



Kamux Corporation | Annual Report 2019

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## **KAMUX IS**

a retail chain specializing in the sale of used cars and related integrated services that has grown rapidly. We combine online shopping with an extensive showroom network to provide our customers with a great customer experience anytime, anywhere. In addition to digital channels, the company had a total of 71 car showrooms in Finland, Sweden and Germany at the end of 2019.

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# KAMUX CORPORATION ANNUAL REPORT 2019

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The Annual Report is published in Finnish and in English. In case of doubt, the Finnish version is authoritative.



KAMUX'S YEAR 2019

# HIGHLIGHTS OF 2019

**In 2019, the Kamux brand** became stronger and our market share grew in all markets. In the German and Swedish market, we successfully continued implementing our operating model and expanded our showroom network. We developed our digitally driven business and invested in a first-class customer experience online. We systematically continued working towards our vision to become the number one retail chain specializing in used car sales in Europe.



# Q1

## JANUARY–MARCH

- In Finland, we opened three new showrooms: Limingantulli in Oulu, Kajaani and Klaukkala in Nurmijärvi.
- In Sweden, we expanded our operations and opened showrooms in Karlskrona and Norrtälje.
- Kamux's revenue increased by **11.1%** year-on-year, our market share strengthened in all markets, and we sold **12,187** cars.
- We announced the appointment of Marko Lehtonen as Chief Financial Officer as of June 2019.

# Q3

## JULY–SEPTEMBER

- We continued expanding our showroom network in the Hamburg area in Germany, and new showrooms were opened in Stade and Heide. In addition, we announced the opening of a showroom in Kaltenkirchen during the second quarter of 2020.
- The passenger car showroom in Lahti was relocated to new premises, freeing the previous showroom for commercial vehicles, which enabled expanding the offering in both categories.
- Revenue growth was very strong in all Kamux's operating countries, **30.6%** in total, and we sold a total of **15,409** cars.

# 20

# Q2

## APRIL–JUNE

- We opened a new showroom in Forssa, Finland. The offering in the Jyväskylä showroom expanded with a commercial vehicle dealership.
- In Sweden, a new showroom was opened in Helsingborg.
- The discussion around power sources, the climate and tax policies continued active during the first half of the year.
- Revenue increased by **22.9%**, and we sold **13,441** cars.

# Q4

## OCTOBER–DECEMBER

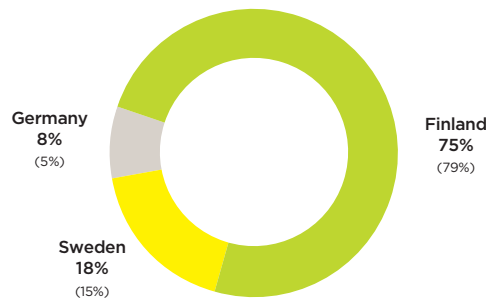
- We announced the appointment of Olli Kilpi as Chief People Officer and Ilkka Virtanen as Director of International Business as of October 2019. Vesa Uotila was appointed as Director of Business Development as of January 2020.
- We opened a new showroom in Halmstad in Sweden and announced the opening of a new showroom in Sundsvall in the second quarter of 2020.
  - The showroom in Joensuu expanded its offering to also cover commercial vehicles.
  - The showroom in Vaasa was relocated to new premises, doubling the offering.
  - Kamux agreed to acquire the business of Autosilta. The deal was finalized in January 2020, after which Kamux opened a new showroom at Autosilta's premises in Niittykumpu in Espoo.
- Revenue grew in all operating countries, by **33.8%** in total, and we sold a total of **14,395** cars.

# 19

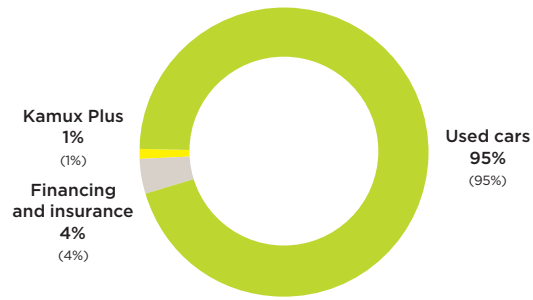
# A YEAR OF PROFITABLE AND VERY STRONG GROWTH

Kamux's revenue increased by 25 percent from the previous year and was EUR 659 million. Return on equity was 25% in 2019

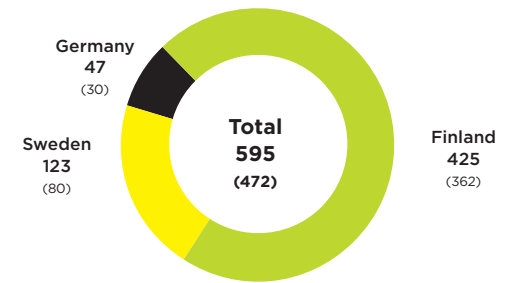
REVENUE SPLIT BY COUNTRY IN 2019 (2018)



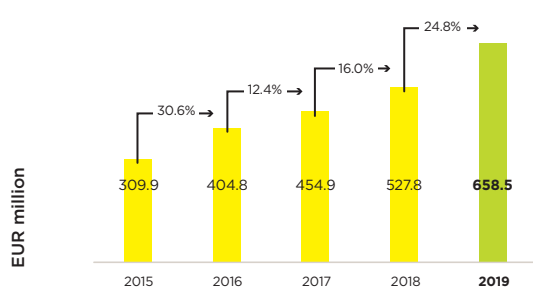
REVENUE SPLIT BY PRODUCT IN 2019 (2018)



AVERAGE NUMBER OF EMPLOYEES DURING 2019 (2018)

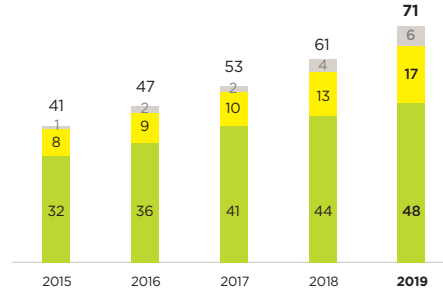


REVENUE AND REVENUE GROWTH



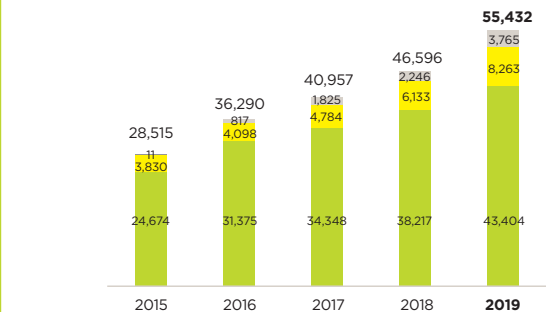
→ Revenue growth, % from previous year

SHOWROOMS AT THE END OF THE YEAR



● Finland ● Sweden ● Germany

CARS SOLD BY COUNTRY



● Finland ● Sweden ● Germany

## KEY FIGURES

EUR million	2019**	2018	Change, %
Revenue	658.5	527.8	24.8%
Gross profit	79.6	64.9	22.8%
as percentage of revenue, %	12.1%	12.3%	
Operating profit (EBIT)	25.3	18.9	33.8%
as percentage of revenue, %	3.8%	3.6%	
Adjusted operating profit*	25.4	21.9	16.1%
as percentage of revenue, %	3.9%	4.1%	
Revenue from integrated services	32.9	27.1	21.7%
as percentage of revenue, %	5.0%	5.1%	
Number of cars sold	55,432	46,596	19.0%
Gross profit per sold car, EUR	1,437	1,392	3.2%
Sales growth of like-for-like showrooms, %	6.3%	5.6%	
Net debt	38.5	9.6	300.3%
Inventories	70.2	71.0	-1.0%
Inventory turnover, days	44.5	49.6	-10.4%
Capital expenditures	2.7	1.3	109.4%
Average number of employees during the period	595	472	26.1%
Return on equity (ROE), %	25.3%	22.9%	
Return on investment (ROI), %	16.7%	16.2%	
Equity ratio, %	45.1%	60.0%	
Earnings per share, basic, EUR	0.48	0.37	29.8%

\* Operating profit adjusted for special items related to strategy planning, geographical expansion and during the comparative year also taxes from previous financial years, totaling EUR 0.1 million for year 2019. (EUR 3.0 million for year 2018).

\*\* Key figures for year 2019 include the effects of the adoption of IFRS 16 Leases standard. Excluding the effects of IFRS 16, the comparable figures in year 2019 were: Operating profit (EBIT) EUR 25.2 million, Adjusted operating profit EUR 25.3 million, Net debt EUR -8.1 million, Return on equity (ROE) 25.5%, Return on investment (ROI) 20.6% and Equity ratio 60.7%.

**BUSINESS DEVELOPMENT: Accelerated growth in our international operations**

Kamux's growth in 2019 was the company's highest measured in euros, and also the highest in the company's stock exchange history. Our growth was organic and based on the opening of new showrooms, expansions of current showrooms, and the sales development of like-for-like showrooms.

We reached a revenue of EUR 658.5 million, showing an increase of 24.8 percent from the previous year. Our gross profit grew by 22.8 percent, and our adjusted operating profit was 3.9 percent of revenue. We achieved growth in all our markets.

In Finland, we opened four new showrooms during the year, relocated existing showrooms to new premises and expanded our offering in commercial vehicles. At the end of the year, we announced the first business acquisition in Kamux's history, as we agreed to acquire the business of Autosilta. After the completion of the transaction, a new Kamux showroom was opened in Niittykumpu in Espoo in January 2020.

In Sweden, we reached a positive result for the second consecutive year. We opened four new showrooms in Sweden. Due to the weak exchange rate of the Swedish krona, export sales from Sweden to Europe grew strongly, which increased the prices of used cars in Sweden due to high demand. We succeeded, however, in



**ON A VERY  
STRONG AND  
PROFITABLE  
GROWTH PATH  
IN 2019**

our sourcing in the Swedish market by investing especially in consumer purchases. I believe that one of our key success factors is our ability to react to changes quickly and change our mode of operation according to the market situation.

In 2019, we opened two new showrooms in Germany. We continue to be a small operator in the German market, but we gained a stronger foothold in the greater Hamburg area. Our German business developed strongly: we increased our revenue and our operating loss decreased further from the previous year.

Thus, our growth accelerated especially in our international operations, and in 2019 their revenue increased to a total of EUR 211 million.

**CUSTOMER BEHAVIOR: Purchase paths begin online, interest in the selection of alternative power sources**

A notable feature is that our customers' purchase path practically always begins online. Our website sees a total of approximately 800,000 visitors each month. Another example of car sales going digital is the fact that we sold over 1,000 cars through our chat service in 2019.

Discussion on climate change was also reflected in used car sales. We renew the car fleet on our part and bring a significant number of cars running on alternative power sources to meet our customers' mobility



needs. In 2019, we imported a total of 1,891 hybrid, electric and natural gas cars to Finland, amounting to approximately 24 percent of all cars we imported to the country. We have centralized our competence on alternative power sources into the showrooms of Konala in Helsinki and Ideapark in Lempäälä, which have Kamux Green shop-in-shop showrooms.

**OPERATING ENVIRONMENT: Climate debate continued, people's mobility needs remain unchanged**

Discussion around cars continued to be active. Power sources, emissions and climate change aspects were highlighted in discussions. In addition, possible car-related changes to tax policies were discussed. In Finland, themes emerging in the discussions included reduction of car-related emissions and challenges in the sales of new cars, while in Sweden, the focus was on the emission tax reform and the WLTP-based tax reform introduced at the turn of the year. In Germany, public discussion revolved largely around the car industry's ability to respond to consumer demand and the European Union CO<sub>2</sub> emission standards and requirements by producing electric cars and chargeable hybrids for the markets fast enough.

Despite public discussion, people's mobility needs remained unchanged, and

Kamux was able to successfully serve its customers also in 2019 by utilizing the strengths of the business model and growing strongly.

**STRATEGY: We supported strategy implementation by investing in leading with knowledge**

The cornerstones of our concept – professional sourcing and sales, rapid inventory turnover, low fixed costs, integrated service offering and digitalization – are a strong foundation for our business and supported our growth in line with our strategy. For our customers, these were reflected in an extensive selection of cars and affordable prices. With a combination of our versatile digital channels and extensive showroom network, we succeeded in expanding our operations in line with our plans and increasing cross-selling, which is also a demonstration

**IN 2020,**  
we will focus on growth  
as well as improving  
international profitability.

of the trust of our customers and a successful service process. In addition, we focused on developing, monitoring and managing inventory turnover last year.

We have invested in leading with knowledge and digital customer and business processes. Kamux's business model has been digital from the start, and the role of digitalization in our operations continues to grow. Similar international chains as us, who specialize in used cars and have a strong digital footprint, virtually do not exist.

We supported the implementation of the strategy by investing in leading with knowledge and intelligence. Our goal is to combine supply and demand seamlessly in order to help people in their mobility needs now and in the future.

**COMPETENCE DEVELOPMENT: Focus on sales training**

Kamux's long-term international success is facilitated by its skilled and committed employees. Our personnel grew in line with the business, and in 2019, Kamux employed 595 professionals on average.

As the personnel increased, we invested particularly in sales training and introduction of our concept. We also specified our recruitment and orientation processes. Kamux's training center in Hämeenlinna continued its operations, the number of training days for Kamux's employees totaling 55.

We strengthened our Management Team: Marko Lehtonen started as CFO in June 2019 and Vesa Uotila as Director of Business Development in January 2020.

**2020: Towards increasing international profitability**

In the past year, we focused on growth in all our markets. A warm thank you to our customers and all Kamux employees for a year of very strong growth! We will continue our work together as a trendsetter in car sales in the new decade.

Kamux's work in 2020 will focus particularly on developing the company's international profitability and efficiency. We will continue the implementation of our excellent operating model internationally and our work towards our vision to become the number one retail chain specializing in used car sales in Europe.



**Juha Kalliokoski**  
CEO,  
Kamux Corporation

# MOBILITY NEEDS REMAIN UNCHANGED – POWER SOURCES AND CLIMATE IMPACT GENERATE DISCUSSION

Car retail is based on people's mobility needs. When purchasing a car, customers value alternatives and a selection, a good and competent service in showrooms and easily accessible digital services. The car industry is currently influenced by factors such as technological transformation, discussion on power sources and the climate and car-related tax policies.

In 2019, Kamux focused on the systematic implementation of its operating model in all its markets.

**T**HE OVERALL MARKET for used cars in Europe is approximately twice the size of new car sales, and market changes are smaller than in new car retail. People's mobility needs remain unchanged, but different transportation needs require different alternatives in the car selection. Consumers value diverse possibilities for online interactions along with reliable and competent service.

Public discussion around traffic emissions, car and fuel taxes and alternative power sources was still active in the first half of 2019, continuing to cause uncertainty among consumers. The effects were reflected more strongly in new car sales, whereas the sales of used cars continued more stable. Kamux continued its growth and retained its market position by systematically implementing its business model.

In 2019, the number of new cars registered in Europe was 1.2 percent higher than in 2018 (ACEA). In Finland, the first-time registrations of new passenger cars decreased by 5.2 percent compared to the year 2018 (the Finnish Information Center of Automobile Sector), in Sweden it increased by 0.7 percent (BIL Sweden) and in Germany, first-time registrations of new passenger cars increased by 5.0 percent (Kraftfahrt-Bundesamt).

**THE USED CAR MARKET** is large and stable compared to new car sales.







**CUSTOMERS VALUE**

first-class service in showrooms and effortless online shopping.



## FINLAND

**IN FINLAND, WE FURTHER STRENGTHENED** our position as the market leader in used car sales. Kamux estimates that the company's market share in Finland is approximately eight percent. According to Kamux's estimate, the market for used cars declined slightly in Finland in 2019.

Combustion engine cars continue to be dominant in Finland. In 2019, approximately 91 percent of first-time registered passenger cars were powered by petrol or diesel or non-chargeable hybrids. Chargeable hybrids were the most popular alternative power

source in first-time registered passenger cars, and the share of other alternatives, such as natural gas and electric cars, was still small, although increasing along with the share of all alternative power sources. However, Finland's car fleet changes slowly, and the share of petrol and diesel cars of the entire car stock was 98 percent (Traficom and the Finnish Information Center of Automobile Sector). Finland's passenger car stock increased from the previous year.

## SWEDEN

**THE WEAK EXCHANGE RATE** of the Swedish krona strongly increased export sales of

used cars from Sweden to several countries for the second consecutive year. A total of over 100,000 used cars were exported from Sweden in 2018 and nearly 120,000 in 2019. Due to increased demand, the prices for used cars in Sweden increased. In addition, some of the showrooms specializing in the sales of new cars expanded their operations to the used car market, increasing competition. Kamux did well in the market situation, driven by its professional sourcing, and was able to offer competitive prices to its customers. The change in the Swedish purchase market and Kamux's success in it is a good

**THE MARKET OFFERS**  
growth opportunities  
in all countries.





example of the company being able to quickly react to a changed market situation and capitalize on market changes.

The tax change regarding the emissions of new first-time registered cars, introduced in 2018, continued to affect the sales of new cars in Sweden. Towards the end of 2019, consumers anticipated the tax on new cars changing to be based on WLTP emissions tests at the start of 2020, which increased the sales of new cars strongly at the end of the year. According to Kamux's estimate, the market for used cars declined slightly in Sweden in 2019. We increased our foothold in the Swedish market and secured

a position among the ten largest operators in 2019. An estimated less than one percent market share provides Kamux, however, with plenty of growth potential. In 2019, approximately 78 percent of first-time registered cars in Sweden were petrol or diesel cars. The share of electric and gas cars and chargeable hybrids among first-time registered cars is growing and totaled approximately 13 percent in 2019, the rest comprising mainly non-chargeable hybrids or ethanol cars (Trafikanalys). The share of petrol and diesel cars of the entire car stock in 2019 totaled 91 percent. Sweden's passenger car fleet increased from the previous year.

## GERMANY

**IN GERMANY, NO NEW** political or societal decisions were made affecting car use or car-related taxes or Kamux's operations otherwise. According to our estimate, the market remained stable and remained at the previous year's level.

In Germany, Kamux is a very unique operator specializing in used car sales, and the company evaluates that there is no corresponding used car retailer in the market. We have established our position and we are a significant operator in used car sales in the greater Hamburg economic area.

Kamux's market share in Germany grew but is still very small. In Germany, the combined share of petrol and diesel cars of the car stock in 2019 was approximately 98 percent of all passenger cars, and the number of cars running on alternative power sources was less than two percent. Approximately 90 percent of first-time registered cars were petrol and diesel cars, just over 3 percent were gas and electric cars and chargeable hybrids, and the rest were mainly non-chargeable hybrids (Kraftfahrt-Bundesamt). In Germany, the passenger car stock increased from the previous year.

A photograph of two men in a car showroom. One man in a black shirt is fist-bumping another man in a red sweater. A white car is visible on the left. The background is a yellow wall with large black letters.

OPERATING  
ENVIRONMENT  
TRENDS

# KEY MARKET TRENDS

## SMART SHOPPING TREND

**THERE IS MORE INFORMATION** available to consumers nowadays on products and their qualities, pricing and sellers than ever before and, accordingly, consumers are better able to compare various alternatives. The smart shopping trend has been seen to gain popularity. An example of this are several successful retail chains offering a so-called smart shopping alternative for price-conscious consumers. A price-conscious consumer is not willing to pay for what they consider to be unnecessary features, services or settings.

**THE ABILITY TO PURCHASE CARS** that consumers want at the right prices and to offer consumers used cars that meet the demand at a competitive price has a significant role in Kamux's business model. More affordable car sales has been a central starting point for Kamux's operating model from the beginning.

## OMNICHANNEL SERVICE MODEL AND TRANSPARENCY ENABLED BY THE INTERNET

**THE IMPORTANCE OF DIGITAL CHANNELS** in retail has continued to grow. Consumers are increasingly using several different channels for making purchases, also in used cars retail. Creating a first-class customer experience and communicating in a manner that builds trust with the customer are becoming increasingly important in the sales of used cars each year. Currently, the majority of Kamux's customer contacts and purchase transactions begin online.

**KAMUX'S BUSINESS MODEL** has been digital from the start, and the role of digital has continued to strengthen in the company. The customer's purchase path at Kamux can be entirely digital - the car can be purchased online and delivered to the customer's home. The majority of our customers choose to interact with us both online and in the showroom.



## CONVENIENCE OF SELLING AND BUYING

**ONE OF THE KEY CONSUMER TRENDS** is the need for easy and effortless shopping. Consumers appreciate the ease also when selling their used car and buying a newer vehicle. This supports consumer transactions with car retailers instead of car sales between consumers, which is showing a declining trend. Consumers seeking ease and convenience are believed to receive added value from having all the services they need available from the same operator.

**KAMUX PROVIDES A FAST AND JUSTIFIED price appraisal for a trade-in car. The pricing is based on vehicle data and pricing information gathered by Kamux and the company's expertise on market price and knowledge of the typical repair needs of different car brands and models. In addition to selling and procuring trade-in cars, Kamux offers its customers integrated services: financing, insurance and Kamux Plus. In line with our customer service concept, the customer can pick up the car from the showroom of their choosing, or the car can be delivered to the customer's home. The customer can get all the services they need to sell or purchase a used car from Kamux. Customer satisfaction developed favorably and was 4.3/5 in 2019 (4.2/5).**

## MOBILITY NEEDS

**KAMUX'S MARKET REGIONS** include several different factors that strengthen and maintain the demand for cars. The most important factor is people's need to be mobile for work as well as casual and family errands. The number of cars used in transportation has increased in all Kamux's markets since 2010. In Finland and Sweden, demand for cars is maintained by the long distances and the relatively small population, which weakens the competitiveness of public transport outside of large cities compared to driving. In Germany, demand for cars is supported by the relatively long commuting distances and the popularity of commuting by car.

**KAMUX'S PROFESSIONAL AND CENTRALIZED sourcing, diverse sourcing channels and efficient car inventory management enable a versatile selection of competitively priced cars for customers' different needs. Kamux's integrated services such as insurance and financing services as well as increasing the penetration rates of current integrated services and introducing new integrated services form a central part of Kamux's business model.**

## ALTERNATIVE POWER SOURCES AND NEW FORMS OF TRANSPORTATION

**GLOBAL WARMING** and the related discussion also affect the transportation of people and goods, thus also affecting used car retail. Discussion around cars running on alternative power sources has been active, and consumers' interest towards alternative power sources (hybrids and electric and natural gas cars) is increasing, although their share of the car stock is still low. The demand for alternative power sources is impacted by e.g. their price, availability, suitability for one's transportation needs and life situation.

With regards to electric cars, their limited selection, availability and operating range impact consumer decisions. There is a low supply of cars, even new ones, running on alternative power sources available in a lower price range in Finland. This also affects the number of used cars available. The charging stations of electric cars as well as gas refueling stations for natural gas cars are still in the process of expanding to become a comprehensive network.

Different joint ownership and car sharing solutions do not appear to have increased significantly in popularity, and some car sharing services have had to cease operations. People often consider having a car of their own an easier and nicer option, or it is better suited for their way of living and transportation needs. There is a growing interest towards private leasing services.

**KAMUX'S FLEXIBLE BUSINESS MODEL** enables responding to customers' changing needs in an agile way. In 2019, 24 percent of cars imported by Kamux to Finland were running on alternative power sources, i.e. natural gas, electric or hybrid cars. The import of alternative fuel cars complemented the offering in the Finnish market.



# THE CORNERSTONES OF KAMUX'S GROWTH STRATEGY

In 2019, the cornerstones of Kamux's strategy remained unchanged. We continued to implement our unique concept and business model in line with our plans. In addition to our business model, the cornerstones of our growth strategy still comprise continuous profitable growth, improving profitability, offering excellent customer experience and our skilled personnel.





## PROFITABLE GROWTH IN KAMUX'S CURRENT MARKETS

- We will grow in our market areas of Finland, Sweden and Germany
  - Increasing our digital footprint and our omnichannel presence support growth
  - We support growth by opening new showrooms and increasing sales at existing car showrooms

**IN 2019, WE OPENED** ten new showrooms, four in Finland, four in Sweden and two in Germany. In Finland, we expanded the offering in existing showrooms. We provide omnichannel service through our digital channels and online store. The customer's purchase path virtually always begins online. Nearly all our customers acquire information on cars first via Kamux's website before visiting the showroom.



## IMPROVING PROFITABILITY

- In Finland, we focus on streamlining operations through constant development of our processes and concept
- In Sweden and Germany, we focus on increasing profitability while growing our business gradually
- We utilize benefits of scale to improve Kamux's profitability, for example in procuring services
  - We aim to improve profitability also by introducing new integrated services

**IN 2019, WE INVESTED** particularly on sales training and management in Finland and thus also on effective selling and buying processes. In Sweden, we achieved a positive result for the second consecutive year. In Germany, we continued the systematic implementation of our concept. In the international markets, we will focus particularly on improving our profitability in 2020. Integrated services are a central part of our business and supported the development of our profitability. Approximately 45% of our customers used Kamux financing in 2019.



## OFFERING AN EXCELLENT CUSTOMER EXPERIENCE

- We aim to offer a best-in-class customer experience in used car retail
- We want to be a trendsetter in the industry: we want our customers to feel they can trust our sales and purchase process and to receive attentive service regardless of channel
- We react to customers' needs and the changing demand flexibly

**IN 2019, WE DEVELOPED** our online service and supported our personnel in omnichannel customer service with trainings. Developing leading with knowledge supports combining supply and demand so that we can respond to customer needs in the best possible way. Our service model is a seamless combination of digital commerce and customer engagement and service taking place in brick-and-mortar stores. In 2019, our customer satisfaction was 4.3/5.



## PERSONNEL COMMITMENT AND MOTIVATION

- Committed, skilled and motivated personnel are a key to success in the competitive car retail sector
- We hold regular trainings for our sales personnel on the Kamux operating model
- We aim to align our own and employees' interests through incentive schemes

**IN 2019, THE OPERATIONS AT KAMUX'S TRAINING CENTER** in Hämeenlinna continued. We introduced an even more systematic approach to sales training and developed training materials and methods. We recruited people to be in charge of developing recruitment processes in Sweden and Germany. Personnel retention developed favorably in all markets and work satisfaction developed in a positive direction.

# KAMUX'S UNIQUE, OMNICHANNEL BUSINESS MODEL FOR USED CAR SALES

## THE CORNERSTONES OF KAMUX'S BUSINESS MODEL

### PROFESSIONAL SOURCING AND SALES

- + Combining supply and demand by leading with knowledge
- + Diverse selection of sourcing channels
- + Efficient car inventory management
- + A wide selection of competitively priced used cars

### RAPID INVENTORY TURNOVER AND LOW COSTS

- + A key component of Kamux's pricing model for both sourcing and sales
- + Minimizes depreciation in the value of the car inventory and the amount of capital tied up in the inventory

### LOW FIXED COSTS

- + The majority of Kamux's operating expenses are variable, which mitigates the effect of fluctuations in revenue on Kamux's profitability
- + Kamux's operating expenses adapt to customers' changing purchasing habits

### INTEGRATED SERVICE OFFERING

- + Kamux aims to increase the penetration rates of current integrated services and introduce new integrated services
- + Enables providing comprehensive service to the customer: financing, insurance, liability extension Kamux Plus and home delivery of the car to a location of the customer's choosing

### DIGITAL INTERACTIONS

- + 33% of Kamux's sales in Finland and 29% in the entire Group is cross-selling, i.e. cars sold through another showroom than where they are located, highlighting the role of digital service channels
- + The customer can also buy a car online or through a chat service
- + Over 800,000 visits to the company's own website per month, with 10 additional digital sales and marketing channels
- + Kamux has a CRM/ERP system tailored for its needs

## THE CORNERSTONES OF KAMUX'S CUSTOMER PROMISE

### ATTRACTIVE PRICING FOR CUSTOMERS - AFFORDABILITY

Kamux offers used cars at prices that are attractive to customers

### RELIABILITY

Kamux is a reliable partner for its customers

### BEST CUSTOMER EXPERIENCE

Kamux offers the best customer service in the market

## VALUES

TEAMWORK,  
JOY AND DRIVE

FREEDOM AND  
ACCOUNTABILITY

HAPPY CUSTOMERS

PROFITABLE BUSINESS

RESPONSIBILITY



—

**VISION**  
To become  
the **#1**  
used car retailer  
in Europe

—



# THIS IS HOW KAMUX CREATES VALUE

Kamux's omnichannel business model combined with strong and profitable growth enables value creation for different stakeholders and more broadly for society.

## WE UTILIZE

- Extensive vehicle selection and database
- Large clientele: consumers and companies who need commercial vehicles
- Well-developed international purchasing networks and sourcing channels: approximately 100 car suppliers
- Professional used car purchasing and sales teams
- Strategically expanded sales channels: 71 showrooms and an online store at the end of 2019
- Stable financial position: equity of approximately EUR 82 million
- CRM/ERP system tailored for Kamux
- Market leader in Finland
- Growing presence in the Swedish and German markets







## WE PRODUCE

- We respond to mobility needs: A total of 55,432 cars sold in 2019
- All essential car-related services: Kamux Insurance, Kamux Plus and Kamux financing
- In 2019, we imported 7,855 cars
- We renew Finland's car stock (average age of passenger car stock approximately 12.2 years in Finland in 2019): In 2019, the average age of imported cars was 4.1 years.
- 24 percent of imported cars ran on alternative fuels, which means that the share of cars running on alternative fuels was larger than in new cars sold in Finland in 2019.
- We promote a Code of Conduct in car sales, transparency and reliability in used car sales

## OUR IMPACT

### Societal impact

- We respond to people's mobility needs
- By renewing Finland's vehicle fleet with our imported vehicles, we increase traffic safety and offer more environmentally-friendly vehicle alternatives
- We provide many people a possibility to switch to a newer and lower-emission car affordably with our used car selection
- We do reliable used car sales
- We offer employment throughout Finland

### Social impact

- We employ directly and indirectly on a local level: Kamux employed 934 professionals at the end of the year. Kamux has approximately 5,000 partner companies in Finland, Sweden and Germany
- Good work satisfaction rate: an average of 3.97/5 in 2019
- High level of customer satisfaction: an average of 4.3/5 (4.2/5) in 2019

### Environmental impact

- We bring lower-emission cars to Finnish roads, 24% of cars we imported in 2019 were natural gas or electric cars or hybrids
- We recycle existing commodities: the carbon dioxide load of the manufacturing process is significant, and we do not use natural resources to produce new
- Our emissions result primarily from heating our premises and from transferring cars

### Economic impact

- Profitability: in 2019, our operating profit totaled EUR 25 million
- Increasing shareholder value: in 2019, we paid a total of EUR 6 million in dividends
- Salary: approximately EUR 28 million in 2019
- Taxes: approximately EUR 74 million in 2019
- Investments: a total of EUR 3 million in 2019
- We increase our suppliers' revenue

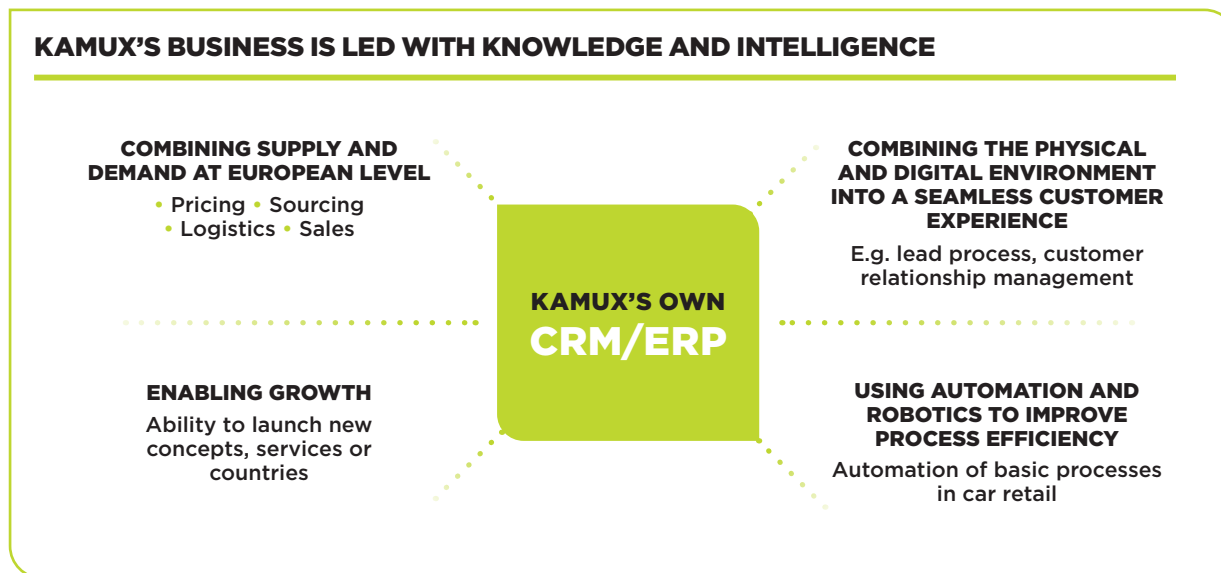
# KAMUX IS A FORERUNNER IN THE DIGITALIZATION OF CAR SALES - FOR THE BENEFIT OF THE CUSTOMER

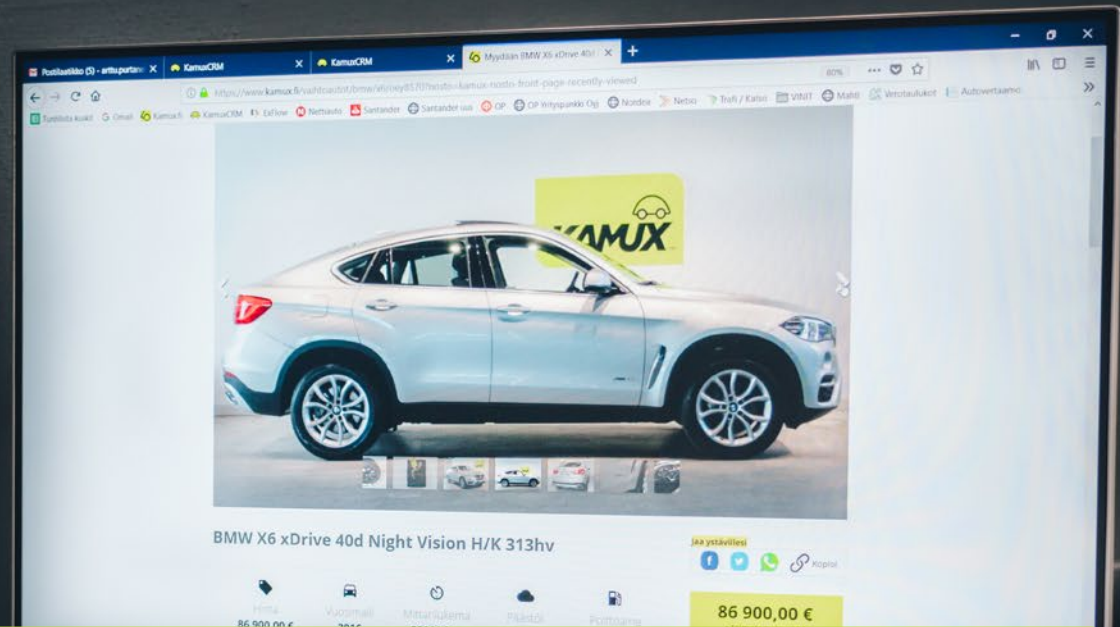
Unlike traditional brick-and-mortar retail, Kamux's business model has been digital from the start, and the role of digital in the company will increase further

**B**UYING CARS IS often associated with an image of a customer visiting a retail outlet, exploring the different options and then signing the car purchase contract at the store. However, 65-70% of Kamux's customers choose to interact with the company both online and in the showroom.

