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BROMAN GROUP IN BRIEF

motonet US

EQUITY RATIO

62%

SALES

434.9^M€

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 and Finntest stores and the Broman Logistics centres. In 2020, the Group's sales amounted to 435 million euros. 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.

→ www.bromangroup.fi/en

Broman Group Oy

Motonet Oy

Varaosamaailma Oy

Broman Logistics Oy

Finntest Oy

Motonet Oü
(Viro)

Motonet US
LLC (USA)

AD Fin Oy
(share of ownership 60%)

Broman Asia Ltd
(Hong Kong)







1672

EMPLOYEES



70

OUTLETS

-  Motonet Oy 35 outlets and Motonet Oü 1 outlet
-  AD VaraosaMaaailma 34 Outlets
-  Fintest
-  Broman Logistics centre
-  Broman Group office, Joensuu
-  Broman Group office, Turku and Vantaa



BROMAN YHTIÖT IN BRIEF

Broman Yhtiöt Oy started operations on 1 October 2019 as a result of Broman Group Oy's demerger. In this transaction, we turned our property and investment business operations into a separate company.

Broman Yhtiöt's first year of operations went as planned. Sales amounted to 26.4 million euros and operating profit was 6.1 million euros. The Group's equity ratio was good, 73.6%. During the financial year, we had on average 9 employees.

We continued property development

Several projects were completed during the financial year. The most significant of them were the following: In Seppälä, Jyväskylä, we renovated the earlier Varaosamaailma premises

and also expanded them for use by the new Motonet-Varaosamaailma store. In Turku, we renovated more office space into the property opposite the Motonet store and built a tyre hotel.

Other projects under way included the construction of a new department store in Iisalmi and Oulu. In the end of 2020, a new administration wing for Broman Group's various functions was completed in Vantaa.

In addition, we carried out energy efficiency improvements, such as building solar power plants in eight locations.

Investment activities were expanded and developed

We continued active investments in listed shares and other investment instruments, such as real estate and growth funds. We also offered and executed property development and technical building management services for various parties.

We will continue business development in 2021, exploring new ways of further operational development and adding them to our portfolio.



MOTONET TURKU / YEAR OF CONSTRUCTION 2013 /
FLOOR AREA 8,475 m² / STORE SURFACE AREA 3,302 m²



MOTONET JOENSUU / YEAR OF CONSTRUCTION 2016 /
FLOOR AREA 5,857 m² / STORE SURFACE AREA 2,717 m²

TOTAL AREA OF
PROPERTIES
MORE THAN

17.5 ha

BALANCE SHEET TOTAL

152 M
€

NUMBER OF
PROPERTIES

24

EQUITY RATIO

74%

MOTONET HÄMEENLINNA / YEAR OF CONSTRUCTION 2017 /
FLOOR AREA 4,510 m² / STORE SURFACE AREA 2,486 m²

Broman Yhtiöt Oy

BG-liikekiinteistöt Oy

Motonet Kiinteistöt Oy

KOY Helsingin Tulppatie 2

KOY Helsingin Putkitie 3

KOY Joensuun Teollisuus-Kansa

KOY Keravan Alikeravantie 77

KOY Kouvolan Tommolankatu 18



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I believe that we will do relatively well despite the difficult situation and we intend to continue investments in new outlets, among other things.

IN MANY WAYS AN EXCEPTIONAL FINANCIAL YEAR

Thanks to the excellent work by our Group's personnel, we could maintain our services at their normal level despite the pressures caused by the pandemic.

The past financial year was in many ways exceptional. The COVID-19 virus, which reached Finland in March, altered our society profoundly. Concern for one's own health and perhaps even more for the health of one's loved ones was real and touched everyone. However, thanks to the excellent work by our Group's personnel, we could maintain our services practically at their normal level despite the pressures caused by the pandemic. For this, many thanks to our employees!

