

# INTERIM REPORT

## January—March 2018



**KAMUX**™ 

Kamux Corporation's Interim Report for January–March 2018

## KAMUX'S STRONG GROWTH CONTINUED IN JANUARY–MARCH 2018

*The figures in parentheses refer to the comparison period, i.e. the same period in the previous year, unless otherwise mentioned.*

### First quarter in brief

- The number of cars sold increased by 17.3% to 11,379 cars (9,698)
- Revenue increased by 17.8%, totaling EUR 128.7 million (109.3)
- Gross profit increased by 16.5% to EUR 14.6 million (12.5), or 11.3% (11.5) of revenue
- Adjusted operating profit (EBIT) increased by 3.5% to EUR 4.8 million (4.6), or 3.7% (4.3) of revenue
- Operating profit (EBIT) increased by 39.6% to EUR 4.8 million (3.4), or 3.7% (3.1) of revenue
- Earnings per share were EUR 0.08 (0.07)
- Like-for-like showroom revenue growth was 8.8% (-6.9%)

### CEO Juha Kalliokoski:

“Kamux’s strong growth continued during the first quarter of 2018. I am especially pleased with our growth and profitability improvement in Sweden.

Our internationalization continues according to our strategy. In January, we started operating in expanded showroom premises in Jönköping. In Finland we expanded our showroom network by opening a new showroom in Savonlinna.

Our organization was strengthened at the beginning of the year, when Robin Toss, country director of Sweden, and Oliver Michels, country director of Germany, started in their positions. Mikko-Heikki Inkeroinen joined us in February as our Chief Digital Officer, focusing on Kamux’s customer experience and digital business development.

Operating profit improved and like-for-like showroom revenue grew. We are on the right path in these areas. Revenue growth was the strongest we have seen during our time as a publicly listed company.

All in all I am satisfied with the way the year has started. We continue to resolutely execute our strategy towards our targets.”

### Outlook and financial targets

Kamux does not provide a short-term outlook. In the medium term, the company’s targets are to increase revenue to at least EUR 700 million with an operating profit margin of 4–5% in 2019 and to reach an operating profit margin of at least 5% in the long term.

## Key figures

EUR million	1–3/2018	1–3/2017	Change, %	1–12/2017
Revenue	128.7	109.3	17.8%	454.9
Gross profit	14.6	12.5	16.5%	53.8
as percentage of revenue, %	11.3%	11.5%		11.8%
Operating profit (EBIT)	4.8	3.4	39.6%	16.2
as percentage of revenue, %	3.7%	3.1%		3.6%
Adjusted operating profit*	4.8	4.6	3.5%	18.6
as percentage of revenue, %	3.7%	4.3%		4.1%
Revenue from integrated services	6.1	5.4	12.6%	22.8
as percentage of revenue, %	4.7%	5.0%		5.0%
Number of cars sold	11,379	9,698	17.3%	40,957
Gross profit per sold car, EUR	1,283	1,293	-0.8%	1,314
Sales growth of like-for-like showrooms, %	8.8%	-6.9%		-4.9%
Net debt	6.4	26.1	-75.5%	7.3
Inventories	56.5	48.1	17.4%	55.2
Inventory turnover, days	45.6	43.8	4.1%	46.8
Capital expenditures	0.2	0.3	-27.0%	1.2
Average number of employees during the period	437	389	12.3%	418
Return on equity (ROE), %	26.2%	38.8%		26.6%
Return on capital employed (ROI), %	18.8%	20.6%		17.2%
Equity ratio, %	58.9%	41.0%		57.2%
Earnings per share, basic, EUR	0.08	0.07	15.9%	0.30

\* Operating profit adjusted for special items related to strategy planning, strategy implementation and geographical expansion as well as the costs related to the initial public offering in the comparison period, totaling EUR 0.0 million for the first quarter of 2018 (1–3/2017: EUR 1.2 million and 1–12/2018: EUR 2.4 million).

## Market review

Kamux estimates that it maintained its market leadership in sales of used cars in Finland in the first quarter of 2018. There were no significant changes in the Finnish market situation. We estimate the market grew slightly. The opportunity of German cities to restrict or limit use of older diesel cars was visibly published also in the Finnish media, but it did not have a meaningful impact on volumes or pricing.

In Sweden, the company estimates its market share increased during the first quarter. Kamux significantly strengthened its position among the ten largest used car sellers. According to our estimates, the market for used cars in Sweden declined slightly.

According to the company's estimates, Kamux's market share of the used car market in Germany grew in the first quarter. It is, however, still very small. The used car market in Germany declined slightly during the first quarter.

We estimate the used car market sizes to have been ~0.5 million cars in Finland, ~1.2 million cars in Sweden and ~7.3 million cars in Germany.

### Revenue in January–March 2018

Revenue increased by 17.8% compared to the corresponding period of the previous year and amounted to EUR 128.7 million (109.3). The increase in revenue was driven by the opening of new showrooms and sales growth of like-for-like showrooms. The growth was fully organic. Kamux's integrated services revenue increased to EUR 6.1 million (5.4), or 4.7% (5.0) of the total revenue.

