



BROMAN  
Group

ANNUAL REPORT

2023



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BROMAN  
Group

# Broman Group in brief

**Always on the move.** Broman Group is a growing Finnish group comprising companies specialising in car and motorcycle spare parts and equipment. In addition, it sells tools, boating and fishing equipment as well as household and leisure products. The family company is the market leader in Finland, is expanding strongly in Sweden and also operates in Estonia. The Group companies

are Motonet, Varaosamaailma, Finntest and Broman Logistics, employing approximately 2,000 professionals in total. In 2023, the Group's sales amounted to EUR 466 million. 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.

SALES

EUR 466M

EQUITY RATIO

71%

## Broman Group Oy

Motonet Oy

Motonet AB  
(Sweden)

Varaosamaailma Oy

Broman Logistics Oy

Finntest Oy

Osäühing Motonet Estonia  
(Estonia)

AD Fin Oy  
holding 65%

Broman US  
LLC (USA)


Broman Asia Ltd  
(Hong Kong)


# 80


LOCATIONS


# 1,780


EMPLOYEES


 Motonet Finland 40 locations, Motonet Estonia 1 location and Motonet Sweden 1 location

 AD VaraosaMaailma  
37 locations

 Finntest

 Broman Logistics,  
Hyvinkää and Kerava

 Broman Group office,  
Joensuu, Turku and Vantaa

 Motonet AB office, Stockholm

Broman  
**ASIA**

Broman  
**US**



# Broman Yhtiöt in brief

PROPERTIES MORE THAN

TOTAL AREA OF  
**24** ha

NUMBER OF PROPERTIES

**35**

BALANCE SHEET TOTAL

EUR **211** M

EQUITY RATIO

**58**%



The construction of Motonet  
Kirkkonummi will be completed  
in the spring of 2024.

# The expansion of the Kerava logistics centre is complete

The expansion of the Kerava logistics centre was Broman Yhtiö's biggest project to date. Savings in energy efficiency were also considerable.

The 25,000-square metre expansion of the Broman Logistics Oy logistics centre was completed at the end of the financial year, doubling the premises in size. The installation of the automation system has started, and the system will be taken into use in the spring of 2024. The total investment will be EUR 50 million.

## New construction projects

During the financial year, Broman Group developed one new department store. The Kuopio department store was finished in April and opened for business in May. Broman Yhtiöt now has a total of 23 department store properties leased to Broman Group.

In the summer of 2023, we started developing a department store in Kirkkonummi at an excellent location along the Helsinki–Hanko motorway. In Tampere, the city started the zoning process of our plots in the Linnainmaa area for the construction of a property housing a Motonet department store and a site for motor vehicle repairs and

inspections. Our goal is to start construction in the summer of 2024.

In the autumn of 2023, we started developing a business property next to the Motonet department store at Hannuksenpelto, Espoo. The premises will house a Power electronics store and a padel centre. The property comprising two floors and 6,300 square metres will be completed in late 2024.

## Energy efficiency exceeding our expectations

We launched an energy-saving programme in the autumn of 2022 with the goal to save approximately 20 per cent of the total energy consumed in our properties. The consumption of electricity and heat decreased more than we had estimated as the total savings in electricity consumption were 30 per cent and those in heat consumption were 20 per cent (adjusted for outdoor temperatures). Our goal is to incorporate the programme as a part of our normal operations.

## Broman Yhtiöt Oy

KOY Helsingin Tulppatie 2

KOY Helsingin Putkitie 3

KOY Joensuun Teollisuus-Kansa

KOY Keravan Alikervantie 77

KOY Kouvolan Tommolankatu 18

# Consumer trust at a low

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The increased price level has forced consumers to consider their purchases more carefully. The sales of vehicle products are, however, showing a positive development.

This year, consumer trust in their own economy and the national economy decreased to a level well below the long-term average. Combined with the increased interest rates, the increased prices of food and several other consumer products have had a negative impact on the development of consumer goods sales. Customers are considering their actual needs more carefully, which often results in lower one-time purchases. This is clearly visible in our receipt data as well.

Despite this, our biggest product category, vehicle products, showed a favourable development during the financial year. The demand for products related to vehicles is increasing since many people delayed the repairs and maintenance of their vehicles during the pandemic, and such work must be done now.