A new Group structure, record-breaking profit and excellent personnel bonuses

The past financial year was the first after the demerger of the Group's parent company. The new structure in which properties have been turned into a separate company, Broman Yhtiöt, has not been visible in our operations, but we made a budget provision for a slight decline of the Group's profit. The opposite happened. Mainly thanks to increased sales, our profit rose to a new record and we achieved practically all of our goals. Personally, I am absolutely delighted that we could pay more than 2.5 million euros in personnel incentive

and performance-based bonuses during the past financial year. Our personnel have done a fine job and definitely deserve their bonuses!

Determined approach towards new challenges

During the new financial year, the COVID-19 virus will still be present and cause a lot of uncertainty in all activity in our society. Experts estimate that it is possible that we can return to the so-called normal next summer or only after the summer. I believe that we will do relatively well despite the difficult situation and we intend to continue investments in new outlets, among other things. However, the operations and structures of trade are challenged intensively by factors such as international e-commerce. We must develop our Omni-channel operations rapidly. We are at a good stage with this. In general, operational development is proceeding well in all areas and we were able to continue development work in line with our strategy despite the exceptional circumstances. However, there is no time to lose. For instance, the automation of our logistics centre and

the resulting efficiency and speed are critical for ensuring future success.

Direct supplier relationships

We have achieved major developments in purchasing, but there is still a lot to do. When trade is becoming increasingly international, there is no room for inefficient operations on the market. We want to deal directly with manufacturers and brand owners – this is the only alternative we see in our future. The brands' own efficient operations are also the only opportunity for succeeding in tough international competition. Broman Group provides its suppliers with a unique customer base in Finland and Estonia.

Thanks

The past financial year was the first one under the leadership of our new Managing Directors and, together, we performed well in challenging conditions. In the spring, the Group had its 55th anniversary, which we celebrated with hard work and several charitable donations. I would like to thank the entire personnel as well as our customers, suppliers and other stakeholders for pulling together in these peculiar times!

A man in a blue suit is sitting on a chair with a zebra print cushion in a modern office setting. He is looking to the right with a slight smile. The background features a large window and a potted plant.

”

We have been capable of creating a safe shopping experience for customers and offering alternative delivery methods.

BROMAN GROUP CONTINUES TO GROW STRONGLY

Broman Group's sales for the financial year amounted to 434.9 million euros, increasing by 44.4 million euros from the previous year. Operating profit was 47.7 million euros and the profit for the financial year after taxes was 37.8 million euros. The Group had on average 1,672 employees (full-time equivalent).

From a snowless winter to the coronavirus crisis

The past financial year was extraordinary. In October–March, the mild winter did not contribute to sales growth. The COVID-19 crisis, which began in March, first posed major challenges as the demand for car products, among other products, declined dramatically. As the spring advanced, demand in Finland started growing, which led to a significant growth in the sales of non-car products, such as leisure products. This growth continued throughout the summer season. In the summer, demand for car products also picked up significantly. The spring and the summer was a very challenging period for the entire organisation and we had to make quick decisions almost daily. For the most part, we succeeded well, which is an indication of the organisation's crisis resilience, positive attitude towards new things and good team spirit. At the same time, we have been capable

of creating a safe shopping experience for customers and offering alternative delivery methods. Our strategic projects also proceeded as planned, despite the exceptional situation.

Own imports play a significant role

The role of own imports is constantly increasing in the Group. Numerous direct supplier agreements and our purchasing offices in Hong Kong and San Diego, California, lay a foundation for successful international purchasing. Our goal is that in 2022 a significant share of our products will be purchased directly from the source, in other words, from the manufacturer. To support the development of international purchasing, we launched a new "Oston Master" training programme (Master training programme for purchasing) in September 2020. It makes our purchasing personnel better prepared for doing well in their demanding tasks in the future.

New outlets on the horizon

We will continue investments in new outlets. During the new financial year, we will open new Motonet department stores in Iisalmi, Oulu, Imatra and Varkaus and Varaosamaailma corporate sales outlets in Iisalmi and Oulu. We will simultaneously update the department store concept in more than half of the chain's department stores by the end of 2021. We concentrated all of our administration personnel in the Helsinki region to our new Vantaa office. This will enable us also to bring the administrative employees of all of our corporate sales operations, Varaosamaailma, Motonet PRO and Finntest, under the same roof.