The number of cars sold by Kamux in Finland, Sweden and Germany increased by 17.3% compared to the corresponding period of the previous year and amounted to 11,379 (9,698). The revenue per sold car amounted to EUR 11,310 (11,266).

### Revenue allocation

EUR million	1–3/2018	1–3/2017	1–12/2017
Sales of used cars	122.6	103.8	432.0
Financing fees and insurance commissions	5.1	4.5	19.2
Sales of Kamux Plus	1.0	0.9	3.6
<b>Total</b>	<b>128.7</b>	<b>109.3</b>	<b>454.9</b>

### Result of operations in January–March 2018

Gross profit increased by 16.5% compared to the corresponding period of the previous year and amounted to EUR 14.6 million (12.5). Gross profit increased in all segments. Gross profit as percentage of revenue decreased by 0.1 percentage points to 11.3% (11.5).

The adjusted operating profit increased by 3.5% and amounted to EUR 4.8 million (4.6), or 3.7% (4.3) of the revenue. The adjusted operating profit has been adjusted for special items related to strategic planning, implementation of the strategy and geographical expansion as well as the costs related to the initial public offering in the comparison period. The adjustment items to the operating profit totaled EUR 0.0 million (1.2) for the first quarter.

Kamux's operating profit increased by 39.6% compared to the previous year, amounting to EUR 4.8 million (3.4).

The result before taxes for the first quarter amounted to EUR 4.1 million (3.3). Earnings per share amounted to EUR 0.08 (0.07).

**Key figures of the business segments**

EUR million	1–3/2018	1–3/2017	Change, %	1–12/2017
<b>Revenue</b>				
Finland	103.5	91.1	13.6%	372.4
Sweden	24.1	16.0	51.2%	73.2
Germany	6.5	5.3	21.2%	22.8
<b>Segments total</b>	<b>134.0</b>	<b>112.4</b>	<b>19.3%</b>	<b>468.4</b>
Group functions and eliminations	-5.3	-3.1	-70.7%	-13.5
<b>Total</b>	<b>128.7</b>	<b>109.3</b>	<b>17.8%</b>	<b>454.9</b>
<b>Gross Profit</b>				
Finland	12.4	11.3	9.9%	46.4
Sweden	1.7	0.9	94.9%	5.9
Germany	0.4	0.4	26.7%	1.5
<b>Segments total</b>	<b>14.6</b>	<b>12.5</b>	<b>16.5%</b>	<b>53.8</b>
Group functions and eliminations	-	-	-	-
<b>Total</b>	<b>14.6</b>	<b>12.5</b>	<b>16.5%</b>	<b>53.8</b>
<b>Gross profit, as percentage of revenue, %</b>				
Finland	12.0%	12.4%		12.5%
Sweden	7.2%	5.6%		8.1%
Germany	7.0%	6.7%		6.5%
<b>Segments total</b>	<b>10.9%</b>	<b>11.2%</b>		<b>11.5%</b>
Group functions and eliminations	-	-		-
<b>Total</b>	<b>11.3%</b>	<b>11.5%</b>		<b>11.8%</b>
<b>Operating profit</b>				
Finland	6.0	6.0	0.3%	23.1
Sweden	0.1	-0.5	126.0%	-0.1
Germany	-0.5	-0.4	-4.5%	-1.9
<b>Segments total</b>	<b>5.7</b>	<b>5.1</b>	<b>12.6%</b>	<b>21.1</b>
Group functions and eliminations	-0.9	-1.7	43.2%	-4.9
<b>Total</b>	<b>4.8</b>	<b>3.4</b>	<b>39.6%</b>	<b>16.2</b>
<b>Operating profit, as percentage of revenue, %</b>				
Finland	5.8%	6.6%		6.2%
Sweden	0.5%	-3.2%		-0.1%
Germany	-7.0%	-8.1%		-8.2%
<b>Segments total</b>	<b>4.3%</b>	<b>4.5%</b>		<b>4.5%</b>
Group functions and eliminations	-	-		-
<b>Total</b>	<b>3.7%</b>	<b>3.1%</b>		<b>3.6%</b>

## Share of integrated services in all used cars sold by Kamux by segment

%	1–3/2018	1–3/2017	1–12/2017
<b>Financing services</b>			
Finland	47	45	46
Sweden	47	48	48
Germany	20	25	24
<b>Insurance services</b>			
Finland	47	47	50
Sweden	91	84	91
<b>Kamux Plus</b>			
Finland	18	17	17
Sweden	28	26	27

### Finland in January–March 2018

Revenue increased by 13.6% compared to the corresponding period of the previous year, amounting to EUR 103.5 million (91.1). The number of cars sold increased by 1,082 or 13.1% compared to the first quarter of the previous year, totaling 9,337 (8,255). The growth was based on the sales of new showrooms and on the sales growth of like-for-like showrooms. During the first quarter, Kamux opened a new showroom in Savonlinna.