## **Continued improvement of operational efficiency**

The Group's net sales remained at the same level already for a third year in a row. Correspondingly, the profit was weaker than in the previous financial year.

We improved the efficiency of several operations. We reorganised our purchasing, which yielded results already during this financial year. Inventories, for example, decreased significantly. We will continue to improve the efficiency of our work and believe that agility will create efficiency. This allows us to best ensure our competitiveness in the future as well.

## **Increasing the rate of expansion through internationalisation**

We opened our first Swedish Motonet department store in Sundsvall on the last day of the financial year, 30 September. The opening day and the first weeks proved that also Swedish consumers appreciate our concept. We will continue to expand to new locations in Sweden and also wish to expand our operations in Estonia.

## **“Always on the move”**

The customer is at the core of our updated strategy. We want to stay always on the move and develop further. Our vision is to provide reasonable solutions and a superior customer experience for all mobile and active customers with a DIY mindset. Our values—Customer Orientation, Entrepreneurship, Profitability, Renewal and Responsibility—guide our operations every day. Our success is based on exceeding the expectations of our customers. Enthusiasm and the will to learn increase our competence.

## **Thank you**

We want to grow profitably and sustainably. During the past year, we paid almost two million euros in different kinds of goal and profit bonuses. Many thanks to our personnel for their great work for the company and our customers!



The demand for products related to vehicles is increasing since many people delayed the repairs and maintenance of their vehicles during the pandemic.



In brief, we have made considerable investments in future growth during the financial year.



# Focus on growth based on the updated strategy

We have focused on doing our daily work at a high level of quality and making major investments in the challenging market conditions. This creates the foundation for future profitable growth.

The Group's sales amounted to EUR 466 million, which is at the same level as in the previous financial year. Consumer demand continued to be moderate due to weakened purchasing power. During the financial year, we focused on reorganisation, planning and inventory management. The general increase in costs and the valuations of inventories placed a significant burden on the profit. The profit for the financial year after taxes was EUR 20.1 million. The Group had 1,780 employees on average.

## Attention to daily details

Changes in demand and seasonality are nothing new in our business. We focus on the quality and efficiency of our own work in, for example, the management of our assortment and inventories, operational routines, the quality of data, increased automation and punctual reporting. "Retail is detail"—small details matter when we want to improve the customer experience and build profitable growth.

We have reinforced our strengths in accordance with our strategy, which is reflected as additional investments in the vehicle product and spare parts marketing in particular. Our success in this category, both in terms of B2C and B2B sales, is no coincidence.

## Investments in future growth

Our expansion to Sweden started with the first department store and the online store. All parts of the organisation worked on the preparation of the launch during the year. In addition to logistics investments, this is one of our biggest investments in the future.

The introduction of the new online store and the checkout system improved the preconditions for digital sales at the end of the summer. The new logistics centre in Kerava has now been completed, and its top-of-the-line automation solutions create the foundation for scalable logistics and improved supply chain efficiency.

## Updated strategy to bring us back on the growth track

Customer loyalty in the Group companies has improved even further, both in the Motonet consumer trade and Varaosamaailma and Finntest's B2B sales.

Our updated strategy emphasises the importance of customer focus and customer experience even more. Our success is based on exceeding the expectations of our customers. This requires daily success in many areas. We observe this in our decision-making, projects and system development. The role of sustainability has also been increased in the strategy.

## Enthusiasm and the will to learn as enablers of change

Based on the personnel survey results, satisfaction and enthusiasm are excellent. We have supported our supervisors in their work, and success in this area is reflected in many key figures, the most important ones being the significance of one's own work and trust in colleagues, one's supervisor and a fair employer. Sales is all about the feeling, and smiles sell.

I wish to thank all our employees for this financial year. We have a great team, and I'm looking forward to working with you in the future, towards growth both in Finland and internationally!

# Planning and growth instead of reacting

The surrounding world continues to require rapid reactions, but we have also found the time for long-term planning. We have implemented numerous actions to support future growth.



