

STATUS UPDATE COVID-19

Due to the extraordinary times from the impact of Covid-19, Secto Topco Oy (Secto Group) provides a management update regarding the Group's current business performance.

Impact on everyday operations

Secto follows the guidelines of the Finnish authorities regarding the Corona virus. The guidelines include restrictions on social interactions and the encouragement to work from home. Therefore, Secto has introduced a work from home policy and most of the staff has worked remotely since March 16TH. Customer and partner meetings are held electronically using secure online conference services. The spring fair tour has been canceled and will be carried out later according to the schedule of the fair organizers. Despite the restrictions Secto's used cars dealership has been able to keep its doors open and operate on a normal level followed with more stringent hygiene routines.

All in all, business operations have adapted well to the challenges met in an unordinary business environment. The company works in a normal manner and operating capacity has not deteriorated due to the current situation.

Operational actions taken:

- The operations has been completely changed from the company offices to the personnel working remotely.
 - The transformation was relatively easy, because many process parts that were paper based last year have already been digitalized before the current crisis. Most noteworthy of these are the leasing contracts and other documents related to financing the vehicles.
- The company established a deferred amortization process together with the re-financiers to help the customers in most affected businesses. The re-financiers carry the risk as in in the normal process during the deferred period.
 - At the moment only 200 leasing contracts has been deferred which indicates stability in the customer base.

Impact on current business and sales volumes:

- Projects (training & tools) have been initiated to enhance our remote working skills – 100% of our B2B client meetings are held remotely and approx. half of the B2C sales are done remotely.
- We have developed tools and processes in co-operation with our operations function that allow our sales to execute the whole sales process remotely whilst maintaining a high level of customer satisfaction
- In a challenging new sales market, our sales have remained focused on & proactive with our existing clients to ensure that they all have solutions available that help them through these challenging times
- In our consumer business, we have executed marketing campaigns to ensure that we have a healthy channel for vehicles returning from our leasing portfolio. To mitigate risk and accelerate the inventory turn-over, we have lowered the prices for all vehicles. This will have an impact

short-term on the profitability but was a decision made to mitigate the risk of having the inventory levels grow in a volatile market.

- We have weekly discussions with all re-financiers to make sure we have all channels running smoothly over the crisis.
- As a result of the above actions, sales have remained at normal levels compared to our estimates on the B2B side of the business. Our dealership (B2C) has been able to meet the sales numbers but at a lower margin than planned.

Financial reporting

Secto Group's consolidated financial statements for the year 2019 have been signed and audited. Group's auditor (KPMG) has given a standard auditor's report. The financial statements 2019 -report will be released in April. Group's unaudited quarterly report for the first quarter of 2020 will be released according to agreed reporting schedule, no later than 31st of May.

Summary

The management estimates Secto to be in a good position to tackle the crisis.

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About the Secto Group

Since 2007 Secto has approached the car industry from a new perspective. The emphasis is on the ease of use and cost efficiency. No product-oriented solutions, no financing methods set in stone. The needs of the customer in the center.

Today, we have the honour of serving over 3600 client companies and we have around 10 000 vehicles rolling all around Finland.

To ensure the highest possible customer satisfaction, we have 95 motivated professionals to look after our clients' needs. Our growth has been quick, but at the same time profitable: we have been among the strongest companies in Finland for over a decade. For example, we are a Platinum-certified company by Asiakastieto, a super grower and one of the 500 largest companies in Finland.