Revenue from integrated services increased to EUR 5.5 million (4.9), or 5.3% (5.4) of total revenue. Operating profit remained at the previous year's level, amounting to EUR 6.0 million (6.0), or 5.8% (6.6) of total revenue.

### Sweden in January–March 2018

Revenue increased by 51.2% compared to the corresponding period of the previous year, amounting to EUR 24.1 million (16.0). The number of cars sold during the first quarter increased by 522 or 50.9% compared to the first quarter of the previous year, amounting to 1,547 (1,025). The growth was due to the new showroom opened in Karlstad in December 2017 and expansions of existing showrooms as well as systematic work in developing processes in Sweden. During the first quarter Kamux relocated to new larger premises in Jönköping.

Revenue from integrated services increased to EUR 0.5 million (0.4), or 2.7% (2.8) of total external revenue. Operating income turned to positive during the first quarter, amounting to EUR 0.1 million (-0.5) or 0.5% (-3.2) of revenue.

### Germany in January–March 2018

Revenue increased by 21.2% compared to the corresponding period of the previous year, amounting to EUR 6.5 million (5.3). The number of cars sold during the first quarter increased by 77, or 18.4% compared to the first quarter of the previous year and amounted to 495 (418). The growth was mainly due to fine-tuning of operations in the existing showrooms. During the first quarter, Kamux continued to develop its business processes in Germany.

Integrated services revenue remained at the previous year's level, amounting to EUR 0.1 million (0.1), or 1.4% (2.6) of total external revenue. Operating loss increased compared to the corresponding period of the previous year, amounting to EUR -0.5 million (-0.4).

## Consolidated balance sheet and financial position

As of March 31, 2018, the consolidated balance sheet total was EUR 105.2 million (77.7), of which total equity amounted to EUR 61.9 million (31.9). The amount of net debt was EUR 6.4 million (26.1). Non-current bank loans amounted to EUR 20.9 million (23.9). The balance sheet of the company is strong, allowing business growth in line with our strategy.

Kamux has entered into a five-year loan facility agreement of EUR 50 million with Nordea Bank AB (publ), Finnish Branch. At the end of the reporting period, EUR 23.9 million of this agreement was in use. The facility agreement includes a five-year term loan of EUR 30 million and a revolving credit facility of EUR 20 million. Of the revolving credit facility, EUR 10.0 million is available as a multi-currency facility. The term loan is currently repaid in bi-annual installments of EUR 1.5 million. In addition to the revolving facility, Kamux has a lease guarantee facility of EUR 0.4 million.

Net working capital amounted to EUR 51.6 million (41.4) as of March 31, 2018. The value of the inventory amounted to EUR 56.5 million (48.1).

Kamux's cash flow from operating activities for January–March 2018 amounted to EUR 1.2 million (4.8). Cash and cash equivalents at the end of the period amounted to EUR 17.5 million (0.9).

Equity ratio at the end of the period was 58.9% (41.0). Return on capital employed (ROI) was 18.8% (20.6) and return on equity (ROE) was 26.2% (38.8).

## Capital expenditure, research and development

Kamux's capital expenditure for January–March 2018 amounted to EUR 0.2 million (0.3), consisting mainly of IT systems and ordinary maintenance in the showrooms. Kamux's research and development costs are mainly related to further development of the company's retail concept and improving its business processes.

During 2018, Kamux's capital expenditures relate to the opening of new showrooms, such as refurbishment, equipment and fixtures, as well as in digitalization projects, such as a CRM/ERP system, analytics, information management and financial administration systems. The company finances these investments with the existing cash and cash equivalents, and cash flow from operations.

## Personnel

During the first quarter of 2018, Kamux's average number of employees amounted to 437 (389) in terms of full-time equivalent employees. Recruitment of new personnel continues to support Kamux's growth.

## Average number employees by segment

	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
Finland	337	312	334
Sweden	71	53	59
Germany	29	24	26
<b>Total</b>	<b>437</b>	<b>389</b>	<b>418</b>

## Kamux's share and shareholders

Kamux's largest shareholders as of March 31, 2018 were Intera Fund II Ky (29.4%), Juha Kalliokoski (14.1%), and Elo Mutual Pension Insurance Company (6.9%).

During the first quarter of 2018, 254,675 shares were traded on the Nasdaq Helsinki main market. The highest share price during the period was EUR 7.48, and the lowest price was EUR 6.60. The closing share price on March 29, 2018 was EUR 6.80. The volume weighted average share price during the first quarter of the year was EUR 7.09. Market capitalization measured at the review period's closing price was EUR 271.9 million.

Kamux's share capital amounted to EUR 80,000 on March 31, 2018, and the number of shares was 39,987,294. During the first quarter of the year, Kamux cancelled 1,319,862 treasury shares held by the company. The cancellation of the treasury shares was registered with the Finnish Trade Register on March 14, 2018. After the cancellation, the Company does not hold any treasury shares.