Cross-selling, i.e. a purchase process that takes place in a digital environment via the website, chat service and phone, already accounts for 33% of sales in Finland and 29% of the Group's sales. As few as 1-2% of Kamux's customers visited only a Kamux showroom in 2019.

A total of over 800,000 visits are made to Kamux's websites in Finland, Sweden and Germany each month, and we have a presence in ten digital marketing channels. The car can be delivered to the customer's home, and all our over 70 showrooms also serve as delivery points for cars bought using digital channels.





**MIKKO-HEIKKI INKEROINEN**  
Chief Digital Officer (CDO) at Kamux

## Customer's purchase path focuses online



**DIGITAL IS** at the core of all our business operations. The customer's purchase path practically always begins online, as nearly all our customers acquire information about the cars they are interested in through the Kamux website, search engines or car industry web portals before visiting our showroom. An increasing number of consumers handle the entire purchase process digitally and buy a car online. After this, they take the car to a short test drive upon car delivery. 2019 was a record-breaking year for us, as we sold over 1,000 cars solely through our chat service.

**OUR INTERNAL PROCESSES** have a strong digital focus as well. An increasing share of the background processes that are invisible to the customer are already digital, from car procurement and buying insurance, among others.

**A KEY ENABLER** of our digitalization is the CRM/ERP system tailored to Kamux's needs. In 2019, we made significant investments into leading with knowledge and intelligence to support the growth and internationalization of our business and increase cross-selling between Kamux's showrooms and operating countries.



# 800,000

**VISITS TO KAMUX'S FINNISH,  
GERMAN AND SWEDISH WEBSITES  
PER MONTH**

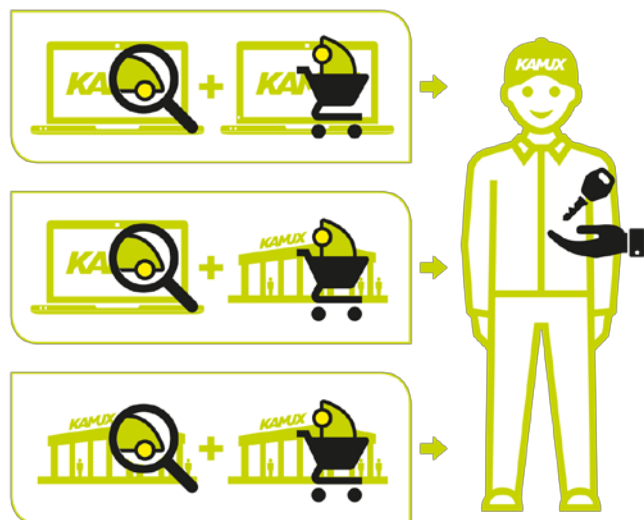
# 71

**SHOWROOMS, ALL OF WHICH  
ALSO SERVE AS DELIVERY  
POINTS FOR CARS BOUGHT  
AT THE WEBSTORE OR  
OTHER DIGITAL CHANNELS**

# 10

**DIGITAL SALES  
CHANNELS IN  
ADDITION TO  
KAMUX'S OWN  
WEBSITE**

## STRONG DIGITAL PRESENCE THROUGHOUT THE CUSTOMER'S PURCHASE PATH



# 33%

**USE DIGITAL CHANNELS  
IN FINLAND**

# 29%

**USE DIGITAL CHANNELS  
AT GROUP LEVEL <sup>(1)</sup>**

# 65-70%

**BEGIN THEIR PURCHASE  
PATH ONLINE AND CONTINUE  
TO A SHOWROOM <sup>(2)</sup>**

# 1-2%

**BEGIN AND FINISH THEIR  
PURCHASE IN A SHOWROOM <sup>(2)</sup>**

(1) Cross-selling 1-12/2019 (2) Based on the company's estimate



—

## THE MAJORITY OF OUR CUSTOMERS

begin their purchase path  
online and finish their purchase  
in a showroom with  
personal service.

—

—

Kamux sold over

# 1,000

cars through its chat  
service in 2019

—





# FOOTHOLD AS MARKET LEADER STRENGTHENED IN FINLAND, INTERNATIONAL GROWTH ACCELERATED

Our internationalization and growth showed strong development in 2019. We achieved growth by expanding our showroom network, increasing sales and improving inventory turnover. We also expanded the offering in existing showrooms. In international markets, we focused on efficient purchase and sales process as well as recruitment.



## BUSINESS IN 2019

### FINLAND

**OUR REVENUE INCREASED** to EUR 490.9 million (419.1). Operating profit increased to EUR 29.4 million (24.1), accounting for 6.0 (5.8) percent of revenue in 2019. Revenue growth was driven by opening of new showrooms, expanding the offering in showrooms as well as the sales growth of like-for-like showrooms. The increase in operating profit was accelerated by the effective implementation of our business model and improved inventory turnover. Integrated services revenue increased to EUR 28.4 million (24.0), or 5.8% (5.7) of revenue.

In 2019, we opened four showrooms, bringing the total at the end of the year to 48 showrooms across the country. The number of cars sold increased to 43,404 (38,217). Our market position and our brand awareness continued to strengthen in Finland. We are the market leader in used car retail in Finland. Our versatile digital channels and extensive showroom network supported cross-selling in Finland.

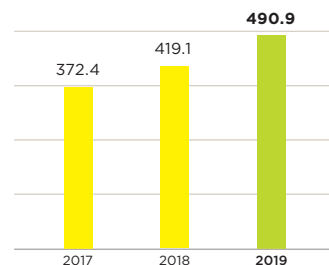
We continued to strengthen our position in the Helsinki metropolitan area as we agreed to acquire the business of Autosilta.

Autosilta's car stock was transferred to Kamux after the transaction was completed on 9 January 2020 and Kamux Niittykumpu began its operations on the premises of Autosilta on 10 January.

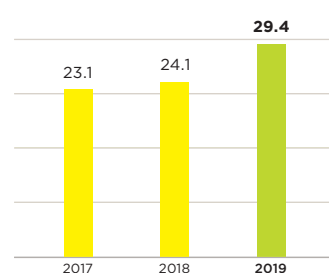
There was active discussion throughout the year around topics such as power sources, emissions and climate change. People's mobility needs still remain unchanged, and Kamux was able to successfully serve its customers also in 2019 by utilizing the strengths of the business model and growing strongly.

### KAMUX FINLAND

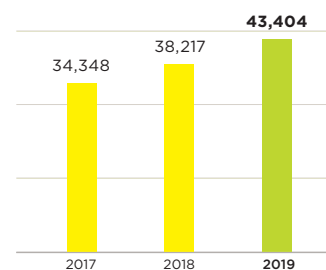
Revenue EUR million



Operating profit EUR million



Number of cars sold



“ In 2019, we expanded and developed the offering in our current showrooms. We also expanded our

extensive commercial vehicle offering by opening new commercial vehicle outlets in Joensuu and Raisio. In addition, we expanded our commercial vehicle offering in Lahti as we moved to new premises. Entrepreneurs, in particular, want their car to be quickly available after purchase, so in commercial vehicle sales speed is of the essence.

We offer the largest used commercial vehicle selection in the country with over 400 cars, customers can reach us easily online or through chat and the vehicles are not tied to physical stores. Thus, our corporate and private customers can get the car their need, delivered to a location of their choosing, quickly and easily.

Overall, Kamux has showrooms specializing in commercial vehicles in Jyväskylä, Joensuu, Lahti, Oulu, Kuopio, Raisio and Vantaa.

**TOMMI IISKONMÄKI**

Kamux's Country Director, Finland

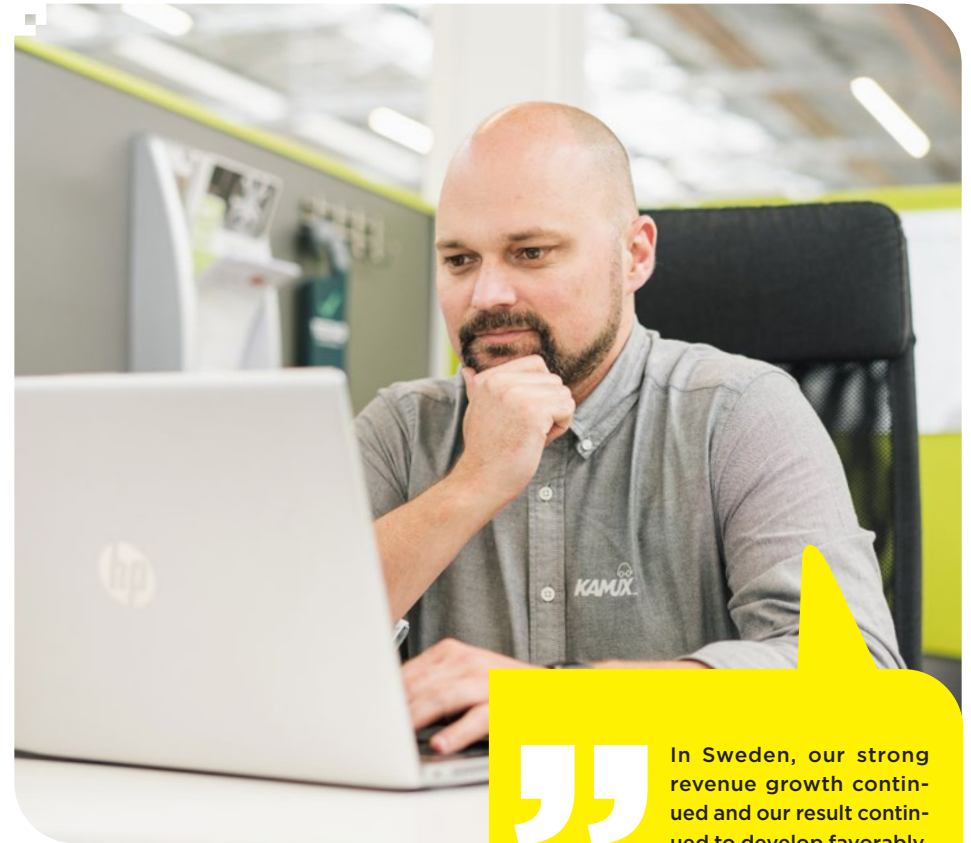
## SWEDEN

**OUR REVENUE INCREASED** to EUR 158.5 million (101.9) and operating profit to EUR 1.3 million (0.9), accounting for 0.8 (0.9) percent of revenue in 2019. The systematic implementation of our operating model and opening of new showrooms supported the increase in revenue and the number of cars sold.

We opened four new showrooms in 2019: Karlskrona, Norrtälje, Helsingborg and Halmstad, and there were a total of 17 Kamux showrooms in Sweden at the end of the year. The number of cars sold increased to 8,263 (6,133). We continued our persistent work in the Swedish market, experiencing strong growth. Our operations and foothold in Sweden strengthened as we expanded our showroom network, developed

sourcing channels and increased focus on the recruitment process as well as employee induction and training, in accordance with our plans.

The emission tax reform introduced in Sweden in 2018 weakened the sales of new cars at the beginning of the year, but the WLTP-based tax reform which came into force in early 2020 boosted sales at the end of 2019. The export sales of used cars from Sweden increased strongly for the second consecutive year, which resulted in price pressure in used cars. We invested in customer purchases and were able to quickly react to the market situation, which is a demonstration of the flexibility of our operating model in different situations.



” In Sweden, our strong revenue growth continued and our result continued to develop favorably.

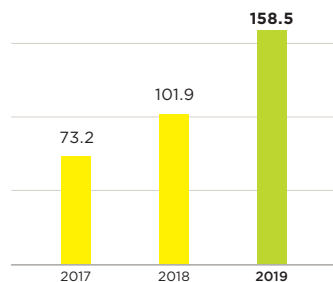
The weak exchange rate of the Swedish krona accelerated demand and export sales of used cars across Europe for the second consecutive year. Kamux invested in customer purchases and versatile use of different sourcing channels. The flexible operating model helped the company to succeed even in this market situation.

During the year, we invested in particular in our sourcing channels, inventory management and pricing. We will continue to focus on offering our customers the right cars always at the right prices.

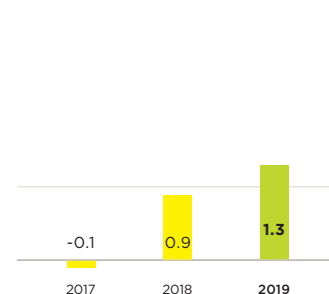
**ROBIN TOSS**  
Kamux's Country Director, Sweden

### KAMUX SWEDEN

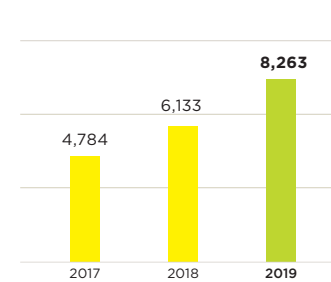
Revenue EUR million



Operating profit EUR million



Number of cars sold



## GERMANY

**OUR REVENUE INCREASED** to EUR 52.2 million (30.1). The revenue growth was driven by two new showroom openings during the year in Stade and Heide, strengthening of our concept and improved inventory turnover. During the year, we increased our market position especially in the greater Hamburg area. At the end of the year, Kamux had a total of six showrooms in Germany. Operating loss decreased further and totaled EUR -1.0 million (-1.8). The number of cars sold increased to 3,765 (2,246).

In 2019, we focused on developing our business model and operations in line with

the cornerstones of our concept. Our profitability developed favorably. In 2019, we invested particularly in the sales training of our personnel, customer service and more efficient inventory management. Along with opening new showrooms, we developed our recruitment methods and invested in finding the right skills.

The used car market in Germany remained stable. No angles were brought up in political decisions or public debate affecting Kamux's operations.



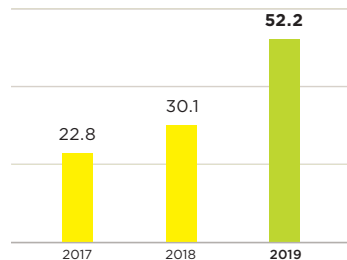
We had a busy year in the German market: we systematically expanded our operations by opening new showrooms, we actively recruited personnel and implemented the Kamux concept in our showrooms. I am pleased to say that our work has yielded results. We have achieved a good market position in the greater Hamburg area, where we are a credible and well-known operator in used car sales.

We will focus on increasing the efficiency of our operations in line with Kamux's business model also in the future. We will continue to work towards positive profitability development by providing reliable and service-oriented used car sales.

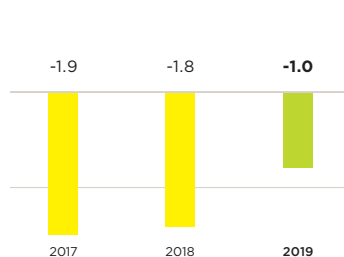
**OLIVER MICHELS**  
Kamux's Country Director, Germany

### KAMUX GERMANY

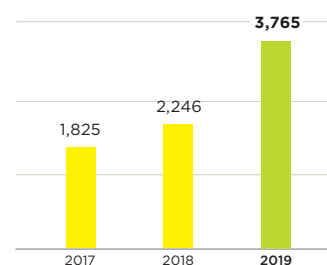
Revenue EUR million



Operating profit EUR million



Number of cars sold





A hand is pointing at a tablet screen. The background is a blurred car dealership interior. The text 'KAMUX AS AN INVESTMENT' is in the top right, and 'PROFITABLE GROWTH THAT STRENGTHENS SHAREHOLDER VALUE' is in the center. A smaller text block is at the bottom center.

KAMUX AS AN  
INVESTMENT

# PROFITABLE GROWTH THAT STRENGTHENS SHAREHOLDER VALUE

Kamux is a unique, international and strongly digital company specialized in used cars.

## UNIQUE, OMNICHANNEL BUSINESS MODEL

+ **Our unique business model which combines online shopping with an extensive showroom network** provides a great service experience anytime, anywhere.

+ **Professional and centralized sourcing**, diverse sourcing channels and efficient car inventory management enable a versatile selection of competitively priced cars.

+ **Rapid inventory turnover** enables us to minimize depreciation in the value of the car inventory and the amount of capital tied up in the inventory.

+ **Low fixed costs** and the relatively large share of variable costs increase Kamux's economic flexibility and enable adapting our operating expenses to customers' changing purchasing habits.

+ **Integrated services:** increasing the penetration rates of current services, such as insurance and financing services and Kamux Plus, as well as introducing new integrated services form a central part of Kamux's business model.

+ **Leading with knowledge and intelligence:** ability to invest in digital development in order to combine demand and supply at European level as well as automate basic processes.

## PROFITABLE GROWTH

+ **Kamux's strong growth** is based on the increased sales of its existing showrooms, opening of new car showrooms, capitalizing on digitalization, and a good customer experience.

+ **In 2019, our revenue increased by 25%.** During the past five years, our revenue has increased on average by 26% per year.

+ **Our adjusted operating profit increased by 16% in 2019.** During the past five years, our adjusted operating profit has grown by 20% per year on average.

+ **Our return on equity is high.** Return on equity was 25% in 2019.

+ **We seek to gain a significant competitive advantage by investing in leading with knowledge** as well as digital customer and business processes.

+ **The CRM/ERP system which offers excellent support for Kamux's business** as well as analytics and information management and financial administration systems comprise the key investments supporting our growth in 2019.

## ATTRACTIVE GROWTH POTENTIAL

+ **The importance of digital in car retail** is steadily increasing, which strengthens the position of large operators with a strong digital presence such as Kamux.

+ **The European used car market is large and fragmented.** Kamux estimates that the Finnish, Swedish and German markets total over EUR 100 billion.

+ **Kamux is one of the few international used car retail chains.** Our growth is directed at markets where we believe we can achieve a strong position by utilizing our omnichannel, digitally driven business model.

+ **In 2019, our international revenue increased by 60%.**

+ **The used car market is expected to consolidate.** This development supports chain operators like Kamux and may create opportunities for expansion through corporate acquisitions.

## FINANCIAL TARGETS

The company's medium-term annual financial targets for 2019–2022 are:

### TARGET

Revenue growth of more than 10%

EBIT margin of at least 4%

Dividend payout at least 30% of profit

Kamux does not provide a short-term outlook.

### ACTUAL 2019

24.8%

Adjusted operating profit 3.9%

48.4%

(based on the Board of Directors' dividend distribution proposal for 2019)



CORPORATE  
RESPONSIBILITY  
AT KAMUX

# RESPONSIBLE USED CAR SALES



Kamux's work is driven by three responsibility themes – sensible choices, worth the trust and enthusiasm for work. Our responsibility work is goal-oriented and measurable.

**IN 2019, WE RENEWED** the main themes of our responsibility program and set new goals and performance metrics for them. Kamux's Management Team and experts participated in the process. For the materiality analysis, we used our customers' feedback and questions as the stakeholder viewpoint, we interviewed analysts and investors, and used the information gathered from

employee surveys. Kamux's key stakeholders include our customers, personnel, owners, partners, authorities and decision-makers as well as the car industry.

The most essential topics have been listed under each theme. The themes, goals and performance metrics were adopted in late 2019.



### **SENSIBLE CHOICES**

- Newer cars, alternative power sources
- Recycling existing commodities
- Efficient operation

We provide many people with a possibility to buy a newer car by offering a versatile selection of used cars. By importing cars, we renew the average age of the car fleet.



### **WORTH THE TRUST**

- Code of conduct and good governance
- Excellent customer experience
  - Value for owners
- Conscientious taxpayer

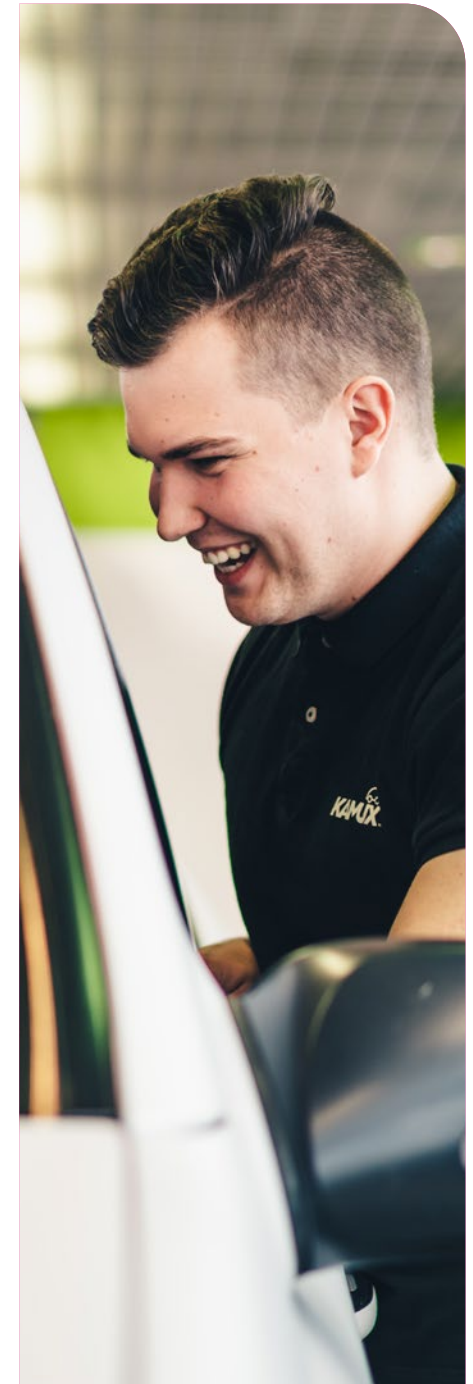
A key business principle for Kamux is to operate responsibly. We aim to be the forerunner of car retail by being reliable, open and transparent.



### **ENTHUSIASM FOR WORK**

- Fair salary and benefits
- Safety and well-being
  - Diversity
- Talent development

Kamux wants to be a fair, inspiring and motivating employer. A committed and motivated personnel is the key to our success.



# KAMUX'S CORPORATE RESPONSIBILITY GOALS, PERFORMANCE METRICS AND INDICATORS

**WE HAVE RENEWED** our responsibility reporting to match the themes of our responsibility program. We have chosen performance metrics and indicators that support these themes. We will continue to monitor our performance and collect data as well as develop the process further in the

coming years. Due to the nature of our business, Kamux has gained information on the development and impacts of the vehicle stock. Thus, our corporate responsibility data not only covers performance metrics but also data on the content of indicators that we consider to be of general benefit.

THEMES AND TOPICS	GOALS	METRICS
<b>SENSIBLE CHOICES</b>		
<b>Newer cars, alternative power sources</b>	We provide many people with a possibility to buy a newer car	<ul style="list-style-type: none"> <li>• Vehicles sold compared to the most popular price categories in the market</li> <li>• Age and share of alternative power sources of imported cars</li> </ul>
	We bring lower emission cars to the roads and renew the car fleet	
<b>Recycling of existing commodities</b>	We recycle existing commodities together with our partners	<ul style="list-style-type: none"> <li>• The number of used cars sold</li> <li>• Recycling materials at the end of their life-cycle</li> </ul>
<b>Efficient operation</b>	We use resources wisely and expect the same from our partners	<ul style="list-style-type: none"> <li>• Cars in the right place, less need to transfer</li> <li>• Showroom energy consumption kWh</li> <li>• Amount of waste t/year</li> <li>• Using recycled spare parts</li> <li>• Teleconferences and online trainings</li> </ul>
	<ul style="list-style-type: none"> <li>• We lead our operations with knowledge on supply and demand</li> <li>• We optimize routes and modes of transport when moving vehicles</li> <li>• We recycle and minimize the energy consumption and the amount of waste produced in our showrooms</li> <li>• We make use of recycled spare parts of high quality and use recycled furniture in our premises</li> <li>• We minimize the employees' need to travel</li> </ul>	
<b>WORTH THE TRUST</b>		
<b>Code of conduct and good governance</b>	We are the forerunner of car retail in creating a culture of trust and openness	<ul style="list-style-type: none"> <li>• Operating according to laws and regulations and Kamux Code of Conduct and instructions</li> <li>• Employee notifications through the whistle blowing channel are handled appropriately</li> </ul>
	We ensure internally that we follow good consumer sales and governance practices	
<b>Excellent customer experience</b>	Kamux offers smooth, transparent customer experiences, encouraging customers to recommend Kamux	<ul style="list-style-type: none"> <li>• Customer satisfaction target level at 4.5/5</li> </ul>
<b>Value to owners</b>	We increase shareholder value	<ul style="list-style-type: none"> <li>• Revenue and revenue growth, profitability, dividend</li> </ul>
<b>Conscientious taxpayer</b>	We make sure to pay taxes	<ul style="list-style-type: none"> <li>• Tax footprint</li> </ul>
<b>ENTHUSIASM FOR WORK</b>		
<b>Fair salary and benefits</b>	Our compensation model is transparent and motivating	<ul style="list-style-type: none"> <li>• Paid salaries follow the development of revenue</li> </ul>
<b>Safety and well-being</b>	We take care of our employees' ability to work and their well-being at work	<ul style="list-style-type: none"> <li>• Score of work satisfaction and well-being surveys by country</li> <li>• Absences due to accidents at work</li> <li>• Health percentage of employees</li> </ul>
	We aim at zero accidents leading to absences from work We aim to keep the number of absences due to sickness as low as possible	
<b>Diversity</b>	We aim to become an even more diverse work community	<ul style="list-style-type: none"> <li>• Gender distribution</li> <li>• Number of languages spoken by the personnel</li> <li>• Width of age range</li> </ul>
	We treat employees equally	
<b>Talent development</b>	We provide on-the-job training and provide opportunities to develop as a car retail professional	<ul style="list-style-type: none"> <li>• Scope and reach of trainings</li> </ul>

We are committed to contributing to the United Nations' global Sustainable Development Goals (SDGs) in our operations. Especially goals 4, 8 and 12 are central to Kamux.



**Ensure inclusive and equal high-quality education and lifelong learning opportunities**



**Promote inclusive and sustainable economic growth, full and productive employment and decent work**

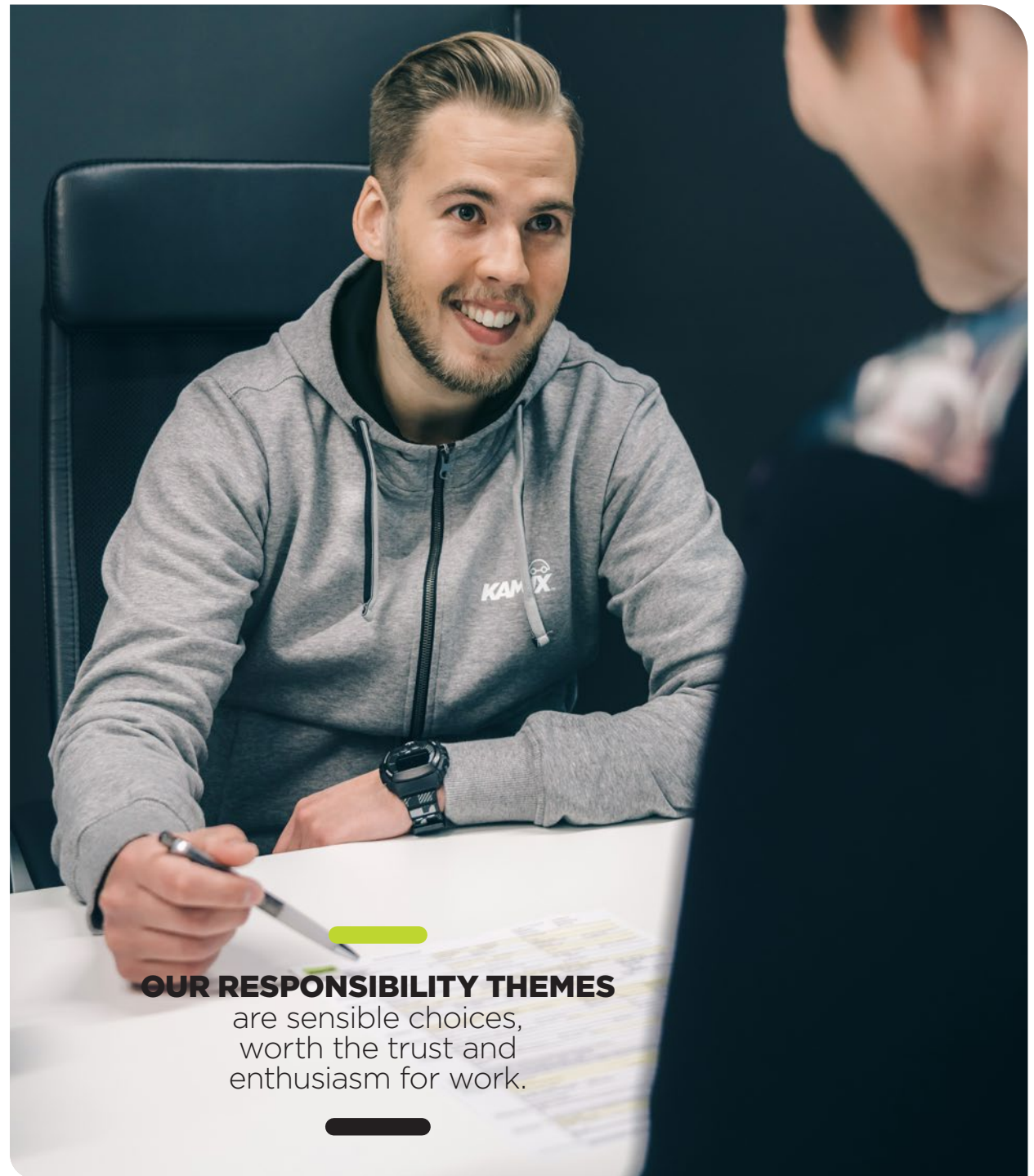


**Ensure sustainable consumption and production patterns**

### Management of corporate responsibility and risks

Kamux's Management Team is responsible for setting and monitoring the themes, goals and performance metrics of the corporate responsibility program. The Board of Directors of Kamux approves the corporate responsibility program and the results of the work and discusses matters related to responsibility in their meetings. The Director of Communications coordinates daily responsibility work with experts in various fields.

Risks related to corporate responsibility are identified and managed as a part of Kamux's comprehensive risk management work. Responsibility topics, including the related risks, are discussed in every Management Team meeting, and they form a part of the Board of Directors' reporting package.



### OUR RESPONSIBILITY THEMES

are sensible choices, worth the trust and enthusiasm for work.



# SENSIBLE CHOICES

## Newer cars, alternative power sources

We want many people to have a possibility to buy a newer, lower emission vehicle. Kamux supports the national energy and climate strategy and emissions reduction targets. As the CO<sub>2</sub> load of the car manufacturing industry is high, existing vehicles should be used in a sensible way to the end of their life-cycle and the remaining materials reused within the circular economy. On the other hand, the disposable income of households defines the price category of the vehicles most people can purchase.