**We have developed our commercial operations with a customer focus, building commercial planning which takes the entire value chain into account.**

During the financial year, Motonet Oy's sales returned to the growth track both in Finland and in Estonia. Sales amounted to EUR 430.8 million in Finland (+1.2%). The operating margin was 7.4%. Motonet had an average of 1,469 employees (+1.5%). In Estonia, sales increased by 3.8% to EUR 9.3 million.

Consumer trust in the economy decreased, causing changes in purchasing behaviour. The beginning of the mixed financial year was challenging, and we responded by making cost adjustments. The biggest success was a one-third decrease in the consumption of energy. The winter season turned to a positive spring and summer season, during which both sales and profitability improved.

## **The cornerstones of retail trade are in order**

We have developed our commercial operations with a customer focus, building commercial planning which takes the entire value chain into account. Now is the time to enjoy the fruits of our work.

We have also ensured the preconditions for growth on the system level. The renewal of ERP, checkout and work shift planning systems and the online store create the basis for the future. These cornerstones of retail trade are now in order, which means that we can focus on change management and the integration of systems into our ways of acting.

## **New online store, new opportunities**

We opened a new online store in Finland and in Sweden towards the end of the financial year, and Estonia will follow in 2024. Online trade gives us lots of new opportunities. During the transition phase, we had to maintain two platforms simultaneously.

## **Updates to the store network and services**

All the Motonet department stores have now been updated according to the new store concept focusing on improving the customer's purchase experience, such as presentation, store layout, furniture and lighting.

The Motonet department store in Kuopio moved to great new premises in the spring, and a Motonet repair shop was opened in the city at the same time as a part of the national chain of 36 repair shops, and the 29 tyre hotels complementing the service.

We will open Motonet Kirkkonummi in the spring of 2024 and continue searching for new store locations and services both in Finland and in Estonia.

## **Thank you**

I finish my first full financial year satisfied with the pace we have achieved together. Thank you to all our employees and thank you to our customers for the encounters in our various channels!

# Back on the strong growth track

The determined execution of our strategy has steered our operations and led to visible, positive results.



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

Varaosamaailma Oy returned to a strong growth track, increasing its sales by 4.6 per cent to EUR 48.6 million in this financial year. The operating profit for the financial year was EUR 2.7 million, up EUR 1.1 million on the previous year. The growth exceeding the industry average was made possible by the actions taken during the previous financial year in accordance with the strategy as well as the improved availability enabled by our own logistics.

#### **Further development of competence and the network**

Varaosamaailma's B2B sales network improved during the financial year when the Volttikatu store in Kuopio moved to the Motonet premises. Therefore, our network will continue to operate with 37 locations, but with a more chain-type approach than previously.

We are continuously developing the competence of our personnel, making sure that we are able to respond to the continuously changing challenges of our operating environment.

We are proud of our achievements, while also understanding that we must continue our efforts in the future to become even more efficient. We are committed to profitable growth and to developing the competence of our personnel as well as digital services.

#### **Thank you**

I wish to thank Varaosamaailma's professional personnel for a successful financial year. The positive attitude, the will to develop and finding joy in work are strongly present in all our locations.

I also wish to thank our customers for our cooperation and for challenging us to improve our cooperation even further in the future. A customer-focused service offering and active sales will form the foundation of our developing operations in the future as well.

