Other tangible assets	20,937.66	24,427.27
Prepayments and purchases in progress	987,578.12	1,383,913.29
Tangible assets in total	128,985,763.05	134,206,937.18
Investments		
Holdings in associated companies	178,435.18	178,435.18
Other shares and participations	416,631.28	366,904.67
Other investments	1,015,908.64	170,468.07
Investments in total	1,610,975.10	715,807.92
NON-CURRENT ASSETS IN TOTAL	138,814,329.71	142,519,115.71
CURRENT ASSETS		
Inventories		
Finished goods	136,410,638.85	123,209,496.76
Prepayments	3,177,847.54	2,051,940.65
Inventories in total	139,588,486.39	125,261,437.41
Receivables		
Non-current		
Loans receivable	3,899,666.05	4,268,666.00
Deferred tax assets	463,363.13	422,886.17
Other investments	142,218.77	46,640.45
Current		
Trade receivables	4,090,441.48	3,917,384.61
Loans receivable	6,280.50	132,351.81
Other investments	169,457.11	23,879.57
Prepayments and accrued income	9,483,345.84	7,843,327.06
Receivables in total	18,254,772.88	16,655,135.67
Marketable securities included in current assets		
Other shares and participations	100,000.00	100,000.00
Cash in hand and in banks	13,075,965.60	9,011,884.00
CURRENT ASSETS IN TOTAL	171,019,224.87	151,028,457.08
ASSETS IN TOTAL	309,833,554.58	293,547,572.79

Consolidated balance sheet

	30.9.2019	30.9.2018
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	360,000.00	360,000.00
Translation differences	3,102.59	-7,533.68
Retained profit/loss	181,856,845.42	166,832,859.99
Profit/loss for the financial year	28,302,491.72	31,023,985.43
SHAREHOLDERS' EQUITY IN TOTAL	210,522,439.73	198,209,311.74
LIABILITIES		
Non-current		
Loans from credit institutions	44,867,817.46	38,366,352.75
Pension loans	8,500,000.00	10,000,000.00
Advances received	14,000.00	14,000.00
Long-term other creditors	2,002,816.66	0.00
Deferred tax liability	15,887.78	26,042.89
Non-current liabilities in total	55,400,521.90	48,406,395.64
Current		
Loans from credit institutions	5,712,729.48	4,739,441.60
Pension loans	1,500,000.00	1,500,000.00
Advances received	122.31	0.00
Trade payables	16,244,605.49	22,707,718.59
Other liabilities	11,144,728.56	11,093,998.59
Accruals and deferred income	9,308,407.11	6,890,706.63
Current liabilities in total	43,910,592.95	46,931,865.41
LIABILITIES IN TOTAL	99,311,114.85	95,338,261.05
EQUITY AND LIABILITIES IN TOTAL	309,833,554.58	293,547,572.79



The Board of Directors



EERO BROMAN (CHAIRMAN), VÄINÖ H. BROMAN, HARRI BROMAN,
ANTTI TIITOLA, PETER AHLSTRÖM, SANNA SUVANTO-HARSAAE

Broman Group is a consolidated company that specialises in the sales of car and motorcycle spare parts and equipment, tools, boating and fishing equipment as well as domestic and leisure products. The company is one of the leaders in its business in Finland and employs nearly 2,000 professionals serving its customers through Motonet, AD VaraosaMaaailma, AD-Turku and Finntest stores and the Broman Logistics centres. Broman Group promotes well-being in Finland by supporting various types of charitable work, including work with children and youth, sports, culture, war veterans and national defence.

Broman Group Oy

Postal address: **PL 169, 80101 Joensuu**

Visiting address: **Tulliportinkatu 55, 80130 Joensuu**

Tel: **+358 44 700 7800** Fax: **+358 254 4199**

www.bromangroup.fi