



2022

Annual Report

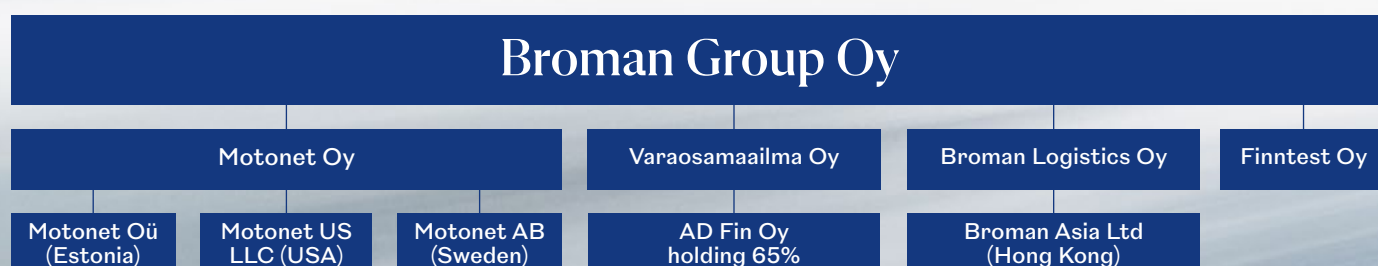
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Broman Group in brief

Broman Group Oy specialises in the sales of car and motorcycle spare parts and equipment, tools, boating and fishing equipment as well as domestic and leisure products. We employ approximately 2,000 professionals and are one of the leaders in our business in Finland. We serve our customers through Motonet, AD VaraosaMaaailma,

Finntest and Broman Logistics' logistics centres. In 2022, Broman Group's sales amounted to EUR 465 million. We promote well-being in Finland by annually supporting various types of charitable work, including work with children and youth, sports, culture, war veterans and national defence. → www.bromangroup.fi/en



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OUTLETS

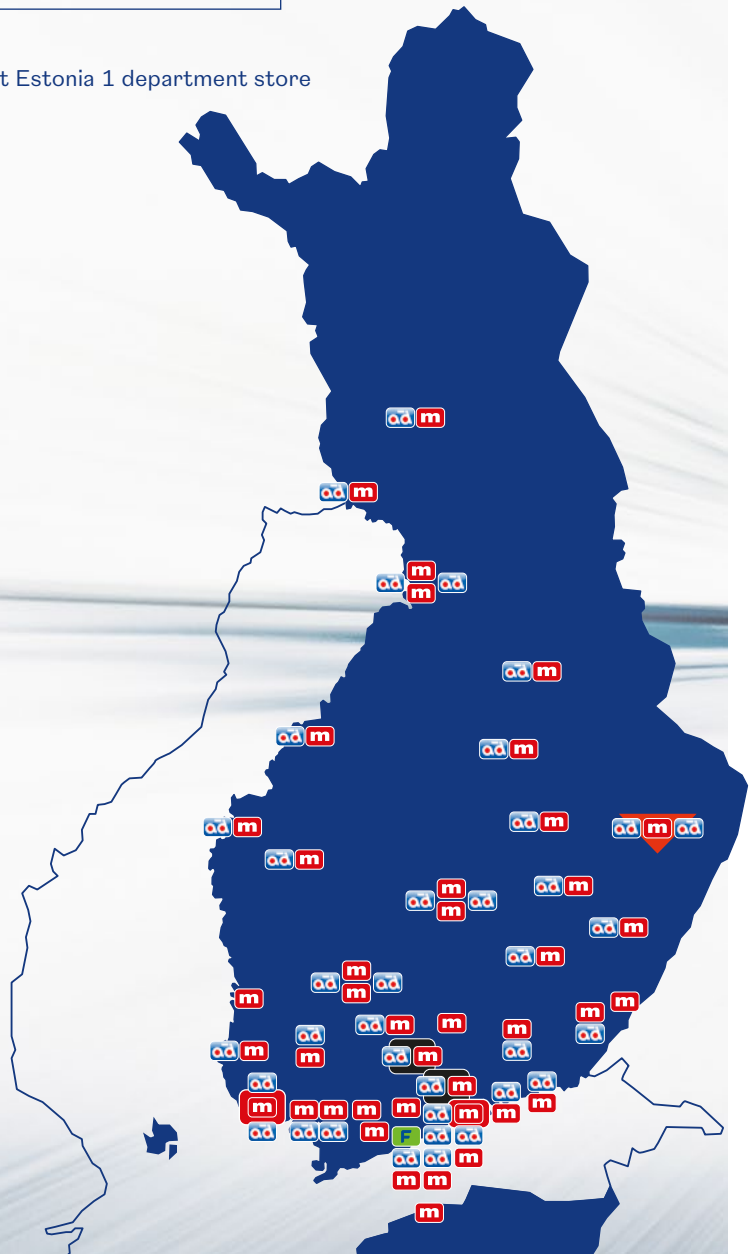
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EMPLOYEES