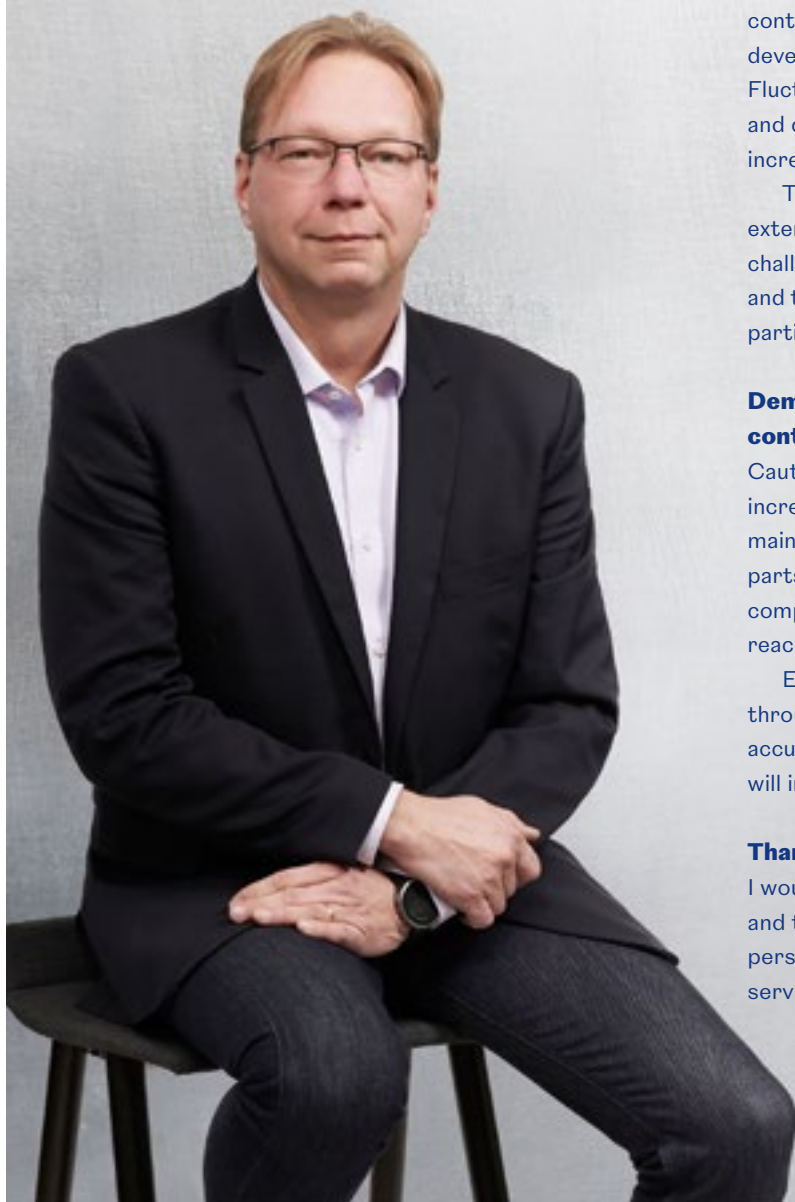
At the same time, I want to thank you for the years I have spent in Varaosamaailma's management as I start a new path in my career at the beginning of 2024.

# Fluctuating year in machinery and equipment trade

The decreased investments in machinery and equipment cast a shadow on the financial year.

Finntest Oy's sales for the financial year decreased by 8.8 per cent to EUR 4.3 million.

The past year was marked by fluctuations in prices and delivery times. The expectations for the financial year were cautiously positive, but the operating environment became challenging again due to the Russia's continued war of aggression against Ukraine, fluctuations in energy prices and the challenging interest rate and investment market.



The machinery and equipment trade slowed down significantly towards the end of the financial year. The manufacturers' ability to deliver in certain product groups and special products varied greatly, causing challenges for the development delivery reliability and inventory levels.

## **Importance of delivery reliability emphasised in trade**

The plans of repair shops became less long-term and, correspondingly, the inclination to postpone investments continued to increase. This was challenging for the development of delivery reliability and speed, in particular. 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 in our customer base caused challenges in forecasting trade during the financial year, and therefore the importance of delivery reliability was particularly pronounced during the financial year.

## **Demand for servicing, repairs and spare parts continued to increase**

Cautiousness in replacement and new investments further increased the demand for servicing functions and repair, maintenance and spare part sales. The availability of spare parts varied greatly especially in semiconductor and electrical components. In addition, repair and delivery times sometimes reached months.

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.

## **Thank you**

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

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

# Core business success

Broman Group is more committed than ever to fulfil the needs and exceed expectations of our customers.

Preferences and priorities of consumers have shifted markedly over the past years: from large purchases of products for leisure and home improvement projects during the pandemic, to a need steered more towards maintenance, repair and lower price-point products during the present harsher macro climate.

The core of our assortment, focused on serving all vehicle-related needs and dreams, has done exceptionally well. From a market leading position with strong supplier relationships and a superior customer offer, we are confident this trend will continue.

Our DIY and free-time related product areas have faced some challenges during the past year. With improved resources in place and a structured hands-on approach, we are now on the road to turn them around.