Thanks

The year has been heavy for many but, thanks to good cooperation, we have done well. I would like to thank our customers, personnel, suppliers and other partners for excellent cooperation.

THE EVENTFUL FINANCIAL YEAR ENDED WITH EXCELLENT RESULTS

During the financial year, we worked hard with Motonet's sales promotion projects and invested in active sales training across the field. We opened a new department store in Jyväskylä, moved into new, larger premises in Lohja and launched the Motonet PRO corporate sales concept.

Increased leisure time boosted sales

Motonet Oy's sales for the period increased by 11.1% and amounted to 389.4 million euros. Operating profit was 45.4 million euros, increasing by 28.4% from the previous year. Our profitability was good and we succeeded in improving sales and operational efficiency considerably. Motonet employed an average of 1,343 people, representing an increase of 26 employees.

The exceptionally warm winter weather posed challenges for us throughout the country. We moved from a somewhat downbeat winter season directly into the COVID-19 crisis, which was a true crisis leadership test for administration and all field operations. Thanks to active communications and quick decision-making, we could maintain nearly normal operations and

a positive attitude while looking after customers' safety when visiting our department stores.

During the spring and the summer, our customers had plenty of time and opportunities for hobbies, boating, DIY activities and going to the summer cottage. This supported sales in both department stores and digital channels during the second half of the financial year. The season was busy in all department stores and we succeeded well in replenishment and sales. Simultaneously, we managed to improve operational efficiency. This was a peak performance in all supply chain areas and especially by the department store personnel. Thank you!

Customer orientation and sales – the priority number one

We strengthened customer-oriented sales development with extensive

training in October–February. At the same time, we continued centralised customer service improvement and online store optimisation. We also managed to launch the Drive In and Home Delivery services on short notice to meet our customers' changing needs during the crisis.

Together with our loyal customers, we celebrated the 10th anniversary of the loyal customer programme in August. We are still capable of attracting new loyal customers and their number has already reached the level of 1.6 million.

The role of services is increasing

In service development, the focus was especially on creating service concepts, ensuring service consistency and improving Motomaatti customer experience. The first Motomaatti was opened five years ago.



”

We moved from a somewhat downbeat winter season directly into the COVID-19 crisis, which was a true crisis leadership test for administration and all field operations. Thanks to active communications and quick decision-making, we could maintain our operations.

New entrepreneur-led Motonet repair shops in Lohja, Vantaa and Seinäjoki bring the number of repair shops to 29. During the financial year, six new tyre hotels were open, making their total number 9. In the spring, we also launched MotoVelo – self-service bike maintenance for cyclists!

Motonet PRO creates new opportunities

Motonet PRO is a new corporate sales concept targeted at companies that can benefit fully from the extensive Motonet product range. The concept was launched in the spring and has been welcomed warmly. We have acquired thousands of new customer relationships, which lay a solid foundation for B2B sales development during the coming financial year.

Estonia

In Estonia, Motonet Estonia’s sales amounted to 6.4 million euros, increasing by 18.6% from the previous year. Operating profit was 0.2 million euros. Motonet has established its position, which can be seen as an increase in the number of customers. The growth of online sales in Estonia has also been good.


Thanks

The past year was the most peculiar during my career thus far and I believe many of you agree. Together, we have succeeded excellently in these challenging conditions. Good team spirit, industriousness and a can-do attitude yield results. Many thanks to the entire personnel for their hard work!

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In addition to expanding our nationwide network, we have also invested in local spare part selections to improve availability.





VARAOSAMAAILMA CONTINUES ITS GROWTH

Despite the coronavirus crisis,
Varaosamaailma's sales growth exceeded the
industry average. Profitability improved, too.

Growth and development

Varaosamaailma Oy's sales for the period increased by 12.5% and amounted to 43.3 million euros. Operating profit was 1.5 million euros, increasing by 1.3 million euros from the previous year. The strong operating profit growth was especially attributable to structural changes and comprehensive business development.