The five most popular first-time registered vehicles in Finland in 2019 were Skoda Octavia, Toyota Corolla, Nissan Qashqai, Toyota Yaris and Ford Focus, all in the price of EUR 20,000–30,000 when bought new. 17.6% of the cars Kamux sold in Finland last year belonged to this price category when bought used, and 90.1% fell

into the price category of under EUR 30,000 when bought used.

We renew Finland's car fleet by importing newer cars with lower CO<sub>2</sub> emissions compared to those currently used on Finnish roads on average. The average age of the cars imported by Kamux was 4.1 years in 2019, compared to the average age of approximately 12.2 years of passenger cars used in Finnish transportation in 2019, reported by the Finnish Information Centre of Automobile Sector. According to Statistics

Finland, the average age of registered passenger cars and passenger cars used in transportation has risen every year since 2007.

Domestic transportation accounts for a fifth of all greenhouse gas emissions in Finland. The share of passenger car transportation emissions accounts for just over half of all road transportation emissions. In Finland, emissions have decreased by approximately a third in ten years, from 2008 to the end of 2018. The average CO<sub>2</sub> emissions for passenger cars used in Finnish transportation were 155.4 g/km (NEDC). The average

CO<sub>2</sub> emissions for cars imported by Kamux were 129.7 g/km (NEDC). The average in EU countries was 120.4 g/km (NEDC, Traficom).

24.1% of the cars we imported into Finland in 2019 were running on alternative power sources, including hybrids, electric, natural gas or ethanol cars, and they accounted for 5.9% of all the cars we sold in Finland. The share of cars running on alternative fuels was larger than in new cars sold in Finland in 2019.

Our shop-in-shop concept Kamux Green offers a wide selection of hybrid, electric and gas cars under one roof. First established in the Konala showroom in Helsinki, Kamux Green has already expanded in the Lempäälä showroom in Ideapark.

Even though the relative numbers of alternative power sources have increased,



the absolute numbers are still low. In 2019, 8.8% of first-time registered passenger cars in Finland were gas, electric and ethanol cars as well as rechargeable hybrids, 77.6% were combustion engines and 13.6% were non-rechargeable hybrids (Finnish Information Centre of Automobile Sector). In 2019, under 2% of Finland's entire car fleet consisted of gas, electric and ethanol cars as well as rechargeable hybrids.

In 2019 in Sweden, approximately 13% of first-time registered cars (Trafa.se) and approximately 7% of the entire car fleet

were gas, electric and ethanol cars as well as rechargeable hybrids. In 2019 in Germany, well over 3% of first-time registered cars and under 2% of the entire car fleet were gas, electric and ethanol cars as well as rechargeable hybrids (Kraftfahrt-Bundesamt).

### Recycling existing commodities

We use resources sensibly and expect the same from our partners. Kamux's operations are based on recycling and they are a part of a circular economy where non-renewable natural resources are saved through repairs,

reusing and recycling. We carry out used car retail by purchasing cars through our delivery network and from individual consumers and by selling them forward. Purchasing cars is always done according to Kamux's procurement guidelines

### Efficient operation

The direct climate impacts of our operations result primarily from heating the showrooms and moving cars between showrooms. We seek to optimize the transportation of cars through the selection of routes and transpor-

tation modes. By investing in leading with knowledge, we aim to combine supply and demand. Thus, we can place the cars in our showrooms in a way that minimizes transferring them.

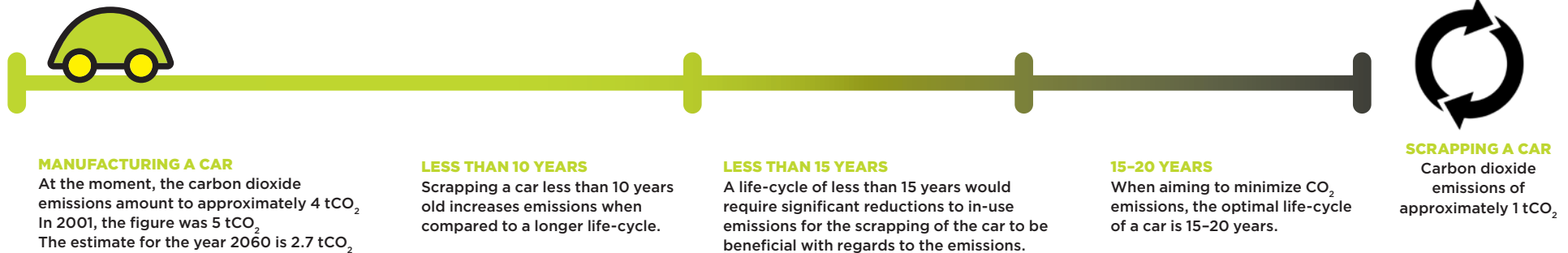
We have instructed our personnel on driving in an economical and environmentally friendly way. The cars are fueled with only the necessary amount of fuel. Service, repair and cleaning are done by local partners to avoid driving unnecessarily. This is also a way of supporting businesses to provide employment across the country in all

## CAR'S LIFE-CYCLE AND CO<sub>2</sub> EMISSIONS

**KAMUX RECYCLES EXISTING COMMODITIES.** In terms of CO<sub>2</sub> emissions, cars should not be scrapped until they reach the age of 15–20 years. A used car is often a sensible option in terms of total emissions. The average age of the cars we imported into Finland was 4.1 years in 2019.

### CIRCULAR ECONOMY AND KAMUX

-  Materials circulate
-  Resource wisdom
-  The value of products, parts and components is preserved
-  Extending the life-cycle



Scrapping old diesel cars has a positive effect on nitrogen oxide emissions, if the replacing vehicle is a low-emission vehicle.

Source  
CO<sub>2</sub> emissions from cars, the facts (2018)  
Transport & Environment, European Federation for Transport and Environment AISBL





of Kamux's operating countries. We have approximately 5,000 partners in total, including car procurement channels and partners.

We use recycled spare parts of high quality when possible. For example, motors, gear systems, turbos, steering gears and other bigger spare parts are mainly rebuilt. Smaller spare parts are new. We expect that our partners recycle their waste such as batteries, tires and problem waste in an appropriate manner.

We minimize the amount of waste and recycle the waste we produce. We pay Finn-

ish Car Recycling a yearly membership fee related to recycling car parts appropriately. We favor teleconferences over traveling. We favor recycled furniture when furnishing our office premises.

In 2019, the amount of waste totaled 21.85 tons. The waste recovery rate was 97% and the recycling rate was 13%. This information covers 44 out of 48 showrooms in Finland. In the remaining four showrooms, waste management is part of a more comprehensive property maintenance contract.

**NEWER CARS RENEW**  
the aged car fleet, which  
contributes to reducing  
traffic emissions.

We restrain energy consumption in showrooms, focusing particularly on properties where we can directly influence the used energy solutions. The energy consumption and emissions of our showrooms result primarily from lighting and heating. Often, these fall under rental agreements, which means that Kamux cannot influence them directly. The electricity consumption of 18 showrooms in Finland as well as the Hämeenlinna office premises totaled 1,480 MWh in 2019.



# WORTH THE TRUST

**CUSTOMER SATISFACTION**  
was 4.3/5 in 2019

## Code of conduct and good governance

Kamux aims to be a car retail forerunner in creating a culture of trust and openness.

We comply with laws and regulations and require our employees to follow Kamux's Code of Conduct in their daily work.

Each new Kamux salesperson receives a thorough training for the working ways of the Code of Conduct. Internally, this promotes the good consumer sales and governance practices facilitating the excellent customer experience which is of strategic importance to Kamux.

At Kamux, we do not advance our own interests nor accept bribes and do not approve, facilitate or advance money laundering or grey economy. We also require all suppliers of cars, services or other goods partnering with us to comply with our Code of Conduct in addition to laws and regulations.

We always comply with the Consumer Protection Act and during the sales process, we disclose the condition of the car and its potential shortcomings honestly and participate in car repair costs in accordance with

the life-cycle approach recommended by consumer advice services.

Kamux offers its employees an anonymous whistle blowing channel for reporting any possible actions violating the Code of Conduct, possible misconduct or suspicions of misconduct. There is also a general feedback email available on the company's website. In 2019, we received two whistle blowing notifications from outside the company, which were processed and investigated according to the process. They did not warrant further action.

## Excellent customer experience

Kamux wants to offer the best customer experience in used car retail. The goal is for our customer interactions to be smooth, transparent, creating trust and encouraging recommendations. For customers buying a car, we offer the possibility of smooth omnichannel interactions – most of our customers today choose a combination of online and showroom service.

All customers who have purchased a car are sent a customer satisfaction survey. The results of the survey function as a key indicator for the success of our operations and service. Kamux has set the customer satisfaction target level at 4.5/5. In 2019, a total of 5,140 of Kamux's car-purchasing customers (6,081 in 2018) took part in the survey, and we achieved an overall score of 4.3/5 (4.2/5 in 2018) in our markets. Customer

satisfaction improved from the previous year towards the target we have set. We believe that this development was supported by the internal trainings we organized during the year, which focused on customer experience.

Kamux's after-sales service team together with sales are tasked with managing claims in accordance with the company's internal guidelines in all operating countries. We aim to handle claims as openly, quickly and fairly as possible to achieve a first-class customer experience in all situations, which is why we increased resources in our after-sales service in 2019.

## Value for owners

Kamux is committed to profitable growth. Our goal is to increase our shareholder value through long-term, systematic work. We estimate that our growth is based on a solid foundation; we develop our existing showrooms and open new showrooms in strategically important sales venues in growth centers and in good retail hub locations. We increase sales by using digital sales and customer service channels and cross-selling.

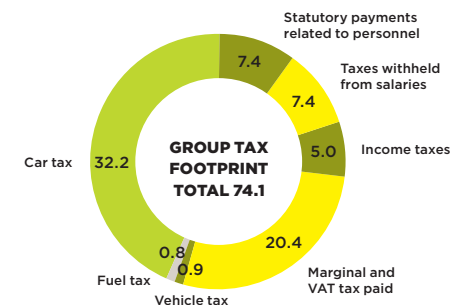
After the stock exchange listing in 2017, Kamux's revenue has increased by approximately 20 percent per year.

During the financial year 2019, our revenue increased to EUR 658.5 million, growing by 24.8 percent from the previous year. Our adjusted operating profit was EUR 25.4 million, accounting for 3.9 percent of revenue. Return on equity in 2019 was 25%. Kamux aims to distribute a dividend of at least 30 percent of profit for the financial year. For the financial year 2019, Kamux's Board of Directors proposed a dividend payout of 48.4 percent of profit.

## Conscientious taxpayer

Our tax footprint was EUR 74.1 (56.8) million. The most significant amounts related to payment of taxes were the car taxes as well as marginal and VAT taxes paid. We paid EUR 5.0 (4.9) million in income tax in 2019.

## GROUP'S TAX FOOTPRINT (EUR MILLION)





# ENTHUSIASM FOR WORK

## **Fair salary and benefits**

Kamux strives to compensate its employees in a fair and equal way. Our goal is to have a transparent and motivating remuneration model, in which a salesperson's compensation consists of a basic salary and a performance-based pay. Performance-based compensation is tied to the number of cars sold, profit and the sales of integrated services. The compensation model is developed in open interaction with Kamux's sales personnel.

Kamux paid a total of EUR 28 million in salaries to the personnel in 2019. The amounts of salaries paid was 28.5 percent higher than in 2018, while the revenue increased by 24.8 percent in the financial year 2019.

## **Safety and well-being**

Kamux operates in accordance with the employees' rights defined by the International Labor Organization (ILO), country-specific labor legislation as well as the United Nations' Universal Declaration of Human Rights. In 2019, we carried out a survey on work satisfaction and well-being. The results in Finland remained at the same level as in the previous survey (2017), the overall score being 3.93. The results in Sweden and Germany

improved significantly: the overall score was 4.16 in Sweden and 3.96 in Germany. The survey clearly shows our successful efforts put in the work of immediate supervisors and functioning work community. Kamux's results exceed those of the control group in the wholesale and retail trade.

In 2020, we will pay special attention to monitoring the working capacity and resources of our personnel. These are advanced, for example, by offering monthly webinar trainings for managers and new tools for employees to improve work performance, and by developing our training portal.

At Kamux, most work is performed in showrooms or office premises, where workplace accidents are rare. The most typical accidents in our operations result from slipping or stumbling. We aim at zero accidents

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**WE SERVED**  
our customers in 27  
different languages

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leading to absence from work. During 2019, a total of 14 accidents occurred that led to absence from work. No serious workplace accidents occurred in 2019.

We aim to influence the number of absences due to sickness with, for instance, an early support model. The goal is to prevent challenges related to working ability at the earliest stage possible. The overall health percentage of our personnel was 67, which means that approximately two thirds of our employees were not absent from work due to sickness during the year. The health percentage increased from the previous year and was at a good level according to the company's estimate. Kamux's occupational health care partner is Terveystalo.

### Diversity

Kamux is a responsible employer and aims to treat all employees equally, respecting their privacy, religious freedom as well as freedom of association and collective bargaining.

We aim to build an even more diverse work community. The number of languages used in sales work reflects our cultural diversity. In 2019, Kamux employees served their customers in 27 different languages. Converted to person-years, we employed an average of 595 (472) people during 2019, of which 91 percent were male (90) and 9 percent were female (10).

We support and accelerate young people's access to working life by offering car sales work right after graduating from school, or by offering summer jobs to

students. We also extend careers by employing senior citizens in car delivery tasks. In 2019, our youngest employees were 15-year-old summer workers, and our oldest employees were 81-year-old car couriers.

### Talent development

A skilled and committed personnel is the key enabler of our long-term international success. We want to be a fair, inspiring and motivating employer every day. In 2019, we put a more systematic focus on the training of our sales personnel and managers in particular, so that every new Kamux employee is in the best possible position to succeed in their work.

The Kamux training center continued to operate in a more focused manner. We developed sales training methods and materials and launched a web portal to support learning. Kamux sales personnel training includes classroom teaching sessions, a learning and task module in the web portal and an on-the-job learning period in a showroom. A total of 98 percent of our new salespeople completed the Kamux training program for new sales personnel in 2019. A full-scale version of the e-learning portal will be deployed in 2020. In the future, we will be able to monitor the scope, learning progress and results of the online trainings in more detail. In 2020, the trainings will also reflect the development discussions we hold with each Kamux employee, in order to provide trainings which are even more tailored for each employee's development needs.



**WE CONTINUED IMPLEMENTING** our values in 2019, which we clarified together with our personnel. Our values guide all our operations and are present in everything we do from salespersons' development discussions to daily sales work.

### KAMUX'S VALUES ARE:

- Teamwork, joy and drive
- Freedom and accountability
  - Happy customers
  - Profitable business
  - Responsibility





**CORPORATE GOVERNANCE  
STATEMENT 2019**

**REMUNERATION  
REPORT 2019**

## CORPORATE GOVERNANCE STATEMENT 2019

Kamux Corporation's ("the company" or "Kamux") corporate governance complies with the Finnish Limited Liability Companies Act, regulations concerning listed companies, the company's Articles of Association, and rules and regulations of Nasdaq Helsinki Ltd. In 2019 the company also adhered to the Finnish Corporate Governance Code 2015 issued by the Finnish Securities Market Association. An unofficial English translation of the Finnish Corporate Governance Code is available on the Security Market Association's website at <https://cgfinland.fi/>.

The Corporate Governance Statement is issued as a separate statement from the Report by the Board of Directors. The statement will not be updated during the financial year, but the relevant information related to the subjects it contains as well as other necessary and up-to-date investor information is available in the investor section of the company's website at [kamux.com](http://kamux.com).

### Governing bodies of Kamux

The governing bodies of Kamux are its General Meeting of shareholders, the Board of Directors and the CEO. The highest decision-making power in Kamux is exercised by the company's shareholders at the General Meeting. The Board of Directors and the CEO are responsible for the management of the company. The Management Team assists the CEO in operative management of the company and the Group.

### General Meeting

The General Meeting of shareholders is the highest decision-making body of Kamux. The Annual General Meeting shall be held once a year by the end of June. It decides on matters in its authority, stipulated in the company's Articles of Association and on proposals made to the Board. The Annual General Meeting normally takes place in March–April.

An Extraordinary General Meeting can be convened if needed. The Board of Directors is required to organize an extraordinary meeting if requested in writing by a company auditor or shareholders holding a minimum of 10 percent of the company's shares in total for the purpose of discussing a specific issue.

### The duties of the General Meeting are defined in Kamux's Articles of Association and include:

- > Decisions on changes to the Articles of Association;
- > Adoption of the financial statements;
- > Use of the profit shown on the balance sheet;
- > Discharging the members of the Board of Directors and the CEO from liability;
- > Decision on the number of members of the Board of Directors;
- > Election of the Board of Directors and the decision on their remuneration;
- > Election of the auditor and the decision on his/her compensation.

The notice convening the General Meeting shall 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 several widely circulated daily newspapers chosen by the Board of Directors, no earlier than three months and no later than three weeks before the General Meeting, and in any case at least nine days before the record date. The notice of the General Meeting and the Board's proposals for the meeting are also published as a stock exchange release.

The notice of the meeting, the documents to be presented at the General Meeting and the proposals for the decisions of the Board of Directors or other decision-making bodies will also be available on the company's website no later than 21 days before the General Meeting.

### Board of Directors

The Board of Directors is responsible for the governance of the company and the appropriate organization of its operations. The Board of Directors oversees the appropriate organization of the company's accounting and supervision of financial management. The Board of Directors has an Audit Committee and can also establish other permanent committees.

Under Kamux's Articles of Association, the Board of Directors shall comprise a

minimum of four and a maximum of eight members, who shall be elected at a General Meeting. The term of all Board members expires at the end of the Annual General Meeting following their election.

### Charter of the Board of Directors

The main duties of the Board of Directors are defined in the written Charter drafted by the Board. Under the Charter and the Finnish Limited Liability Companies Act, the duties of the Board of Directors, include among others:

- > Preparing the Board of Directors' reports, financial statements and interim reports;
- > Ensuring the appropriate arrangement and control of accounts and finances;
- > Preparing proposals to be addressed in a General Meeting and convening a General Meeting;
- > Approving and adopting strategic guidelines and risk management principles;
- > Adopting annual budgets and action plans;
- > Appointing the CEO and deciding on the terms of his or her service;
- > Deciding on the company structure;
- > Deciding on major acquisitions and investments;
- > Deciding on other statutory matters that fall within the purview of the Board.

## CORPORATE GOVERNANCE STATEMENT 2019

The Board of Directors conducts an annual self-evaluation of its operations and working methods. The self-evaluation was carried out also for 2019.

The Board of Directors convenes regularly ten times a year and arranges additional meetings if needed. The Board of Directors convenes for a strategy meeting at least once a year to approve the company's long-term strategic goals, amongst other things. The members of the Management Team who regularly attend Board meetings include the CEO and the CFO, who are not Board members. The Board of Directors constitutes a quorum when more than one-half of its members are present. The decisions of the Board require a simple majority. In case of a tie vote, the decision will be based on the opinion with which the Chairperson of the meeting concurs.

### Diversity of the Board

Kamux's Board of Directors has adopted a diversity policy. Kamux's diversity policy promotes balanced gender diversity when electing Board members and includes Board members having skills and experience in different business areas that complement each other and support the company's core functions. The diversity of the Board of Directors is supported by the diverse professional and educational background of its members as well as consideration for the age distribution.

A person elected as a member of the Kamux Corporation's Board of Directors must have qualifications required for the task and skills fitting the competence profile of Kamux's Board of Directors, as well as adequate availability for carrying out the duties

of a Board member. When electing Board members, the goal is to ensure that the Board of Directors as a whole supports the development of Kamux Corporation's current and future business.

### The Board of Directors in 2019

During 2019, members of the Board of Directors were Matti Virtanen, Reija Laaksonen, David Nuutinen, Jokke Paananen, Vesa Uotila and Harri Sivula, who were re-elected at the Annual General Meeting on 12 April 2019. The Annual General Meeting elected Matti Virtanen as Chairperson of the Board and Harri Sivula as Vice Chairperson of the Board.

In 2019, the Board of Directors focused particularly on Kamux's internationalization and growth. In 2019, the Board of Directors convened 16 times in total, with an average attendance rate of 94 percent. The members attended the meetings as follows: Matti Virtanen (16/16), Reija Laaksonen (14/16), David Nuutinen (16/16), Jokke Paananen (16/16), Harri Sivula (14/16) and Vesa Uotila (14/16).

The diversity goals defined in Kamux's diversity policy are evaluated to be adequately realized in 2019.

\* Kamux announced on 26 November 2019 that Vesa Uotila has been appointed Director of Business Development and Member of the Management Team of Kamux as of 7 January 2020. Following the appointment, Uotila resigned from his position at Kamux's Board of Directors on 31 December 2019. From the beginning of 2020, the Board of Directors of Kamux will continue as a five-member Board until the end of its current term to the next Annual General Meeting. Following the effective date of the resignation of Vesa Uotila, the Board appointed David Nuutinen to replace Mr. Uotila on the company's Audit Committee as of 1 January 2020.

The resumés of the members of the Board of Directors can be read on the website on [kamux.com/en](http://kamux.com/en).

## BOARD OF DIRECTORS ON 31 DECEMBER 2019



**MATTI VIRTANEN**  
b. 1958, M.Sc. (Tech.)

Finnish national  
Chairperson of the Board of Directors 2016–, member of the Board of Directors 2016–  
Independent of the company's significant shareholders  
Holdings on 31 December 2019: 135,610 shares (direct holdings and shares owned by an investment company under the control of Matti Virtanen)



**REIJA LAAKSONEN**  
b. 1973, M.Sc. (Econ.)

Finnish national  
Member of the Board of Directors 2017–  
Independent of the company and the company's significant shareholders  
Holdings on 31 December 2019: 4,348 shares



**DAVID NUUTINEN**  
b. 1959, M.Sc. (Econ.)

Finnish national  
Member of the Board of Directors 2012–, Chairperson of the Board of Directors 2012–2016  
Independent of the company and the company's significant shareholders  
Holdings on 31 December 2019: 25,400 shares



**JOKKE PAANANEN**  
b. 1972, M.Sc. (Econ.)

Finnish national  
Member of the Board of Directors 2011–  
Independent of the company  
Holdings on 31 December 2019: 0 shares



**HARRI SIVULA**  
b. 1962, M.Sc. (Admin.)

Finnish national  
Member of the Board of Directors 2017–  
Independent of the company and the company's significant shareholders  
Holdings on 31 December 2019: 35,000 shares



**VESA UOTILA\***  
b. 1982, M.Sc. (Econ.)

Finnish national  
Member of the Board of Directors 2016–2019, Deputy member of the Board of Directors 2011–2016  
Independent of the company  
Holdings on 31 December 2019: 0 shares



### **Independence of the Board of Directors**

According to the Corporate Governance Code, a majority of the Board members shall be independent of the company, with at least two of these members also being independent of the major shareholders of the company.

The Board of Directors shall assess annually the independence of its members in relation to the company and its major shareholders. In 2019, members of Kamux's Board of Directors were assessed to be independent of the company in accordance with the Finnish Corporate Governance Code for listed companies, except for Matti Virtanen, who holds a consultancy agreement with Kamux through his company Virtanen Consulting GmbH, and independent of shareholders, except for Jokke Paananen and Vesa Uotila. Jokke Paananen is a founding partner and CEO of Intera Partners Oy. Vesa Uotila, a partner of Intera Partners Oy, worked for Intera Partners Oy until 31 December 2019.

### **Audit Committee**

The Board of Directors appoints an Audit Committee to assist it in the performance of its supervisory duties. The Board appoints from its members at least three members to the Committee. Members of the Audit Committee must have qualifications required for the task and shall be independent of the company, with at least one member being also independent of the major shareholders of the company.

The Board has defined the duties of the Audit Committee in its adopted Charter. In accordance with the Charter, the duties of the Audit Committee include assisting the Board in ensuring appropriate supervision of the company's accounting and financial management, as well as ensuring that the company has an adequate internal control system in place covering all of its operations. Furthermore, the Audit Committee is responsible for monitoring that the company's operations and internal control are organized in compliance with laws, regulations and principles of good management and administration, and for supervising the implementation of internal audits.

The Audit Committee is responsible for:

- > Monitoring the reporting process of financial statements and interim reports;
- > Supervising the financial reporting process;
- > Monitoring and evaluating the efficiency of internal control, internal auditing and risk management systems;
- > Handling the descriptions of the main features of the internal control and risk management systems pertaining to the financial reporting process;
- > Monitoring the statutory audit of the financial statements and consolidated financial statements, evaluating the resources and independence of the statutory auditor, and preparing a proposal for resolution on the election of the auditor;

- > Reviewing the company's financial position and procurement processes;
- > Evaluating compliance with laws, regulations and ethical principles;
- > Monitoring the company's credit position and taxation;
- > Reviewing the company's Corporate Governance Statement and addressing and resolving any special issues raised by the Board of Directors that fall within the purview of the Audit Committee.

The Chairperson of the Audit Committee shall convene the Committee at least four times a year. The Audit Committee reports the decisions made in its meetings regularly to the Board.

### **Audit Committee in 2019**

In the organizing meeting following the Annual General Meeting on 12 April 2019, the Board of Directors reappointed from its members Harri Sivula (Chairperson), Reija Laaksonen and Vesa Uotila to the Audit Committee. All members are independent of the company, with Harri Sivula and Reija Laaksonen being also independent of the company's major shareholders. In 2019, the Audit Committee focused on interim reports, internal controls and risk management. In 2019, the Audit Committee convened six times. All members attended each meeting.

Kamux announced on 26 November 2019 that Vesa Uotila has been appointed

Director of Business Development and Member of the Management Team of Kamux as of 7 January 2020. Following the appointment, Uotila resigned from his position at Kamux's Board of Directors on 31 December 2019. The Board appointed David Nuutinen to replace Mr. Uotila on the company's Audit Committee as of 1 January 2020.

### **CEO**

The CEO's task is to manage Kamux's operations in accordance with the instructions and rules given by the Board of Directors, as well as to report to the Board of Directors on the development of Kamux's business and financial situation. The CEO's duties include preparing matters to be decided by the Board of Directors, developing Kamux's operations together with the Board of Directors in accordance with the mutually set objectives, and ensuring the appropriate implementation of the decisions made by the Board of Directors. The CEO is also responsible for organizing Kamux's day-to-day governance and overseeing that the company's financial management is organized in a reliable manner. In addition, the CEO ensures that Kamux complies with applicable laws and regulations. The CEO chairs the meetings of Kamux's Management Team. The CEO cannot be elected as Chairperson of the Board of Directors.

The Board of Directors appoints, and dismisses if needed, the CEO, and decides on

## CORPORATE GOVERNANCE STATEMENT 2019

the remuneration and other terms and conditions of the position of CEO. The CEO is appointed for the post until further notice. The financial benefits of the CEO are reported in the separate Remuneration Report of Kamux Corporation for 2019.

Juha Kalliokoski serves as the CEO of Kamux Corporation, appointed by Kamux's Board of Directors.

### Management Team

The Management Team supports the CEO in implementing the company's strategy and manages Kamux's business operations as a whole. The members of Kamux's Management Team have specific authority in their individual areas of responsibility, and their duty is to develop Kamux's operations in line with the targets set by the company's Board of Directors and CEO. The Management Team convenes regularly each month or when necessary.

In 2019, the Management Team focused particularly on building the competence of Kamux's personnel, sales management, growth and internationalization and the customer experience.

Tapio Arimo served as Kamux's CFO until 12 April 2019. Jennie Stenbom served as Kamux's Chief People Officer until 19 September 2019. Vesa Uotila was appointed Kamux's Director of Business Development and Member of the Management Team of Kamux as of 7 January 2020. On 25 February 2020 Kamux announced that Olli Kilpi will take up new responsibilities outside Kamux.

The resumés of the members of the Management Team can be read on the website at [kamux.com/en](http://kamux.com/en).

## MANAGEMENT TEAM 31 DECEMBER 2019



### JUHA KALLIOKOSKI

**CEO**  
and Member of the Management Team 2001–  
b. 1970, police officer, degree in salesmanship training  
Finnish national

Holdings on 31 December 2019: 6,086,283 shares (direct holdings and shares owned by an investment company under the control of Juha Kalliokoski)



### TOMMI IISKONMÄKI

**Country Director Finland**  
2018–, Member of the Management Team 2015–, HR Director 2015–2018, Country Director Sweden 2016–2017  
b. 1977, Officer from the Finnish National Defence University  
Finnish national

Holdings on 31 December 2019: 40,392 shares



### MARKO LEHTONEN

**CFO**  
and Member of the Management Team 2019–  
b. 1972, M.Sc. (Econ.), CEFA  
Finnish national

Holdings on 31 December 2019: 2,900 shares



### SATU OTALA

**Director of Communications**  
and Member of the Management Team 2015–  
b. 1967, M.A.  
Finnish national

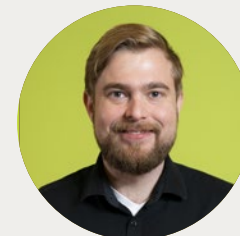
Holdings on 31 December 2019: 38,724 shares



### OLLI KILPI

**Chief People Officer**  
and Member of the Management Team 2017–, 7 October 2019–, Kamux's Director of International Business until 7 October 2019  
b. 1966, M.Sc. (Econ.)  
Finnish national

Holdings on 31 December 2019: 34,004 shares



### MIKKO-HEIKKI INKEROINEN

**Chief Digital Officer**  
and Member of the Management Team 2018–  
b. 1987, Master of Social Sciences  
Finnish national

Holdings on 31 December 2019: 2,387 shares



### TERO TÖRMÄNEN

**Purchasing Director**  
and Member of the Management Team 2017–  
b. 1974, M.Sc. (Econ.), vocational Qualification in Business and Administration, Executive Development Program for Automotive industry  
Finnish national

Holdings on 31 December 2019: 53,641 shares



### ILKKA VIRTANEN

**Director of International Business**  
7 October 2019–, Member of the Management Team 2018–, Director of Business Development until 7 October 2019  
b. 1980, M.Sc. (Econ.)  
Finnish national

Holdings on 31 December 2019: 5,416 shares

### **Main principles of risk management**

The aim of risk management is to ensure the keeping of customer promises, profit development, the ability to pay dividends, shareholder value, responsible operating practices and the continuity of business. Kamux has harmonized and efficient methods to identify, assess and manage risks and their consequences.

Kamux complies with the internal control and risk management principles approved by the company's Board of Directors. Risk management is a systematic activity, the purpose of which is to guarantee comprehensive and appropriate identification, assessment, management and monitoring of risks. It is an essential part of Kamux's planning and management process, decision-making, day-to-day management, operations, and supervision and reporting procedures. Risks are assessed and managed comprehensively from the perspective of potential business impacts.

The Group CEO and other members of the Management Team are each responsible for their own areas. The Management Team regularly reports to the Board of Directors on risks and risk management measures. The Board of Directors addresses the most significant risks and measures to manage them and assesses the efficiency and effectiveness of risk management. The CFO is responsible for coordinating risk management.

Kamux has documented its common operating principles in the company's Code of

Conduct. The Code of Conduct is part of risk management. Kamux also has a separate guideline for its partners.

### **Internal control and auditing**

The objective of internal control at Kamux is to ensure the efficiency and profitability of business operations, the reliability of financial reporting, compliance with laws and regulations applicable to the company's business, and compliance with the company's internal instructions. The specific objective of the internal control of financial reporting is to ensure that interim reports, half-year reports, financial statement bulletins and other financial reporting as well as financial statements and annual reports are reliable and are prepared in accordance with the accounting and reporting principles adopted by the company.

The company's Board of Directors is responsible, in accordance with its Charter, for monitoring the process of financial reporting and the effectiveness of the company's internal control and risk management system. The CEO is responsible for the practical organization of internal controls. This includes ensuring that the company has implemented adequate internal control mechanisms as stipulated in the guidelines defined by the Board of Directors.

The CEO, supported by the Management Team, is responsible for ensuring that the Group's day-to-day operations comply with the agreed principles and applicable

laws and regulations, and that identified non-compliance incidents and deficiencies are addressed and that adequate corrective measures are taken.

In 2019, the development of internal control focused on the most recently opened showrooms in all operating countries to ensure that the showrooms operate in accordance with Kamux's guidelines and operating models.

Kamux's Board of Directors has assessed that due to the nature of the company's operations, the number of employees and geographical scope, it is not necessary to organize internal auditing as a separate function. The Board of Directors shall evaluate on a yearly basis whether such function should be established. In 2019, internal audit was carried out by an external service provider.

### **Related party transactions**

Kamux's Board of Directors has defined the principles for monitoring and evaluating related party transactions. Kamux Group maintains a list of related parties intended to help identify transactions involving a related party of the company.

Transactions with related parties are handled by Kamux's Management Team, excluding transactions that take place in accordance with Kamux's purchasing policy for the personnel's own cars currently in effect. Significant transactions with the management of Kamux and its related parties are decided by Kamux's Board of Directors. The Board of Di-

rectors also decides on related party transactions that are not part of the company's normal business operations or that are not carried out on normal commercial terms.