-  Motonet Finland 40 department stores and Motonet Estonia 1 department store
-  AD VaraosaMaailma 37 outlets
-  Finntest
-  Broman Logistics, Hyvinkää and Kerava
-  Broman Group office, Joensuu
-  Broman Group office, Turku, and Vantaa

Broman
ASIA

motonet US



Kerava logistics centre expands

During the financial year, the biggest project of Broman Yhtiöt, a company focusing on property and investment business operations, was the expansion of Broman Logistics Oy's logistics centre, which was launched in spring 2022. A lot of attention was also paid to energy efficiency.

The total price of the annex of the Kerava logistics centre will be almost EUR 30 million. As automation systems will also be installed in the expanded premises, the total investment will be approximately EUR 50 million. The expansion will be completed in 2023, and the automation systems will be deployed in early 2024.

New department stores and energy efficiency

During the financial year, Broman Group developed two new department stores. Motonet's new refined premises in Hyvinkää were completed along the Helsinki-Tampere motorway. The department store moved from the other side of the road to Broman Yhtiöt premises last spring.

The Järvenpää department store was completed in May, and the new Motonet Järvenpää opened in early June. Broman Yhtiöt now has a total of 22 department store properties leased to Broman Group.

We started up the construction of a new department store in Kuopio in the summer. The project is being built in

a very good retail location, and it also features significant floor area. Besides Broman Group, a roadworthiness inspection company for passenger cars will also be located in the premises.

The energy efficiency of our already energy-efficient properties developed strongly when we launched an energy-saving programme, spurred on by the energy crisis. In EnerKey's comparison of one thousand retail properties, all of our properties ranked among the most energy-efficient one-fifth.

Thank you

Thanks to all Broman Yhtiöt personnel for their good and profitable work. The company's long-term property director **Ari Laamanen** began his well-deserved retirement in September 2022. Special thanks to Ari for successfully managing the company's real estate business. This is a solid foundation to build on.

Broman Yhtiöt Oy

KOY Helsingin Tulppatie 2

KOY Helsingin Putkitie 3

KOY Joensuun Teollisuus-Kansa

KOY Keravan Alikeravantie 77

KOY Kouvolan Tammolankatu 18



PROPERTIES MORE THAN

TOTAL AREA OF
22 ha

NUMBER OF

32 PROPERTIES

BALANCE SHEET TOTAL

210 M€

EQUITY RATIO

59%

The next
growth leap
will take place
in Sweden.



Focus on strengths and efficiency amidst challenging times

During the past financial year, many significant changes took place around us, and they have had impacts on people's buying behaviour.

The impact of the pandemic on our society's functions has gradually weakened, and we have become accustomed to living with the corona virus. Russia's attack on Ukraine in February, however, changed the world again in many ways. Electric and thermal energy, previously taken for granted, have become scarce commodities. The prices of electricity and other energy have multiplied.

Inflation has also returned to our lives. Annualised product prices increased more during the past year than in decades. Interest rates also returned to positive figures. All this has affected consumer buying behaviour, which has been visible in the sales of our different group companies, the number of inventories and expenses.

Coming out as a winner after difficult times

The Group's sales did not increase during the financial year, which is an exception after years of strong growth. Profit also saw a strong decrease.

Now we need to prepare and act efficiently to come out as a winner after these difficult times. By doing this, we will be in a good position, because difficult times are always followed by better times, sooner or later.

In this challenging situation, we also have our strengths: A "Do it yourself, maintain, and repair" mindset as well as reasonable prices and quality.

Growth from internationalisation

Growth is in the DNA of our company. We entered the Estonian market six years ago and we are currently thriving

there. We also want to expand our operations in Estonia. However, our next growth leap in 2023 will be in Sweden. Therefore, we will internationalise more. We are convinced that our unique concept will be a success story in the Swedish market as well.

Toni Stigzelius, who became the CEO after serving as Motonet's Managing Director in March, will lead the Group to a new growth track. **Marko Röytiö** took up his post as Toni's successor at Motonet in September. In addition, **Johan Ljung** took up the post of Motonet Sweden's Country Manager in the summer.