## Building future growth

Going forward, using our unique assortment mix as base, sharp entrepreneurship, better purchasing and strengthened planning capabilities, we are building for long term profitable growth across all businesses.

Additionally, we are introducing new ways of working and closer internal alignment to reinforce commercial execution. We have also increased our efforts to secure that products are in the right store at the right time for our customer.

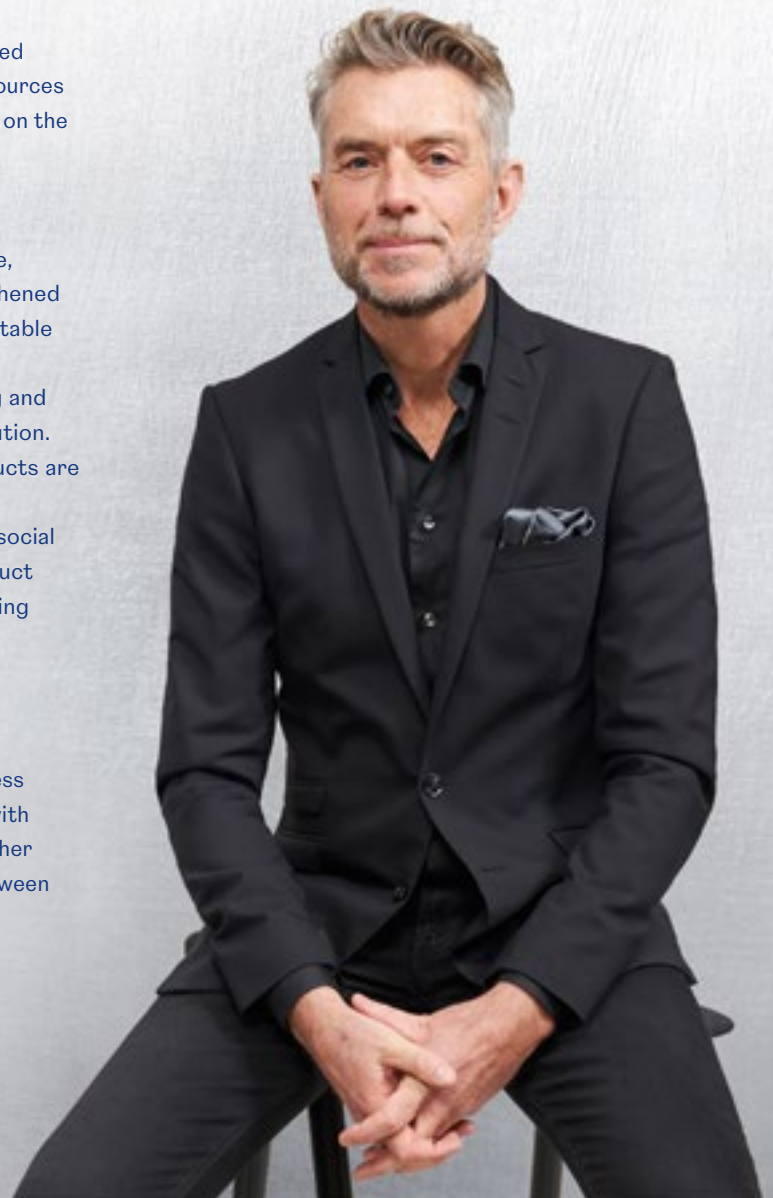
Higher ambitions in ensuring the environmental and social aspects of our business, as well as a need for more product development in close collaboration with our manufacturing partners, means strengthening our presence in Asia the coming year.

## Professional and enthusiastic co-workers

We have high aspirations for great development of business and people together! We will deliver exceptional results with more opportunity for creative business workmanship, higher efficiency specialist responsibilities, closer alignment between

both co-workers and functions, clear best practice processes together with really inspirational and active leaders.

I would like to take the opportunity to encourage all of my co-workers. Focus only on your customer, your supplier and your business. Be proud, you are a super important part of a growing market leader!



The core of our assortment, focused on serving all vehicle-related needs and dreams, has done exceptionally well.