The company and its related parties did not carry out any transactions that are material to the company and not in the ordinary course of business or not based on market terms in 2019.

### **Insider management**

Kamux Corporation observes the guidelines for insiders approved by the Board of Directors, which is based on the Market Abuse Regulation, the Guidelines for Insiders of Nasdaq Helsinki Ltd, and other applicable rules and regulations.

The CFO is responsible for insider matters at Kamux Corporation. The company compiles a list of permanent insiders and also maintains a list of project- or event-specific insiders as needed. In 2019, the insider lists were maintained in the SIRE service of Euroclear Finland Ltd.

People in management positions at Kamux and their immediate circle are required to declare their business transactions in shares of Kamux Corporation or other financial instruments based on them. People in management positions at Kamux and possible permanent insiders defined by Kamux may not, on their own account or on the account of a third party, carry out business transactions in the shares of Kamux Corporation or other financial instruments



based on them during the silent period. The silent period begins 30 days before the publication day of the Kamux financial statement bulletin, half-year report or interim report.

Kamux has an internet-based reporting channel that enables anonymous reporting of suspected infringement of rules and regulations concerning financial markets.

#### **Audit**

The statutory audit covers the company's accounting, financial statements and administration for the financial year. The auditor of the parent company shall also audit the consolidated financial statements. The auditor provides the company's shareholders with a statutory auditor's report in connection with the company's annual financial statements and regularly reports their auditing observations to the Board of Directors. Kamux's financial year is the calendar year.

According to the company's Articles of Association, the company's auditor shall be an auditing organization approved by the Central Chamber of Commerce. The auditor is elected at the Annual General Meeting of shareholders for a term that ends at the conclusion of the Annual General Meeting following the election.

#### **Audit in 2019**

The Annual General Meeting re-elected PricewaterhouseCoopers Oy as the auditor, with

CPA Janne Rajalahti as the principal auditor announced by PricewaterhouseCoopers Oy. PricewaterhouseCoopers Oy has acted as the auditor of Kamux since 2015.

The auditor is paid a fee according to an invoice approved by the company. In 2019, the auditors were paid a total of EUR 235,000 for auditing services and a total of EUR 24,000 for other advisory services unrelated to auditing. Other services are primarily related to financial advisory services in different situations, including tax advisory and financial analysis related to strategic projects.

## REMUNERATION REPORT 2019

Kamux Corporation's ("the Company" or "Kamux") Remuneration Report 2019 complies with the Finnish Corporate Governance Code for Listed Companies (2015).

The objective of remuneration at Kamux is to promote the company's competitiveness and long-term success. The objective of remuneration programs is to encourage key employees and the entire personnel to commit to sustained work towards reaching their personal and shared goals and to create shareholder value.

### Remuneration of the Board of Directors

Kamux Corporation's Annual General Meeting annually decides on remuneration paid to the Board of Directors and the principles for the compensation of expenses based on a proposal made by the major shareholders.

Remuneration for members of Kamux's Board of Directors and its committees is monetary. Board members are not compensated separately for Board or committee meetings. Travel expenses resulting from Board meetings will be compensated against reasonable invoices. Remuneration for the company's Board members does not include pension payments.

Members of the Board of Directors are not included in Kamux's short- or long-term incentive programs.

### Remuneration of the CEO and Management Team

The company's Board of Directors decides on the remuneration of the CEO and members of the Management Team and the terms of the remuneration. The remuneration of Kamux's CEO and members of the Management Team consists of an annual salary, a bonus and a share-based incentive scheme. The terms of the bonus are decided by the company's Board of Directors each year. The objective of the bonus- and share-based incentive scheme is to support the realization of the company's short- and long-term objectives and to ensure that management is committed to the company.

The bonuses of Kamux's CEO and Management Team are based on personal targets and certain profitability targets set for the financial year. The share of the result-based remuneration can be up to 40 percent of the fixed salary for the CEO and other Management Team members for 2019. The Board of Directors monitors the realization of the targets of the bonus scheme regularly.

The CEO and other members of the Management Team are entitled to a mobile phone benefit. Other members than the CEO are entitled to a car benefit. One Management Team member has a home internet connection as a fringe benefit.

### CEO's and Management Team's terms of service

Kamux's CEO Juha Kalliokoski is entitled to a statutory pension. The CEO's retirement age is determined by the statutory pension system and is 63 years under the applicable legislation. The CEO's period of notice determined by the CEO contract is six months, with a right to receive salary during the notice period. If the company terminates the contract of employment, the CEO is, under certain conditions, entitled to a severance payment corresponding to 12 months' full salary.

The notice period of other Management Team members is three months excluding one member of the Management Team whose notice period is six months. The members of the Management Team are entitled to salary during their notice period. The retirement age of the members of the Management Team is determined by the statutory pension system and is 63 years under the applicable legislation.

### Share-based incentive programs Share-based incentive scheme 2019

On 27 April 2017, Kamux's Board of Directors decided to establish a share-based incentive program for Kamux's key personnel. The objective of the share-based incentive program is to align the targets of shareholders

and key personnel in order to increase the long-term value of Kamux as well as to strengthen the commitment of key personnel to Kamux and offer them a competitive incentive program based on earning and accruing of shares in the company.

As part of a share-based incentive program, the Board of Directors of Kamux Corporation decided on 23 January 2019, to approve the detailed terms and conditions of the share-based incentive plan for the Group's key personnel for 2019. The earnings period for the share-based incentive plan is the 2019 calendar year. The amount of any gross reward paid pursuant to the plan for the earnings period will be determined by the achievement of goals set as the earnings criteria. According to the decision by the Board of Directors, the earnings criterion applicable for the 2019 earnings period is achieving the EBIT target for 2019 set by the Board of Directors. Any reward resulting from the plan will be paid after the end of the earnings period by the end of May 2020, in the company's shares unless the Board of Directors decides to pay the reward partly or fully in cash. The reward to be paid will consist of the net number of shares that remain after deducting the monetary sum required to cover the taxes for the confirmed reward. If a key person's employment or service relationship ends before

## REMUNERATION REPORT 2019

the payment of the reward, no reward will normally be paid.

The Board of Directors selects key persons, who are eligible to participate in the incentive plan. According to the terms and conditions of the share-based incentive program, the Board of Directors may decide to accept new participants in the scheme during the earnings period. Persons eligible to participate in the incentive plan do not include those whose employment ended during 2019. By the decision of Kamux's Board of Directors, the incentive plan included a total of 27 people at the end of 2019.

If the maximum target level set for the earnings criterion is achieved, the total amount of rewards paid under the 2019 share-based remuneration plan would be up to approximately EUR 1.0 million (gross), which is estimated to correspond to up to approximately 180,000 Kamux shares, calculated on the basis of the average price of the Kamux share in December 2018.

The net shares paid as a reward will be subject to a transfer restriction during the commitment period. The commitment period begins when the reward is paid and ends on 31 December 2021. A member of the Group's Management Team shall own at least half of the net shares received as a reward based on the plan until their shareholding in the company corresponds to the value of their annual salary (ownership obligation). The ownership obligation remains valid as long as the person remains a

member of the Group's Management Team.

The issuance of shares in accordance with the terms and conditions of the share-based incentive program is based on the authorization given to the Board of Directors of Kamux on 26 April 2018 by the shareholders of the company by a unanimous decision. The Board of Directors of Kamux is authorized to decide on issuing a maximum of 400,000 new and/or existing shares to reward Kamux's key personnel in accordance with the share-based incentive program. The intention is to extend the share-based incentive program with corresponding new earnings periods beginning annually at the discretion of the Board of Directors.

The incentive scheme now approved for 2019 is the second scheme approved on the basis of the decision made by the Board of Directors on 27 April 2017 to establish an incentive scheme. The plan of 2018 included 22 Kamux's key persons and the terms of the program were the same as in the 2019 program.

Additional information on Kamux's share-based incentive programs can be found on the company's website at <https://www.kamux.com/en/corporate-governance/remuneration/>

### Remuneration Report 2019 Remuneration of the Board of Directors in 2019

By unanimous decision made by the shareholders on 12 April 2019, it was decided that

the Chairperson of the Board of Directors will be paid EUR 3,000 monthly and the members of the Board EUR 1,700 monthly. In addition, committee members will be paid EUR 1,500 annually. Travel expenses are paid according to the company's travel policy.

Kamux and Virtanen Consulting GmbH (consultancy firm under Chairperson of the Board Matti Virtanen's authority) signed a consultancy agreement on 1 February 2016, under which Virtanen Consulting GmbH

will be paid a separate contractual fee of EUR 9,000 per month for consultancy services related to Kamux's internationalization. In addition to the remuneration for Board membership described above, Kamux paid Virtanen Consulting GmbH EUR 108,360 in 2019 based on the consultancy agreement.

A total of EUR 142,500 was paid to the Board of Directors of Kamux as rewards for the accounting period ending on 31 December 2019.

#### DURING THE FINANCIAL YEAR THAT ENDED ON 31 DECEMBER 2019, THE MEMBERS OF THE BOARD OF DIRECTORS WERE PAID THE FOLLOWING REMUNERATION

EUR	Monthly remuneration	Committee membership	Total
Matti Virtanen	36,000	-	36,000
Reija Laaksonen	20,400	1,500	21,900
David Nuutinen	20,400	-	20,400
Jokke Paananen	20,400	-	20,400
Vesa Uotila	20,400	1,500	21,900
Harri Sivula	20,400	1,500	21,900
<b>Total</b>	<b>138,000</b>	<b>4,500</b>	<b>142,500</b>



### Remuneration of the CEO and Management Team members in 2019

The fixed salary of CEO Juha Kalliokoski, including benefits, totaled EUR 220,740 in 2019. Pension costs totaled EUR 62,458 and in addition, a total of EUR 31,920 was paid as a bonus, based on the targets set for 2018 and as shares EUR 37,888.

#### DURING THE FINANCIAL YEAR THAT ENDED ON 31 DECEMBER 2019, THE CEO WAS PAID THE FOLLOWING REMUNERATION

EUR	2019	2018
Salary, including benefits	220,740	220,740
Pension costs (defined contribution plans)	62,458	59,898
Bonuses	31,920	18,546
Shares	37,888	-
<b>Total</b>	<b>353,006</b>	<b>299,184</b>

#### DURING THE FINANCIAL YEAR THAT ENDED ON DECEMBER 31, 2019, OTHER MEM- BERS OF THE MANAGEMENT TEAM WERE PAID THE FOLLOWING REMUNERATION

EUR	2019	2018
Salary, including benefits	1,151,869	887,011
Pension costs (defined contribution plans)	324,472	235,030
Bonuses	163,108	53,341
Shares	112,793	-
<b>Total</b>	<b>1,589,134</b>	<b>1,175,382</b>

In 2019, members of the Management Team of Kamux were Tapio Arimo (until 12 April 2019), Tommi Iiskonmäki, Mikko-Heikki Inkeroinen (from 24 February 2018), Olli Kilpi, Marko Lehtonen (from 17 June 2019), Satu Ojala, Jennie Stenbom (until 19 September 2019), Tero Törmänen, Ilkka Virtanen and Milla Kärpänen during her post as acting CFO (13 April - 16 June 2019). The figures in the table are rounded.



**REPORT BY THE BOARD  
OF DIRECTORS AND  
FINANCIAL STATEMENTS**

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## REPORT BY THE BOARD OF DIRECTORS 2019

### KAMUX'S OPERATING ENVIRONMENT

Kamux is a retail chain specialising in used car purchases and sales. Kamux had 48 car showrooms in Finland, 17 in Sweden and 6 in Germany as of December 31, 2019.

Kamux is a retail chain specializing in purchasing and selling used cars. On December 31, 2019, Kamux had 48 car showrooms in Finland, 17 in Sweden and 6 in Germany.

The overall market for used cars in Europe is approximately twice the size of new car sales, and market changes are smaller than in new car retail. People's mobility needs remain unchanged, but different mobility needs require different alternatives in the car selection. Today's consumers value diverse possibilities for online interactions along with reliable and competent service.

The development of the used car market is affected by the general economic situation as well as the development of the size of the population and urbanization. There have been changes in consumer behavior and consumers' willingness to own a car in recent years. However, the impacts of the sharing economy and new forms of mobility services on the used car market are expected to be small. Public debate and potential political decisions concerning emissions and climate change, car and fuel taxes and safety requirements may impact the used car market development.

In 2019, the number of new cars registered in Europe was 1.2% higher than in 2018 (ACEA). In Finland, the number of first-registered passenger cars decreased by 5.2% compared to 2018 (The Finnish Information Centre of Automobile Sector), in Sweden the number of first-registered passenger cars increased by 0.7% (BIL Sweden) and in Germany, the increase was 5.0% (Kraftfahrt-Bundesamt).

#### Finland

Public discussion around traffic emissions, car and fuel taxes

and alternative power sources was still active in the first half of 2019, continuing to cause uncertainty among consumers. The effects were reflected more strongly in new car sales, whereas the sales of used cars continued more stable. Kamux continued its growth and retained its market position by systematically implementing its business model. We further strengthened our position as the market leader in used car sales. Kamux estimates that the company's market share in Finland is approximately eight percent.

Combustion engine cars continue to be dominant in Finland. In 2019, approximately 91 percent of first-time registered passenger cars were powered by petrol or diesel or non-chargeable hybrids. In alternative power sources, rechargeable hybrid cars were the most popular amongst first-time registered passenger cars. The share of gas and electric-powered cars remained small, although it was increasing, as was the share of all alternative power sources. However, Finland's car stock changes slowly, and the share of petrol and diesel cars of the entire car stock was approximately 98 percent. Finland's passenger car stock grew from the previous year and continued to age. (Traficom, the Finnish Information Center of Automobile Sector and Liikenne fakta)

#### Sweden

The weak exchange rate of the Swedish krona strongly increased export sales of used cars to several countries for the second consecutive year. A total of over 100,000 used cars were exported from Sweden in 2018 and nearly 120,000 in 2019. Due to increased demand, the prices for used cars in Sweden increased. In addition, some of the showrooms specializing in the sales of new cars expanded their operations to the used car market, increasing competition.

The tax change regarding the emissions of new first-

time registered cars, introduced in 2018, continued to affect the sales of new cars in Sweden in early 2019. Towards the end of 2019, consumers anticipated the tax on new cars changing to be based on WLTP emissions tests at the start of 2020, which increased the sales of new cars strongly at the end of the year. We increased our foothold in the Swedish market and secured a position among the ten largest operators in 2019. An estimated less than one percent market share provides Kamux, however, with plenty of growth potential. In 2019, approximately 78 percent of first-time registered cars in Sweden were petrol or diesel cars. The share of electric and gas cars and chargeable hybrids among first-time registered cars is growing and totaled approximately 13 percent in 2019, the rest comprising mainly non-chargeable hybrids or ethanol cars. The share of petrol and diesel cars of the entire car stock in 2019 totaled 91 percent. Sweden's passenger car stock increased from the previous year. (Trafikanalys).

#### Germany

In Germany, no new political or societal decisions were made affecting car use or car-related taxes or Kamux's operations otherwise. In Germany, public discussion revolved largely around the car industry's ability to respond to consumer demand and European Union CO2 emission standards and requirements by producing electric cars and chargeable hybrids for the markets fast enough. According to our estimate, the market remained stable during the year.

We have established our position in used car sales in the greater Hamburg economic area. Kamux's market share in Germany grew but is still very small. In Germany, the combined share of petrol and diesel cars of the car stock in 2019 was approximately 98 percent of all passenger cars, and the number of cars running on alternative power sources was

less than two percent. Approximately 90 percent of first-time registered cars were petrol and diesel cars, just over 3 percent were gas and electric cars and chargeable hybrids, and the rest were mainly non-chargeable hybrids. In Germany, the passenger car stock increased from the previous year. (Kraftfahrt-Bundesamt)

### **GROUP REVENUE AND PROFIT IN 2019**

Revenue increased by 24.8% compared to the previous year and amounted to EUR 658.5 million (1-12/2018: 527.8). The increase in revenue was driven by the opening of new showrooms, expansions of existing showrooms and sales growth of like-for-like showrooms. The growth was fully organic. The number of cars sold by Kamux in Finland, Sweden and Germany amounted to 55,432 (46 596). In connection with the sale of used cars Kamux offers its customers commission-based services such as insurance and financing services, and a liability extension, Kamux Plus, that supplements the seller's statutory liability. Kamux's integrated services revenue was EUR 32.9 million (27.1).

The adjusted operating profit increased by 16.1% and amounted to EUR 25.4 million (21.9), or 3.9% (4.1) of revenue. The adjustment items to the operating profit totaled EUR 0.1 million (3.0) for 2019. The adjustment items include expenses of EUR 0.1 million related to strategic analyses and EUR 0.0 million expenses related to geographical expansion. In the comparison period, the adjustments also included the expenses of EUR 2.5 million related to taxes from previous financial years.

Kamux's operating profit increased by 33.8% as compared to the previous year, amounting to EUR 25.3 million (18.9).

Net financial items were EUR -1.0 million (0.4).

The result before taxes amounted to EUR 24.4 million (19.4). Taxes amounted to EUR 5.3 million (4.7). The effective tax rate for the financial year is 22% (24%). Profit for

the year amounted to EUR 19.0 million (14.6).

The basic earnings per share amounted to EUR 0.48 (0.37).

### **SEGMENTS**

#### **Finland 2019**

Revenue increased by 17.1% compared to the previous year, amounting to EUR 490.9 million (419.1). The number of cars sold during 2019 increased by 5,187, or 13.6% compared to the previous year, amounting to 43,404 (38,217). The growth was based on the sales of new showrooms and on the sales growth of like-for-like showrooms. Integrated services revenue increased to EUR 28.4 million (24.0) during 2019, or 5.8% of revenue (5.7). Operating profit increased by 21.7% compared to the previous year, amounting to EUR 29.4 million (24.1), or 6.0% of the revenue (5.8).

During 2019, Kamux opened 4 new showrooms in Finland: Oulu Limingantulli in January, Kajaani in February, Nurmijärvi Klaukkala in March and Forssa in June.

#### **Sweden 2019**

Total revenue increased by 55.3% compared to the previous year, amounting to EUR 158.5 million (101.9). External revenue increased by 46.3%, amounting to EUR 117.5 million (80.3). The number of cars sold during 2019 increased by 2,130 or 34.7%, and amounted to 8,263 (6,133). The growth was driven by the sales of new showrooms and expansions of existing showrooms as well as the sales growth of like-for-like showrooms.

Integrated services revenue increased to EUR 2.8 million (2.3), or 2.4% (2.8) of the external revenue. Operating profit increased compared to the previous year, amounting to EUR 1.3 million (0.9), or 0.8% of the total revenue (0.9).

In February 2019, Kamux opened a new showroom in Karlskrona, in March in Norrtälje, in June in Helsingborg and in October in Halmstad.

#### **Germany 2019**

Total revenue increased by 73.5% compared to the previous year, amounting to EUR 52.2 million (30.1). External revenue increased by 76.3%, amounting to EUR 50.1 million (28.4). The number of cars sold during 2019 increased by 1,519 or 67.6% compared to the previous year, amounting to 3,765 (2,246). The growth was based on the sales of new showrooms and on the sales growth of like-for-like showrooms.

Integrated services revenue increased to EUR 1.7 million (0.8), or 3.5% (2.6) of the external revenue. Operating loss of Germany segment decreased compared to the previous year, amounting to EUR -1.0 million (-1.8), or -2.0% of the total revenue (-6.1).

In September 2019, Kamux opened new showrooms in Heide and in Stade.

### **CONSOLIDATED BALANCE SHEET AND FINANCIAL POSITION**

The group's consolidated balance sheet total amounted to EUR 181.5 million as of December 31, 2019 (115.0), of which total equity amounted to EUR 81.7 million (68.9). At the beginning of the year 2019, Kamux adopted IFRS 16 Leases standard that increased the consolidated balance sheet total by 33% or EUR 38.3 million at the date of transition January 1, 2019. Comparable consolidated balance sheet total without the effect of IFRS 16 amounted to EUR 142.1 million (115.0). The amount of net debt was EUR 38.5 million (9.6). Comparable net debt without the effect of IFRS 16 amounted to EUR -8.1 million (9.6). Non-current bank loans amounted to EUR 16.5 million (19.4). The balance sheet of the company is strong, allowing business growth in line with our strategy.

Kamux has entered into a five-year credit facility agreement of EUR 50 million with Nordea Bank Corporation. The credit facility agreement includes a five-year term loan of EUR 30 million and a revolving credit facility of EUR 20 million. In addition to the revolving credit facility, Kamux has

a lease guarantee facility of EUR 0.4 million. At the end of the reporting period, EUR 19.5 million of the term-loan was in use. The term loan is currently repaid in bi-annual installments of EUR 1.5 million.

Net working capital amounted to EUR 55.3 million as of December 31, 2019 (61.2). Value of inventory amounted to EUR 70.2 million (71.0).

Kamux's cash flow from operating activities during year 2019 amounted to EUR 33.3 million (2.7). Comparable cash flow from operating activities without the effect of IFRS 16 amounted to EUR 26.4 million (2.7). IFRS 16 increases the operating cash flow, as cash payments for the principal portion of the lease liability are classified within financing activities. Only that part of the payments which reflects interest continues to be presented as operating cash flow. Cash and cash equivalents at the end of the period amounted to EUR 27.6 million (12.8).

Equity ratio at the end of the year 2019 was 41.5% (60.0). Return on capital employed (ROI) was 16.7% (16.2) and return on equity (ROE) was 25.3% (22.9). Due to the effect of IFRS 16, return on capital employed increased less than it would have increased without the effect of IFRS 16. The decrease in equity ratio was caused by growth in the consolidated balance sheet total resulting from the adoption of the IFRS 16. In comparable terms without the effect of IFRS 16, equity ratio amounted to 60.7% (60.0), ROI amounted to 20.6% (16.2) and ROE amounted to 25.5% (22.9) at the end of the financial year.

### **CAPITAL EXPENDITURE, RESEARCH AND DEVELOPMENT**

Kamux seeks to gain a significant competitive advantage by investing in leading with knowledge as well as digital customer and business processes.

Kamux's capital expenditure for 2019 amounted to EUR 2.7 million (1.3) and the capital expenditure level will remain

higher than in 2018 for about one year. The capital expenditure consisted mainly of IT systems and ordinary maintenance in the showrooms. The company financed these capital expenditure with its existing cash and cash equivalents as well as cash flow from operations.

Kamux's research and development costs are mainly related to further development of the company's retail concept and improvement of its business processes.

### **BOARD OF DIRECTORS**

Kamux's Board of Directors consisted of the following members at the beginning of 2019: Matti Virtanen, Reija Laaksonen, David Nuutinen, Jokke Paananen, Harri Sivula and Vesa Uotila.

On December 31, 2019, Vesa Uotila's service as a member of the Board of Directors ended as he started on January 7, 2020 as Director of Business Development at Kamux and as a member of the Management Team. The Board of Directors of Kamux continues as a five-member Board until the end of its current term, i.e. to the next Annual General Meeting of the company.

### **AUDIT COMMITTEE**

Kamux's Audit Committee consisted of the following members at the beginning of 2019: Harri Sivula (Chairman), Reija Laaksonen and Vesa Uotila.

On December 27, 2019 Board member David Nuutinen was appointed as new member of the Audit Committee of Kamux Corporation to replace Vesa Uotila as of January 1, 2020.

### **MANAGEMENT TEAM**

Kamux Management Team consisted of the following members in the beginning of 2019: CEO Juha Kalliokoski, CFO Tapio Arimo, Director of International Business Olli Kilpi, Purchasing Director Tero Törmänen, Country Director Finland Tommi Iiskonmäki, Director of Communications Satu

Otala, Chief Digital Officer (CDO) Mikko-Heikki Inkeroinen, Director of Business Development Ilkka Virtanen and Chief People Officer (CPO) Jennie Stenbom.

Tapio Arimo resigned to take up new responsibilities outside the company and he continued in his position until April 12, 2019. On June 17, 2019 Marko Lehtonen started as CFO of the company and as a member of the Kamux Management Team. During April 13 - June 16, 2019 Group Controller Milla Kärpänen acted as Kamux's interim CFO.

Jennie Stenbom decided to take up new responsibilities outside the company and she continued in her position until September 19, 2019. On October 7, 2019 Olli Kilpi started as Chief People Officer (CPO) and continued as a member of the Kamux Management Team. Before that he worked at Kamux as Director of International Business. At the same time, Ilkka Virtanen was appointed as Director of International Business and he continued as a member of the Kamux Management Team. Before that he worked at Kamux as Director of Business Development.

On November 26, 2019 Vesa Uotila was appointed as Director of Business Development and a member of the Kamux Management Team. Uotila started in his position on January 1, 2020.

### **MANAGEMENT HOLDINGS**

Holdings of the Board of Directors, CEO and Management Team of the Company's outstanding shares as of December 31, 2019 were as follows:

	<b>Ownership</b>
Members of the Board of Directors	0.5 %
CEO	15.2 %
Other Management Team	0.4 %



## PERSONNEL

Kamux's number of employees on December 31, 2019 was 934 (767), including all active full-time and part-time employees. The number of personnel in the Group converted to full-time equivalent (FTE) employees was 595 (472). The Group's total number of personnel grew by 123 FTEs during the year. The growth in the number of personnel is due to the opening of new showrooms in Finland, Sweden and Germany, as well as the increase of staff in existing showrooms and head-office.

	2019	2018
Employees December 31	934	767
FTE employees on average	595	472
Wages and salaries (EUR million)	28.0	21.8

The average number of FTE employees was divided by country as follows:

	2019	2018
Finland	425	362
Sweden	123	80
Germany	47	30

## STATEMENT OF NON-FINANCIAL INFORMATION

### Operating model and value creation

Kamux's operating model is focused on used car retail. The cornerstones of the company's omnichannel business model are professional sourcing and sales, rapid inventory turnover, low fixed costs and integrated services. Our vision is to be the number one retail chain specializing in used car sales in Europe.

The used car market is large and fragmented, which combined with the company's business model offers attractive growth potential. The core of our growth strategy comprises

continuous profitable growth, excellent customer experience and skilled personnel.

Kamux's strong and profitable growth enables value creation for different stakeholders and for society as a whole. Promoting mobility and renewing Finland's car fleet are examples of the impact Kamux has on society. Economic and social impacts are seen, for example, in tax payments and employment around Finland. Kamux aims to distribute a dividend of at least 30 percent of profit for the financial year.

### Our ways of working

Sustainable ways of working are central for the company's business, its development and the relations between Kamux and its stakeholders. Kamux complies with the laws, rules and regulations in force in each of its operating countries. Taxes and other payments are carried out in accordance with local legislation.

Responsibility, ethics, honesty and equality are a part of Kamux employees' everyday actions. Kamux's values are teamwork, joy and drive; freedom and accountability; happy customers; profitable business and responsibility.

In 2019, we renewed our Corporate responsibility program and chose the following as its main themes: sensible choices (environment and circular economy), worth the trust (way of working and customer service) and enthusiasm for work (personnel). Each theme includes topics identified as essential as well as goals and performance metrics. The figures presented in this Non-financial information statement cover the essential topics in question. We will continue to monitor our performance and collect data as well as develop the process further in the coming years. We are also committed to contributing to the United Nations' global Sustainable Development Goals in our operations.

### Code of Conduct and policies

Kamux wants to be a car retail forerunner in building a culture

of trust and openness. The company's operations, management and governance are on all markets based on Kamux's Code of Conduct, good governance and careful compliance with current requirements.

Kamux also expects all suppliers of cars, services or goods to comply with the Code of Conduct. The principles are included in the company's procurement policy. Other key policies and principles include, for example, the diversity policy approved by Kamux's Board of Directors.

### Corporate responsibility risk management

Risks related to corporate responsibility are identified and managed as a part of Kamux's comprehensive risk management work. In addition, responsibility topics, including the related risks, are discussed in every Management Team meeting, and they form a part of the Board of Directors' reporting package.

The company has an anonymous whistle blowing channel for reporting any possible actions violating the Code of Conduct, possible misconduct or suspicions of misconduct. There is also a general feedback email available on the company's website. In 2019, we received two whistle blowing notifications from outside the company, which were processed and investigated according to the process. They did not warrant further action.

### Environmental matters

#### Sensible choices

Kamux supports the national energy and climate strategy and emissions reduction targets. We want many people to have a possibility to buy a newer, lower emission vehicle. As the CO2 emissions of the car manufacturing industry are high, existing vehicles should be used in a sensible way to the end of their life-cycle and the remaining materials re-used within the circular economy. Kamux's operations are based on recycling and they are part of a circular economy

where non-renewable natural resources are saved through repairs, reusing and recycling.

We renew Finland's car stock by importing newer cars with lower CO2 emissions compared to those currently used on Finnish roads on average. The average age of the cars imported by Kamux was 4.1 years in 2019, compared to the average age of approximately 12.2 years of passenger cars used in Finnish transportation in 2019, reported by the Finnish Information Centre of Automobile Sector.

In 2019, the CO2 emissions of Kamux's imported cars were on average 129.7 g/km (NEDC). The average CO2 emissions for passenger cars used in Finnish transportation were 155.4 g/km (NEDC) at the end of 2019. 24.1% of the cars we imported into Finland in 2019 were running on alternative power sources, including hybrids, electric, natural gas or ethanol cars, and they accounted for 5.9% of all the cars we sold in Finland.

By investing in leading with knowledge, we aim to combine supply and demand. Thus, we can place the cars in our showrooms in a way that minimizes transferring them. Service, repair and cleaning are also done by local partners.

We use recycled spare parts of high quality when possible. We minimize the amount of waste and recycle the waste we produce. In 2019, the amount of waste totaled 21.85 tons. The waste recovery rate was 97% and the recycling rate was 13%. This information covers 44 out of 48 showrooms in Finland. We restrain energy consumption in showrooms, focusing particularly on properties where we can directly influence the used energy solutions.

## Social matters

### Excellent customer experience

Kamux wants to offer the best customer experience in used car retail. The goal is for our customer interactions to be smooth, transparent and encourage recommendations. Kamux has set the customer satisfaction target level

at 4.5/5. We achieved from all our markets an overall score of 4.3/5 (4.2/5). Customer satisfaction improved from the previous year towards the target we have set. This development was supported by the internal trainings we organized during the year, which focused on customer experience.

### Partners

Kamux has approximately 5,000 local maintenance, repair and cleaning partners, including car purchase channels and partners. Our partners employ people in different parts of the country in all Kamux's operating countries. We build close partnerships that are based on compliance with our Code of Conduct.

### Personnel

#### Enthusiasm for work

An enthusiastic, committed and skilled personnel is the cornerstone of Kamux's operations. Kamux is a fair workplace that ensures employee engagement by providing career advancement opportunities, training and a motivating reward system.

The 2019 work satisfaction survey results remained at the same level as in the previous survey (2017) in Finland, the overall score being 3.93. In Sweden and Germany, the scores improved clearly. The overall score was 4.16 in Sweden and 3.96 in Germany. The survey reflects our strong efforts in immediate supervisor work and the functioning of the work community.

The health percentage of our personnel was 67, which means that approximately two thirds of our employees were not absent from work due to sickness during the year. We aim at zero accidents leading to absence from work. During 2019, a total of 14 accidents occurred that led to absence from work, but there were no serious work-related accidents.

In 2019, we made more systematic efforts in the training

of sales personnel and supervisors in particular. The Kamux training center continued to operate in a more focused manner. We developed sales training methods and materials and launched a web portal to support learning. A total of 98 percent of our new salespeople completed the Kamux training program for new sales personnel in 2019.

### Diversity, equality and non-discrimination

Kamux is a responsible employer and aims to treat all employees equally, respecting their privacy, religious freedom as well as freedom of association and collective bargaining. In 2019, Kamux employees served their customers in 27 different languages. Converted to full-time equivalent employees, we employed 595 (472) people on average during 2019, of which 91 percent were male (90) and 9 percent were female (10). In 2019, our youngest employees were 15-year-old summer workers, and our oldest employees were 81-year-old car couriers.

Kamux's diversity policy promotes balanced gender diversity when electing Board members and includes Board members having skills and experience in different business areas that complement each other and support the company's core functions. The diversity of the Board of Directors is supported by the diverse professional and educational background of members as well as consideration for the age distribution. The diversity goals defined in Kamux's diversity policy are evaluated to be adequately realized in 2019.

### Human rights and preventing corruption and bribery

Kamux operates in accordance with the United Nations' Universal Declaration of Human Rights and the employees' rights defined by the International Labor Organization (ILO). Respecting human rights highlights equality as an employer, a safe working environment, equal opportunities to develop as a car sales professional as well as diversity of management. Kamux does not tolerate human rights violations

in any form. The company has zero tolerance for corruption and bribery. The awareness and readiness of personnel are developed through trainings and internal guidelines.

## **RISK MANAGEMENT**

The aim of risk management is to ensure the keeping of customer promises, profit development, the ability to pay dividends, shareholder value, responsible operating practices and the continuity of business. Kamux has harmonized and efficient methods to identify, assess and manage risks and their consequences. Kamux complies with the internal control and risk management principles approved by the company's Board of Directors.