## Management and Corporate Governance

At the end of the review period, Kamux's management team included Juha Kalliokoski, CEO, Tapio Arimo, CFO, Olli Kilpi, Director of International Business, Jussi Mäkinen, Country Director, Finland, Tero Törmänen, Purchasing Director, Tommi Iiskonmäki, Human Resources Director, Satu Otala (nee Heikkilä), Director of Communications and Mikko-Heikki Inkeroinen, Chief Digital Officer.

## Events after the reporting period

### *Decisions of the Annual General Meeting and the constitutive meeting of the Board of Directors*

Kamux Corporation's Annual General Meeting on April 26, 2018 approved the Financial Statements and discharged the members of the Board of Directors and CEO from liability for the year 2017. The Board of Directors' proposal for a dividend of EUR 0.12 per share for the financial year 2017 was approved. The dividend was paid to shareholders registered in Kamux Corporation's shareholder register maintained by Euroclear Finland Ltd on the record date April 30, 2018. The dividend was paid on May 8, 2018.

The Annual General Meeting decided that the Board of Directors will consist of six members and re-elected Mr. Matti Virtanen, Ms. Reija Laaksonen, Mr. David Nuutinen, Mr. Jokke Paananen, Mr. Harri Sivula and Mr. Vesa Uotila as members of the Board. The Annual General Meeting elected Mr. Matti Virtanen as the Chairman of the Board and Mr. Harri Sivula as the Vice Chairman of the Board. In its constitutive meeting, the Board of Directors decided to establish an Audit Committee. The Board appointed Mr. Harri Sivula (Chairman), Ms. Reija Laaksonen and Mr. Vesa Uotila as the members of the Audit Committee.

The Annual General Meeting resolved a monthly compensation of EUR 3,000 be paid for the Chairman of the Board and EUR 1,700 for the Board Members, and an additional compensation of EUR 1,500 per year to the Board members belonging to a committee. Travel expenses will be reimbursed in accordance with the Company's travel policy.

The Annual General Meeting re-elected Authorized Public Accountant PricewaterhouseCoopers Oy as the company's auditor. PricewaterhouseCoopers Oy appointed Mr. Janne Rajalahti, APA, as the principal auditor.

The Annual General Meeting resolved to authorize the Board in accordance with the proposal of the Board of Directors to resolve to issue a maximum of 4,000,000 shares. Out of the above maximum number of shares to be issued no more than 400,000 shares may be issued as part of the



company's share-based incentive programs. The Board of Directors was authorized to decide on the terms and conditions of the issuance of shares. The authorization concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares may be carried out in deviation from the shareholders' pre-emptive right (directed issue). The authorization cancels previous unused authorizations regarding share issues. The authorization is valid for three years from the date of the decision of the Annual General Meeting, except that the authorization for purposes other than the Company's share based incentive schemes is valid until the closing of the next Annual General Meeting, however, no longer than until June 30, 2019.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to amend the Articles 8 and 10 of the Articles of Association of the Company to be read as follows:

**"8 § Representation rights of the company**

Two (2) members of the Board of Directors together have the right to represent the company. The Board of Directors may grant the right to represent the company to a named person. The Board of Directors resolves on procuration rights."

**"10 § Notice to the general meeting of shareholders**

The notice convening the general meeting of shareholders must be delivered to the shareholders by publishing the notice on the company's website or by a newspaper announcement which is published in one or more widely circulated daily newspapers chosen by the Board of Directors no earlier than three (3) months and no later than three (3) weeks before the meeting, and in any case at least nine (9) days before the record date of the general meeting of shareholders.

In order to be able to attend the general meeting of shareholders, the shareholder must notify the company at the latest on the date mentioned in the notice, which may be no earlier than ten (10) days before the general meeting of shareholders.

The venue for the general meeting of shareholders must be located in Helsinki or Hämeenlinna, Finland."

The decisions of the Annual General Meeting have been published in a stock exchange release on April 26, 2018.

*Other events after the reporting period*

In May, Kamux announced the opening of the Swedish 12th showroom in Västerås in September 2018.

**Short-term risks and uncertainties**

According to the company's assessment, there have not been any material changes in the short-term risks or uncertainties during the review period.

Kamux's revenue and operating profit have experienced strong growth in recent years. However, in the future, Kamux's revenue and operating profit may increase more slowly or decrease compared to the historical performance.

Kamux's rapid and strong growth and business expansion during the past few years have set new standards and requirements for the scope and monitoring of internal guidelines and policies. Any failure in the implementation and monitoring of these guidelines or policies may lead to financial consequences for Kamux and weaken the company's reputation. Furthermore, the company's success will depend on, inter alia, the company's management and other skilled employees, as well as its ability to recruit, develop, train, motivate and retain skilled employees.

Kamux operates in the used car retail market, and uncertain general economic conditions in the countries in which Kamux operates may have an adverse effect on Kamux's business, financial position and results of operations.

Kamux operates in a competitive and fragmented used car market, and competition may increase in the future.

Changes in car tax legislation or preparation of legislation may have a material adverse effect on the sales of new and used cars and on Kamux. Kamux's tax burden could increase as a result of changes to tax laws or their application or as a result of a tax audit.