# An amazing journey has begun in Sweden

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Exactly two years after publicly announcing that Motonet is coming to Sweden, the doors to our first physical store opened in Sundsvall.

A portrait of Johan Ljung, the Managing Director, looking slightly to the right. He is wearing a dark suit jacket over a light-colored shirt.

The first two months have surpassed our targets by far, giving confidence to future stores!





The preparations for this huge project have been going on for several years. Work has been done both internally in all parts of our company and in the hands of our suppliers and partners.

With a solid background analytical work and learnings from Estonia, we knew that balance is needed between using the strong heritage from Finland and the family company, but also adapting in some details to the Swedish market.

### **Delighted of the huge interest**

The interest in Motonet has been huge from the start. I started in late summer 2022, chosen from 250 applicants. We now have 50 employees in total, of whom 35 were hired to the Sundsvall store out of an impressive 800 applications. Learning the company's way of working, culture and strategies has been the highest priorities for onboarding the Swedish team.

### **Omnichannel customer experience**

The strategy was to open an e-business as fast as possible with satisfactory quality, complementing the physical customer experience and reinforcing the brand building. Motonet.se soft launched in early September with local advertisement only, providing a sneak peek to customers on what is coming. During winter 2023–2024 the plan is to increase marketing and online presence to gain market shares and continue to improve the omnichannel customer experience.

The search for store locations started in 2022. Sundsvall soon showed to be the chosen location for the first Swedish

Motonet store. The fully refurbished building with great visibility creates a 5500-square-metre department store filled with an assortment of 65 000 different products.

### **A successful opening day**

In the end of September, it was time. With intense work weeks before, the team could feel proud of the smooth opening day! The first customers started queuing early on Saturday morning, and the queue lasted for several hours. According to evaluations over 80% of our customers claimed that their biggest reason for the visit was an interest in and curiosity about the new retailer from across the sea.

Customers kept flowing in during the following weeks and the sales of the first two months have surpassed our targets by far, giving confidence to future stores! The second store is being built in Örebro Marieberg, with a planned opening in early summer 2024. Gävle and yet another undisclosed location in the Middle Sweden are our next steps after Örebro.

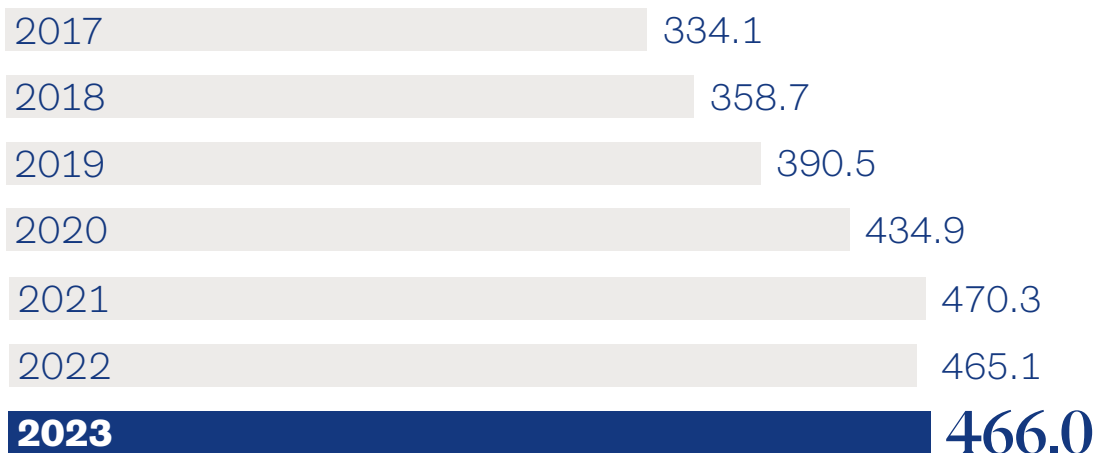
### **Thank you**

I wish to extend my greatest thanks to our first customers and everyone who has given their best to make this possible. I would also like to thank the suppliers, assisting partners and all the staff in Finland (with an extra thanks to all of you in the project team). Last but not least – even though we still are the smallest part of Broman Group – a huge thank you to the new Team Sweden.