The corporate sales network was expanded

The expansion of our corporate sales network continued. During the financial year, we opened new

corporate sales outlets in Turku, Kaarina and Loimaa. In addition, AD Turku became a part of Broman Group as a result of a corporate acquisition and was merged into Varaosamaailma in May 2020. At the end of the financial year, our network consisted of 34 corporate sales outlets. In addition to expanding our nationwide network, we have also invested in local spare part selections to improve availability and to succeed in the constantly intensifying competition. For instance, we have improved the availability of original brand-specific spare parts by several hundreds of

items in both local warehouses and Broman Logistics' central warehouse.

Thanks

Many thanks to Varaosamaailma's skilled and professional personnel for the successful financial year. With their perseverance and positive attitude, the personnel are one of the key enablers of our developing business. Many thanks also to our customers for good cooperation. Customer-oriented service and active sales work will continue to be matters of honour for us.



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For Finntest, the year was full of development projects, the development of own operations and the laying of the foundation for the future in all areas.

THE FIRST YEAR AS A PART OF BROMAN GROUP

Finntest's first year as a part of Broman Group advanced machinery and equipment trade by leaps and bounds.

The volatile market posed challenges for Finntest's operational planning and sales throughout the financial year. The more obscure future outlook among the customer base cast shadows into the sales of investment goods and partially increased the future machinery replacement backlog. Regardless, Finntest Oy's sales remained on par with the previous year, at 4.9 million euros. Process development, the improvement of product availability and investments in customer service had a negative impact on financial performance. The operating profit target was not achieved and operating loss amounted to 0.3 million euros.

Development in many areas

For Finntest, the year was full of development projects, the development of own operations and the laying of the foundation for the future in all areas. The integration of Finntest's basic operations with the Group's services and basic processes demanded a lot of time and characterised our operations during the year. We managed to complete this major project within the financial year, as planned. The Group's modern information systems were also fully deployed by the end of the financial year.

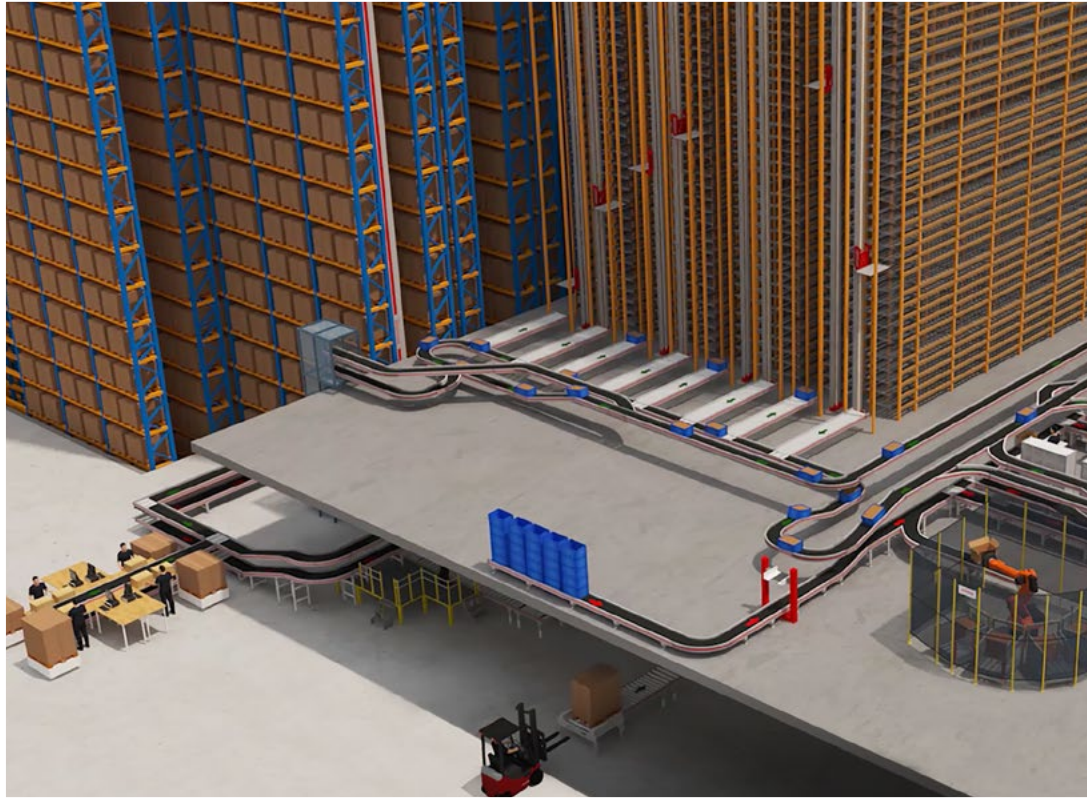
Customer service is at the core of our operations