Recognitions of the work at the core of our strategy

We received several recognitions during the year. Broman Group Oy and Broman Logistics Oy won Logy ry's intralogistics innovation award. We have made significant investments in the development of intralogistics. The major role of intralogistics and its development in the expansion and development of the entire Group is noteworthy.

Motonet Oy was chosen as the best sales organisation in Finland in June in a competition organised by Haaga-Helia University of Applied Sciences, the MMA trade union for the professionals of sales and PricewaterhouseCoopers (PwC). Later in the autumn, Motonet Oy ranked second in the Asiakkuusindeksi 2022 customer loyalty survey. According to the survey, Motonet has the second most loyal customers. Many thanks to our personnel for these recognitions and their great work for the company and customers.

Fast changes challenge us, yet also create new opportunities

Striking the balance between long-term plans and fast changes was a key focus during the financial year.

The Group's sales amounted to EUR 465.1 million, down EUR 5.2 million compared with the previous year. The decrease in demand hit our sales during the second half of the financial year, which also burdened the Group's profitability. The profit for the financial year after taxes was EUR 25.8 million. The Group had 1,810 employees on average.

Change creates opportunities

Demand fluctuated more than expected during the financial year. After two years of very strong growth, reasonably challenging expectations had been set, but the fast changes managed to partly surprise us. Together with the management team, in my new role as the CEO, we had to work actively during the spring and summer on both daily sales and future strategy.

Concentrating on our own strengths and high operational quality to facilitate sales became the focus of the strategy. Taking customer orientation into account in operations is essential when we want to develop and grow. Our mission, "Always on the move", is a promise to keep on the growth track.

We have had to make changes in day-to-day work and prioritisation. We will continue determined development work in several projects, but there will be fewer of these prioritised development targets than before. We revised our organisational structures towards the end of the financial year, aiming at efficiency. Fast and agile reaction to a changing situation is also essential because we foresee that change is constant and we want to keep on the move.

Customer loyalty is a strength

The group companies have strong customer loyalty, both in the Motonet consumer trade as well as Varaosamailma and Finntest's B2B sales. This proves that we are doing things the right way and have succeeded in creating long customer relationships and loyalty. We know that we will be able to improve the customer experience further while continuing to work with the optimisation of procurement, inventories, and sales.


The next step will be to start building new customer relationships and loyal customers in Sweden, also outside the border town Haparanda close to our Tornio department store. This is a new chapter in the Group's internationalisation and an opportunity that will require seamless cooperation and employee motivation in all areas of the Group.

Attitude is always crucial – thank you for the financial year

Even though the changes that took place during the financial year were significant, the Group's personnel have worked hard and with a good attitude. Thank you for your hard work. People in the department stores, sales units, logistics and administrative positions have grasped the challenges, changes, and opportunities well and have also stepped up to the challenge. This attitude and an entrepreneurial spirit will also be essential characteristics as we move to the next financial year.

Our mission, "Always on the move", is a promise to keep on the growth track.





Long-term work with customer orientation will continue, and it won two recognitions: The best sales organisation in Finland and second position in ASML's loyal customer survey.

Pushing forward with determination despite the exceptional financial year

Behind us is an exceptional year in terms of growth; nevertheless, we developed our functions as planned.

Motonet Oy's sales decreased by 0.4% during the financial year to EUR 425.7 million. The operating margin was 7.6%. Motonet had an average of 1,448 employees, up 17 employees.

Growth continued online and in Estonia

Motonet's sales developed positively during the preceding two years, spurred by the pandemic. The past financial year started off at the same pace, but the late spring, the downturn in the DIY trend and the situation in Ukraine altered the course. Profit was also burdened by high freight and material costs as well as investment projects, which we nevertheless advanced with determination.


Strong growth in online sales continues. Sales also developed excellently in the Estonian department store, which is visible in the unit's profit. The expansion into Sweden is now proceeding under the leadership of a local country manager. In Finland, we opened a new department store in Järvenpää and moved into new premises in Hyvinkää.

Services make customers' day-to-day lives easier

Services saw development, both in terms of profitability and functionally. We launched new rental services, and Motonet stores now rent ski roof boxes and power tools alike. Motokärry trailers also solidified their user base, and tyre hotels serve customers in 19 locations. Motonet repair shops have grown into a nationwide chain of 35 repair shops, and it was again found to be the best multi-brand repair workshop brand after an authorised repairer in a consumer survey.