# KEY FIGURES

## GROUP

### SALES / EUR MILLION



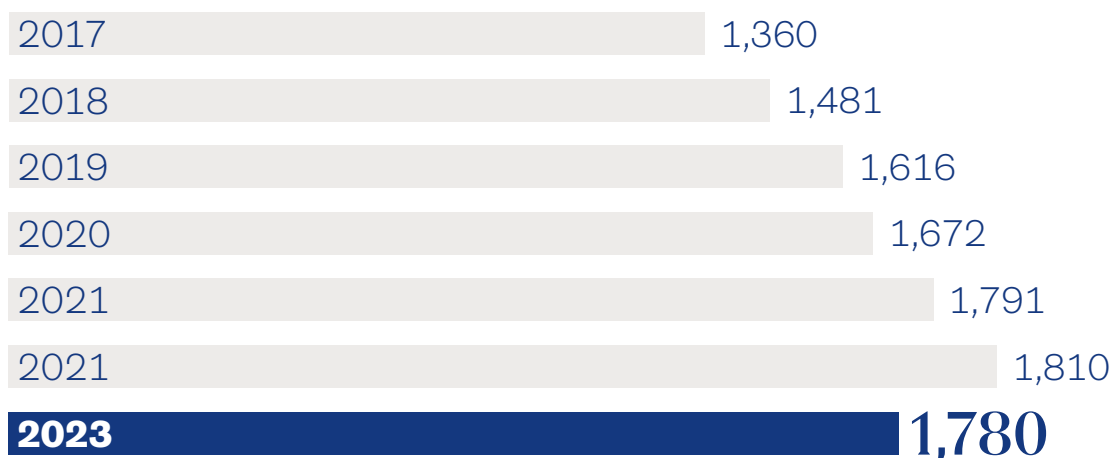
### OPERATING PROFIT / EUR MILLION



### EQUITY RATIO / %



### PERSONNEL



# CONSOLIDATED

# PROFIT AND LOSS ACCOUNT

	1 OCTOBER 2022	1 OCTOBER 2021
	30 SEPTEMBER 2023	30 SEPTEMBER 2022
<b>SALES</b>	<b>466,013,047.61</b>	465,146,746.76
Other operating income	<b>3,026,305.54</b>	4,457,774.93
Materials and services		
Materials, supplies and consumables		
Purchases during the financial period	<b>-232,492,297.58</b>	-332,410,521.64
Change in inventories	<b>-46,552,689.87</b>	59,540,899.01
External services	<b>-213,839.86</b>	-240,493.99
Materials and services in total	<b>-279,258,827.31</b>	-273,110,116.62
Personnel expenses		
Wages, salaries and fees	<b>-65,336,131.49</b>	-66,632,080.90
Social security expenses		
Pension expenses	<b>-11,292,586.92</b>	-11,739,099.92
Other social security expenses	<b>-2,801,399.71</b>	-2,845,576.44
Social security expenses	<b>-14,093,986.63</b>	-14,584,676.36
Personnel expenses in total	<b>-79,430,118.12</b>	-81,216,757.26
Depreciation and reduction in value		
Planned depreciation	<b>-2,309,906.24</b>	-2,349,936.42
Depreciation and reduction in value in total	<b>-2,309,906.24</b>	-2,349,936.42
Other operating expenses	<b>-83,275,300.29</b>	-80,971,197.90
Share of associated companies' profit	<b>96,982.73</b>	148,982.73
<b>OPERATING PROFIT</b>	<b>24,862,183.92</b>	32,105,496.22
Financial income and expenses		
Income from other investments in non-current assets	<b>325.00</b>	250.91
Other interest and financial income	<b>607,453.35</b>	556,033.60
Reduction in value in securities in current assets	<b>-15,086.85</b>	-13,117.79
Interest and other financial expenses	<b>-396,872.07</b>	-426,886.50
Interest and other financial expenses in total	<b>195,819.43</b>	116,280.22
<b>PROFIT BEFORE APPROPRIATIONS AND TAXES</b>	<b>25,058,003.35</b>	32,221,776.44
Taxes for the financial year and previous financial years	<b>-4,886,854.46</b>	-7,323,275.38
Imputed taxes	<b>-48,979.48</b>	880,625.70
<b>PROFIT OF THE FINANCIAL YEAR</b>	<b>20,122,169.41</b>	25,779,126.76