Kamux's IT systems are pivotal to the company's operations, and they cover all the major areas of the business. Should the IT systems and services not operate as planned, this may disturb Kamux's operations and have an adverse effect on its business.

Kamux believes that its brand and reputation among its customers are important for the company's success. Should Kamux fail to maintain an adequate service level or an adverse event damage the company's reputation, this may have a significant adverse effect on Kamux.

The main principles of Kamux's risk management are described in the consolidated financial statements and on the website at [www.kamux.com](http://www.kamux.com).

### Calculation of key figures and alternative performance measures

Kamux presents alternative performance measures as additional information to performance measures presented in the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. In Kamux's view, the alternative performance measures provide significant additional information related to Kamux's results of operations, financial position and cash flows, and they are widely utilized by analysts, investors and other parties.

The alternative performance measures should not be considered separately from measures under IFRS or as substitutes for corresponding measures under IFRS. All companies do not calculate alternative performance measures in a uniform way and therefore the alternative performance measures presented by Kamux may not be comparable with similarly named measures presented by other companies.

### Reconciliation of adjusted operating profit

EUR million	1-3/2018	1-3/2017	1-12/2017
<b>Operating profit (EBIT)</b>	<b>4.8</b>	<b>3.4</b>	<b>16.2</b>
Costs relating to the initial public offering	-	0.4	1.2
Strategic investigations	-	0.6	0.7
Special items relating to geographical expansion	0.0	0.2	0.4
<b>Total adjustment items</b>	<b>0.0</b>	<b>1.2</b>	<b>2.4</b>
<b>Adjusted operating profit</b>	<b>4.8</b>	<b>4.6</b>	<b>18.6</b>

## Calculation of key figures

Gross profit	=	Revenue + Other operating income - Materials and services
Earnings before interest, tax, depreciation, and amortization (EBITDA)	=	Operating profit + Depreciation and amortization
Adjusted operating profit (EBIT)	=	Operating profit adjusted for costs relating to the initial public offering, special items relating to strategic planning and strategy implementation and special items relating to geographical expansion of business.
Net debt	=	Non-current borrowings + Current borrowings - Cash and cash equivalents
Financial debt	=	Non-current borrowings + Current borrowings
Like-for-like showroom revenue growth	= 100 * (	$\frac{\text{Like-for-like showroom car sales}}{\text{Like-for-like showroom car sales in the previous year}} - 1$ )
		<i>New showrooms are included in the calculation when they have been open for 13 months and, therefore, the first time the showroom is included in the measure is its 25th operating month.</i>
Inventory turnover	= 365 *	$\frac{\text{Inventories (average for 12 months)}}{\text{Materials and services (rolling 12 months)}}$
Return on equity (ROE), %	= 100 *	$\frac{\text{Profit for the period (rolling 12 months)}}{\text{Equity (average for 12 months)}}$
Return on capital employed (ROI), %	= 100 *	$\frac{\text{Profit for the period} + \text{Finance costs (rolling 12 months)}}{\text{Equity} + \text{Financial debt (average for 12 months)}}$
Equity ratio, %	= 100 *	$\frac{\text{Equity}}{\text{Balance sheet total} - \text{Advance payments received}}$
Gearing, %	= 100 *	$\frac{\text{Net debt}}{\text{Equity}}$
Earnings per share, basic	=	$\frac{\text{Profit for the period (attributable to owners of the Company)}}{\text{Weighted average number of outstanding shares adjusted for share issue for the period}}$
Net working capital	=	Inventories + Trade and other receivables + Current income tax receivables - Trade and other payables - Current income tax liabilities - Non-current and current provisions

## Kamux Corporation's Interim Report for January–March 2018

### Key accounting policies

This Interim Report has been prepared according to the IAS 34 - Interim Financial Reporting standard. The Interim Report is based on the same accounting policies and calculation methods as used in the financial statements for the year 2017, as well as on the new and amended IFRS standards described in the financial statements for the year 2017. However, the Interim Report does not include all the information and notes that are presented in the annual financial statements. As such, the Interim Report should be read together with the annual financial statements for the year 2017. This interim report applies the same accounting principles as the consolidated financial statements, with the exception of the new and amended standards described below, adopted at the beginning of the financial year.

The figures presented in the Interim Report are independently rounded.

Preparing the Interim Report requires the management to make accounting estimates and judgments as well as assumptions that affect the application of the accounting principles and the carrying amounts of assets, liabilities, income and expenses. The actual outcomes may differ from these estimates and judgments. The most significant estimates made by the management relating to the group's accounting policies and uncertainties are the same as applied in the financial statements for the year 2017.

The Interim Report is unaudited.