Thank you for keeping things moving forward

Long-term work with active sales and customer orientation will continue, and it was awarded two recognitions. Our team has worked hard for sales and customers. Good team spirit, diligence and keeping things moving forward yield results. I would like to thank the entire personnel for your excellent work contribution and the favourable reception I had as the new CEO. I also want to extend my thanks to our loyal customers!



Customer orientation
will continue to be a
matter of honour to us.

Challenges and changes marked Varaosamaailma's financial year

Our service concept, the expertise of our personnel and improving the availability of spare parts lay the foundation for the future.

Varaosamaailma Oy's sales for the financial year increased by 0.4% to EUR 46.5 million. Operating profit decreased year-on-year to EUR 1.5 million. Structural changes pursuant to the strategy, the global market situation, and the challenges they brought about as well as the changes in the customer environment they caused contributed to the decrease in sales.


Changes in the network

Varaosamaailma's corporate sales network changed during the financial year when we opened a new store at the Motonet department store in Järvenpää. In addition, the Raisio outlet fused with Varaosamaailma in 2020 merged into our Turku and Kaarina corporate sales outlets. Therefore, our strong nationwide network will continue to operate with 37 corporate sales outlets.

We will keep our focus on the comprehensive development of our skilled personnel and service concept. In addition, we will strengthen the availability of spare parts in both our modern logistics centres and locally to maintain our competitiveness in the ever-tightening competitive landscape.

Thanks to our personnel and customers

I want to thank all Varaosamaailma employees for their persistent work and coping during these challenging times. Your positive willingness to challenge and develop new things will keep our business competitive. Warm thanks to our customers as well. Cooperation with you and customer orientation will continue to be a matter of honour for us.



Reducing the repair debt will increase the sales of new equipment in the years to come.

Complex year in machinery and equipment trade

The demand for maintenance and spare parts grew as cautiousness and the postponement of investments increased.

Finntest Oy's sales for the financial year decreased by 14.5% to EUR 4.7 million. Operating profit decreased year-on-year.

The past year was marked by fluctuations in prices and delivery times, reminding us of the pandemic years. The expectations for the financial year were cautiously positive, but Russia's war of aggression in Ukraine quickly resulted in challenges in investment commodity trade. Fluctuating prices and increasing expenses slowed down machinery and equipment trade towards the end of the financial year to a significant extent. At the same time, the ability of manufacturers to deliver certain product categories and special products weakened further during the year and caused additional challenges to the development of our own delivery reliability.

Importance of delivery reliability increased

The plans of repair shops became less long-term and the susceptibility to postpone investments increased. Fluctuations in the availability of spare parts and equipment and difficulty of foreseeing demand were visible in the form of increasing need for stockpiling and inventories.

The postponement of replacement investments and extending equipment lifecycles caused challenges in forecasting

trade during the financial year, and therefore the importance of delivery reliability was particularly pronounced.

Demand for servicing, repairs and spare parts increased

Cautiousness in replacement and new investments increased the demand for servicing functions and spare part sales. The availability of spare parts, especially with regard to semiconductor and electrical parts, varied greatly during the year, and repair times occasionally reached months due to component shortages.

Extending the lifecycle of machinery and equipment through repairs has increased the repair debt that had already accumulated in the repair shop field. Reducing the repair debt will increase the sales of new equipment in the years to come.

Thanks for the cooperation

I would like to thank all our customers for the past year and their deep cooperation. I also want to thank our entire team for their hard work and wholehearted customer service.

Changes continued in logistics

Volumes were challenging and forecasting was difficult, but our eyes are set on the future. The expansion of the Kerava logistics centre will provide us with new capacity and prepare us for expansion into Sweden.

Broman Logistics Oy's sales increased by 7.8% during the financial year to EUR 198.6 million. The company had an average of 154 employees.

New in Kerava and Hyvinkää

The deployment of automation and optimisation of processes continued at the new Kerava logistics centre. The partial move of the logistics of Motonet's online store to Kerava took place in March, which could be seen by online customers as faster deliveries.

The product category changes at the Hyvinkää logistics centre were completed during the financial year and spare parts were mainly moved to Kerava. Hyvinkää also saw shelf and layout changes.

Challenging year in logistics

Cautious consumer demand also caused pressure on logistics, which was visible as high volumes of goods at times. Global transport was challenging up to the autumn, and high prices and poor availability of containers continued to be a problem. Finding skilled logistics personnel was difficult, from time to time, but we outperform the average in this respect.

Expansion on the move

The expansion of the Kerava logistics centre reached roof height, and some of it will enter into operational use in the summer. The modern logistics centre will feature new automation that will include products increasingly in the scope of automation.