# BALANCE SHEET

CONSOLIDATED

	30 SEPTEMBER 2023	30 SEPTEMBER 2022
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets		
Intangible rights	61,200.00	33,600.00
Goodwill on consolidation	0.00	323,867.27
Other intangible assets	1,922,776.75	2,371,646.80
Advance payments	774,375.75	231,081.25
Intangible assets in total	2,758,352.50	2,960,195.32
Tangible assets		
Buildings and constructions	192,537.38	321,474.82
Machinery and equipment	3,547,605.27	3,651,223.49
Other tangible assets	6,979.22	10,468.83
Advance payments and purchases	3,300.00	0.00
Tangible assets in total	3,750,421.87	3,983,167.14
Investments		
Holdings in associated companies	1,131,840.92	1,034,858.19
Other shares and participations	10,308.95	20,210.72
Other investments	241,334.06	236,334.06
Investments in total	1,383,483.93	1,291,402.97
<b>NON-CURRENT ASSETS IN TOTAL</b>	<b>7,892,258.30</b>	<b>8,234,765.43</b>
<b>CURRENT ASSETS</b>		
Inventories		
Finished goods	151,490,554.61	198,101,412.31
Advance payments	3,039,194.85	8,534,032.74
Inventories in total	154,529,749.46	206,635,445.05
Non-current receivables		
Loans receivable	0.00	1,175,000.00
Deferred tax assets	1,753,582.17	1,767,161.08
Other receivables	705,542.38	895,685.63
Non-current receivables in total	2,459,124.55	3,837,846.71
Current receivables		
Accounts receivables	4,911,282.15	4,867,099.55
Loans receivable	0.00	300,000.00
Other receivables	97,834.89	117,400.34
Advance payments and accrued income	15,271,912.12	11,507,514.19
Current receivables in total	20,281,029.16	16,792,014.08
Other investments		
Other shares and participations	29,797,779.43	40,111.73
Other investments in total	29,797,779.43	40,111.73
Cash at bank and in hand	35,790,920.09	4,300,941.01
<b>CURRENT ASSETS IN TOTAL</b>	<b>242,858,602.69</b>	<b>231,606,358.58</b>
<b>ASSETS IN TOTAL</b>	<b>250,750,860.99</b>	<b>239,841,124.00</b>

# CONSOLIDATED

# BALANCE SHEET

	30 SEPTEMBER 2023	30 SEPTEMBER 2022
<b>EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	<b>360,000.00</b>	360,000.00
Translation difference	<b>-53,017.03</b>	28,826.17
Retained earnings	<b>158,409,035.73</b>	138,738,547.22
Profit for the financial year	<b>20,122,169.41</b>	25,779,126.76
<b>SHAREHOLDERS' EQUITY IN TOTAL</b>	<b>178,838,188.11</b>	164,906,500.15
<b>LIABILITIES</b>		
Non-current		
Loans from credit institutions	<b>4,375,000.01</b>	21,501,483.25
Advances received	<b>36,152.00</b>	26,152.00
Deferred tax liability	<b>159,450.02</b>	124,049.45
Other liabilities	<b>147,297.17</b>	609,825.20
Non-current liabilities in total	<b>4,717,899.20</b>	22,261,509.90
Current		
Loans from credit institutions	<b>7,416,666.66</b>	1,279,743.33
Accounts liabilities	<b>29,603,276.29</b>	30,482,563.84
Other liabilities	<b>11,712,119.77</b>	10,539,520.80
Accruals and deferred income	<b>18,462,710.97</b>	10,371,285.99
Current liabilities in total	<b>67,194,773.69</b>	52,673,113.96
<b>LIABILITIES IN TOTAL</b>	<b>71,912,672.88</b>	74,934,623.85
<b>EQUITY AND LIABILITIES IN TOTAL</b>	<b>250,750,860.99</b>	239,841,124.00

# Board of Directors

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Peter Ahlström, Sanna Suvanto-Harsaae,  
Jaana Viertola-Truini, Harri Broman (chairman),  
Eero Broman, Heikki Norta and Väinö H. Broman.





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