Increasing the customer service and sales personnel and building strong

cooperation with Varaosamaailma helped us during this challenging year. The availability and manufacturing of machinery and equipment manufacturers' products varied throughout the year. Focus on own inventories and the gradual increase in inventory volumes made it possible for us to offer better customer service during the year and ensured fast customer deliveries of our main products directly from our own warehouse.

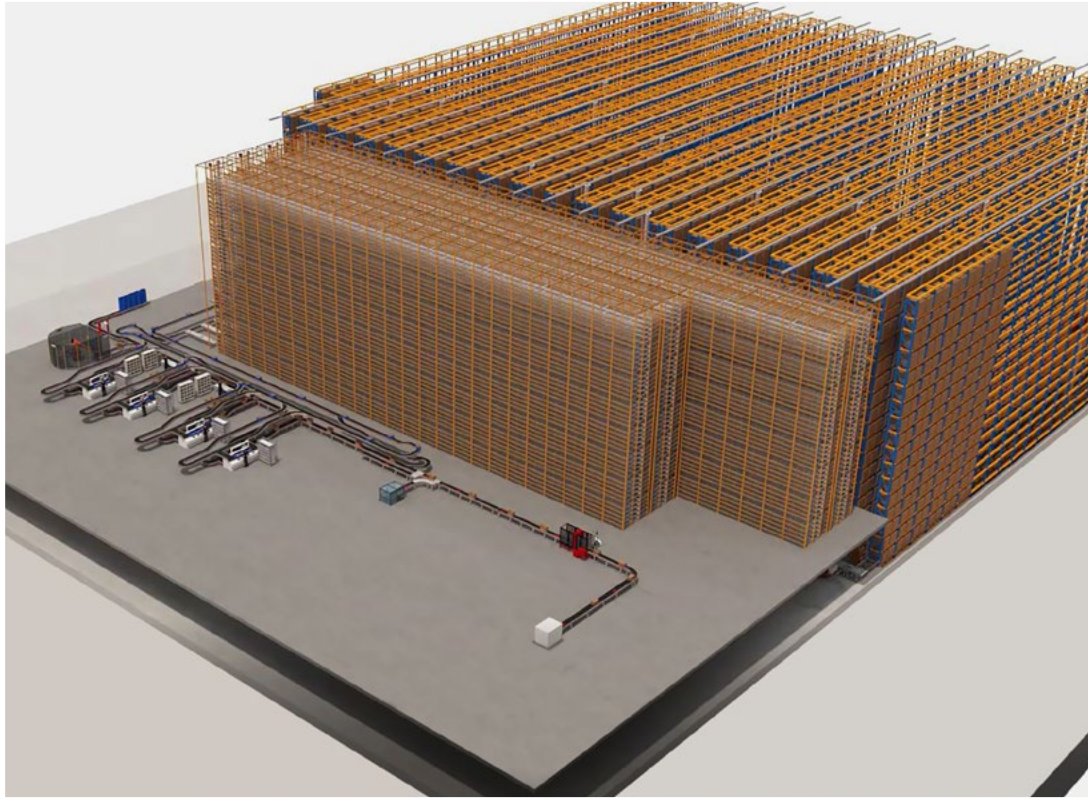
Thanks

Many thanks to our customers for giving us the opportunity to develop our operations together with them. Thank you also to Finntest's personnel and cooperation partners for going the extra mile during the year and adopting an innovative approach in working for our customers.