Risk management is a systematic activity, the purpose of which is to guarantee comprehensive and appropriate identification, assessment, management and monitoring of risks. It is an essential part of Kamux's planning and management process, decision-making, daily leadership, operations and supervision and reporting procedures. Risks are assessed and managed in a business-oriented fashion and comprehensively. This means that the key risks are identified, assessed, managed, monitored and reported on systematically as part of the business.

Kamux only takes conscious and calculated risks in expanding its business, strengthening its market position and creating new business. In assessing the risks, the company takes into account not only economic aspects but also the impact on people, the environment and reputation. Kamux creates a safe working environment for employees and minimizes the potential for crime or misconduct. The company secures business-critical operations and the resources needed to ensure continuity. Kamux prepares for the realization of risks, for example, by maintaining adequate insurance coverage and information security.

The Group's CEO and other members of the Management Team each have their own responsibility areas. The

Management Team regularly reports to the Board on risks and risk management actions. The Board reviews most significant risks, measures to manage them, and assesses the effectiveness of risk management. The CFO is responsible for the coordination of risk management. Kamux has created common operating principles in its Code of Conduct, which is available in Finnish, Swedish, German and English. The Code of Conduct is one part of pre-emptive risk management.

Kamux considers its most significant risks to be:

### **Economic risks and general competitive situation**

General economic conditions may have an adverse effect on the used car retail market in which Kamux operates. The risk is managed by closely monitoring the general economic development and its impact on Kamux's business. Other risks related to the economy include interest rate, financing and tax risks, which are monitored and mitigated as described in the Group's Treasury Policy.

The used car retail market is highly fragmented, and Kamux's competitors range from large nationwide brand dealerships to private individuals in all of its geographical markets. Kamux responds to tightening competition through continuous competitive situation assessment and development of the Kamux concept.

Kamux offers its customers third-party financing products, which are significant for Kamux's profit-making ability. Potential considerable changes in credit granting by financial institutions, interest rates offered to customers or the financial situation of an individual financial institution may impact the supply and competitiveness of financing products in the market. Kamux closely monitors the development of customer funding in the market and cooperates with several leading financial institutions in different markets.

Changes or expected changes in car taxes also affect the demand for used cars, especially in Finland, where car

taxes form a significant part of the car's price. Political debate or political decisions about possible emission limitations and bans, car- or fuel taxes and increased safety requirements may, if implemented, affect the development of the used car market.

The lively public debate on the alternative power sources of vehicles has continued in 2019. Kamux's offering also includes alternative power sources and their share of imported cars in particular has been considerable. Quick changes in the attractiveness and pricing of different power sources may impact the market prices of used cars. Kamux operationally manages the risk related to inventory valuation by paying continuous attention to sufficiently fast inventory turnover and by monitoring industry trends regarding power sources.

### **Reputation risk**

Kamux's brand and reputation among customers and other stakeholders are important factors of success. Kamux works to minimize reputation risk by monitoring the development of customer satisfaction, maintaining high customer service levels and operating in a responsible way.

### **Personnel risk**

Skilled employees deliver Kamux's performance. Kamux's human resource strategy identifies employees as the most important resource of the Group, and employees are instrumental in achieving set business goals. Managing personnel growth has been identified as a risk. Personnel risk is minimized through a systematic recruitment process, tracking and developing employee satisfaction and well-being, training and a rewarding incentive system.

### **Failures in IT systems and processing of customer confidential information**

Kamux's IT systems are especially important and cover all key business areas such as customer information, inventory



monitoring, logistics, human resources, finance and other administrative systems. Kamux collects, processes and retains confidential customer information in connection with its normal business. The business premises and systems of Kamux and its external service providers may be exposed to risks related to unauthorized use, misuse, employee mistakes or misconduct, computer viruses, hacker attacks or other similar threats. Kamux aims to prevent failures by means defined in its information security strategy.

## **DECISIONS OF THE ANNUAL GENERAL MEETING AND THE CONSTITUTIVE MEETING OF THE BOARD OF DIRECTORS AND AUTHORIZATIONS**

### **Decisions of the Annual General Meeting**

Kamux Corporation's Annual General Meeting was held on Friday, April 12, 2019. The Meeting approved the Financial Statements and discharged the members of the Board of Directors and CEO from liability for the year of 2018. The Board of Directors proposal for a dividend of EUR 0.16 per share was approved. The record date for dividend payments was April 16, 2019, and the dividend was paid on April 25, 2019.

The Annual General Meeting confirmed that the Board of Directors will consist of six members and Mr. Matti Virtanen, Ms. Reija Laaksonen, Mr. David Nuutinen, Mr. Jokke Paananen, Mr. Harri Sivula and Mr. Vesa Uotila were re-elected as members of the Board of Directors. 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.

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.

Authorized Public Accountant PricewaterhouseCoopers

Oy was re-elected as the company's auditor. The remuneration of the auditor will be paid according to the invoice as accepted by Company. PricewaterhouseCoopers Oy has informed that Authorized Public Accountant Mr. Janne Rajalahti will act as the principal auditor.

The Annual General Meeting resolved to authorize the Board of Directors in accordance with the proposal of the Board to resolve on the issuance of a maximum of 4,000,000 shares in one or more tranches corresponding to approximately 10% of all the shares in the company. The Board of Directors decides 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 but for the part of the previously given authorization that has been given for the Company's share-based incentive schemes. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than until June 30, 2020.

The Annual General Meeting resolved to authorize the Board of Directors in accordance with the proposal of the Board to resolve on the repurchase of a maximum of 2,000,000 company's own shares using the unrestricted equity of the company, representing approximately 5% of all the shares in the company. The authorization includes the right to accept company's own shares as a pledge. The shares shall be acquired to be used for execution of the Company's share-based incentive schemes or for other purposes determined by the Board of Directors. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than until June 30, 2020. The Board of Directors shall decide on any other matters related to the repurchase of the company's own shares and/or accepting them as a pledge.

### **Decisions of the Constitutive Meeting of the Board of Directors**

In its constitutive meeting convening after the Annual General Meeting, the Board of Directors reappointed Mr. Harri Sivula (Chairman), Ms. Reija Laaksonen and Mr. Vesa Uotila as members of the Audit Committee.

The Board assessed the independence of the directors in its meeting in accordance with the Finnish Corporate Governance Code. It was concluded that Ms. Reija Laaksonen, Mr. David Nuutinen and Mr. Harri Sivula are independent of the company and its significant shareholders, Mr. Jokke Paananen and Mr. Vesa Uotila are independent of the company, and Mr. Matti Virtanen is independent of the significant shareholders of the company.

### **SHARE-BASED INCENTIVE SCHEME**

On January 23, 2019, the Board of Directors of Kamux Corporation decided to approve the detailed terms and conditions of the share-based incentive scheme for the Group's key personnel for 2019. The incentive scheme approved for 2019 is the second scheme approved on the basis of the decision made by the Board of Directors on April 27, 2017 to establish an incentive scheme. The general terms and conditions of the scheme were described and published in a separate stock exchange release on January 23, 2019. On March 1, 2019, the company issued a total of 30,126 new shares in a share issue without consideration directed to the key personnel of the Kamux Group for the payment of share-based incentive scheme of 2018. The new shares were registered in the Finnish Trade Register on March 14, 2019. In the Note 5.3 to the consolidated financial statements are disclosed information about the share-based incentive scheme.

### **TREASURY SHARES**

At the beginning of the financial year Kamux did not hold any treasury shares. During the financial year the company

issued new shares in a share issue without consideration directed to the key personnel of the Kamux Group for the payment of share-based incentive scheme of 2018. On September 18, 2019, a total of 1,345 shares and on December 13, 2019 a total of 978 shares of these new shares were returned to the company without consideration due to the termination of employment of persons belonging to the scheme. At the end of the financial year, the company held 2,323 treasury shares, representing 0.01% of all shares.

#### **FLAGGING NOTICES**

During 2019, the company received notices of changes in shareholdings pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act as follows:

On August 29, 2019, Juha Kalliokoski and Callardo Capital Oy, a company controlled by closely associated persons to Juha Kalliokoski, announced that the total holdings of shares and voices of Juha Kalliokoski and Callardo Capital Oy in Kamux Corporation has exceeded the 15 percent flagging threshold.

On December 12, 2019, Intera Fund II Ky announced that the total holdings of shares and voices of Intera Fund II Ky in Kamux Corporation has fallen below the 25 percent flagging threshold.

#### **PROPOSAL OF THE BOARD OF DIRECTORS FOR DISTRIBUTION OF PROFIT**

On December 31, 2019 Kamux Corporation's distributable earnings totaled EUR 80,438,739.64 of which profit for the year was EUR 17,814,098.72. The Board of Directors proposes a dividend of EUR 0.23 per share to be distributed for the year 2019 and that the other distributable earnings be held in unrestricted equity (for the year 2018 a dividend of EUR 0.16 per share was distributed).

The Board proposes that the dividend for the financial year 2019 will be paid in two instalments. The first dividend in-

stalment, EUR 0.12 per share, is to be paid to shareholders registered in the Company's register of shareholders maintained by Euroclear Finland Ltd on the first dividend instalment payment record date of April 23, 2020. The Board proposes that the first dividend instalment pay date be April 30, 2020. The second dividend instalment is to be paid to shareholders registered in the Company's register of shareholders maintained by Euroclear Finland Ltd on the second dividend instalment payment record date of October 23, 2020. The Board proposes that the second dividend instalment pay date be October 30, 2020. The Board proposes that it be authorized to decide, if necessary, on a new dividend payment record date and pay date for the second instalment if the rules and statutes of the Finnish book-entry system change or otherwise so require.

#### **EVENTS AFTER THE FINANCIAL YEAR**

On December 2, 2019, Kamux announced the acquisition of the business and assets of Autosilta from Jagro Oy. The acquisition was completed on January 9, 2020 and on that date Kamux obtained control of the assets acquired. On January 10, 2020 Kamux opened a new showroom in Niitykumpu in Espoo, located on the former premises of Autosilta. In connection with the acquisition five employees were transferred into Kamux. Preliminary effect of the business acquisition on Kamux's net sales for year 2020 is EUR 23.0 million. Purchase price allocation and thus possible amount of goodwill arising from the acquisition is unfinished and Kamux will present the disclosures in accordance IFRS 3 in its interim report for the first quarter of 2020.

On January 16, 2020, the Board of Directors of Kamux Corporation decided to approve the detailed terms and conditions of the share-based incentive scheme for the Group's key personnel for 2020.

On January 31, 2020, Kamux announced that the Jyväskylä showroom will expand its commercial vehicle sales in as it moves to new premises.

On February 14, 2020, Kamux announced the opening of the Tornio showroom in April 2020.

On February 19, 2020, Kamux announced the opening of the Värmdö showroom during early summer 2020.

On February 25, 2020, Olli Kilpi, Kamux's CPO and Member of the Management Team, announced to leave to take up new responsibilities outside the company. He will continue in his current position until May 22, 2020.

On February 28, 2020, Kamux announced to start to repurchase the company's own shares for execution of the Company's share-based incentive scheme.

#### **ESTIMATE OF FUTURE DEVELOPMENT**

On January 29, 2019 Kamux updated its medium-term financial targets. Kamux's medium-term targets for the years 2019–2022, confirmed by the Board of Directors of Kamux Corporation, are to increase revenue by over 10% annually, and to reach an operating profit margin of at least 4% and dividend payout at least 30% of profit.

Hämeenlinna February 28, 2020  
Kamux Corporation  
Board of Directors

## SHARES AND SHARE OWNERSHIP

### SHARE

Kamux's share capital at the end of the financial year was EUR 80,000 and the number of shares was 40,017,420. The company has one class of shares and each share has one vote at the company's general meeting. On March 1, 2019, the company issued a total of 30,126 new shares in a share issue without consideration directed to the key personnel of the Kamux Group for the payment of share-based incentive scheme of 2018. The new shares were registered in the Finnish Trade Register on March 14, 2019. On September 18, 2019, a total of 1,345 shares and on December 13, 2019 a total of 978 shares of these new shares were returned to the company without consideration due to the termination of employment of persons belonging to the scheme. At the end of the review period, the Company held 2,323 treasury shares, representing 0.01% of all shares.

During the financial year, a total of 14,710,255 Kamux shares (1,497,723) were traded on the Nasdaq Helsinki marketplace. The highest trading price for the financial year was EUR 7.62 (7.48) and the lowest EUR 4.50 (5.20). The closing price of the share on the last trading day on December 30, 2019 was EUR 7.40 (5.44). The trade volume weighted average price of the Kamux share during the year was EUR 6.14 (6.43). The market value of the share capital without treasury shares was EUR 296.1 million (217.5) at the end of the year. The trading symbol on the Nasdaq Helsinki main market is KAMUX, and Kamux is classified as a medium-sized company in the Retail sector.

### SHAREHOLDERS AND FLAGGING

At the end of 2019, the number of registered shareholders was 8,475 (2,009), including 9 (6) nominee registered shareholders. Kamux's largest shareholders on December 31, 2019 were Intera Fund II Ky (20.99%), Juha Kalliokoski including both the shares owned by Juha Kalliokoski and by an investment company controlled by closely associated persons to Juha Kalliokoski (15.21%) and Elo Mutual Pension Insurance Company (8.50%).

In accordance with the rules of the Securities Market Act, shareholders of publicly listed companies must notify both the Financial Supervisory Authority and the listing company of changes in their holdings. During 2019, the company received notices of changes in shareholdings pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act as follows:

On August 29, 2019, Juha Kalliokoski and Callardo Capital Oy, a company controlled by closely associated persons to Juha Kalliokoski, announced that the total holdings of shares and voices of Juha Kalliokoski and Callardo Capital Oy in Kamux Corporation has exceeded the 15 percent flagging threshold.

On December 12, 2019, Intera Fund II Ky announced that the total holdings of shares and voices of Intera Fund II Ky in Kamux Corporation has fallen below the 25 percent flagging threshold.

LARGEST SHAREHOLDERS DECEMBER 31, 2019		Share ownership	% of shares
1	Intera Fund II Ky	8,398,596	20.99
2	Kalliokoski Juha Antero	5,638,679	14.09
3	Elo Mutual Pension Insurance Company	3,402,778	8.50
4	Mäkinen Jussi Antero	1,366,712	3.42
5	Kalliola Jyri	1,366,223	3.41
6	Ilmarinen Mutual Pension Insurance Company	1,052,000	2.63
7	Mutual fund Aktia Capital	979,950	2.45
8	OP-Finland Small Firms mutual fund	643,089	1.61
9	Mutual fund eQ Nordic Small Cap	560,000	1.40
10	Fondita Nordic Micro Cap Placeringsfond	550,000	1.37
11	Fondita Nordic Small Cap Placeringsfond	460,000	1.15
12	Callardo Capital Oy	447,614	1.12
13	Salmela Jussi Pekka	404,986	1.01
14	Pelkonen Henri Tapio	325,694	0.81
15	Mutual Fund Säästöpankki Small Cap	300,000	0.75
16	Mänty Tero Juho	273,000	0.68
17	Pihlaja Ari Kalevi	273,000	0.68
18	Kemppainen Jorma Petteri	270,927	0.68
19	Ahonen Ari Juhani	255,256	0.64
20	Blueberry Capital Oy	231,000	0.58
<b>20 largest shareholders in total</b>		<b>27,199,504</b>	<b>67.97</b>

Excludes nominee registered shares and treasury shares. As of December 31, 2019, Kamux held 2,323 treasury shares.

Kamux has received the following notifications of nominee registered owners on December 31, 2019: Investment funds managed by Swedbank Robur owned a total of 3,242,013 shares, corresponding to 8.10 % of the outstanding shares and votes of the company.



**REPORT BY THE  
BOARD OF DIRECTORS**

**OWNERSHIP BY SECTOR,  
DECEMBER 31, 2019**

	<b>Owners</b>	<b>% of owners</b>	<b>Shares</b>	<b>% of shares</b>
Foreign owners	23	0.27	37,555	0.11
Households	8,048	94.96	15,090,519	44.31
Government entities	4	0.05	4,465,228	13.11
Financial and insurance institutions	31	0.37	11,632,399	34.15
Non-profit organizations	14	0.17	228,523	0.67
Companies and home associations	355	4.19	2,606,295	7.65
<b>Total</b>	<b>8,475</b>	<b>100.00</b>	<b>34,060,519</b>	<b>100.00</b>

Includes only book-entry registered shareholders in Finland. The distribution of shareholdings is thus not illustrative of the distribution of the entire shareholding in the company.

**OWNERSHIP DISTRIBUTION BY SIZE,  
DECEMBER 31, 2019**

<b>Shares</b>	<b>Owners</b>	<b>% of owners</b>	<b>Shares</b>	<b>% of shares</b>
1-100	2,672	31.53	134,707	0.34
101-500	3,623	42.75	965,207	2.41
501-1 000	1,150	13.57	902,546	2.26
1 001-5 000	842	9.94	1,782,480	4.45
5 001-10 000	83	0.98	609,041	1.52
10 001-50 000	73	0.86	1,588,930	3.97
50 001-100 000	4	0.05	289,824	0.72
100 001-500 000	15	0.18	4,012,990	10.03
500 001-	13	0.15	29,731,695	74.30
<b>Total</b>	<b>8,475</b>	<b>100.00</b>	<b>40,017,420</b>	<b>100.00</b>

Includes the treasury shares held by Kamux Corporation.

## KEY PERFORMANCE MEASURES

STATEMENT OF COMPREHENSIVE INCOME	2019*	2018	2017	KEY FIGURES	2019*	2018	2017
Revenue	658.5	527.8	454.9	Return on equity (ROE), %	25.3%	22.9%	26.6%
revenue growth, %	24.8%	16.0%	12.4%	Return on capital employed (ROI), %	16.7%	16.2%	17.2%
Gross profit	79.6	64.9	53.8	Equity ratio, %	45.1%	60.0%	57.2%
as percentage of revenue, %	12.1%	12.3%	11.8%	Gearing, %	47.2%	14.0%	12.3%
Earnings before interest, tax, depreciation and amortization (EBITDA)	33.7	20.2	17.3				
as percentage of revenue, %	5.1%	3.8%	3.8%	<b>PER SHARE DATA</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Operating profit (EBIT)	25.3	18.9	16.2	Earnings per share, basic, €	0.48	0.37	0.30
as percentage of revenue, %	3.8%	3.6%	3.6%	Cash flows from operating activities per share, €	0.83	0.07	0.17
Adjusted operating profit	25.4	21.9	18.6	Shareholders' equity per share, €	2.04	1.72	1.43
as percentage of revenue, %	3.9%	4.1%	4.1%	Dividend per share, €	0.23**	0.16	0.12
<b>BALANCE SHEET</b>				Payout ratio, %	48.4%	43.7%	39.9%
Equity	81.7	68.9	58.9	Effective dividend yield, %	3.1%	2.9%	1.7%
Non-current liabilities	55.7	20.0	22.8	Price/earnings (P/E) ratio	15.6	14.9	23.5
Current liabilities	44.1	26.1	21.3	Highest share price, €	7.62	7.48	9.00
Balance sheet total	181.5	115.0	103.0	Lowest share price, €	4.50	5.20	6.40
Net debt	38.5	9.6	7.3	Share price on December 31, €	7.40	5.44	7.05
Net working capital	55.3	61.2	49.5	Market capitalization of share stock, € million***	296.1	217.5	281.9
Inventories	70.2	71.0	55.2	Turnover of shares, total, (1,000 shares)	14,710	1,498	16,532
<b>OTHER INFORMATION</b>				Relative turnover of shares, total, %	36.8%	3.7%	41.3%
Number of cars sold	55,432	46,596	40,957	Average no. of shares (1,000 shares), basic***	40,004	39,987	38,937
Gross profit per sold car	1,437	1,392	1,314	Average no. of shares (1,000 shares), diluted***	40,017	39,996	38,941
Sales growth of like-for-like showrooms, %	6.3%	5.6%	-4.9%	Total no. of shares (1,000 shares) on December 31***	40,015	39,987	39,987
Inventory turnover, days	44.5	49.6	46.8				
Capital expenditures	2.7	1.3	1.2				
Average number of employees during the period	595	472	418				

\*\*Proposal of the Board of Directors to the Annual General Meeting

\*\*\*Excluding treasury shares

\* Key figures 2019 include the effects of the adoption of IFRS 16 Leases standard. Excluding the effects of IFRS 16, the comparable figures in 2019 were: Operating profit (EBIT) EUR 25.2 million, Adjusted operating profit EUR 25.3 million, Net debt EUR -8.1 million, Return on equity (ROE) 25.5%, Return on investment (ROI) 20.6% and Equity ratio 60.7%

## 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.

### TAX REASSESSMENT DECISION

In the comparison year 2018, Kamux received a tax reassessment decision from the Finnish Tax Administration. The decision was related to a tax audit carried out by the Finnish Tax Administration in 2016-2018 concerning Kamux Suomi Oy and the tax years 2012-2016. Kamux expensed the total amount of the tax reassessment decision, approximately EUR 2.6 million, in full in its result for the second quarter of 2018. However, Kamux considers the decision to be unfounded and has appealed against the decision. The status of the tax reassessment appeal remains unresolved.

### RECONCILIATION OF ADJUSTED OPERATING PROFIT

EUR million	2019	2018
<b>Operating profit (EBIT)</b>	<b>25.3</b>	<b>18.9</b>
Strategic investigations	0.1	0.4
Special items relating to geographical expansion	0.0	0.1
Taxes related to previous financial years	-	2.5
Total adjustment items	0.1	3.0
<b>Adjusted operating profit</b>	<b>25.4</b>	<b>21.9</b>



## CALCULATION OF KEY FIGURES

Gross profit	=	Revenue + Other operating income – Materials and services	Earnings per share, basic, EUR	=	$\frac{\text{Profit for the period (attributable to owners of the Company)}}{\text{Weighted average number of outstanding shares adjusted for share issue for the period}}$
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 special items relating to strategic planning and geographical expansion of business and also on comparative year for taxes related to previous financial years.	Net working capital, EUR	=	Inventories + Trade and other receivables + Current income tax receivables – Trade and other payables – Current income tax liabilities – Non-current and current provisions
Net debt	=	Non-current borrowings + Current borrowings + Lease liabilities – Cash and cash equivalents	Dividend per share, EUR	=	Dividend per share approved by the Annual General Meeting with respect to the most recent year, the Board's proposal to the AGM
Financial debt	=	Non-current borrowings + Current borrowings	Payout ratio, %	=	$100 \times \frac{\text{Dividend/share}}{\text{Share of EPS belonging to parent company owners}}$
Like-for-like showroom revenue growth	=	$100 \times \left( \frac{\text{Like-for-like showroom car sales}}{\text{Like-for-like showroom car sales in the previous year}} - 1 \right)$	Effective dividend yield, %	=	$100 \times \frac{\text{Dividend/share adjusted for share issue}}{\text{Final quotation at close of period adjusted for share issue}}$
		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.	Price/earnings (P/E) ratio	=	$\frac{\text{Final quotation at close of period adjusted for share issue}}{\text{Share of EPS belonging to parent company owners}}$
Inventory turnover	=	$365 \times \frac{\text{Inventories (average for 12 months)}}{\text{Materials and services (rolling 12 months)}}$	Shareholders' equity per share, EUR	=	$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Basic number of shares at the end of period adjusted for share issue}}$
Return on equity (ROE), %	=	$100 \times \frac{\text{Profit for the period (rolling 12 months)}}{\text{Equity (average for 12 months)}}$	Market capitalization of share stock, EUR	=	Number of shares x closing price at the end of period
Return on capital employed (ROI), %	=	$100 \times \frac{\text{Profit for the period + Finance costs (rolling 12 months)}}{\text{Equity + Financial debt (average for 12 months)}}$			
Equity ratio, %	=	$100 \times \frac{\text{Equity}}{\text{Balance sheet total – Advance payments received}}$			
Gearing, %	=	$100 \times \frac{\text{Net debt}}{\text{Equity}}$			

# KAMUX CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019

Kamux's (Company ID 2442327-8) business is based on an effective integrated business model in the sale of used cars. Kamux's goal is to continuously develop its operations and services to better meet customers' needs. In the presentation of consolidated financial statements, Kamux also focuses on information relevant to the users of financial statements and strives to report Kamux's financial performance in 2019 and 2018 clearly and concisely. In addition to primary statements the consolidated financial statements include five sections: Basis of Preparation and Information on Kamux, Key Performance Metrics of Kamux Group, Net Working Capital, Capital Management and Net Debt and Other Notes. Each part also explains related significant accounting principles. This manner of presenting information aims at providing the reader with a clear understanding of the Group's financial position and on how the applied accounting policies impact the figures presented in the financial statements.

# PRIMARY STATEMENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

**CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

**CONSOLIDATED BALANCE SHEET**

**CONSOLIDATED STATEMENT OF CHANGES IN  
EQUITY**

**CONSOLIDATED STATEMENT OF CASH FLOWS**





## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

EUR million	Note	For the year ended December 31,	
		2019*	2018
<b>Revenue</b>	<b>2.2</b>	<b>658.5</b>	<b>527.8</b>
Other operating income	2.2	0.8	0.9
Materials and services	2.3, 2.4	-579.6	-463.8
Personnel costs	2.4	-34.3	-26.8
Other operating expenses	2.4	-11.7	-17.9
Depreciation and amortization	2.4	-8.4	-1.2
<b>Operating profit</b>		<b>25.3</b>	<b>18.9</b>
Finance income and costs	4.2	-1.0	0.4
<b>Profit before income tax</b>		<b>24.4</b>	<b>19.4</b>
Income tax	2.5	-5.3	-4.7
<b>Profit for the period</b>		<b>19.0</b>	<b>14.6</b>
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Translation differences		-0.0	-0.1
<b>Other comprehensive income for the period, net of tax</b>		<b>-0.0</b>	<b>-0.1</b>
<b>Total comprehensive income for the period</b>		<b>19.0</b>	<b>14.6</b>
Profit for the period attributable to			
owners of the Company		19.0	14.6
Total comprehensive income for the period attributable to			
owners of the Company		19.0	14.6
Earnings per share for profit attributable to owners of the Company	2.6		
<b>Earnings per share, basic and diluted, EUR</b>		<b>0.48</b>	<b>0.37</b>

\* Includes the effects of the adoption of IFRS 16 Leases standard. Excluding IFRS 16 the comparable figures in 2019 were: Other operating expenses EUR -19.0 million, Depreciation and amortization EUR -1.2 million, Finance income and expenses EUR -0.6 million, Operating profit EUR 25.2 million and Profit for the period EUR 19.2 million.

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

## CONSOLIDATED BALANCE SHEET

EUR million	Note	At December 31,	
		2019*	2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	5.2	2.1	1.1
Goodwill	5.2	13.6	13.6
Property, plant and equipment	5.2	2.2	1.8
Lease assets	5.2	46.4	-
Other receivables		0.1	0.1
Deferred tax assets	5.5	0.4	0.4
<b>Total non-current assets</b>		<b>64.8</b>	<b>16.9</b>
<b>Current assets</b>			
Inventories	3.1	70.2	71.0
Trade and other receivables	3.2	18.4	13.7
Derivative financial instruments	4.1	0.2	0.6
Current tax assets		0.2	-
Cash and cash equivalents	4.1	27.6	12.8
<b>Total current assets</b>		<b>116.6</b>	<b>98.1</b>
<b>TOTAL ASSETS</b>		<b>181.5</b>	<b>115.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>	5.4		
Share capital		0.1	0.1
Reserve for invested unrestricted equity		24.7	24.7
Translation differences		-0.1	-0.0
Retained earnings		37.9	29.5
Profit for the period		19.0	14.6
<b>Total equity attributable to owners of the Company</b>		<b>81.7</b>	<b>68.9</b>

EUR million	Note	At December 31,	
		2019*	2018
<b>Non-current liabilities</b>			
Borrowings	4.1	16.5	19.4
Lease liabilities	5.2	38.8	-
Other non-current liabilities		0.2	0.2
Provisions	3.4	0.4	0.4
<b>Total non-current liabilities</b>		<b>55.7</b>	<b>20.0</b>
<b>Current liabilities</b>			
Borrowings	4.1	3.0	3.0
Lease liabilities	5.2	7.9	-
Trade and other payables	3.3	29.7	20.7
Provisions	2.3, 3.4	2.7	2.2
Current income tax liabilities		0.8	0.3
<b>Total current liabilities</b>		<b>44.1</b>	<b>26.1</b>
<b>Total liabilities</b>		<b>99.8</b>	<b>46.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>181.5</b>	<b>115.0</b>

\* Includes the effects of the adoption of IFRS 16 Leases standard on December 31, 2019. Excluding IFRS 16, the comparable figures were on December 31, 2019: Non-current assets EUR 18.4 million, Non-current liabilities EUR 17.0 million, Current liabilities EUR 36.2 million and Balance sheet total EUR 142.1 million.

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

EUR million	Note	Share capital	Reserve for invested unrestricted equity	Translation differences	Treasury shares	Retained earnings	Total equity
<b>Equity at Jan 1, 2019</b>		0.1	24.7	-0.0	-	44.1	68.9
Profit for the period						19.0	19.0
Other comprehensive income				-0.0			-0.0
<b>Total comprehensive income</b>				<b>-0.0</b>		<b>19.0</b>	<b>19.0</b>
Transactions with owners:							
Share-based payments	5.3					0.2	0.2
Dividends for owners						-6.4	-6.4
<b>Equity at Dec 31, 2019</b>		<b>0.1</b>	<b>24.7</b>	<b>-0.1</b>	<b>-</b>	<b>56.9</b>	<b>81.7</b>
<b>Equity at Jan 1, 2018</b>		<b>0.1</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						14.6	14.6
Other comprehensive income				-0.1			-0.1
<b>Total comprehensive income</b>				<b>-0.1</b>		<b>14.6</b>	<b>14.6</b>
Transactions with owners:							
Cancellation of treasury shares	5.4		0.1		8.1	-8.2	-
Share-based payments	5.3					0.1	0.1
Dividends for owners						-4.8	-4.8
<b>Equity at Dec 31, 2018</b>		<b>0.1</b>	<b>24.7</b>	<b>-0.0</b>	<b>-</b>	<b>44.1</b>	<b>68.9</b>

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.



## CONSOLIDATED STATEMENTS OF CASH FLOWS

EUR million	Note	For the year ended December 31,	
		2019*	2018
<b>Cash flows from operating activities</b>			
<b>Profit for the period</b>		<b>19.0</b>	<b>14.6</b>
Adjustments for:			
Depreciation and amortization	2.4	8.4	1.2
Finance income and costs	4.2	1.0	-0.4
Change in provisions	2.3, 3.4	0.5	-0.0
Write-down of inventories	3.1	-0.2	0.1
Income taxes	2.5	5.3	4.7
Other non-cash items		0.1	0.1
Changes in working capital:			
Change in trade receivables and other receivables	3.2	-4.6	-0.9
Change in trade payables and other payables	3.3	8.9	5.1
Change in inventories	3.1	0.6	-16.3
Interests paid		-0.7	-0.5
Other financial items, net		-0.1	-0.1
Income taxes paid		-5.0	-4.9
<b>Net cash inflow (outflow) from operating activities</b>		<b>33.3</b>	<b>2.7</b>
<b>Cash flows from investing activities</b>			
Investments in property, plant and equipment	5.2	-1.0	-0.7
Investments in intangible assets	5.2	-1.8	-0.6
<b>Net cash inflow (outflow) from investing activities</b>		<b>-2.7</b>	<b>-1.3</b>

EUR million	Note	For the year ended December 31,	
		2019*	2018
<b>Cash flows from financing activities</b>			
Repayments of bank loans	4.1	-3.0	-3.0
Repayments of lease liabilities	5.2	-6.9	-
Dividends paid		-6.4	-4.8
Other cash flows from financing activities		0.1	0.3
<b>Net cash inflow (outflow) from financing activities</b>		<b>-16.2</b>	<b>-7.5</b>
<b>Net decrease/increase in cash and cash equivalents</b>		<b>14.4</b>	<b>-6.1</b>
Cash and cash equivalents at the beginning of the period		12.8	18.1
Effects of exchange rate changes on cash and cash equivalents		0.3	0.8
<b>Cash and cash equivalents at the end of period</b>		<b>27.6</b>	<b>12.8</b>

\* Includes the effects of the adoption of IFRS 16 Leases standard. Excluding IFRS 16 the comparable figures were in 2019 Net cash inflow (outflow) from operating activities EUR 26.4 million and Net cash inflow (outflow) from financing activities EUR -9.3 million.

The above consolidated statements of cash flow should be read in conjunction with the accompanying notes.

# 1

## **BASIS OF PREPARATION AND INFORMATION ON KAMUX**

**BASIS OF PREPARATION  
SHORT PRESENTATION OF KAMUX**

## 1.1 BASIS OF PREPARATION

### GENERAL INFORMATION

These are the financial statements of Kamux Corporation (the “Company”) and its subsidiaries (together referred as “Kamux”, or “Group”). Kamux is a rapidly grown retail chain operating in Finland, Sweden and Germany specialising in used car sales.

The parent company’s company ID is 2442327-8, domicile is Hämeenlinna and the registered address of the head office is Parolantie 66 A, 13130 Hämeenlinna.

The Company’s Board of Directors has approved these financial statements at its meeting on February 28, 2020.