### IFRS 15 Revenue from Contracts with Customers

A new standard for the recognition of revenue, IFRS 15 Revenue from Contracts with Customers, replaced IAS 18, which covered contracts for goods and services, and IAS 11, which covered construction contracts. The new standard includes a five-step model by which sales revenue is recognized when control of a good or service transfers to a customer. Revenue is recognized in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Kamux adopted the standard on January 1, 2018, using the modified retrospective approach, which means that the cumulative effects arising from the application of the standard are recognized in retained earnings on January 1, 2018 and comparison figures are not adjusted. Adoption of the standard had no effect on the retained earnings on January 1, 2018, but it increased the number of notes presented.

### Amendment to IFRS 2 Share-based Payments

The amendment concerns share-based payment transactions with net settlement features to cover withholding tax obligations. These schemes are treated so that the entire scheme is considered an equity-settled payment, and the compensation costs are recognized based on the number of gross shares awarded. Kamux adopted the standard on January 1, 2018 and applies from that date the amended standard into schemes belonging into the IFRS 2 scope. The amendment did not have an effect on the retained earnings at the adoption date due to the Group not having any share-based schemes in the financial periods before the adoption date.

On December 13, 2017, the Board of Directors approved a share-based incentive scheme for the Group's key personnel for 2018. The general terms and conditions of the scheme were described and published in a separate stock exchange release on December 13, 2017. The entire scheme is accounted for as an equity-settled payment with net settlement features. The earnings period for the scheme is the calendar year 2018, followed by a two-year commitment period. The fair value

of the scheme has been determined on the grant date. The fair value of the scheme is expensed during the three years until the end of the commitment period. During the period under review, the effect of the scheme on the consolidated income was EUR -0.0 million.

### **IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments concerns the classification and measurement of financial assets, their impairment assessment and principles of hedge accounting. IFRS 9 replaced the former IAS 39. Kamux adopted the standard from January 1, 2018, using the practical expedients provided by the standard. In accordance with the practical expedients, the cumulative effects arising from the adoption of the standard are recognized in retained earnings at January 1, 2018, and the comparison figures for 2017 are not adjusted. Kamux applies the simplified approach defined in IFRS 9, according to which lifetime expected credit losses can be recognized for financial assets by using the expected credit loss method. Applying the new recognition model for credit losses did not have an effect on the retained earnings at January 1, 2018 due to the historically low amount of credit losses originating from trade and other receivables.

### **IFRS 16 Leases**

IFRS 16 is effective for accounting periods beginning on or after January 1, 2019, and Kamux will adopt the standard on its effective date. In accordance with IFRS 16, Kamux will recognize almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

Kamux has prepared a preliminary assessment of the total effects of adopting the IFRS 16 standard in its consolidated financial statements and will update this assessment during 2018. Taking into consideration that Kamux has leased many showrooms and office premises from third parties for periods longer than one year and by cancellable contracts, the standard will have a significant effect on Kamux's consolidated financial statements. Kamux expects that the amount of leased assets and corresponding lease liabilities will increase significantly. Kamux's statement of comprehensive income will be affected, because in the new method, the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, lease payment in operating expenses will be replaced with interest and depreciation, and consequently key metrics such as EBITDA and operating profit will change.

**Consolidated statement of comprehensive income**

EUR million	1–3/2018	1–3/2017	1–12/2017
<b>Revenue</b>	<b>128.7</b>	<b>109.3</b>	<b>454.9</b>
Other operating income	0.2	0.2	0.7
Materials and services	-114.3	-96.9	-401.7
Personnel costs	-6.2	-5.0	-21.7
Other operating expenses	-3.3	-3.9	-14.8
Depreciation and amortization	-0.3	-0.2	-1.1
<b>Operating profit</b>	<b>4.8</b>	<b>3.4</b>	<b>16.2</b>
Finance costs	-0.7	-0.1	-0.8
<b>Profit before income tax</b>	<b>4.1</b>	<b>3.3</b>	<b>15.5</b>
Income tax	-1.0	-0.9	-3.8
<b>Profit for the period</b>	<b>3.0</b>	<b>2.4</b>	<b>11.7</b>
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Translation differences	-0.1	0.0	-0.0
<b>Other comprehensive income for the period, net of tax</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.0</b>
<b>Total comprehensive income for the period</b>	<b>3.0</b>	<b>2.4</b>	<b>11.7</b>
Profit for the period attributable to owners of the Company	3.0	2.4	11.7
Total comprehensive income for the period attributable to owners of the Company	3.0	2.4	11.7
Earnings per share for profit attributable to owners of the Company			
Earnings per share, basic and diluted, EUR	0.08	0.07	0.30