THE KERAVA LOGISTICS CENTRE WILL BE DEPLOYED IN STAGES

As our own imports increase, logistics volumes grow. We respond to the increasing demands by developing the operations of our Kerava and Hyvinkää logistics centres.



The automation project of the Kerava logistics centre is proceeding as planned and all functionalities will be deployed towards the end of 2021.

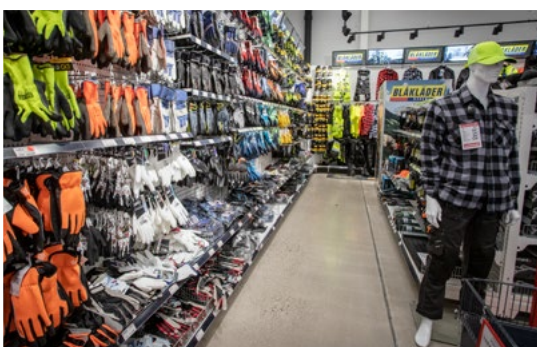
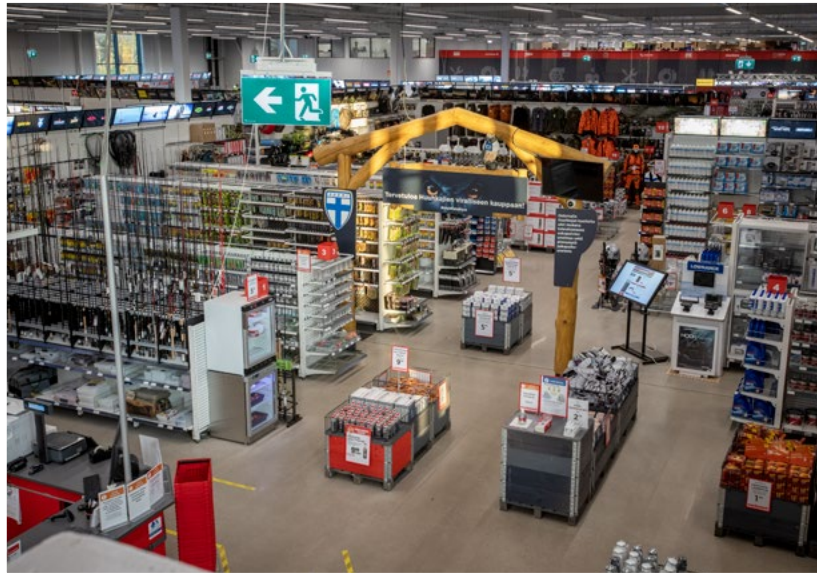
Broman Logistics' sales increased by 12.7% and amounted to 160.7 million euros. Operating profit was 0.7 million euros. The company employed an average of 112 people.

In 2020, we used the Kerava logistics centre for the first time in the spring and summer seasons. Products were delivered from the pallet warehouse in Kerava to all outlets and there was no longer a need for us to resort to additional external warehouses during the season. The automation project of the Kerava logistics centre

is proceeding as planned and all functionalities will be deployed towards the end of 2021. Upon completion, the centre will be among the most modern in the Nordic countries.

The operations of the Hyvinkää logistics centre have continued normally and their quality has been developed further. Many key figures have improved, which is a superb performance from the entire personnel.

I would like to thank the entire Broman Logistics personnel for their excellent work.



DEPARTMENT STORE OF THE FUTURE

Motonet department store of the future

In the summer of 2019, we had a small team brainstorming over the opportunity of updating the Motonet department store concept. We got others to become inspired by the idea and, at a fast pace, we piloted the model in the new department store in Lohja and also updated the concept in Hämeenlinna.

The updated department store concept proved highly functional. We have now decided to update all Motonet department stores according to this model in 2020–2022. The project is already well under way and by the end of 2020, nine department stores will have undergone the update.

Highlighting the product selection as entities

Under the new concept, we will emphasise our strengths. We will make Motonet's extensive product selection better visible to all customers. The department store customer path

has been changed so that it offers a lightly meandering shopping experience, taking the customer naturally from one speciality store to the next. By modifying shelf heights, we can showcase a larger share of the product selection, which will make it considerably easier for customers to recognise and find product entities and groups.