The automation installations will commence in January 2023, and they will be complete during the first half of 2024. With the expansion, we have secured our logistics capacity and we are prepared for expansion into Sweden.

Thank you for the good work

The year was challenging and taxing on the personnel, a high volume of goods moved, and forecasting was difficult. Nevertheless, the atmosphere was good and constructive at both logistics centres during the year. I want to thank all the skilled personnel of Broman Logistics for their good work.



Energy-saving programme dimmed lights and lowered temperatures

Broman Group has mainly developed its properties itself, and the aim has been to take energy efficiency into consideration already in the design phase. However, the energy crisis made us put energy efficiency under the microscope.

Our extensive energy-saving programme started in autumn 2022 and has provided significant savings in the consumption of electricity and district heat. The results of the first weeks exceeded expectations, as we had already paid a lot of attention to energy efficiency. The aim was 20% energy savings, and our measures achieved savings of almost 30% in October. This corresponds to the monthly consumption of approximately 300 electrically heated single-family homes. The new financial year will take the Group towards the winter, which offers even more potential for savings.

Joint effort to save energy

The savings we have achieved prove that several small measures taken together can result in a major impact, and that from time to time, even practices that work should be reviewed. The results also show our organisation's excellent capabilities of addressing issues and achieving the set goals.

Technology supports changes, but people make sure that these changes actually materialise. When properties are owned and controlled in-house, taking action is agile and the commitment is 100%.

Our energy-saving programme covers several measures to reduce electricity and heat consumption in Motonet department stores and other Broman Group properties. They take sufficient comfort of working and shopping as well as safety into consideration. The most concrete way in

which the measures are visible to customers is the reduced lighting of Motonet department stores inside and in the neon signs in the yard. The indoor temperature has also been lowered. The Motopesu self-service car washes were closed for the entire winter season, as preventing the car wash canopies from freezing consumes a lot of energy.

Energy efficiency starts on the design table

Energy-efficient solutions are taken into consideration already in the design of the properties. For example, the properties use solar power, and the annual output of 1,800 MWh of the approximately 7,000 solar panels is used almost completely in the properties. Some years ago, the lighting of all properties was renewed with LED lighting that can be adjusted fixture-specifically.

The almost real-time monitoring of electricity, heat and water consumption, diligent servicing and maintenance of the properties and long-term renovation plans lay down the foundation for energy efficiency. The technical building systems of the properties is highly automated, and they can be adjusted and monitored centrally, facilitating quick reaction.

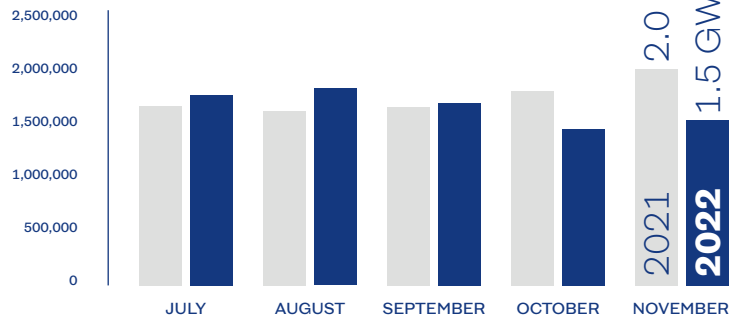
Good design and diligent maintenance together allow all of our properties to rank among the most energy-efficient one-fifth in EnerKey's comparison of one thousand retail properties.

BROMAN GROUP ELECTRICITY CONSUMPTION

-23.4%

Total consumption in November 2022 compared to November 2021

ELECTRICITY / kWh ■ 2021 ■ 2022



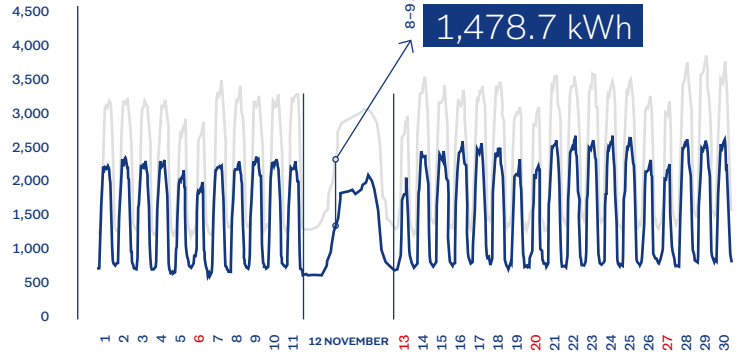
Monthly consumption in July–November 2022 compared to the corresponding period in 2021