**Consolidated balance sheet**

EUR million	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	1.1	1.0	1.1
Goodwill	13.6	13.6	13.6
Property, plant and equipment	1.7	1.8	1.7
Other receivables	0.1	0.0	0.1
Deferred tax assets	0.4	0.3	0.3
<b>Total non-current assets</b>	<b>16.8</b>	<b>16.7</b>	<b>16.8</b>
<b>Current assets</b>			
Inventories	56.5	48.1	55.2
Trade and other receivables	14.4	10.1	12.9
Current tax assets	0.0	1.8	0.0
Cash and cash equivalents	17.5	0.9	18.1
<b>Total current assets</b>	<b>88.4</b>	<b>61.0</b>	<b>86.2</b>
<b>TOTAL ASSETS</b>	<b>105.2</b>	<b>77.7</b>	<b>103.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	0.1	0.1	0.1
Share issue	-	0.2	-
Reserve for invested unrestricted equity	24.7	4.4	24.6
Translation differences	-0.0	0.1	0.0
Treasury shares*	-	-8.1	-8.1
Retained earnings	34.2	32.8	30.6
Profit for the period	3.0	2.4	11.7
<b>Total equity attributable to owners of the Company</b>	<b>61.9</b>	<b>31.9</b>	<b>58.9</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	20.9	23.9	22.4
Derivative financial instruments	-	0.1	0.1
Provisions	0.4	0.4	0.4
<b>Total non-current liabilities</b>	<b>21.2</b>	<b>24.3</b>	<b>22.8</b>
<b>Current liabilities</b>			
Borrowings	3.0	3.2	3.0
Derivative financial instruments	0.4	-	-
Trade and other payables	16.1	13.0	15.6
Provisions	2.5	1.8	2.2
Current income tax liabilities	0.1	3.5	0.4
<b>Total current liabilities</b>	<b>22.0</b>	<b>21.5</b>	<b>21.3</b>
<b>Total liabilities</b>	<b>43.3</b>	<b>45.8</b>	<b>44.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>105.2</b>	<b>77.7</b>	<b>103.0</b>

\* The treasury shares fund has been included in retained earnings in the interim reports for the comparative period.

**Consolidated statement of changes in equity**

EUR million	Share capital	Share issue	Reserve for invested unrestricted equity	Translation differences	Treasury shares*	Retained earnings	Total equity
<b>Equity at Jan 1, 2018</b>	<b>0.1</b>	<b>-</b>	<b>24.6</b>	<b>0.0</b>	<b>-8.1</b>	<b>42.3</b>	<b>58.9</b>
Profit for the period						3.0	3.0
Other comprehensive income				-0.1			-0.1
<b>Total comprehensive income</b>				<b>-0.1</b>		<b>3.0</b>	<b>3.0</b>
Transactions with owners:							
Cancellation of treasury shares			0.1		8.1	-8.2	-
Share-based payments						0.0	0.0
<b>Equity at Mar 31, 2018</b>	<b>0.1</b>	<b>-</b>	<b>24.7</b>	<b>-0.0</b>	<b>-</b>	<b>37.2</b>	<b>61.9</b>
<b>Equity at Jan 1, 2017</b>	<b>0.1</b>	<b>-</b>	<b>4.1</b>	<b>0.1</b>	<b>-8.1</b>	<b>32.8</b>	<b>28.9</b>
Profit for the period						2.4	2.4
Other comprehensive income				0.0			0.0
<b>Total comprehensive income</b>				<b>0.0</b>		<b>2.4</b>	<b>2.4</b>
Transactions with owners:							
Share issue		0.2	0.3				0.5
<b>Equity at Mar 31, 2017</b>	<b>0.1</b>	<b>0.2</b>	<b>4.4</b>	<b>0.1</b>	<b>-8.1</b>	<b>35.2</b>	<b>31.9</b>

\* The treasury shares fund has been included in retained earnings in the interim reports for the comparative period.



**Consolidated statement of cash flows**

EUR million	1–3/2018	1–3/2017	1–12/2017
<b>Cash flows from operating activities</b>			
Profit for the period	3.0	2.4	11.7
Adjustments for:			
Depreciation and amortization	0.3	0.2	1.1
Finance costs	0.7	0.1	0.8
Change in provisions	0.2	0.1	0.6
Write-down of inventories	0.1	-0.0	-0.1
Income taxes	1.0	0.9	3.8
Other non-cash items	0.0	-	0.1
Changes in working capital:			
Change in trade receivables and other receivables	-1.5	1.6	-1.6
Change in trade payables and other payables	0.6	0.7	3.4
Change in inventories	-1.8	-0.2	-7.3
Interests paid	-0.1	-0.2	-0.5
Other financial items, net	-0.0	-0.1	-0.1
Income taxes paid	-1.4	-0.8	-5.1
<b>Net cash inflow (outflow) from operating activities</b>	<b>1.2</b>	<b>4.8</b>	<b>6.5</b>
<b>Cash flows from investing activities</b>			
Investments in property, plant and equipment	-0.1	-0.2	-0.6
Investments in intangible assets	-0.1	-0.1	-0.6
<b>Net cash inflow (outflow) from investing activities</b>	<b>-0.2</b>	<b>-0.3</b>	<b>-1.2</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issues	-	0.3	20.5
Repayments of bank loans	-1.5	-4.6	-6.3
Dividends paid	-	-	-2.2
<b>Net cash inflow (outflow) from financing activities</b>	<b>-1.5</b>	<b>-4.3</b>	<b>12.0</b>
<b>Net decrease/increase in cash and cash equivalents</b>	<b>-0.6</b>	<b>0.2</b>	<b>17.3</b>
Cash and cash equivalents at the beginning of the period	18.1	0.7	0.7
Effects of exchange rate changes on cash and cash equivalents	-0.0	0.0	0.1
<b>Cash and cash equivalents at the end of period</b>	<b>17.5</b>	<b>0.9</b>	<b>18.1</b>