The Shop in Shop structure will also make it possible to display product families and brands more prominently. This will open up new opportunities for cooperation with suppliers. The goal is to improve the customer's shopping experience, provide impulses and introduce interesting new products.

Seasonality visible to the customer

Seasonal sales areas will now have more space in department stores and we can more flexibly adjust to seasonal

variations. Seasonal products that are important to customers can be placed in highly visible locations along the customer path. Ease of finding and buying products is an important element of smooth shopping in a Motonet department store.

Spot lighting, illuminated displays, digital shopping assistance, new shelf elements, a more open store layout and clearer customer communications are also part of the new concept. As a whole, there will be several updates that enable us to provide our customers with an even better Motonet experience in the future.

Nevertheless, the department store concept and the physical environment are just one part of success. An extensive product selection, reasonable pricing, easily found products and excellent, friendly customer service will certainly be the most important success factors also in the future!

FIGURE



SALES / M€



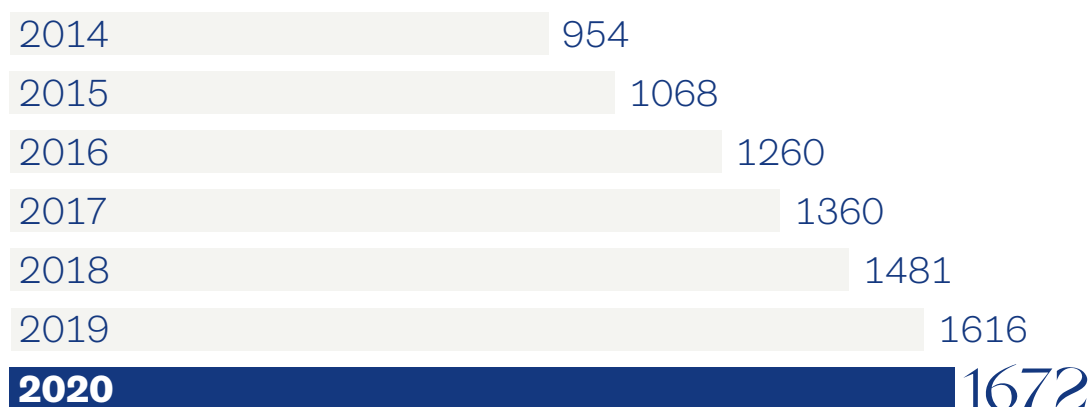
OPERATING PROFIT / M€



EQUITY RATIO / %



PERSONNEL



CONSOLIDATED PROFIT

AND LOSS ACCOUNT

	1.10.2019	1.10.2018
	30.9.2020	30.9.2019
SALES	434,918,083.75	390,531,731.36
Other operating income	3,707,928.90	4,903,920.52
Materials and services		
Materials, supplies and consumables		
Purchases during the financial period	-232,928,691.95	-247,229,501.82
Change in inventories	-22,116,312.87	10,925,831.47
External services	-294,530.18	-89,790.48
Materials and services in total	-255,339,535.00	-236,393,460.83
Personnel expenses		
Wages, salaries and fees	-60,488,403.98	-53,467,190.38
Social security expenses		
Pension expenses	-9,262,428.35	-9,330,236.11
Other social security expenses	-2,049,765.73	-1,944,467.94
Social security expenses	-11,312,194.08	-11,274,704.05
Personnel expenses in total	-71,800,598.06	-64,741,894.43
Depreciation and reduction in value		
Planned depreciation	-2,163,273.36	-11,896,593.71
Depreciation and reduction in value in total	-2,163,273.36	-11,896,593.71
Other operating expenses	-61,643,326.82	-46,156,064.25
OPERATING PROFIT	47,679,279.41	36,247,638.66
Financial income and expenses		
Income from other investments in non-current assets	272.92	331.00
Other interest and financial income	515,875.31	110,266.28
Interest and other financial expenses	-1,301,066.45	-1,003,462.26
Financial income and expenses in total	-784,918.22	-892,864.98
PROFIT BEFORE APPROPRIATIONS AND TAXES	46,894,361.19	35,354,773.68
Taxes for the financial year and previous financial years	-9,076,113.73	-7,102,914.03
Imputed taxes	-64,833.21	50,632.07
RESULT OF THE FINANCIAL	37,753,414.25	28,302,491.72