MOTONET ELECTRICITY CONSUMPTION

-31.9%

Total consumption in November 2022 compared to November 2021

ELECTRICITY / kWh ■ 2021 ■ 2022



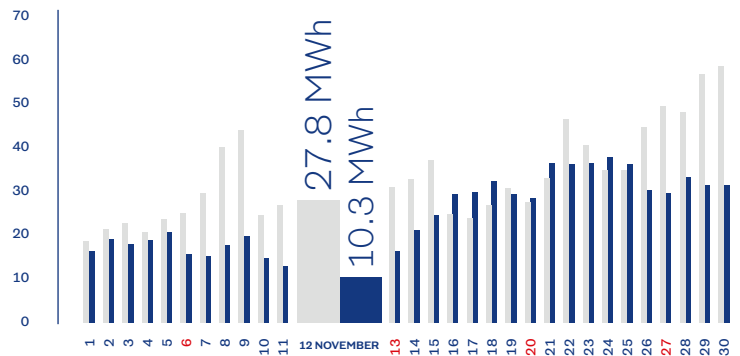
Hourly consumption in November 2022 compared to November 2021

MOTONET DISTRICT HEAT

-25.8%

Total consumption in November 2022 compared to November 2021, standardised

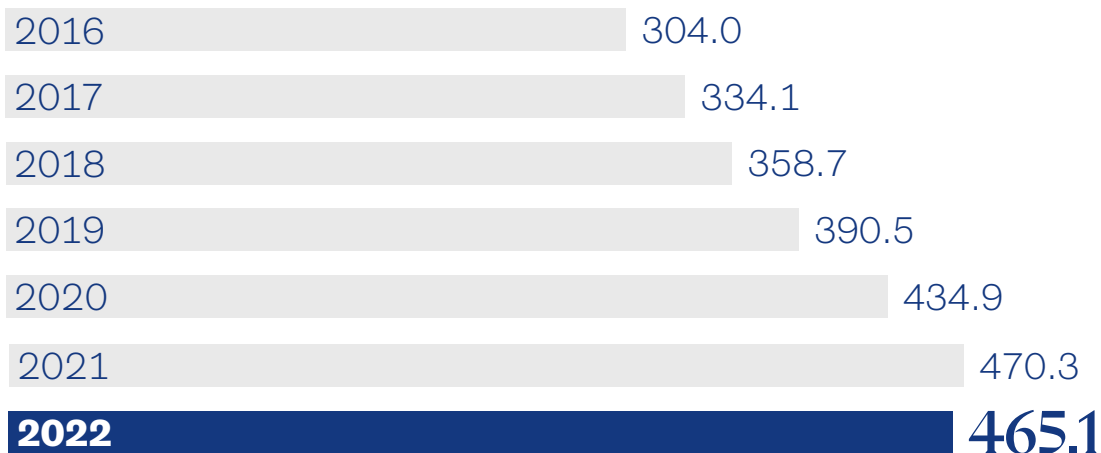
DISTRICT HEAT / MWh ■ 2021 ■ 2022



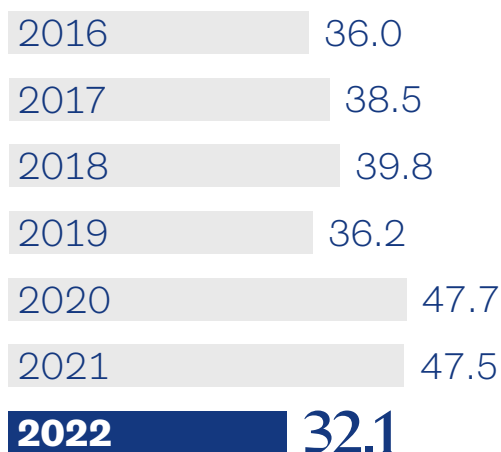
Daily consumption in November 2022 compared to November 2021