According to the Finnish Companies Act, shareholders have the opportunity to approve or reject the financial statements at the General Meeting of Shareholders held after publication. It is also possible to amend the financial statements at the General Meeting of Shareholders.

### BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, conforming to the IAS standards and IFRS standards as well as IFRIC interpretations applicable as of December 31, 2019. The notes to the financial statements also comply with Finnish accounting and corporate legislation complementing the IFRS standards.

Assets and liabilities are measured at cost, except for inventory that is measured at lower of cost and net realizable

value, lease agreements that are measured at the net present value of the future lease payments and derivative instruments that are measured at fair value through profit or loss. Financial statements are presented in millions of euros. The figures presented in the financial statements are rounded and therefore the sum of individual figures may differ from the presented sum figure.

The Company’s functional currency is euro, which is also the reporting currency for the Company and the Group. This means that financial statements are presented in euros.

In addition to primary statements the consolidated financial statements are divided into five sections: Basis of Preparation and Information on Kamux, Key Performance Metrics of Kamux Group, Net Working Capital, Capital Management and Net Debt and Other Notes. Each section includes related significant accounting policies.

### ACCOUNTING ESTIMATES AND JUDGMENTS IN THE FINANCIAL STATEMENTS

Preparing the financial statements in accordance with IFRS requires management to make accounting estimates and judgments as well as assumptions that influence the application of the accounting policies and the carrying amounts of assets, liabilities, revenue and expenses. Actual outcomes may differ from these estimates and judgments.

Estimates and judgments are regularly reviewed. Changes in estimates are reported in the period in which the change is made if the change affects only that period, or in

the period in which the change is made and in future periods if the change affects both the current and future periods.

Assumptions underlying management’s estimates can be found in the following notes to the financial statements:

#### Source of uncertainty and managerial judgments

	<b>Note</b>
Repair liability costs	2.3 and 3.4
Valuation of used cars	3.1
Goodwill and lease agreements	5.2
Management holdings	5.3
Defferex tax assets	5.5



## 1.2 SHORT PRESENTATION OF KAMUX

Kamux is a rapidly grown retail chain operating in Finland, Sweden and Germany and specialising in used car sales. The first Kamux car showroom began operations in Finland in 2003 and as of December 31, 2019, Kamux had total of 71 showrooms: 48 showrooms in Finland, 17 in Sweden and 6 in Germany. Since its incorporation, Kamux has sold more than 250,000 used cars.

Kamux's CEO Juha Kalliokoski founded Kamux in 2003 by opening its first car showroom in Hämeenlinna, where Kamux's head office is still located. Kamux opened its second car showroom in 2006 and by 2010 it had expanded its network to 14 car showrooms in Finland. In 2010 Kamux started to offer integrated services to its customers. In 2011 Finnish private equity investor Intera Partners acquired control of Kamux with the existing management staying as company shareholders. Intera's aim was to provide Kamux with additional resources and know-how for expanding operations in Finland and abroad. Kamux expanded into Sweden in late 2012 and into Germany in December 2015. At the end of year 2016 the company had a total of 47 showrooms in three countries. In 2017 Kamux was listed on the Nasdaq Helsinki resulting in over 1,200 new shareholders for the company. Intera Fund II Ky stayed as the largest shareholder of the company. During the same year, Kamux's number of showrooms expanded to 53 showrooms. Late 2018 Kamux had 61 showrooms. In December 31, 2019 the company had a total of 8,475 shareholders of which the largest being Intera Fund II Ky.

Kamux's business is based on a combination of car showrooms and online presence, professional procurement of used cars, low fixed costs, rapid inventory turnover and sales of integrated services. Kamux's business model

makes it possible to offer affordable used cars, and Kamux's aim is to continuously develop its operations to better address customers' needs. Kamux offers its customers financing products from third party service providers at all of its car showrooms in Finland, Sweden and Germany. In addition, Kamux offers insurance products and a liability extension product for car repair costs, Kamux Plus, in Finland and Sweden. A key component of Kamux's customer service concept is the home delivery, under which the car is delivered to a location agreed with the customer and, if necessary, the possible trade-in car is simultaneously picked up. In 2017 Kamux opened its online store in Finland. Kamux serves its customers also in chat. Kamux's websites (kamux.fi/kamux.se/kamux.de) had over 800,000 monthly visitors in net during 2019.

Kamux acquires used cars from car auctions, leasing companies, other car dealers, financing companies, importers, private individuals, and other sources. The majority of the used cars sold by Kamux are acquired from its customers as part of trade-in car sales. All of Kamux's car sales personnel in Finland buy cars, and each of Kamux's car showrooms has set purchasing targets. In Sweden and Germany, pricing of purchased cars is the responsibility of the sourcing teams in these countries operating under the purchasing director. In addition, Kamux has a separate sourcing organization, which is responsible for acquiring cars at car auctions, among others. Kamux aims to align its own and its employees' interests through its incentive scheme. The sales personnel's incentive scheme takes into account sales, car procurements, car trade-ins and the sales of integrated services when determining the amount of remuneration.

Kamux's entire car selection is available to all of its sales

personnel at all Kamux's car showrooms in Finland as well as nationwide in Sweden and Germany. If needed, Kamux relocates a car from one car showroom or country to another once the sale is agreed upon. In 2019, 29 percent and in 2018, 29 percent of the cars sold by Kamux's were cross-sold through another Kamux car showroom. The size of the car selection at each of Kamux's car showrooms in Finland and Sweden varies between approximately 50 and 150 used cars available for sale, and at its car showrooms in Germany, Kamux's selection of used cars available for sale is under 100 to 300.

# 2

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## KEY PERFORMANCE METRICS OF KAMUX GROUP

### RESULTS BY SEGMENT

REVENUE

REPAIR COSTS

EXPENSES

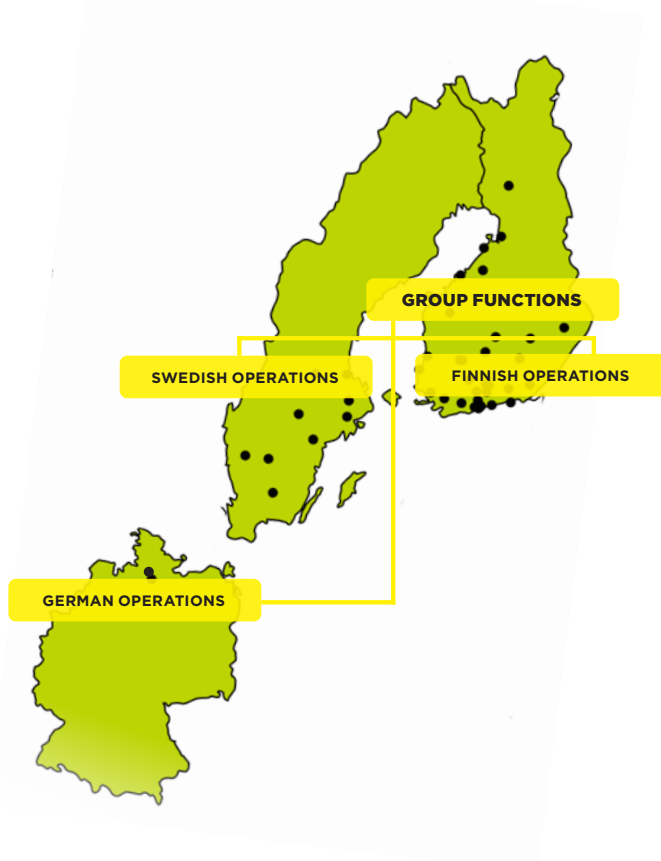
INCOME TAXES

EARNINGS PER SHARE

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## 2.1 RESULTS BY SEGMENT

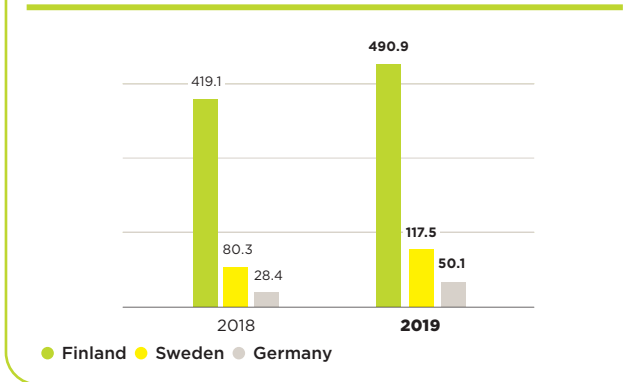
Kamux is a rapidly grown car retail chain operating in Finland, Sweden and Germany and specialising in used car sales. Its operational structure is as follows:



Management has defined the Group's reportable segments based on the reporting regularly presented to the CEO of the Group. This reporting forms the basis for the CEO's strategic and operative decisions to allocate resources and for assessing performance. The primary measure of performance is operating profit (EBIT). The CEO also receives information about segments' revenue, gross profit and operating profit on a monthly basis. Reportable segments comprise the following geographical areas: Finland, Sweden and Germany. Other activities consist of head office and Group functions, including centralized procurement, marketing, finance and Group management.

Kamux had 48 showrooms in Finland on December 31, 2019. In Sweden Kamux opened its first showroom in December 2012 and at the end of December 2019, it operated 17 showrooms, all in different localities. Kamux's growth strategy includes international expansion and, in accordance with the strategy, Kamux started its operations in Germany by opening its first showroom in Hamburg area in December 2015. At the end of 2019 Kamux operated 6 showrooms in Hamburg area.

### EXTERNAL REVENUE BY SEGMENT (EUR MILLION)



## FINANCIAL STATEMENTS

### ACCOUNTING POLICY - SEGMENT REPORTING

Segment revenue and expenses are items directly attributable to the operating segment. Certain expenses such as centralized procurement are allocated to the segments on a reliable basis in the internal management reporting. Other activities comprise Group level operations that are not directly employed by the individual segment in its operating activities. Sales between segments are carried out on arm's length and eliminated on consolidation. Segment reporting is based on the Group's IFRS reporting.

### DEFINITION OF KEY MEASURES

<b>Gross profit</b>	Revenue + Other operating income - Materials and services
<b>EBITDA</b>	Operating profit + depreciation and amortization
<b>Operating profit (EBIT)</b>	Profit for the period + income tax + net finance costs

EUR million	Finland	Sweden	Germany	Segments total	Group functions	Eliminations	Group
2019*							
<b>Revenue</b>	<b>490.9</b>	<b>158.5</b>	<b>52.2</b>	<b>701.5</b>		<b>-43.0</b>	<b>658.5</b>
internal	0.0	41.0	2.1	43.0		-43.0	-0.0
external	490.9	117.5	50.1	658.5			658.5
sales of used cars	462.5	114.7	48.4	625.6			625.6
integrated services	28.4	2.8	1.7	32.9			32.9
<b>Gross profit</b>	<b>63.6</b>	<b>11.6</b>	<b>4.4</b>	<b>79.6</b>			<b>79.6</b>
<b>EBITDA</b>	<b>35.2</b>	<b>3.1</b>	<b>-0.4</b>	<b>37.9</b>	<b>-4.2</b>		<b>33.7</b>
Depreciation and amortization	-5.8	-1.8	-0.7	-8.4	-0.0		-8.4
<b>Operating profit</b>	<b>29.4</b>	<b>1.3</b>	<b>-1.0</b>	<b>29.6</b>	<b>-4.3</b>		<b>25.3</b>
Finance income and costs							-1.0
<b>Profit before income tax</b>							<b>24.4</b>

EUR million	Finland	Sweden	Germany	Segments total	Group functions	Eliminations	Group
2018							
<b>Revenue</b>	<b>419.1</b>	<b>101.9</b>	<b>30.1</b>	<b>551.1</b>		<b>-23.3</b>	<b>527.8</b>
internal	0.0	21.6	1.6	23.3		-23.3	-0.0
external	419.1	80.3	28.4	527.8			527.8
sales of used cars	395.0	78.0	27.7	500.8			500.8
integrated services	24.0	2.3	0.8	27.1			27.1
<b>Gross profit</b>	<b>54.3</b>	<b>8.3</b>	<b>2.2</b>	<b>64.9</b>			<b>64.9</b>
<b>EBITDA</b>	<b>25.1</b>	<b>1.1</b>	<b>-1.7</b>	<b>24.4</b>	<b>-4.3</b>		<b>20.2</b>
Depreciation and amortization	-1.0	-0.1	-0.1	-1.2	-0.0		-1.2
<b>Operating profit</b>	<b>24.1</b>	<b>0.9</b>	<b>-1.8</b>	<b>23.2</b>	<b>-4.3</b>		<b>18.9</b>
Finance income and costs							0.4
<b>Profit before income tax</b>							<b>19.4</b>

Of the Group's non-current assets, except for deferred tax assets, EUR 38.9 million as of December 31, 2019 (EUR 15.1 million as of December 31, 2018) were located in Finland. The corresponding amounts for Sweden were EUR 14.5 million as of December 31, 2019 (EUR 0.4 million as of December 31, 2018) and for Germany EUR 11.0 million as of December 31, 2019 (EUR 1.1 million as of December 31, 2018).

\* Includes the effects of IFRS 16 Leases -standard. Excluding IFRS 16 the comparable EBITDA, Depreciation and amortization and Operating profit in 2019 were as follows (EUR million):

EBITDA: Finland 30.2, Sweden 1.5, Germany -1.0 and Group 26.4. Depreciation and amortization: Finland -0.9, Sweden -0.2, Germany -0.1 and Group -1.2. Operating profit: Finland 29.2, Sweden 1.3, Germany -1.1 and Group 25.2.



## 2.2 REVENUE

Kamux's business consists of retail and wholesale sales of used cars in Finland, Sweden and Germany and of integrated services sold to consumer and corporate customers. These have been identified as separate performance obligations. Sales are based on the network of physical showrooms and efficient online showrooms in Kamux's websites in these countries. Kamux offers a home delivery service, in which Kamux delivers the car to the place agreed with the client. The car delivered to the customer's home has a 14-day right of return. Kamux also sells used cars in auctions.

Kamux offers its customers financing and insurance products provided by third parties in connection with the sale of the used car. The credit and insurance risks for these products are borne by finance and insurance companies. Kamux is entitled to financing fees and insurance commissions from its sales of these products. Parts of the fees are contingent on the continuation of the agreement between the finance company and the client.

In addition, Kamux offers its customers a Kamux Plus service, which extends the seller's statutory liability for defects. Kamux repairs predefined car defects that are detected within 12 months of the purchase of a car or until 25,000/15,000 driven kilometers, depending on which threshold is reached first. Kamux Plus is part of the car sales contract and it will therefore be taken into account when determining the sales price of a car.

>> Read more about the Kamux Plus -service in note 2.3.

REVENUE EUR million	For the year ended December 31,	
	2019	2018
Sales of used cars	625.6	500.8
Financing fees and Insurance commissions	27.7	22.7
Sales of Kamux Plus	5.3	4.3
<b>Total</b>	<b>658.5</b>	<b>527.8</b>

Revenue from sales of used cars was EUR 625.6 million, or 95 percent of total revenue during the financial year 2019. In 2018 such revenue was EUR 500.8 million, or 95 percent of total revenue.

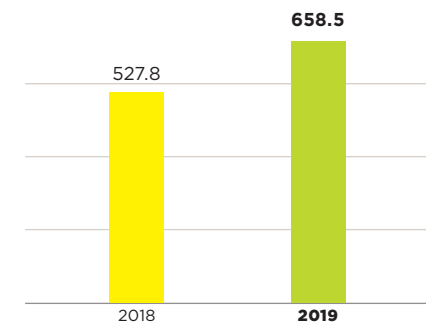
Financing fees and insurance commissions amounted to EUR 27.7 million during 2019, comprising 4 percent of total revenue. In 2018 fees and commissions were EUR 22.7 million or 4 percent of total revenue. Revenue from sales of the Kamux Plus service was EUR 5.3 million for the year ended December 31, 2019, and EUR 4.3 million in 2018.

External revenue generated in Finland was EUR 490.9 million and represented 75 percent of total Group revenue during 2019. In 2018 corresponding revenue was EUR 419.1 million, or 79 percent of total Group revenue. In Sweden external revenue amounted to EUR 117.5 million during 2019, and to EUR 80.3 million during 2018. In Germany external revenue amounted to EUR 50.1 million during 2019 and to EUR 28.4 million during 2018.

Other operating income includes rental income from premises, insurance compensations and income from customer's responsibility of the Kamux Plus service.

>> Read more about segment revenue in note 2.1.

### REVENUE (EUR MILLION)



### CONTRACT BASED BALANCE SHEET ITEMS ACCORDING TO IFRS 15

Contract based assets and liabilities according to IFRS 15 comprise of accrued insurance commissions and financing fees included in the prepaid expenses and accrued income, and advance payments received relating to Kamux Plus service included in accrued expenses and deferred income. In the following table is presented the contract based balance sheet items according to IFRS 15:

EUR million	For the year ended December 31,	
	2019	2018
Contract based assets included in prepaid expenses and accrued income	2.6	1.9
Contract based liabilities included in accrued expenses and deferred income	2.7	2.3

## **ACCOUNTING POLICY - REVENUE**

IFRS 15 Revenue from Contracts with Customers - 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's business consists of retail and wholesale sales of used cars and of integrated services sold to consumer and corporate customers. These goods and services have been identified as separate performance obligations in accordance with IFRS 15.

**In the sales of used cars** the control of a good sold transfers to the customer at the time of delivery. The sales of used cars are recognized as revenue upon delivery of the car to the customer and upon transfer of the performance obligation to the customer. At the time of delivery, the customer pays the sales price by cash or the finance company provides Kamux an approved credit decision as a payment for the sales price. Home delivered cars have a 14-day right of return. Revenue on home delivered cars is recognized upon delivery to the extent Kamux estimates to be entitled to.

Revenue from sales is recognized according to the fair value of the sold car, net of discounts and value added taxes.

**In integrated services** regarding the financial and insurance services provided by a third party, Kamux acts as an agent towards the customer. Kamux presents the income derived from sales of financing and insurance services in its revenue as net amount after Kamux has fulfilled its performance obligation of sales of the services.

**Insurance commissions** from insurance companies are recognized as revenue when the service is rendered, i.e. when the insurance contract is signed with the customer and Kamux is entitled to a commission fee in accordance with its agency contract.

**Financing fees from finance companies** comprise fixed withdrawal and invoicing fees, variable interest fees and annual bonus fees. Fees are recognized as revenue on an accrual basis when the contract is signed with the customer or during the term of the agreement when Kamux is entitled to a payment from the finance company. Annual bonus fees are determined on percentage basis of the actual sales during a calendar year and they are recognized when Kamux is entitled to receive the payment from the financing company.

**The Kamux Plus service** is recognized as revenue on a straight-line basis over the 12 months warranty period. Kamux Plus service provides the customer with a customer liability extension in connection with a used car sale.

## 2.3 REPAIR COSTS

Kamux's customer service and customer satisfaction strategy are based on offering used cars that are high-quality and reconditioned. Any deficiencies in the cars are disclosed to the customer during the sale process.

Used cars include the seller's statutory repair liability. In Finland, Sweden and Germany a car dealer has a liability to repair undisclosed defects that become apparent within six months after the purchase of the car (unless Kamux can prove that the defects arose subsequent to the sale). After six months, the burden of proof is transferred from Kamux to the customer.

In addition to the statutory repair liability, Kamux offers its customers the Kamux Plus service, which extends the seller's liability for defects. Kamux repairs predefined defects that are detected within 12 months following the purchase of the car or within 25,000/15,500 driving kilometers, whichever comes first.

Repair liability provision amounted to EUR 2.7 million as at December 31, 2019 and EUR 2.2 million as at December 31, 2018. Repair- and maintenance costs have increased concurrently as the sales volumes have grown. Repair- and maintenance costs amounted to EUR 18.1 million during the financial year 2019, and to EUR 15.8 million during the financial year 2018. The repair liability provision is expected to be used in the following 12 months. Repair liability costs and other repair and maintenance costs are reported in "materials and services" in the consolidated statement of comprehensive income.

### ACCOUNTING POLICY - REPAIR LIABILITY PROVISION

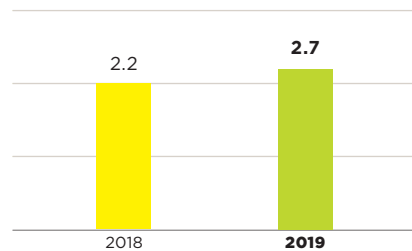
Estimated repair liability cost is recognized as repair liability provision when the car is sold. The amount of repair liability provision is based on historical statistics about realized repair liability costs and the estimated trend of repair liability costs.

### SOURCES OF UNCERTAINTY AND MANAGERIAL JUDGMENTS - REPAIR LIABILITY PROVISION

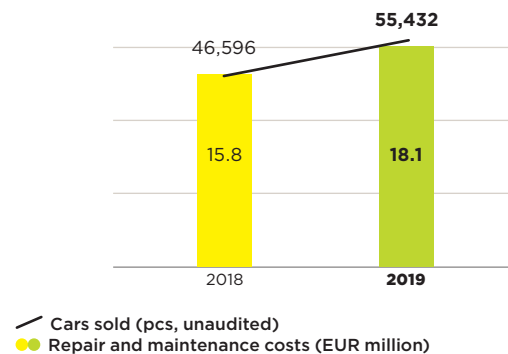
Repair liability provision is recognized based on the actual repair costs and the estimate on the development of repair liability costs. There is uncertainty between actual and estimated repair liability costs because repair liability costs may not necessarily be realized as predicted. Typically repair liability costs are realized frontloaded during the repair liability period. Estimates and assumptions are reviewed quarterly. Differences between actual and estimated repair liability costs may impact the provision amounts recognized in future periods.

>> Read more on repair liability provision in note 3.4.

### REPAIR LIABILITY PROVISION (EUR MILLION)



### CARS SOLD & REPAIR AND MAINTENANCE COSTS



## 2.4 EXPENSES

EUR million	For the year ended December 31,	
	2019	2018
<b>Materials and services</b>		
Purchases during the period	579.1	480.0
Change in inventories	0.5	-16.2
External services	0.1	0.1
<b>Total</b>	<b>579.6</b>	<b>463.8</b>
<b>Personnel costs</b>		
Wages and salaries	28.0	21.8
Pension costs	3.6	3.0
Share-based incentive scheme	0.3	0.1
Other employee benefit expenses	2.4	1.9
<b>Total</b>	<b>34.3</b>	<b>26.8</b>
<b>Other operating expenses</b>		
Premises costs	2.0	7.7
Marketing and advertising expenses	3.9	2.4
IT costs	1.7	1.4
Consulting	0.5	0.7
Voluntary personnel expenses	0.8	0.6
Travel expenses	0.3	0.2
Taxes from previous financial years	-	2.3
Other administrative expenses	2.5	2.6
<b>Total</b>	<b>11.7</b>	<b>17.9</b>

EUR million	For the year ended December 31,	
	2019	2018
<b>Auditors' fees (included in line other administrative expenses on left)</b>		
Audit fees	0.2	0.2
Other audit related services	0.0	0.4
<b>Total</b>	<b>0.3</b>	<b>0.6</b>
<b>Depreciation and amortization by class</b>		
Intangible assets	0.6	0.6
Property, plant and equipment	7.8	0.6
<b>Total</b>	<b>8.4</b>	<b>1.2</b>



### **MATERIALS AND SERVICES**

Kamux purchases most of its used cars as trade-in cars. Kamux also acquires cars from private individuals, car auctions, leasing companies, finance companies, other car dealers, importers and other sources. Materials and services include the cost to acquire used cars and the reconditioning and transportation costs associated with preparing cars for sale. It also includes repair costs associated with repair liability and change in inventories.

### **PERSONNEL COSTS**

Kamux's average number of full-time equivalent employees was 595 during the financial period 2019 and 472 in 2018. Employee remuneration is based on fixed and variable salary. The proportionate share of the variable compensation is significant and is based on the achievement of individually determined sales targets. In addition, some employees have car allowance, telephone allowance and internet access at home.

Kamux's pension arrangements are classified as defined contribution plans. The Finnish statutory pension plan under TyEL is arranged through insurance companies and provides pension benefits based on the years of employment and earnings. The retirement age of the old-age pension under TyEL is 63-68 years. Employees in Sweden and Germany belong to defined contribution plans. In Sweden, retirement age is 61-67 years, and in Germany 65-67 years.

In defined contribution plans, insurance contributions are paid to insurance companies and recognized as an expense in the financial period the charge relates to. There are no other payment obligations in the defined contributions plans.

Employee benefit expenses in 2019 include EUR 0.3 million and in 2018 EUR 0.1 million costs accrual related to the share-based incentive scheme.

**>> Read more about the management's wages and remuneration in note 5.3.**

### **PREMISES COSTS**

Premises costs consist of premises related costs such as heating, cleaning and electricity, as well as those rental payments for showrooms and office space that are not in the scope of IFRS 16. In comparative year 2018 premises costs include also all rental payments for showrooms and office space expensed evenly over the rental period.

**>> Read more about leasing obligations in note 4.3.**

**>> Read more about lease agreements in note 5.2.**

### **DEPRECIATION AND AMORTIZATION**

In 2019, also depreciation on lease assets in accordance with IFRS 16 are included in depreciation and amortization.

## 2.5 INCOME TAXES

EUR million	For the year ended December 31,	
	2019	2018
Current tax	5.4	4.7
Tax on previous years	-	0.1
Change in deferred tax assets and liabilities	-0.0	-0.1
<b>Total</b>	<b>5.3</b>	<b>4.7</b>
<b>Reconciliation of income tax expense</b>		
Profit before income tax expense	24.4	19.4
Tax calculated at the Finnish tax rate*	4.9	3.9
Non-deductible expenses	0.1	0.3
Difference in foreign tax rates	-0.3	-0.3
Tax losses carried forward for which a deferred tax asset has not been recognized	0.8	0.8
Other temporary differences for which a deferred tax asset has not been recognized	-0.1	-0.0
Tax on previous years	-	0.1
Other items	0.0	0.0
<b>Income tax expense</b>	<b>5.3</b>	<b>4.7</b>

\* Tax rate 20% in 2019 and 2018.

>> Read more about deferred tax balances in note 5.5.

### ACCOUNTING POLICY - INCOME TAXES

Income taxes for the period include current and deferred taxes. Current income tax is the tax to be paid or received with respects to the current financial year, with the application of tax rates that have been enacted or substantively enacted by the balance sheet date. Current income taxes are calculated on the basis of the tax regulations prevailing in the countries in which Kamux operates and generate taxable income. Current tax also includes adjustments for current income tax attributable to earlier periods.

Deferred taxes are recognized on temporary differences that arise between the taxable value and carrying value of assets and liabilities. Deferred tax assets are recognized to the extent that it is probable that they will be utilized against taxable income.

## 2.6 EARNINGS PER SHARE

	For the year ended December 31	
	2019	2018
Profit for the period attributable to Owners of the Company (EUR million)	19.0	14.6
Impact of share-based compensation scheme on number of shares	-7	-
Weighted average number of shares outstanding during the period, basic, in thousands of shares	40,004	39,987
<b>Earnings per share, basic (EUR)</b>	<b>0.48</b>	<b>0.37</b>
Impact of share-based compensation scheme on number of shares	13	9
Weighted average number of shares outstanding during the period, fully diluted, in thousands of shares	40,017	39,996
<b>Earnings per share, fully diluted (EUR)</b>	<b>0.48</b>	<b>0.37</b>

### ACCOUNTING POLICY - EARNINGS PER SHARE

Basic EPS is calculated by dividing the consolidated profit for the period attributable to the owners of the Company with the weighted average number of shares outstanding during the year excluding the treasury shares.

Diluted EPS is calculated on the same basis as Basic EPS except that it reflects the impact of any potential commitments the Group has to issue shares in the future.

# 3

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## NET WORKING CAPITAL

INVENTORY

TRADE AND OTHER RECEIVABLES

TRADE AND OTHER PAYABLES

PROVISIONS, LEASE OBLIGATIONS AND  
OTHER COMMITMENTS

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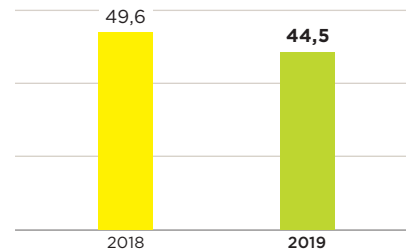
## 3.1 INVENTORY

Due to its effective process to acquire used cars, Kamux is able to offer a broad collection of different car brands at competitive prices. Kamux acquires cars from car auctions, leasing companies, other car dealers, finance companies, importers, private persons and other sources. Kamux purchases most of the used cars from customers as trade-in cars as part of the used car sale. Inventory is located in different showrooms. Every salesman is able to sell used cars from all Kamux's showrooms utilizing the Group-wide inventory information. Inventory management is well organized and advanced IT-systems are utilized to achieve an optimal balance between cars in inventory and quick inventory turnover.

Inventories amounted to EUR 70.2 million on December 31, 2019. On December 31, 2018 inventories amounted to EUR 71.0 million.

Revaluations of inventories to net realizable value amounted to EUR -0.2 million during 2019. In 2018 write-downs amounted to EUR 0.1 million. These revaluations were recognized through profit or loss during the financial years and were included in changes in inventory in line item "materials and services".

### INVENTORY TURNOVER



Inventory turnover is calculated as follows:

Inventory on average during the period (average of the beginning and ending inventory of the year) divided by "Materials and services" expense item during the reporting period, multiplied by 365.

### ACCOUNTING POLICY - INVENTORY

Inventory is measured at lower of cost and net realizable value. The cost of an individual car included in the inventory balance is determined using the purchase price for the car including directly attributable repair costs for reconditioning the car for selling purposes.

At each reporting date, a detailed review for net realizable value is executed for cars that have been in inventory for more than 90 days. Any adjustments to net realizable value are expensed through profit or loss.

### SOURCES OF UNCERTAINTY AND MANAGERIAL JUDGMENTS - INVENTORY

The estimated selling price of the car (net realizable value) at the reporting date is determined based on the managerial judgment, market information and historical data. If the estimated selling price of the car is lower than the cost, the inventory value for the car will be written down.

## 3.2 TRADE AND OTHER RECEIVABLES

EUR million	At December 31,	
	2019	2018
Trade receivables	13.8	10.3
Prepaid expenses and accrued income	3.2	2.5
Other receivables	1.4	0.9
<b>Total</b>	<b>18.4</b>	<b>13.7</b>
<b>Material items included in prepaid expenses and accrued income</b>		
Insurance and finance commission fees	2.6	1.9
Other	0.5	0.6
<b>Total</b>	<b>3.2</b>	<b>2.5</b>

### TRADE RECEIVABLES AND CREDIT RISK

Trade receivables consist mainly of receivables from finance companies, with the exception of insignificant amounts of receivables from individual customers to whom Kamux has sold a car with a short-term payment period. Generally, receivables originate when there is a temporary time lag between the approved credit decision (i.e. when revenue is recognized) and a payment is made by the finance company. However, once the finance company has approved the credit application of Kamux's customer, the credit risk of the car sale is borne by the finance company.

Kamux has a temporary credit risk from finance companies between the approved credit decision and payment. The Company mitigates the credit risk by dealing with highly rated finance company counterparties.

At the end of the financial year there was no need for an impairment based on the provision matrix due to non-existence of material past due trade receivables as of December 31, 2019. Impairment losses of trade receivables recognized in profit or loss amounted to EUR 0.1 million during the year 2019. In 2018 impairment losses of trade receivables were EUR 0.1 million.

### ACCOUNTING POLICY - IMPAIRMENT OF FINANCIAL ASSET

In accordance with IFRS 9 Financial Instruments - standard the impairment of financial asset is based on the expected credit loss method. The significant financial assets of Kamux are trade receivables arising from normal business operations. For these trade receivables the group applies a simplified provision matrix approach. According to this approach, a loss is recognized by using the provision matrix, except for situations where financial assets are assessed to be impaired due to credit risk. In Kamux the amount of impairment losses from trade receivables has been historically low.

### 3.3 TRADE AND OTHER PAYABLES

EUR million	At December 31,	
	2019	2018
Trade payables*	9.7	7.8
Accrued expenses and deferred income	8.5	6.5
Other	11.5	6.4
<b>Total</b>	<b>29.7</b>	<b>20.7</b>
<b>Material items included in accrued expenses and deferred income</b>		
Accrued salaries	5.1	3.8
Accrued interests	0.0	0.0
Other accrued expenses**	3.4	2.8
<b>Total</b>	<b>8.5</b>	<b>6.5</b>

\* Trade payables also include short term car financing-related loans transferred to Kamux in connection with the purchases of the trade-in cars of EUR 1.3 million as of December 31, 2019 and EUR 0.7 million as of December 31, 2018. Loans to the finance companies are paid within a short period after the purchase of the car.

\*\* Other accrued expenses relate to deferred revenue from sales of Kamux Plus as of December 31, 2019 and 2018.

Carrying values of trade and other payables correspond to their fair values due to the short-term nature of these payables.