EUR million	Finland	Sweden	Germany	Segments total	Group functions	Eliminations	Group
<b>1–12/2017</b>							
Revenue	372.4	73.2	22.8	468.4		-13.5	454.9
internal		12.5	1.0	13.5		-13.5	
external	372.4	60.7	21.8	454.9			454.9
sales of used cars	351.8	58.9	21.3	432.0			432.0
integrated services	20.6	1.8	0.5	22.8			22.8
Gross profit	46.4	5.9	1.5	53.8			53.8
EBITDA	23.9	0.1	-1.8	22.2	-4.9		17.3
Depreciation and amortization	-0.8	-0.1	-0.1	-1.1	-0.0		-1.1
Operating profit	23.1	-0.1	-1.9	21.1	-4.9		16.2
Finance costs							-0.8
Profit before income tax							15.5

### Net working capital

EUR million	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
Inventories	56.5	48.1	55.2
Trade and other receivables	14.4	10.1	12.9
Current income tax receivables	0.0	1.8	0.0
Trade and other payables	-16.5	-13.0	-15.6
Provisions	-2.8	-2.2	-2.6
Current income tax liabilities	-0.1	-3.5	-0.4
<b>Net working capital</b>	<b>51.6</b>	<b>41.4</b>	<b>49.5</b>

### Borrowings and net debt

EUR million	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
<b>Non-current</b>			
Bank loans	20.9	23.9	22.4
<b>Total non-current borrowings</b>	<b>20.9</b>	<b>23.9</b>	<b>22.4</b>
<b>Current</b>			
Bank loans	3.0	3.0	3.0
Bank overdrafts	-	0.2	-
<b>Total current borrowings</b>	<b>3.0</b>	<b>3.2</b>	<b>3.0</b>
<b>Total borrowings</b>	<b>23.9</b>	<b>27.1</b>	<b>25.4</b>
Less cash and cash equivalents	-17.5	-0.9	-18.1
<b>Net debt</b>	<b>6.4</b>	<b>26.1</b>	<b>7.3</b>

## Derivatives

EUR million	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
<b>Interest rate derivatives</b>			
Fair value	-	-0.1	-
Value of underlying instrument	-	5.8	-
<b>Foreign currency derivatives</b>			
Fair value	-0.4	-	-0.1
Value of underlying instrument	15.9	-	7.2

## Lease obligations and other commitments

### Operating lease commitments

The future minimum lease payments under non-cancellable operating leases

EUR million	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
No later than 1 year	7.3	5.4	7.2
Later than 1 year and no later than 5 years	13.3	11.8	14.4
Later than 5 years	0.7	0.7	0.6
<b>Total</b>	<b>21.4</b>	<b>17.9</b>	<b>22.2</b>

### Loans against which guarantees and mortgages have been given

EUR million	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
Loans	23.9	27.1	25.4
guarantees given against loans	104.0	104.0	104.0

### Other commitments

EUR million	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
Rent and other payment guarantees	0.3	0.3	0.4

## Related party transactions

EUR million	1–3/2018	1–3/2017	1–12/2017
Sales of used cars	-	-	0.1
Purchases of used cars	-0.0	-	-0.1
Rental expenses	-0.1	-0.2	-0.5
Consulting expenses	-0.0	-0.0	-0.3

Kamux's key management personnel, members of the Board of Directors and their family members have the right to buy cars from Kamux and sell cars to Kamux in accordance with the personnel policy applicable to the whole staff.

Rental expenses consist of lease payments for showrooms owned by the Group's CEO, his immediate family members and companies under their control. Consulting expenses comprise

consultancy fees paid to DN Advisory Oy, controlled by David Nuutinen, and to Virtanen Consulting GmbH, controlled by Matti Virtanen. The fees are related to the Group's geographical expansion and during the comparative period, also to the initial public offering.

### **Publication schedule for financial reporting in 2018**

Kamux will publish its Interim Reports and Half-Year Financial Report in 2018 as follows:

August 23, 2018: Kamux Corporation will publish its Half-Year Financial Report for January-June 2018.

November 22, 2018: Kamux Corporation will publish its Interim Report for January-September 2018.

### **Interim Report press conference and webcast**

Kamux will hold an Interim Report press conference for media and analysts today, May 24, 2018 at hotel GLO Art, meeting room Torni, address Lönnrotinkatu 29, Helsinki at 13:00 (Finnish time) in Finnish and then in English at around 13:30. You can follow the press conference live through a link at <http://www.kamux.com/tiedotteet-ja-julkaisut/raportit-ja-esitykset/>. The Interim Report will be presented by CEO Juha Kalliokoski and CFO Tapio Arimo.

In Hämeenlinna on May 24, 2018

Kamux Corporation

The Board of Directors

### **For more information:**

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