KEY FIGURES

SALES / M€



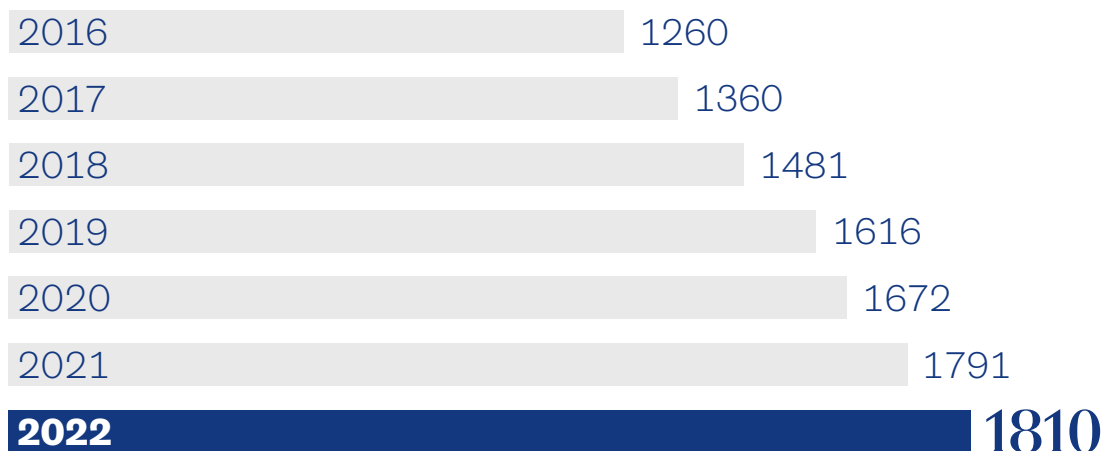
OPERATING PROFIT / M€



EQUITY RATIO / %



PERSONNEL



CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<u>1.10.2021</u>	<u>1.10.2020</u>
	<u>30.9.2022</u>	<u>30.9.2021</u>
SALES	465,146,746.76	470,293,345.92
Other operating income	4,457,774.93	3,380,696.42
Materials and services		
Materials, supplies and consumables		
Purchases during the financial period	-332,410,521.64	-302,902,064.94
Change in inventories	59,540,899.01	24,266,187.32
External services	-240,493.99	-222,282.73
Materials and services in total	-273,110,116.62	-278,858,160.35
Personnel expenses		
Wages, salaries and fees	-66,632,080.90	-63,880,198.51
Social security expenses		
Pension expenses	-11,739,099.92	-10,849,599.33
Other social security expenses	-2,845,576.44	-2,525,603.70
Social security expenses	-14,584,676.36	-13,375,203.03
Personnel expenses in total	-81,216,757.26	-77,255,401.54
Depreciation and reduction in value		
Planned depreciation	-2,349,936.42	-2,407,126.32
Depreciation and reduction in value in total	-2,349,936.42	-2,407,126.32
Other operating expenses	-80,971,197.90	-67,620,357.92
Share of associated companies' profit	148,982.73	-27,824.61
OPERATING PROFIT	32,105,496.22	47,505,171.60
Financial income and expenses		
Income from other investments in non-current assets	250.91	905.00
Other interest and financial income	556,033.60	514,253.82
Reduction in value in securities in current assets	-13,117.79	-81,758.48
Interest and other financial expenses	-426,886.50	-1,997,738.48
Financial income and expenses in total	116,280.22	-1,564,338.14
PROFIT BEFORE APPROPRIATIONS AND TAXES	32,221,776.44	45,940,833.46
Taxes for the financial year and previous financial years	-7,323,275.38	-9,618,560.19
Imputed taxes	880,625.70	379,843.79
RESULT OF THE FINANCIAL YEAR	25,779,126.76	36,702,117.06

BALANCE SHEET

CONSOLIDATED

	30.9.2022	30.9.2021
ASSETS		
NON-CURRENT ASSETS		
Intangible rights		
Intangible rights	33,600.00	42,000.00
Goodwill on consolidation	323,867.27	647,734.53
Other intangible assets	2,371,646.80	2,727,831.96
Advance payments	231,081.25	0.00
Intangible assets in total	2,960,195.32	3,417,566.49
Tangible assets		
Buildings and constructions	321,474.82	408,712.98
Machinery and equipment	3,651,223.49	3,476,356.97
Other tangible assets	10,468.83	13,958.44
Prepayments and purchases in progress	0.00	3,000.00
Tangible assets in total	3,983,167.14	3,902,028.39
Investments		
Holdings in associated companies	1,034,858.19	990,516.16
Other shares and participations	20,210.72	20,294.81
Other investments	236,334.06	229,680.47
Investments in total	1,291,402.97	1,240,491.44
NON-CURRENT ASSETS IN TOTAL	8,234,765.43	8,560,086.32
CURRENT ASSETS		
Inventories		
Finished goods	198,101,412.31	138,560,513.30
Prepayments	8,534,032.74	10,985,118.97
Inventories in total	206,635,445.05	149,545,632.27
Non-current receivables		
Loans receivable	1,175,000.00	1,475,000.00
Deferred tax assets	1,767,161.08	821,006.70
Other investments	895,685.63	686,363.18
Non-current receivables in total	3,837,846.71	2,982,369.88
Current receivables		
Trade receivables	4,867,099.55	4,610,874.51
Loans receivable	300,000.00	300,000.00
Other investments	117,400.34	71,621.68
Prepayments and accrued income	11,507,514.19	8,768,094.16
Current receivables in total	16,792,014.08	13,750,590.35
Marketable securities included in current assets		
Other shares and participations	40,111.73	29,055,611.46
Marketable securities included in current assets in total	40,111.73	29,055,611.46
Cash in hand and in banks	4,300,941.01	15,789,392.77
CURRENT ASSETS IN TOTAL	231,606,358.58	211,123,596.73
ASSETS IN TOTAL	239,841,124.00	219,683,683.05