## 3.4 PROVISIONS, LEASE OBLIGATIONS AND OTHER COMMITMENTS

### DECOMMISSIONING OBLIGATION

Kamux owns a car showroom building in Nedderfeld, Germany, which is located on the land area Kamux is renting. Kamux has leased the land area for five years, and the lease may be extended. Kamux has an obligation to demolish the building at Kamux's own expense at the end of the lease. This obligation is recognized in the balance sheet on December 31, 2019 as a non-current provision of EUR 0.4 million.

### REPAIR LIABILITY PROVISION

Kamux's current provisions comprise of repair liability provision.

>> Read more on repair liability provision in note 2.3

### CHANGES IN PROVISIONS IN THE REPORTING PERIOD

EUR million	Other provisions	Repair liability provision	Decommissioning obligation	Total
Jan 1, 2019	-	2.2	0.4	<b>2.5</b>
Increases in provisions	-	0.5	-	<b>0.5</b>
Provisions realized	-	-	-	-
Cancellations of unrealized provisions	-	-	-	-
<b>Dec 31, 2019</b>	<b>-</b>	<b>2.7</b>	<b>0.4</b>	<b>3.1</b>
Current provisions at Dec 31, 2019	-	2.7	-	<b>2.7</b>
Non-current provisions at Dec 31, 2019	-	-	0.4	<b>0.4</b>

EUR million	Other provisions	Repair liability provision	Decommissioning obligation	Total
Jan 1, 2018	0.2	2.0	0.4	<b>2.6</b>
Increases in provisions	-	0.1	-	<b>0.1</b>
Provisions realized	-0.2	-	-	<b>-0.2</b>
Cancellations of unrealized provisions	-	-0.0	-	<b>-0.0</b>
<b>Dec 31, 2018</b>	<b>-</b>	<b>2.2</b>	<b>0.4</b>	<b>2.5</b>
Current provisions at Dec 31, 2018	-	2.2	-	<b>2.2</b>
Non-current provisions at Dec 31, 2018	-	-	0.4	<b>0.4</b>



**OPERATING LEASE COMMITMENTS**

**THE FUTURE MINIMUM LEASE PAYMENTS UNDER  
NON-CANCELLABLE OPERATING LEASES**

EUR million	At December 31,	
	2019*	2018
No later than 1 year	-	9.4
Later than 1 year and no later than 5 years	-	20.8
Later than 5 years	-	2.6
<b>Total</b>	<b>-</b>	<b>32.8</b>

\* Due to the adoption of IFRS 16 the lease agreements that were former presented as lease obligations, have been recognized into balance sheet from January 1, 2019.

>> Read more about the reconciliation of lease obligations and present value of minimum lease payments in accordance with IFRS 16 at the date of adoption of the new standard in note 5.2.

**LOANS AGAINST WHICH GUARANTEES AND  
MORTGAGES HAVE BEEN GIVEN**

EUR million	At December 31,	
	2019	2018
Loans	19.5	22.4
guarantees given against loans	104.0	104.0

**OTHER COMMITMENTS**

EUR million	At December 31,	
	2019	2018
Rent and other payment guarantees	0.5	0.4

During comparative year 2018, lease obligations consisted mainly of rental payments of showrooms. Kamux displays its inventory and conducts the sales through showrooms.

Kamux has given business mortgages amounting to EUR 104.0 million at 31 December 2019 and EUR 104.0 million as of December 31, 2018 as a security for its loans from financial institutions. In addition, the Company has given an unlimited general guarantee on the behalf of the subsidiaries of Finland, Sweden and Germany and pledged their shares.

# 4

## CAPITAL MANAGEMENT AND NET DEBT

CAPITAL MANAGEMENT AND NET DEBT

FINANCE EXPENSES

## 4.1 CAPITAL MANAGEMENT AND NET DEBT

### CAPITAL MANAGEMENT

The Group's objective when managing capital (net debt and total equity) is to ensure the continuity of its operations and maintain optimal returns to shareholders. Management aims to maintain an optimal capital and funding structure that ensures the lowest cost of capital available to the Group.

>> Read more about equity in note 5.4.

In order to maintain or adjust its capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group monitors capital on the basis of net debt and equity. Net debt is calculated as financial liabilities ("current and non-current borrowings and lease liabilities" in the consolidated balance sheet) less cash and cash equivalents.

### NET DEBT

The Group borrows money from financial institutions in the form of bank loans and bank overdrafts. The Group's loans have floating interest rates and the Group may use interest rate swaps to limit the interest rate risk related to floating interest rates of the loans. Lease liabilities comprise of future rental payments of showrooms and office premises that have been discounted to present value

### INTEREST BEARING LIABILITIES AND NET DEBT

EUR million	At December 31,	
	2019*	2018
<b>Non-current interest-bearing liabilities</b>		
Bank loans	16.5	19.4
Lease liabilities	38.8	-
<b>Total non-current interest-bearing liabilities</b>	<b>55.2</b>	<b>19.4</b>
<b>Current interest-bearing liabilities</b>		
Bank loans	3.0	3.0
Lease liabilities	7.9	-
<b>Total current interest-bearing liabilities</b>	<b>10.9</b>	<b>3.0</b>
<b>Total interest-bearing liabilities</b>	<b>66.1</b>	<b>22.4</b>
Less cash and cash equivalents	-27.6	-12.8
<b>Net debt</b>	<b>38.5</b>	<b>9.6</b>

\* Includes the effects of the adoption of IFRS 16 Leases standard on December 31, 2019. Excluding IFRS 16 the comparable Net debt on December 31, 2019 was EUR -8.1 million.

### BORROWINGS AND DERIVATIVES

Kamux has entered into a five-year credit facility agreement of EUR 50 million with Nordea Bank Corporation. The credit facility agreement includes a five-year term loan of EUR 30 million and a revolving credit facility of EUR 20 million. In December 31, 2019, EUR 19.5 million of the term-loan was in use. The term loan is currently repaid in bi-annual installments of EUR 1.5 million. The loans mature on March 31, 2021.

Fair values for Kamux's borrowings are determined by discounting the estimated cash flows to be paid at the market rate of the reporting date, considering the risk premium. Different terms and conditions of the loans (maturity, subordination, collateral) are taken into account in the measurement. Bank loans are classified as Level 2 in the fair value hierarchy due to the use of unobservable inputs, including Kamux's own estimates for risk premium.

### ACCOUNTING POLICY - BORROWINGS

Bank loans are measured initially at fair value, net of transaction costs. Bank loans are subsequently carried at amortized cost. Interest expenses and transaction costs are amortized over the term of the loan and recognized as finance cost using an effective interest rate method. Borrowings are derecognized when the loan has been repaid or liability has been extinguished for example in connection with refinancing.

### ACCOUNTING POLICY - DERIVATIVES

Financial assets and liabilities recorded at fair value through profit and loss consist of derivatives. Derivatives are measured and recognized in the balance sheet according to their fair value at the trade date. Subsequent fair value changes of open derivatives are recognized directly in the finance income and finance costs in the statement of comprehensive income. The Group's derivatives consist of foreign exchange derivatives to hedge foreign exchange rate risk. These derivatives are not subject to hedge accounting.

### FAIR VALUES AND NOMINAL VALUES OF THE DERIVATIVES

EUR million	At December 31,	
	2019	2018
Foreign currency derivatives		
Fair value	0.2	0.6
Value of underlying instrument	18.9	29.2

Derivatives consist of foreign exchange forwards. These derivatives are included in Level 2 and their fair value is calculated as the present value of the estimated future cash flows based on observable foreign exchange rates. The nominal value of open foreign exchange forwards was EUR 18.9 million on December 31, 2019 and EUR 29.2 million on December 31, 2018.

### RISKS ASSOCIATED WITH NET DEBT

#### Liquidity risk

Management of liquidity risk aims to ensure that Kamux is able to meet its finance obligations. Kamux's financing requirement is covered by both optimizing of operating activities and external financing in order to ensure that Kamux has continually sufficient liquidity or has access to an adequate amount of committed credit facilities. Liquidity risks are monitored and managed centrally in the Group's finance department where the availability of financing is managed daily based on rolling forecasts.

The maturity of financial liabilities is monitored regularly. As of December 31, 2019, Kamux had cash and cash equivalents of EUR 27.6 million and as of December 31, 2018, EUR 12.8 million. In addition, Kamux had access to unused credit facilities and bank overdrafts of EUR 20.0 million as of December 31, 2019 and EUR 20.0 million as of December 31, 2018.

Kamux has entered into a five-year credit facility agreement of EUR 50 million with Nordea Bank Corporation. The credit facility agreement includes a five-year term loan of EUR 30 million and a revolving credit facility of EUR 20 million. In addition to the revolving credit facility, Kamux has a lease guarantee facility of EUR 0.4 million. At the end of the reporting period, EUR 19.5 million of the term-loan was in use. The term loan is currently repaid in bi-annual installments of EUR 1.5 million.

Loans from the financial institutions include the following covenants: net debt in proportion to adjusted EBITDA, equity as a portion of the balance sheet total and inventory turnover. The interest margin is variable and depends on the ratio of net debt and adjusted EBITDA. Kamux has given business mortgages amounting to EUR 104.0 million as of December 31, 2019 as a security for the loans from financial institutions. In addition, the Company has given an unlimited general guarantee on behalf of the subsidiaries in Finland, Sweden and Germany and pledged the shares of the Finnish, Swedish and German subsidiaries.

According to specific terms and conditions of the bank loan agreements, the most significant transactions require a prior written approval by the financial institution, including ordinary terms and conditions protecting the creditor.



**MATURITY TABLE FOR FINANCIAL LIABILITIES**

EUR million	Less than 3 months	3 months - 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
<b>Dec 31, 2019</b>							
Lease liabilities	2.1	6.2	7.9	7.3	5.0	4.3	15.4
Loans	1.6	1.7	16.6	-	-	-	-
Accounts payables	9.7	-	-	-	-	-	-
Derivatives	0.0	-0.2	-	-	-	-	-
<b>Dec 31, 2018</b>							
Lease liabilities	-	-	-	-	-	-	-
Loans	1.6	1.7	3.3	16.6	-	-	-
Accounts payables	7.8	-	-	-	-	-	-
Derivatives	-0.1	-0.5	-	-	-	-	-

**Interest rate risk**

The Group's bank loans comprise of long-term floating rate loans and interest-bearing credit limit facilities. Due to the Euribor-tied loans, Kamux is subject to the cash flow risk arising from floating rate loans.

To manage the interest rate risk, Kamux may use interest rate swaps, as needed, in order to reduce the cash flow risk arising from floating rate loans. With this course of action, Kamux aims to limit the impact of interest rate volatility in the Group's finance costs to acceptable levels.

Effective interest rates of bank loans were 1.4%–1.5% at the end of 2019 and 1.4%–1.5% at the end of 2018.

Based on the sensitivity analysis, if interest rates had been 1.0 percentage points higher with all other variables held constant, the recalculated post-tax profit for the pe-

riod and equity would have been EUR 0.1 million smaller in 2019 and EUR 0.2 million smaller in 2018. Interest rate sensitivity has been calculated by shifting the interest curve by 1.0 percentage points (due to low market interest environment the lower scenario has not been presented). The interest position includes all external variable rate loans and interest rate swaps.

**Foreign exchange risk**

Kamux is mainly exposed to transaction risk related to the Swedish krona and the risk that arises when the parent company's investments in the Swedish subsidiaries are translated into euros.

Foreign exchange risk relating to Swedish operations arises basically from intra-Group finance transactions and

trade payables from Swedish vendors and subsidiaries incurred in operating activities between the Group companies. Foreign exchange risk is not significant for the Group and these items are hedged as needed by using foreign exchange derivatives and/or holding cash nominated in Swedish krona in Group's bank accounts. In December 31, 2019 the Group had foreign exchange derivatives with mature under 12 months to hedge against the foreign exchange risk arising from above mentioned transactions.

The remainder of the Group's income and expenses are generated almost exclusively in euros. According to the Company's treasury policy, all intercompany financing is issued in the subsidiary's functional currency.

The Group's net investment in companies outside the Eurozone consists of subsidiary investments in Sweden. Foreign exchange risk associated with the net investment is not hedged.

Foreign exchange risk position includes debts denominated in Swedish krona of Group companies and loan receivables from Swedish subsidiaries. Krona denominated intra-group items, which are exposed to foreign exchange risk, translated at the rate of the balance sheet date were EUR 12.8 million as of December 31, 2019 and EUR 8.7 million as of December 31, 2018. In December 31, 2019 these balances were fully hedged. If the foreign exchange risk would not have been hedged and if the weakening or strengthening of the Swedish krona against euro had been 10 percent, the recalculated post-tax profit for the period had been EUR 0.9 million in 2019 and EUR 0.9 million in 2018 higher or lower based on the sensitivity analysis.

**Credit and counterparty risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss

to the Company. Kamux considers all of its material counterparties to be creditworthy as they represent large and well-established financial institutions. Kamux's exposure to credit risk is continuously monitored, in particular, if agreed payments are delayed.

**>> Read more about credit risk related to trade and other receivables in note 3.2.**

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. To spread the credit risk, Kamux deposits its cash reserves with different banks.

## 4.2 FINANCE EXPENSES

EUR million	For the year ended December 31,	
	2019	2018
Interest expenses	0.4	0.6
Interest expenses on lease liabilities	0.4	-
Fair value changes for derivatives	0.4	-0.6
Foreign exchange gains and losses, net	-0.2	-0.4
Other finance income and costs	0.1	0.1
<b>Total</b>	<b>1.0</b>	<b>-0.4</b>

### ACCOUNTING POLICY – FINANCE EXPENSES

Finance expenses consist of interest expenses on bank loans and credit limits and realized and unrealized changes on foreign exchange derivatives, exchange rate differences as well as interest expenses on lease liabilities. Transaction costs related to loans are expensed in profit or loss using effective interest rate method.

The effective interest rate is the rate that discounts the estimated future payments through the expected life of a loan to the net carrying amount of the financial liability. The calculation includes all fees paid by the contracting parties and transaction costs.

# 5

## OTHER NOTES

**GROUP STRUCTURE AND CONSOLIDATION**

**INTANGIBLE ASSETS AND PROPERTY, PLANT  
AND EQUIPMENT AND LEASE AGREEMENTS**

**RELATED PARTY TRANSACTIONS**

**SHARE CAPITAL AND RESERVES**

**DEFERRED TAXES**

**EVENTS AFTER THE REPORTING DATE**

**NEW AND FORTHCOMING IFRS STANDARDS**

## 5.1 GROUP STRUCTURE AND CONSOLIDATION

### SUBSIDIARIES

The consolidated financial statements include parent company and its subsidiaries. Subsidiaries refers to entities of which Kamux Group has control. Control exists, when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date of acquisition, be-

ing the date on which the Group obtains control or if the subsidiaries have been founded by the Company, from the date of the inception of the subsidiary. Subsidiaries are consolidated until the date that control ceases.

Group's subsidiaries as of December 31, 2019 and December 31, 2018 were as follows:

Parent company	Country of incorporation	Parent and Group ownership (%)	Principal activities
Kamux Corporation	Finland		Holding company
<b>Subsidiaries</b>			
Kamux Suomi Oy	Finland	100	Sales of used cars
Suomen Autorahaksi Oy	Finland	100	Dormant company
KMX Holding AB	Sweden	100	Holding company
Kamux AB	Sweden	100	Sales of used cars
Kamux Auto GmbH	Germany	100	Sales of used cars

Subsidiaries have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests equals the voting rights held by the Group. The country of incorporation of registration is also their principal place of business.

Intra-Group receivables and liabilities, income or expenses and unrealized profits or losses arising from Intra-Group transactions between the Group companies and intra-Group profit sharing are eliminated in their entirety when preparing the consolidated accounts.

Assets and liabilities in Swedish subsidiaries are translated into euro at the rate prevailing on the balance sheet date. Income and expenses in Swedish subsidiaries are translated into euro using an average rate. Translation differences that arise when translating the financial statements of subsidiaries are recognized in other comprehensive income and accumulated in a separate component of equity, called translation differences.

Foreign currency denominated transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or if items have been revalued, at the measurement dates exchange rates. Foreign exchange gains and losses arising in respect of business operations, such as sales and purchases, are recognized in EBIT. Foreign exchange differences arising from financing transactions are recognized in finance costs.



## 5.2 INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND LEASE AGREEMENTS

### GOODWILL

Goodwill in the balance sheet formed when the parent company, a company established by Intera Fund II Ky, acquired Kamux Oy and its subsidiaries on December 7, 2011. The amount of goodwill was EUR 13.6 million as of December 31, 2019 and 2018. Goodwill is entirely allocated to the operating segment of Finland.

The Group performs impairment tests annually. The recoverable amount of goodwill related to Finland is based on fair value less costs of disposal (FVLCD), which is determined using a discounted cash flow model. Key estimates used to determine the recoverable amount include sales growth rate, cost development and the post-tax discount rate. Inputs used in the discounted cash flow model are inputs that are not based on observable market data (Level 3 inputs). Calculations are based on 5 years' cash flow projections approved by the management. Long-term growth rate was estimated to be 1% and post-tax discount rate was defined at 6.8% (2018 9.0%). In addition, management reviews observable market data of comparable entities, for example, EBITDA multiples to assess whether there is a significant difference between FVLCD of the group of CGUs tested and comparable entities market data, which would require Kamux to make changes to the assumptions used in goodwill impairment testing.

As part of the performance review, management has performed sensitivity analyses around the key parameters and the result suggests that a situation in which the carrying value of goodwill and other assets under impairment testing would exceed the recoverable amount is unlikely. Changed parameters used in the sensitivity analyses for 2019 and 2018 impairment testing were:

- 20% decrease in the annual sales growth rate
- 20% decrease in EBIT margin of the financial year
- Long term growth rate of 0%
- Post-tax discount rate of 15%

The sensitivity analyses did not indicate impairment when the parameters above were changed one at a time or all at the same time.

### OTHER INTANGIBLE ASSETS

Kamux has capitalized development costs and intangible rights related to different IT systems as other intangible assets. Kamux has invested in a tailor-made sales management system which is one of the key enablers of Kamux's effective selling process and cost-efficient inventory management. Microsoft Ax is a system for enterprise resource planning (ERP) and accounting, and it connects Kamux's inventory management and accounting. In 2019, Kamux invested mainly in new sales management system which will be implemented during 2020-2021. The capitalized costs consist of external service provider invoices and license fees.

### ACCOUNTING POLICY - GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is an intangible asset with indefinite useful life. Goodwill is not amortized but tested for impairment at least annually, or whenever there is an indication that its carrying value would not be recoverable.

Management has determined that each showroom represents a separate cash generating unit (CGU). The impairment review is carried out for the group of cash generating units representing the geographical area of Finland which is the level at which goodwill is monitored by management (read more in Sources of uncertainty and managerial judgements - Goodwill).

Other intangible assets, which are separately identifiable and can be sold separately comprise development costs of IT software and intangible rights. Other intangible assets are amortized on a straight-line basis over the estimated useful life of 3 years.

## FINANCIAL STATEMENTS

### RECONCILIATION OF THE BOOK VALUES OF THE INTANGIBLE ASSETS BETWEEN THE BEGINNING AND THE END OF THE PERIOD

2019	Other intangible assets	Advance payments and intangibles in progress	Goodwill	Total
<b>EUR million</b>				
Acquisition cost at Jan 1, 2019	2.9	0.2	15.1	18.1
Translation differences	-0.0	-	-	-0.0
Increases	0.3	1.3	-	1.7
Transfers between items	0.1	-0.1	-	-
<b>Acquisition cost at Dec 31, 2019</b>	<b>3.3</b>	<b>1.4</b>	<b>15.1</b>	<b>19.7</b>
Accumulated amortization and impairments at Jan 1, 2019	-2.0	-	-1.5	-3.5
Translation differences	0.0	-	-	0.0
Amortization	-0.6	-	-	-0.6
<b>Accumulated amortization and impairments at Dec 31, 2019</b>	<b>-2.5</b>	<b>-</b>	<b>-1.5</b>	<b>-4.0</b>
Book value at Jan 1, 2019	0.9	0.2	13.6	14.6
<b>Book value at Dec 31, 2019</b>	<b>0.7</b>	<b>1.4</b>	<b>13.6</b>	<b>15.7</b>
<b>2018</b>				
<b>EUR MILLION</b>				
Acquisition cost at Jan 1, 2018	2.4	0.1	15.1	17.5
Translation differences	-0.0	-	-	-0.0
Increases	0.4	0.2	-	0.6
Transfers between items	0.1	-0.1	-	-
<b>Acquisition cost at Dec 31, 2018</b>	<b>2.9</b>	<b>0.2</b>	<b>15.1</b>	<b>18.1</b>
Accumulated amortization and impairments at Jan 1, 2018	-1.3	-	-1.5	-2.8
Translation differences	0.0	-	-	0.0
Amortization	-0.6	-	-	-0.6
<b>Accumulated amortization and impairments at Dec 31, 2018</b>	<b>-2.0</b>	<b>-</b>	<b>-1.5</b>	<b>-3.5</b>
Book value at Jan 1, 2018	1.0	0.1	13.6	14.7
<b>Book value at Dec 31, 2018</b>	<b>0.9</b>	<b>0.2</b>	<b>13.6</b>	<b>14.6</b>

### SOURCES OF UNCERTAINTY AND MANAGERIAL JUDGMENTS - GOODWILL

Management makes significant estimates and judgments in determining the level at which the goodwill is tested and whether there are any indications of impairment.

The goodwill in the Kamux's balance sheet arose in December 2011 when the parent company, a company established by Intera Fund II Ky, acquired Kamux Oy and its subsidiaries. At the time of the acquisition, Kamux operated in Finland through five subsidiaries, including 16 showrooms. The Management views that the excess of the purchase price over the acquired net assets was paid for the business and business concept as a whole and therefore considers that goodwill should be tested at the level of group of CGU's which is Finland.

The forecasted cash flows are based on the Group's past performance and management's best estimate of future sales, cost development, general market conditions and applicable income tax rates.

Management tests the effects of changes to significant estimates used in forecasts by sensitivity analyses in a way described in the section "Goodwill".

## FINANCIAL STATEMENTS

### RECONCILIATION OF THE BOOK VALUES OF THE PROPERTY, PLANT AND EQUIPMENT BETWEEN THE BEGINNING AND THE END OF THE PERIOD 2019

EUR million	Buildings and structures*	Machinery and equipment	Other tangible assets	Total
Acquisition cost at Jan 1, 2019	38.7	1.3	2.4	42.4
Translation differences	-0.2	-0.0	-0.0	-0.2
Increases	17.9	0.2	0.9	18.9
Decreases	-2.5	-	-	-2.5
Transfers between items	-	0.2	-0.2	-
<b>Acquisition cost at Dec 31, 2019</b>	<b>54.0</b>	<b>1.7</b>	<b>3.0</b>	<b>58.7</b>
Accumulated depreciation and impairments at Jan 1, 2019	-0.1	-0.7	-1.4	-2.2
Translation differences	-0.0	0.0	0.0	-0.0
Depreciation	-7.1	-0.1	-0.5	-7.8
<b>Accumulated depreciation and impairments at Dec 31, 2019</b>	<b>-7.2</b>	<b>-0.9</b>	<b>-1.9</b>	<b>-10.0</b>
Book value at Jan 1, 2019	38.7	0.5	0.9	40.1
<b>Book value at Dec 31, 2019</b>	<b>46.7</b>	<b>0.8</b>	<b>1.1</b>	<b>48.6</b>

### 2018

EUR million	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost at Jan 1, 2018	0.4	1.1	1.9	3.3
Translation differences	-	-0.0	-0.0	-0.0
Increases	-	0.2	0.5	0.7
Decreases	-	-0.0	-	-0.0
<b>Acquisition cost at Dec 31, 2018</b>	<b>0.4</b>	<b>1.3</b>	<b>2.4</b>	<b>4.0</b>
Accumulated depreciation and impairments at Jan 1, 2018	-0.0	-0.6	-1.0	-1.6
Translation differences	-	0.0	0.0	0.0
Depreciation	-0.0	-0.1	-0.5	-0.6
<b>Accumulated depreciation and impairments at Dec 31, 2018</b>	<b>-0.1</b>	<b>-0.7</b>	<b>-1.4</b>	<b>-2.2</b>
Book value at Jan 1, 2018	0.4	0.5	0.9	1.7
<b>Book value at Dec 31, 2018</b>	<b>0.3</b>	<b>0.5</b>	<b>0.9</b>	<b>1.8</b>

\* The acquisition cost at Jan 1, 2019 has been adjusted by an addition of lease assets due to adoption of IFRS 16.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise of capitalized renovation as well as modernization expenses, office furniture, machinery and equipment and car showroom building in Nedderfeld, Germany, which was acquired in 2016. Property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of 15 years for the building and 3-5 years for the other tangible assets.

### LEASE AGREEMENTS

On January 1, 2019 Kamux adopted IFRS 16 in recognition of lease agreements. In accordance with IFRS 16 Kamux recognizes almost all leases on the balance sheet. The standard requires recognition of an asset i.a. the right to use the leased item and a financial liability to pay rentals for virtually all lease contracts.

Lease agreements recognized into Kamux's balance sheet comprise mainly of rental agreements of showrooms and office premises. Kamux inventory is located in the showrooms and the sales of cars takes place mainly in the showrooms. The right-of-use asset and the non-current and current lease liabilities arising from the lease agreements are presented in the balance sheet as row items "Lease assets" and "Lease liabilities". Before adoption of IFRS 16, Kamux had no finance lease agreements booked in the balance sheet in accordance to IAS 17 Leases

>> Read more on the change in accounting principles of lease agreements in note 5.7.

### **ACCOUNTING POLICY – LEASE AGREEMENTS**

Lease agreements may contain both lease and non-lease components. Kamux applies the treatment in accordance with IFRS 16 only to lease components and recognizes the expenses arising from non-lease components into profit or loss as other operating expenses.

Lease agreements of the showrooms or office premises are negotiated on an individual basis resulting in agreements with different terms and conditions. Lease agreements are typically either cancellable or 1- to 10-year fixed term contracts. Agreements usually include the option of extending the lease after the original date of termination.

Assets and liabilities arising from a lease are initially measured on a present value basis. The present value of a lease liability is determined by discounting the estimated future lease payments during the lease period. The right-of-use asset is initially measured at cost corresponding with the amount of the lease liability and it can be adjusted by the direct costs or

incentives obtained relating to the lease agreement.

The right-of-use asset is depreciated over the asset's useful life which in Kamux usually corresponds with the lease term.

The lease assets are derecognized against the lease payments and as finance expenses. The finance expense recognized into profit or loss reflects the amount of interest for certain period arising from the lease liability.

Kamux applies the optional exemption that exists for short-term and low-value leases. Short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss as other operating expenses. Short-term leases are leases with a lease term of 12 months or less and low-value assets are leases with total value EUR 5 000 or less. Short-term and low-value leases in Kamux Group are for example leases of parking areas nearby the showrooms or job-related housing of the personnel.

### **SOURCES OF UNCERTAINTY AND MANAGERIAL JUDGMENTS – LEASE AGREEMENTS**

Management makes critical judgments and assessments in determination of the lease terms of the lease agreements. Also determination of the discount rates for the lease liabilities requires management judgment.

#### **Lease term**

The lease agreements of the Group's showrooms and office premises can be divided into following groups regarding to lease terms: agreements made for the time being and fixed-term agreements. Fixed-term agreements can include an option for an extension period following the fixed-term or they can continue as agreements for time being after the fixed-term. Kamux has entered also in fixed-term agreements which can not be extended according to the initial agreement.

The management assesses a lease term of each lease agreement on an individual basis. In determining the lease term for each lease agreement the management considers the following factors, among others: Has Kamux or the lessor an unilateral right to serve notice of ter-

mination on the agreement or to decide about the extension period or is the decision made by both lessee and lessor together? Is it probable that the extension period will be exercised? What is the historical data about about lease terms of lease agreements in Kamux?

The lease term is initially assessed at the date an agreement is signed and the term is reassessed at least annually and every time when the agreement is changed with an effect on the lease term.

#### **Discount rate**

The future lease payments are discounted by using a discount rate prevailing at the date of signing a lease agreement. When the interest rate implicit in the lease cannot be determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset similar value to the right-of-use asset in a similar economic environment with similar terms and conditions of agreement.



**RECONCILIATION OF LEASE OBLIGATIONS AND PRESENT VALUE OF MINIMUM LEASE PAYMENTS IN ACCORDANCE WITH IFRS 16 AT THE TIME OF ADOPTION IFRS 16**

EUR million	
<b>The future minimum lease payments under non-cancellable operating leases on December 31, 2018</b>	<b>32.8</b>
Estimate of the lease period under IFRS 16	14.6
Discounting of future lease payments	-1.5
VAT	-6.1
Service components included into agreements	-1.1
Short-term leases	-0.4
Other items	-0.1
<b>Lease liability under IFRS 16 recognized into balance sheet on January 1, 2019</b>	<b>38.3</b>

**CHANGES OF LEASE AGREEMENTS IN THE BALANCE SHEET**

EUR million	Lease assets	Lease liabilities
<b>Jan 1, 2018</b>	-	-
<b>Dec 31, 2018</b>	-	-
<b>Jan 1, 2019</b>	<b>38.3</b>	<b>38.3</b>
Increases	17.9	17.9
Decreases	-2.5	-2.5
Depreciation	-7.1	-
Exchange rate differences and other changes	-0.2	-0.2
Interest expenses	-	-0.4
Repayments of lease liability	-	-6.5
<b>Dec 31, 2019</b>	<b>46.4</b>	<b>46.6</b>

An incremental borrowing rate of 1.05% was used as a discount rate for the future lease payments.

**CHANGES OF LEASE AGREEMENTS IN THE STATEMENT OF COMPREHENSIVE INCOME**

EUR million	2019	2018
Depreciation of lease assets	-7.1	-
Interest cost from lease liabilities	-0.4	-
Costs from short-term leases	-0.3	-
Costs from service components included in lease agreements	-0.3	-
<b>Total expense in the statement of comprehensive income</b>	<b>-8.1</b>	<b>-</b>

In 2019, the cash outflow from lease agreements amounted to EUR 7.5 million.

## 5.3 RELATED PARTY TRANSACTIONS

Intera Fund II Ky, which owned 21 % of the Company's outstanding shares on December 31, 2019 and 29 % on December 31, 2018, has significant influence over Kamux.

Related parties of the Group consist of the parent company, Group companies mentioned in note 5.1, and the com-

panies controlled by the significant influence holder Intera Fund II Ky. Related parties are also key management personnel and their close family members as well as entities controlled by them. Key management personnel are the members of the Board of Directors, CEO and Management Team.

EUR million	2019	2018
Sales of used cars	0.1	0.1
Purchases of used cars	-0.2	-0.1
Rental expenses	-	-0.5
Consulting expenses	-0.1	-0.1

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

The Group has leased from the CEO, his close family members and the companies controlled by them four locations with fixed-term lease agreements for 5-10 years. From January 1, 2019 these lease agreements have been accounted in accordance with IFRS 16. In December 31, 2019 the consolidated lease liabilities to related party amounted to EUR 4.0 million.

During 2019-2018, consulting expenses comprise consultancy fees paid to Virtanen Consulting GmbH, controlled by Matti Virtanen. The fees were related to the Group's geographical expansion.

Transactions with related parties were made on an arm's length basis.

### MANAGEMENT HOLDINGS

The Company has established a management co-investment arrangement for certain key management personnel and other key employees. The co-investment arrangements have been made with key employees of the Company employed before or during 2011–2017. The co-investment arrangement includes shareholders who have been shareholders before the ownership structure was formed in December 2011 and shareholders who have joined the Company as key employees after the 2011 ownership changes. The co-investments of key employees who have invested after the 2011 ownership changes but before the Company's listing to Nasdaq Helsinki Oy stock exchange main list on May 2017, are subject to the IFRS 2 standard.

According to the agreements, the key employees of the arrangements have invested in shares issued by the Company. Investments made by key employees were carried out

at the same valuation basis and substantially on the same terms as the investments made by the controlling owner.

The co-investment arrangement contains a share-based payment, but the valuation at the grant date indicates that the co-investments made and possible proceeds to employees do not contain additional benefits when compared to the controlling owner. As the Company does not have a contractual obligation to redeem the leavers in cash, and the Company has not, prior to 2016, used its right to redeem the shares of key employees' shares as their employment ends, the arrangement is classified as equity-settled share-based payment under IFRS. Accordingly, with the grant date fair value of the share-based payment being zero, no expense has been recognized in financial statements.

Holdings of the Board of Directors, CEO and Management Team of the Company's outstanding shares as of December 31, 2019 are presented in the following table:

	Ownership
Members of the Board of Directors	0.5 %
CEO	15.2 %
Other Management Team	0.4 %

### MANAGEMENT'S SALARIES AND FEES

The Board of Directors decides on the remuneration and its criteria for the CEO and members of the Management Team. The salary of the CEO and members of Management Team consists of a monthly salary, bonus and share-based incentive arrangement. The Board of Directors decides the terms of bonuses annually. The CEO's and Management Team's bonuses are paid on the basis of personal goals set for the financial year and certain profitability targets. In 2019, the bonus percent of total wages may not exceed 40 percent for CEO and 40 percent for other Management Team members.