BALANCE SHEET

CONSOLIDATED

	30.9.2020	30.9.2019
ASSETS		
NON-CURRENT ASSETS		
Intangible rights		
Intangible rights	50,400.00	60,471.28
Goodwill on consolidation	971,601.79	1,307,309.05
Other intangible assets	2,879,978.60	6,849,811.23
Intangible assets in total	3,901,980.39	8,217,591.56
Tangible assets		
Land and water areas	0.00	21,706,673.78
Buildings and constructions	218,777.71	102,732,382.22
Machinery and equipment	3,512,269.14	3,538,191.27
Other tangible assets	17,448.05	20,937.66
Prepayments and purchases in progress	0.00	987,578.12
Tangible assets in total	3,748,494.90	128,985,763.05
Investments		
Holdings in associated companies	210,511.79	178,435.18
Other shares and participations	20,294.81	416,631.28
Other investments	179,680.47	1,015,908.64
Investments in total	410,487.07	1,610,975.10
NON-CURRENT ASSETS IN TOTAL	8,060,962.36	138,814,329.71
CURRENT ASSETS		
Inventories		
Finished goods	114,294,325.98	136,410,638.85
Prepayments	3,663,759.53	3,177,847.54
Inventories in total	117,958,085.51	139,588,486.39
Non-current receivables		
Loans receivable	23,375,493.69	3,899,666.05
Deferred tax assets	394,706.62	463,363.13
Other investments	559,643.85	142,218.77
Non-current receivables in total	24,329,844.16	4,505,247.95
Current receivables		
Trade receivables	4,027,881.67	4,090,441.48
Loans receivable	3,924,475.00	6,280.50
Other investments	5,361.88	169,457.11
Prepayments and accrued income	7,978,066.56	9,483,345.84
Current receivables in total	15,935,785.11	18,254,772.88
Marketable securities included in current assets		
Other shares and participations	100,000.00	100,000.00
Marketable securities included in current assets in total	100,000.00	100,000.00
Cash in hand and in banks	34,806,242.12	13,075,965.60
CURRENT ASSETS IN TOTAL	193,129,956.90	171,019,224.87
ASSETS IN TOTAL	201,190,919.26	309,833,554.58

CONSOLIDATED

BALANCE SHEET

	30.9.2020	30.9.2019
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	360,000.00	360,000.00
Translation differences	8,269.60	3,102.59
Retained profit/loss	85,673,225.95	181,856,845.42
Profit/loss for the financial	37,753,414.25	28,302,491.72
SHAREHOLDERS' EQUITY IN TOTAL	123,794,909.80	210,522,439.73
LIABILITIES		
Non-current		
Loans from credit institutions	30,721,143.43	44,867,817.46
Premium loans from earnings-related pension insurance companies	0.00	8,500,000.00
Advances received	14,000.00	14,000.00
Deferred tax liability	12,064.47	2,002,816.66
Other liabilities	693,540.46	15,887.78
Non-current liabilities in total	31,440,748.36	55,400,521.90
Current		
Loans from credit institutions	2,160,424.36	5,712,729.48
Premium loans from earnings-related pension insurance companies	0.00	1,500,000.00
Advances received	7,934.58	122.31
Trade payables	18,747,874.16	16,244,605.49
Other liabilities	11,678,714.97	11,144,728.56
Accruals and deferred income	13,360,313.03	9,308,407.11
Current liabilities in total	45,955,261.10	43,910,592.95
LIABILITIES IN TOTAL	77,396,009.46	99,311,114.85
EQUITY AND LIABILITIES IN TOTAL	201,190,919.26	309,833,554.58

THE BOARD OF DIRECTORS

Jaana Viertola-Truini, Peter Ahlström, Harri Broman,
Eero Broman (chairman), Sanna Suvanto-Harsaae,
Väinö H. Broman, Antti Tiitola.



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