CONSOLIDATED

BALANCE SHEET

	30.9.2022	30.9.2021
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	360,000.00	360,000.00
Translation differences	28,826.17	17,068.97
Retained profit/loss	138,738,547.22	114,140,997.17
Profit/loss for the financial year	25,779,126.76	36,702,117.06
SHAREHOLDERS' EQUITY IN TOTAL	164,906,500.15	151,220,183.20
LIABILITIES		
Non-current		
Loans from credit institutions	21,501,483.25	8,071,410.00
Advances received	26,152.00	14,000.00
Deferred tax liability	124,049.45	58,520.77
Other liabilities	609,825.20	581,362.96
Non-current liabilities in total	22,261,509.90	8,725,293.73
Current		
Loans from credit institutions	1,279,743.33	2,163,381.06
Trade payables	30,482,563.84	34,909,649.24
Other liabilities	10,539,520.80	8,747,186.76
Accruals and deferred income	10,371,285.99	13,917,989.06
Current liabilities in total	52,673,113.96	59,738,206.12
LIABILITIES IN TOTAL	74,934,623.85	68,463,499.85
EQUITY AND LIABILITIES IN TOTAL	239,841,124.00	219,683,683.05

The Board of Directors



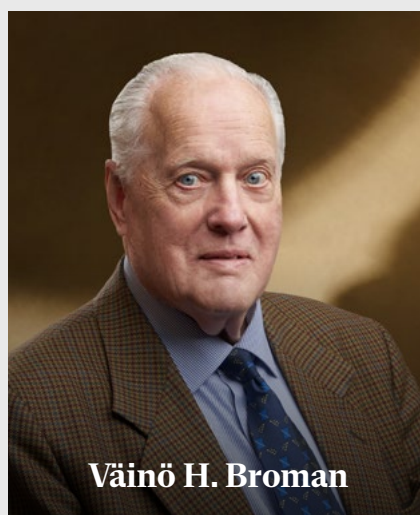
Harri Broman
chairman



Peter Ahlström



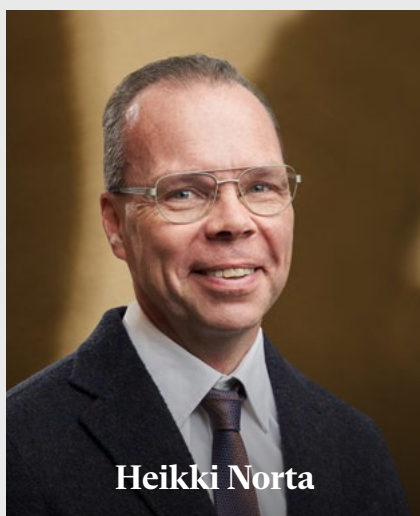
Sanna Suvanto-Harsaae



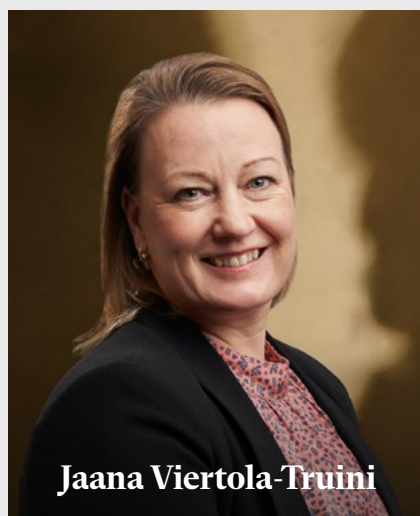
Väinö H. Broman



Eero Broman



Heikki Nortta



Jaana Viertola-Truini