The Group CEO is entitled to the statutory pension and the retirement age is determined within the framework of statutory earnings-related pension plans. The CEO's retirement age is 63 years under the current legislation. Termination period for the CEO's employment contract is 6 months, and he/she is entitled to the salary for the termination period as well as the performance bonus until the termination date. In addition, if the Company terminates the contract, CEO is entitled under certain conditions to the amount corresponding to twelve months' total salary.

EUR thousand	For the year ended December 31,	
	2019	2018
<b>Management Team salaries and other benefits (except CEO)</b>		
Wages, salaries and benefits	1,315	940
Pension costs -defined contribution plans	324	235
Share-based benefits	187	161
<b>Total</b>	<b>1,826</b>	<b>1,336</b>
<b>CEO salaries and benefits</b>		
Wages, salaries and benefits	253	239
Pension costs -defined contribution plans	62	60
Share-based benefits	42	41
<b>Total</b>	<b>357</b>	<b>340</b>
<b>Board of Directors salaries and benefits</b>		
Matti Virtanen	36	36
Reija Laaksonen	22	22
David Nuutinen	20	20
Jokke Paananen	20	20
Harri Sivula	22	22
Vesa Uotila	22	22
<b>Total</b>	<b>143</b>	<b>142</b>
<b>Management and Board of Directors compensation in total</b>	<b>2,326</b>	<b>1,818</b>

**SOURCES OF UNCERTAINTY AND  
MANAGERIAL JUDGMENTS - MANAGEMENT  
HOLDINGS**

The Group estimates whether the other management holdings than earned as a part of a share-based payment incentive scheme, include an incentive plan. Judgment is required when classifying the plan (as cash or equity-settled payments or arrangement with alternatives) and measuring the plan. Fair values of grant dates of the benefits, including in the arrangements have to be assessed for measurement.

**SHARE-BASED INCENTIVE SCHEME**

In April 2017, the Board of Directors of Kamux Corporation decided to establish a share-based incentive scheme for the Group's key personnel. The share-based incentive scheme comprises of separate yearly incentive plans based on the judgment of the Board of Directors of Kamux Corporation. The key personnel belonging to the scheme are Management Team members and also other key management personnel.

In December 2017, the Board of Directors of Kamux Corporation decided to approve the terms and conditions for the earnings period of year 2018 share-based incentive plan (LTI2018).

In January 2019, the Board of Directors of Kamux Corporation decided to approve the terms and conditions for the earnings period of year 2019 share-based incentive plan (LTI2019).

The earnings criteria applicable to both 2018 and 2019 plans are equivalent to each other by their essential parts. The amount of any gross reward paid pursuant to the plan for the earnings period is determined by the achievement of goals set for the earnings criteria. The earnings criterion applicable for the 2018 earnings period was achieving the EBIT target for 2018 set by the Board of Directors, and the earnings criterion applicable for the 2019 earnings period was achieving the EBIT target for 2019 set by the Board of Directors. Rewards resulting from the plan LTI2018 were paid in shares and cash during spring 2019. Any rewards resulting from the plan LTI2019 will be paid after the end of

the earnings period during spring 2020. The key terms and conditions for the earnings periods are described in the table below.

The plans are accounted for as an equity-settled payment with net settlement features. The plans have one year earnings period followed by a two-year commitment period. The fair value of the plans were determined on the grant date. The fair value of the each plan is expensed during the three years until the end of the commitment period. In the financial year 2019 the employee benefit expenses included EUR 0.3 million and in 2018 EUR 0.1 million costs accrual related to the share-based incentive scheme.

**KEY TERMS AND CONDITIONS OF THE SHARE-BASED INCENTIVE SCHEME**

Share-based incentive plan	LTI2019	LTI2018
Nature of the scheme	Shares	Shares
Initial grant date	January 23, 2019	December 13, 2017
Maximum amount of shares granted, pcs	about 180,000	about 150,000
Earnings and commitment period, years	3	3
Vesting conditions	To reach the EBIT target and remaining employment contract on Dec 31, 2021	To reach the EBIT target and remaining employment contract on Dec 31, 2020
Number of people entitled to participate	about 25	about 20
Payment method	Share and/or cash	Share and/or cash



**MEASUREMENT FACTORS FOR THE SHARES GRANTED**

	<b>LT12019</b>	<b>LT12018</b>
Amount of shares at target level, pcs	91,350	64,000
Weighted average of share prices on grant dates, EUR	5.65	7.05
Return on equity requirement, %	12.19%	11.76%
Estimated wastage during the vesting period, %	10.00%	10.00%
Fair value of the scheme on the grant date, MEUR	0.5	0.4

**CHANGES IN THE SHARE-BASED INCENTIVES DURING THE PERIOD**

<b>shares</b>	<b>LT12019</b>	<b>LT12018</b>
January, 1 outstanding	60,246	-
Earned during the period	94,825	60,246
Forfeited during the period	-3,668	-
<b>December 31, outstanding</b>	<b>151,403</b>	<b>60,246</b>

**ACCOUNTING POLICY - SHARE-BASED INCENTIVE SCHEME**

Kamux's share-based incentive scheme is considered as an equity-settled payment, and the compensation costs are recognized based on the number of gross shares awarded. Any rewards resulting from the scheme will be paid after the end of the earnings period in the company's shares unless the Board of Directors decides to pay the reward partly or fully in cash. Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided

it would have been equity-settled without the net settlement feature.

The earnings period for the yearly plans granted under the incentive scheme is a calendar year, followed by a two-year commitment period. The fair value of a share incentive is determined on the grant date of each yearly plan. This fair value of the plan is expensed during three years until the end of the commitment period. The effect of the scheme in profit or loss is presented in personnel expenses and the corresponding increase is presented in the equity.

## 5.4 SHARE CAPITAL AND RESERVES

Movements in the number of outstanding shares, treasury shares and total registered shares during the financial periods were as follows:

<b>Number of shares, 1 000 pcs</b>	<b>Shares outstanding</b>	<b>Treasury shares</b>	<b>Total shares</b>	<b>Treasury shares EUR million</b>
December 31, 2018	<b>39,987</b>	<b>1,320</b>	<b>41,307</b>	<b>-8.2</b>
Cancellation of treasury shares	-	-1,320	-1,320	8.2
<b>December 31, 2018</b>	<b>39,987</b>	<b>-</b>	<b>39,987</b>	<b>-</b>
Share issue	30	-	30	-
Return of share-based payments	-2	2	-	-
<b>December 31, 2019</b>	<b>40,015</b>	<b>2</b>	<b>40,017</b>	<b>-</b>

The Company has one share class and each share has an equal right to dividend. Each share carries one vote at the general meeting. All issued shares are fully paid and they do not have par value.

Dividend distribution, acquisition or redemption of the treasury shares or other distribution of funds to the Company's shareholders require the fulfilment of certain terms of the financing agreement. For the financial year 2019, the Board of Directors proposes a dividend of EUR 9.2 million (EUR 0.23 per share). The Company paid a dividend of EUR 6.4 million (EUR 0.16 per share) in spring 2019.

The Board proposes that the dividend for the financial year 2019 will be paid in two instalments. The first dividend instalment, EUR 0.12 per share, is to be paid to shareholders registered in the Company's register of shareholders maintained by Euroclear Finland Ltd on the first dividend instal-

ment payment record date of April 23, 2020. The Board proposes that the first dividend instalment pay date be April 30, 2020. The second dividend instalment is to be paid to shareholders registered in the Company's register of shareholders maintained by Euroclear Finland Ltd on the second dividend instalment payment record date of October 23, 2020. The Board proposes that the second dividend instalment pay date be October 30, 2020. The Board proposes that it be authorized to decide, if necessary, on a new dividend payment record date and pay date for the second instalment if the rules and statutes of the Finnish book-entry system change or otherwise so require.

The subscription price of new shares is recognized as share capital unless it is determined in the share issue decision to be booked entirely or partly into the reserve for invested unrestricted equity. Payments to the reserve for in-

vested unrestricted equity can be also done without a share issue. The number of shares which have been paid but not yet registered at the end the financial year are entered to the share issue account.

The Company's share capital is EUR 80 thousand.

### **MOVEMENTS IN THE EQUITY RESERVES ARE AS FOLLOWS:**

#### **Directed share issue in 2019**

In March 2019, the Company issued a total of 30,126 new shares in a share issue without consideration directed to the key personnel of the Kamux Group for the payment of share-based incentive scheme of 2018. The new shares were registered in the Finnish Trade Register on March 14, 2019. During the year 2019, a total of 2,323 shares of these new shares were returned to the company without consideration due to the termination of employment of persons belonging to the scheme. At the end of the review period, the Company held 2,323 treasury shares, representing 0.01% of all shares.

#### **Cancellation of treasury shares in 2018**

At the beginning of 2018, Kamux had 1,319,862 treasury shares corresponding to 3% of all shares. During the financial year Kamux cancelled 1,319,862 treasury shares and the cancellation of the treasury shares was registered in the trade register on March 14, 2018

## 5.5 DEFERRED TAX

EUR million	January 1,	Recognized through profit or loss	December 31,
	<b>2019</b>		
<b>Deferred tax assets</b>			
Provisions	0.4	0.1	0.4
Depreciation and amortization, inventory and lease agreements	0.0	0.1	0.1
<b>Total</b>	<b>0.4</b>	<b>0.1</b>	<b>0.5</b>
<b>Deferred tax liabilities</b>			
Loans from financial institutions	0.0	-0.0	0.0
Accrued expenses and deferred income	-	0.1	0.1
<b>Total</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>
<b>Total net</b>	<b>0.4</b>	<b>0.0</b>	<b>0.4</b>
	<b>2018</b>		
<b>Deferred tax assets</b>			
Provisions and accrued expenses	0.3	0.0	0.4
Depreciation and amortization	0.0	0.0	0.0
<b>Total</b>	<b>0.3</b>	<b>0.1</b>	<b>0.4</b>
<b>Deferred tax liabilities</b>			
Loans from financial institutions	0.0	-0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>-0.0</b>	<b>0.0</b>
<b>Total net</b>	<b>0.3</b>	<b>0.1</b>	<b>0.4</b>

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the taxes collected by the same fiscal authority. In Sweden, the Group had unused tax losses EUR 4.3 million as of December 31, 2019 and EUR 4.8 million as of December 31, 2018 and in Germany the Group had unused tax losses EUR 7.9 million as of December 31, 2019 and EUR 5.6 million as of December 31, 2018, for which no deferred tax asset has been recognized due to the operating losses of the early phase of operations. These losses will not expire under the current tax regulations.

### SOURCES OF UNCERTAINTY AND MANAGERIAL JUDGMENTS - DEFERRED TAX ASSETS ON TAX LOSSES CARRIED FORWARD

At the end of each reporting period, the management makes judgment in assessing the conditions for the recognition of deferred tax assets on tax losses carried forwards. The unused tax losses carried forwards can be utilized against the future taxable profit in a company in which they have been arisen. The management estimates the probability of the availability of future taxable profits or the existence of other reliable evidence on availability of future taxable profits against which the unused tax losses carried forwards can be utilized.

**ACCOUNTING POLICY -  
DEFERRED TAX BALANCES**

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognized on deductible temporary differences only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**5.6 EVENTS AFTER THE REPORTING DATE**

On December 2, 2019, Kamux announced the acquisition of the business and assets of Autosilta from Jagro Oy. The acquisition was completed on January 9, 2020 and on that date Kamux obtained control of the assets acquired. On January 10, 2020 Kamux opened a new showroom in Niitykumpu in Espoo, located on the former premises of Autosilta. In connection with the acquisition five employees were transferred into Kamux. Preliminary effect of the business acquisition on Kamux's net sales for year 2020 is EUR 23.0 million. Purchase price allocation and thus possible amount of goodwill arising from the acquisition is unfinished and Kamux will present the disclosures in accordance IFRS 3 in its interim report for the first quarter of 2020.

On January 16, 2020, the Board of Directors of Kamux Corporation decided to approve the detailed terms and conditions of the share-based incentive scheme for the Group's key personnel for 2020.

On January 31, 2020, Kamux announced that the Jyväskylä showroom will expand its commercial vehicle sales in as it moves to new premises.

On February 14, 2020, Kamux announced the opening of the Tornio showroom in April 2020.

On February 19, 2020, Kamux announced the opening of the Värmdö showroom during early summer 2020.

On February 25, 2020, Olli Kilpi, Kamux's CPO and Member of the Management Team, announced to leave to take up new responsibilities outside the company. He will continue in his current position until May 22, 2020.

On February 28, 2020, Kamux announced to start to repurchase the company's own shares for execution of the Company's share-based incentive scheme.

## 5.7 NEW AND FORTHCOMING IFRS STANDARDS

### **NEW AND REVISED STANDARDS EFFECTIVE IN JANUARY 1, 2019**

In preparing these consolidated financial statements, Kamux has followed the same accounting policies as in the annual financial statements for 2018 except for the effect of changes required by the adoption of the following new and revised standards and interpretations on 1 January 2019.

#### **IFRS 16 Leases and associated amendments to various other standards**

IFRS 16 Leases does not make a 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. IFRS 16 primarily affected accounting of lessees and resulted in the recognition of almost all leases on the Kamux's balance sheet. Kamux applies the optional exemption that exists for short-term and low-value leases.

Previously, future lease payments were presented in the notes as operating lease commitments at their nominal value. The currently reported operating lease commitments of Kamux totaled EUR 32.8 million (see Note 4.3.) on December 31, 2018.

In IFRS 16 implementation project Kamux adjusted accounting processes to meet IFRS 16 requirements and improved controls. Kamux implemented a lease agreement administration and calculation system which was taken into use in the beginning of year 2019.

The standard had a significant effect on Kamux's consolidated financial statements since Kamux has leased many showrooms and office premises from third parties for periods longer than one year and by cancellable contracts. The

amount of leased assets and corresponding lease liabilities increased the consolidated balance sheet total by 33% or EUR 38.3 million at the date of transition January 1, 2019. Applying IFRS 16 has no effect on retained earnings in equity at January 1, 2019. During 2019, key figures based on balance sheet changed. During 2019, the change also had an effect on Kamux's statement of comprehensive income 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 was replaced with interest and depreciation, and consequently key figures such as EBITDA and operating profit changed. The adoption of IFRS 16 improved EBITDA significantly but did not have a significant impact on operating profit in 2019.

The operating cash flow increased, as cash payments for the principal portion of the lease liability are classified within financing activities. Only that part of the payments which reflects interest can continue to be presented as operating cash flow.

In connection of applying IFRS 16, Kamux's management made judgments is determination of lease periods and discount rates. (see Note 5.2). In applying IFRS 16 for the first time, Kamux applied a practical expedient for agreements entered into before the transition date. According to the practical expedient, the group relied on its assessment made applying IAS 17 and Interpretation IFRIC 4 Determining whether an Arrangement contains a Lease. The Group did not need to reassess whether an agreement is, or contains a lease at the date of initial application.

The standard became effective for accounting periods beginning on or after January 1, 2019. Kamux adopted IFRS 16 using the modified retrospective transition approach.

Figures of comparative years were not restated but to retain the comparability between 2018 and 2019 figures, Kamux discloses additional information about the effects of IFRS 16 on 2019 figures.

### **NEW AND REVISED STANDARDS TO BE ADOPTED IN LATER FINANCIAL YEARS**

Kamux has not yet applied the following new and revised standards and interpretations already issued and that are endorsed by the European Union. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

#### **Revised conceptual framework for financial reporting**

The IASB has issued a revised Conceptual framework which key changes include increase of the prominence of stewardship in the objective of financial reporting, renewal of the definitions of an asset and a liability, removal of the probability threshold for recognition and adding guidance on derecognition. The amendment will be effective for accounting periods beginning on or after January 1, 2020.





**PARENT COMPANY  
FINANCIAL STATEMENTS**



## PARENT COMPANY INCOME STATEMENT (FAS)

EUR million	For the year ended December 31,	
	2019	2018
<b>REVENUE</b>	<b>4.2</b>	<b>3.3</b>
Other operating income	0.0	0.1
Personnel expenses		
Salaries and fees	-2.0	-1.5
Social security expenses		
Pension expenses	-0.3	-0.3
Other social security expenses	-0.0	-0.0
<b>Total personnel expenses</b>	<b>-2.3</b>	<b>-1.8</b>
Depreciation and amortization		
<b>Depreciation and amortization according to plan</b>	<b>-0.0</b>	<b>-0.0</b>
Other operating expenses	-1.9	-2.5
<b>Total expenses</b>	<b>-4.2</b>	<b>-4.3</b>
<b>OPERATING LOSS</b>	<b>-0.1</b>	<b>-0.9</b>
Financial income and expenses		
Interest and other financial income		
From Group companies	2.8	2.9
From others	0.9	1.7
Total	3.7	4.6
Interest and other financial expenses		
To others	-1.3	-2.2
Total	-1.3	-2.2
<b>Total financial income and expenses</b>	<b>2.3</b>	<b>2.4</b>
<b>PROFIT BEFORE APPROPRIATIONS AND TAXES</b>	<b>2.3</b>	<b>1.5</b>
Appropriations		
Group contributions received	20.0	16.5
<b>Total appropriations</b>	<b>20.0</b>	<b>16.5</b>
Direct taxes	-4.5	-3.6
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>17.8</b>	<b>14.4</b>

## PARENT COMPANY BALANCE SHEET (FAS)

EUR million	2019	2018
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>
Investments		
Investments in subsidiaries	34.8	32.8
<b>Total</b>	<b>34.8</b>	<b>32.8</b>
CURRENT ASSETS		
Non-current receivables		
Non-current receivables from Group companies	7.8	36.2
<b>Total</b>	<b>7.8</b>	<b>36.2</b>
Current receivables		
Trade receivables	-	0.1
Receivables from Group companies	36.4	29.8
Other receivables	0.1	0.2
Prepaid expenses and accrued income	0.0	0.0
<b>Total</b>	<b>36.5</b>	<b>30.2</b>
Cash at hand and in banks	27.4	12.7
<b>TOTAL ASSETS</b>	<b>106.7</b>	<b>111.9</b>

EUR million	2019	2018
<b>LIABILITIES AND EQUITY</b>		
Equity		
Share capital	0.1	0.1
Invested non-restricted equity reserve	25.3	25.3
Retained earnings	37.3	29.3
Profit for the year	17.8	14.4
<b>Total</b>	<b>80.5</b>	<b>69.1</b>
Liabilities		
Non-current liabilities		
Loans from financial institutions	16.5	19.5
Liabilities to Group companies	4.5	4.5
Current liabilities		
Interest-bearing		
Loans from financial institutions	3.0	3.0
Liabilities to Group companies	0.1	13.9
Non-interest-bearing		
Trade payables	0.2	0.7
Liabilities to Group companies	0.2	0.4
Other current liabilities	0.1	0.1
Accrued expenses and deferred income	1.6	0.6
<b>Total</b>	<b>26.1</b>	<b>42.8</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>106.7</b>	<b>111.9</b>

## PARENT COMPANY CASH FLOW STATEMENT (FAS)

EUR million	2019	2018
Profit for the financial year	17.8	14.4
Adjustments:		
Financial income and expenses	-2.3	-2.4
Group contributions received	-20.0	-16.5
Depreciation and amortization	0.0	0.0
Direct taxes	4.5	3.6
Change in net working capital:		
Change in trade and other receivables	0.2	-0.2
Change in trade and other payables	-0.4	1.0
Interests paid and payments on other operating expenses	-0.4	-0.4
Interests received	2.9	4.1
Taxes paid	-3.7	-3.4
<b>Net cash from/in operating activities (A)</b>	<b>-1.5</b>	<b>0.1</b>
Payments for property, plant and equipment and intangible assets (-)	-	-0.0
Investments in subsidiaries	-1.0	-3.5
<b>Net cash from/in investing activities (B)</b>	<b>-1.0</b>	<b>-3.5</b>
Repayments of bank loans	-3.0	-3.0
Net change of intra-group receivables and payables	10.1	-8.2
Dividends paid	-6.4	-4.8
Group contributions received	16.5	14.5
<b>Net cash from/in financing activities (C)</b>	<b>17.2</b>	<b>-1.5</b>
<b>Change in cash (A+B+C)</b>	<b>14.7</b>	<b>-4.9</b>
Cash at hand and in bank at the beginning of the financial year	12.7	17.4
Cash at hand and in bank at the end of the financial year	27.4	12.7

## ACCOUNTING PRINCIPLES OF THE PARENT COMPANY FINANCIAL STATEMENTS

### GENERAL INFORMATION

The financial statements of Kamux Corporation are prepared in accordance with Finnish Accounting Standards (FAS). The accounting principles of the consolidated financial statements are applied to the appropriate extent in the preparation of the Company's financial statements. In the following paragraphs are described the accounting principles of the parent company to the extent they differ from the accounting principles for the consolidated financial statements.

### REVENUE

Revenue of the Company consists of intra-group management fees.

### INTRA-GROUP RECEIVABLES AND LIABILITIES

Intra-group receivables and liabilities of the Company consist of intra-group transactions. Receivables are recognized in the balance sheet at lower of their nominal value and their probable value, whichever is lower. Liabilities are measured at their nominal value. Interest income and expenses relating to receivables and liabilities are recognized on accrual basis and accrued to the financial year on the basis of the time period.

### LOANS AND INTEREST EXPENSES

Loans from banks are recognized at their nominal value. Transaction costs related to loans are expensed at the time of taking out a loan. Interest expenses of the loans are recognized in the income statement on accrual basis and accrued to the financial year on the basis of the time period.

### DEFERRED TAX ASSETS

The Company does not recognize deferred tax assets in the financial statements of the parent company.

## NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

EUR million	2019	2018
<b>Revenue</b>		
Services to Group companies	4.2	3.3
<b>Total</b>	<b>4.2</b>	<b>3.3</b>
<b>Revenue</b>		
Geographical distribution		
Domestic	3.1	2.6
Other Europe	1.0	0.7
<b>Total</b>	<b>4.2</b>	<b>3.3</b>
<b>Personnel expenses and fees</b>		
Salaries and fees	2.0	1.5
Pension expenses	0.3	0.3
Other social security expenses	0.0	0.0
<b>Total</b>	<b>2.3</b>	<b>1.8</b>
Number of personnel	9	9
<b>Other operating expenses</b>		
Voluntary personnel expenses	0.1	0.1
Travel expenses	0.1	0.1
Marketing expenses	0.1	0.0
Administrative services	1.4	2.0
Other administrative expenses	0.1	0.1
Other operating expenses	0.2	0.1
<b>Total</b>	<b>1.9</b>	<b>2.5</b>
<b>Auditor's remuneration</b>		
Audit fee	0.1	0.0
Other services from main auditor	-	0.4
<b>Total</b>	<b>0.1</b>	<b>0.4</b>
<b>Appropriations</b>		
Group contribution received	20.0	16.5
<b>Total</b>	<b>20.0</b>	<b>16.5</b>

EUR million	2019	2018
<b>Non-current assets</b>		
Intangible rights		
opening balance Jan 1	0.0	0.0
amortizations during the financial year	0.0	0.0
<b>closing balance Dec 31</b>	<b>-</b>	<b>0.0</b>
Other capitalized long term expenditures		
opening balance Jan 1	0.0	0.0
additions during the financial year	-	0.0
amortizations during the financial year	0.0	0.0
decreases during the financial year	0.0	0.0
transfers between item	0.0	0.0
<b>closing balance Dec 31</b>	<b>0.0</b>	<b>0.0</b>
Investments		
Investments in subsidiaries		
opening balance Jan 1	32.8	29.2
additions during the financial year	2.0	3.6
<b>closing balance Dec 31</b>	<b>34.8</b>	<b>32.8</b>
<b>Non-current receivables from Group companies</b>		
Non-current loan receivables from Group companies	6.3	33.9
Non-current interest receivables	1.6	2.3
<b>Total</b>	<b>7.8</b>	<b>36.2</b>
<b>Current receivables from Group companies</b>		
Current loan receivables from Group companies	34.0	28.1
Interest receivables	1.0	0.4
Trade receivables	1.3	1.2
<b>Total</b>	<b>36.4</b>	<b>29.8</b>
<b>Shares</b>		
Group companies		
Kamux Suomi Oy	100%	100%
Suomen Autorahaksi Oy (100%)		
KMX Holding AB	100%	100%
Kamux AB (100%)		
Kamux Auto GmbH	100%	100%



## FINANCIAL STATEMENTS

EUR million	2019	2018
<b>Changes in equity during the financial year</b>		
Share capital on Jan 1	0.1	0.1
Share capital on Dec 31	0.1	0.1
Invested non-restricted equity reserve on Jan 1	25.3	25.2
Cancellation of treasury shares	-	0.1
Invested non-restricted equity reserve on Dec 31	25.3	25.3
Retained earnings on Jan 1	43.7	34.2
Dividend distribution	-6.4	-4.8
Cancellation of treasury shares	-	-0.1
Retained earnings on Dec 31	37.3	29.3
Profit/loss for the financial year	17.8	14.4
<b>Total equity</b>	<b>80.5</b>	<b>69.1</b>
<b>Distributable earnings Dec 31</b>		
Retained earnings	37.3	29.3
Profit for the financial year	17.8	14.4
Invested non-restricted equity fund	25.3	25.3
<b>Total</b>	<b>80.4</b>	<b>69.0</b>
<b>Loans from financial institutions</b>		
Nordea Bank Finland Corporation		
Instalments to be paid within one year	3.0	3.0
Instalments to be paid after one year	16.5	19.5
<b>Total</b>	<b>19.5</b>	<b>22.5</b>
<b>Other liabilities</b>		
Current other liabilities	0.1	0.1
<b>Total</b>	<b>0.1</b>	<b>0.1</b>
<b>Non-current loans to Group companies</b>		
Non-current loan liabilities to Group companies	4.5	4.5
<b>Total</b>	<b>4.5</b>	<b>4.5</b>

EUR million	2019	2018
<b>Current loans to Group companies</b>		
Current loans to Group companies	0.1	13.9
Trade payables	0.0	-
Accrued expenses and deferred income	0.2	0.4
<b>Total</b>	<b>0.3</b>	<b>14.4</b>
<b>Accrued expenses and deferred income</b>		
Personnel expenses	0.8	0.4
Taxes	0.9	0.1
Other	0.0	0.1
<b>Total</b>	<b>1.6</b>	<b>0.6</b>
<b>Pledges and guarantees</b>		
Loans	29.5	32.5
Amount in use	19.5	22.5
Guarantees given on loans		
General guarantee		
Business mortgages		
Total bearer bonds	26.0	26.0
Special guarantee		
Business mortgages		
Total bearer bonds	26.0	26.0
Pledged subsidiary shares		
Total shares of Kamux Auto GmbH		
Total shares of KMX Holding Ab		
Total shares of Kamux Suomi Oy		
Kamux Oyj has given non-restricted general guarantee on behalf of its subsidiaries in Finland, Sweden and Germany and pledged the shares of these subsidiaries.		

## **SIGNATURES FOR THE REPORT BY THE BOARD OF DIRECTORS AND THE FINANCIAL STATEMENTS**

Hämeenlinna, February 28, 2020

Matti Virtanen  
Chairman of the Board

Reija Laaksonen  
Member of the Board

David Nuutinen  
Member of the Board

Jokke Paananen  
Member of the Board

Harri Sivula  
Member of the Board

Juha Kalliokoski  
CEO

### **The Auditor's Note**

A report on the audit performed has been issued today.  
Helsinki, February 28, 2020

PricewaterhouseCoopers Oy  
Authorized Public Accountants

Janne Rajalahti  
Authorized Public Accountant

## AUDITOR'S REPORT (TRANSLATION OF THE FINNISH ORIGINAL)

To the Annual General Meeting of Kamux Corporation

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Board.

#### What we have audited

We have audited the financial statements of Kamux Corporation (business identity code 2442327-8) for the year ended 31 December 2019. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

#### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing

practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 2.4 to the Financial Statements.

#### Our Audit Approach

##### Overview



- **Overall group materiality: EUR 2,600,000, which represents a combination of adjusted profit before tax and revenue.**
- **Our audit procedures covered all the significant countries and locations of Kamux group. The focus of our audit procedures has been on the most significant components in Finland and Sweden.**
- **Valuation of inventory**
- **Accuracy of the repair liability provision**
- **Valuation of subsidiary shares in the parent company's financial statements**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

#### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

## AUDITOR'S REPORT

<b>OVERALL GROUP MATERIALITY</b>	EUR 2.6 million (previous year EUR 2.6 million)
<b>HOW WE DETERMINED IT</b>	Average of 5% of adjusted profit before taxes and 1% of the total revenues. Benchmarks were weighted 60% for adjusted profit before taxes and 40% for the total revenues when determining the overall group materiality.
<b>RATIONALE FOR THE MATERIALITY BENCHMARK APPLIED</b>	The company is in a strong development phase and its strategy focuses on the increase of revenues. As the benchmark for the determination of the materiality, we chose the combination of revenue and adjusted profit before taxes. Based on our understanding the readers of the financial statements use these parameters when evaluating the performance of the group. As thresholds, we chose to use 1% of the revenues and 5% of the adjusted profit before taxes, which are within generally accepted thresholds according to auditing standards.

### How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the Kamux group, the accounting processes and controls, and the industry in which the group operates.

Our audit procedures covered all the significant countries and locations of Kamux group. The focus of our audit procedures has been on the most significant components in Finland and Sweden where we performed the full scope audit because of the magnitude and risk of the component in question. For the remaining components, we performed alternative procedures to ensure that there is no risk of material misstatement in the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

KEY AUDIT MATTER IN THE AUDIT OF THE GROUP	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><b>Valuation of inventory</b></p> <p>See note 3.1 in the financial statements</p> <p>The inventory (EUR 70.2 million) is valued to the lower of acquisition cost or net realisable value. The acquisition cost of individual cars included in the inventory, is determined based on the purchase price including directly attributable repair costs for reconditioning the car for selling purposes.</p> <p>For the financial statements, the company evaluates the cars included over 90 days in the inventory. The impairment recorded is the value of cars according to net realisable value.</p> <p>The valuation of inventory is considered a key audit matter because of the magnitude of the inventory and the management judgement included in the valuation.</p>	<p>Our audit procedures included understanding and evaluating the processes and controls for the valuation of inventory.</p> <p>As part of our audit procedures, we evaluated the appropriateness of the accounting policies applied by the company for the inventory valuation.</p> <p>We reviewed the management's detailed estimate for the need of adjustment for inventory valuation for financial statements. We evaluated the accuracy of recorded adjustment compared to company's accounting policy, sales occurred after the year-end and other identified circumstances.</p> <p>We tested the acquisition cost of the cars included in the inventory for year-end 2019 on a sample basis. We compared the inventory value for selected cars to purchase price for the car including directly attributable repair costs for reconditioning the car for selling purposes.</p> <p>We tested the net realisable value of the cars included in the inventory for year-end 2019 on a sample basis. We compared the inventory value for selected cars to sales price in 2020.</p>
<p><b>Accuracy of the repair liability provision</b></p> <p>See note 2.3 in the financial statements</p> <p>Estimated repair liability (EUR 2.7 million) is recognised as repair liability provision when a car is sold. The amount of repair liability provision is based on historical statistics about realised repair liability costs and the estimated trend of repair liability costs.</p> <p>Accuracy of the provision for repair costs is considered as a key audit matter because of the significant management judgement included in the accounting of the provision.</p>	<p>We evaluated the accuracy of the repair liability provision by comparing the estimate prepared by management to actual historical costs. We reconciled the recorded repair liability provision to calculation prepared by management.</p> <p>In addition, we inquired of the management, if there were any circumstances, which would require changes to estimated trend of repair liability costs.</p> <p>We also audited the payments made in 2020 to gain comfort that there are no significant costs occurred which should have been taken into consideration when calculating the provision.</p>
<p><b>Valuation of subsidiary shares</b></p> <p>See notes in the financial statements of the parent company.</p> <p>The valuation of subsidiary shares is a key audit matter due to significant carrying amounts involved and the management judgement involved.</p> <p>As of 31 December 2019, the value of Kamux Corporation's subsidiary shares amounted to EUR 34.8 million in the parent company's financial statements prepared in accordance with Finnish GAAP.</p> <p>The valuation of subsidiary shares is tested by impairment testing based on discounted cash flow model.</p>	<p>We assessed the appropriateness of the method and management's judgement and estimates in the calculation.</p> <p>We evaluated the process by which the future cash flows were drawn up, including comparing them to medium term strategic plans and forecasts approved by the Board and tested the key assumptions.</p> <p>We estimated the valuation of subsidiary shares by changing the assumptions on discounted cash flow model.</p> <p>We compared the current year actual results included in the prior year impairment model to corroborate the reliability of management's estimates.</p> <p>We investigated by interviewing the management, that are there any such circumstances which would require adjustments to estimates for valuation of subsidiary shares made by management.</p>
<p>There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.</p>	



### **Responsibilities of the Board of Directors and the Managing Director for the Financial Statements**

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent com-

pany or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **OTHER REPORTING REQUIREMENTS**

### **Appointment**

We were first appointed as auditors by the annual general meeting on 9 October 2015. Our appointment represents a total period of uninterrupted engagement of five years.

### **Other Information**

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 28 February 2020

### **PricewaterhouseCoopers Oy**

Authorised Public Accountants

Janne Rajalahti

Authorised Public Accountant (KHT)



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