

FINANCIAL STATEMENTS BULLETIN January-December 2018



Kamux Corporation

Financial Statements Bulletin

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Kamux Corporation's Financial Statements Bulletin for January–December 2018

KAMUX'S REVENUE INCREASED 14.7 % AND OPERATING PROFIT FURTHER IMPROVED IN OCTOBER–DECEMBER 2018*The figures in parenthesis refer to the comparison period, i.e. the same period in the previous year, unless stated otherwise.***October–December in brief**

- The number of cars sold increased by 9.0% to 11,220 cars (10,294)
- Revenue increased by 14.7%, totaling EUR 131.1 million (114.3)
- Gross profit increased by 22.7% to EUR 16.0 million (13.0), or 12.2% (11.4) of revenue
- Adjusted operating profit (EBIT) increased by 31.3% to EUR 4.3 million (3.3), or 3.3% (2.9) of revenue
- Operating profit (EBIT) increased by 20.3% to EUR 3.9 million (3.3), or 3.0% (2.9) of revenue
- Earnings per share were EUR 0.08 (0.05)
- Like-for-like showroom revenue growth was 0.7% (2.4)

January–December in brief

- The number of cars sold increased by 13.8% to 46,596 cars (40,957)
- Revenue increased by 16.0%, totaling EUR 527.8 million (454.9)
- Gross profit increased by 20.5% to EUR 64.9 million (53.8), or 12.3% (11.8) of revenue
- Adjusted operating profit (EBIT) increased by 17.5% to EUR 21.9 million (18.6), or 4.1% (4.1) of revenue
- Operating profit (EBIT) increased by 16.5% to EUR 18.9 million (16.2), or 3.6% (3.6) of revenue
- Earnings per share were EUR 0.37 (0.30)
- Like-for-like showroom revenue growth was 5.6% (-4.9)
- The Board of Directors proposes a dividend of EUR 0.16 per share to be distributed for the year 2018 (for the year 2017 a dividend EUR 0.12 per share was distributed)

CEO Juha Kalliokoski:

“During the fourth quarter, Kamux’s revenue increased by 14.7% despite the challenging market situation and our profitability improved significantly compared to the corresponding period of the previous year.

All in all, 2018 was a year of success and profitable growth for Kamux, despite the market situation. Our internationalization continued strong, and we opened a total of eight new showrooms.

The Finnish market was particularly challenging during the fourth quarter. The sales of new cars decreased significantly, as Finland moved to WLTP-based car taxation. As a result, also the used car sales slowed down considerably compared to the previous year.

Public discussion on power sources of cars and the uncertainty factors related to the development of car values have confused car buyers and resulted in consumers postponing the purchase or trade of cars.

Despite the challenging market situation, we succeeded in increasing our sales and improving our profitability, which is evidence of the effectiveness of Kamux's strategy.

Our internationalization is progressing strongly in Sweden and Germany. Market uncertainty was reflected in both countries, but the Swedish market was particularly challenging due to changes in the power source-based annual car tax. Despite this, we increased our market share in both countries.

In Germany, we moved on to the next growth stage in the greater Hamburg area with the opening of two new showrooms.

We continued to strengthen the company's management to support growth and profitability. Jennie Stenbom started as the company's Chief People Officer and a member of the Management Team on October 1, 2018. Ilkka Virtanen started as Kamux's Director of Business Development and a member of the Management Team on October 29, 2018."

Outlook and financial targets

Kamux does not provide a short-term outlook. The company's medium-term financial targets for 2019–2022 are to increase revenue by over 10% annually and to reach an operating profit margin of at least 4%.

Key figures

EUR million	10–12/ 2018	10–12/ 2017	Change, %	1–12/ 2018	1–12/ 2017	Change, %
Revenue	131.1	114.3	14.7%	527.8	454.9	16.0%
Gross profit	16.0	13.0	22.7%	64.9	53.8	20.5%
as percentage of revenue, %	12.2%	11.4%		12.3%	11.8%	
Operating profit (EBIT)	3.9	3.3	20.3%	18.9	16.2	16.5%
as percentage of revenue, %	3.0%	2.9%		3.6%	3.6%	
Adjusted operating profit*	4.3	3.3	31.3%	21.9	18.6	17.5%
as percentage of revenue, %	3.3%	2.9%		4.1%	4.1%	
Revenue from integrated services	7.8	6.1	28.4%	27.1	22.8	18.5%
as percentage of revenue, %	6.0%	5.3%		5.1%	5.0%	
Number of cars sold	11,220	10,294	9.0%	46,596	40,957	13.8%
Gross profit per sold car, EUR	1,422	1,263	12.6%	1,392	1,314	5.9%
Sales growth of like-for-like showrooms, %	0.7 %	2.4%		5.6%	-4.9%	
Net debt				9.6	7.3	32.2%
Inventories				71.0	55.2	28.6%
Inventory turnover, days				49.6	46.8	6.0%
Capital expenditures	0.7	0.4	65.1%	1.3	1.2	4.8%
Average number of employees during the period				472	418	12.9%
Return on equity (ROE), %				22.9%	26.6%	
Return on investment (ROI), %				16.2%	17.2%	
Equity ratio, %				60.0%	57.2%	
Earnings per share, basic, EUR	0.08	0.05	70.0%	0.37	0.30	21.9%

* Operating profit adjusted for special items related to strategy planning, strategy implementation, geographical expansion and taxes from previous financial years as well as the costs related to the initial public offering in the comparison period, totaling EUR 0.4 million for the fourth quarter of 2018 and totaling EUR 3.0 million 1–12/2018 (10–12/2017: EUR 0.0 million and 1–12/2017: EUR 2.4 million).

Market review

Kamux estimates that it increased its market share in the sales of used cars in Finland in the fourth quarter of 2018. In Finland, public discussion on power sources, emissions and car value development caused uncertainty among many car buyers, which was reflected in a decline in the used cars market during the last quarter.

In Sweden, the company estimates that its market share increased during the fourth quarter and thus its position continued to strengthen among the ten largest used car sellers. According to Kamux's estimate, the market for used cars in Sweden declined clearly during the fourth quarter.

According to the company's estimates, Kamux's market share of the used car market in Germany grew in the fourth quarter. It is, however, still very small. According to Kamux's estimate, the used car market in Germany declined slightly during the fourth quarter due to changes in the power source-based annual car tax.

Kamux estimates the used car market sizes in 2018 in the countries in which Kamux operates to have been the following: approximately 0.5 million cars sold yearly in Finland, with a small decline in the market from 2017, approximately 1.2 million cars in Sweden, with the market declining clearly, and approximately 7.2 million cars in Germany, with the market declining slightly.

Revenue in October–December 2018

Revenue increased by 14.7% compared to the corresponding period of the previous year and amounted to EUR 131.1 million (114.3). 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. Kamux's integrated services revenue increased to EUR 7.8 million (6.1), or 6.0% (5.3) of total revenue.

The number of cars sold by Kamux in Finland, Sweden and Germany increased by 9.0% compared to the corresponding period of the previous year and amounted to 11,220 cars (10,294). Revenue per sold car amounted to EUR 11,690 (11,103).

Revenue in January–December 2018

Revenue increased by 16.0% compared to the corresponding period of the previous year and amounted to EUR 527.8 million (454.9). 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. Kamux's integrated services revenue increased to EUR 27.1 million (22.8), or 5.1% (5.0) of total revenue.

The number of cars sold by Kamux in Finland, Sweden and Germany increased by 13.8% compared to the corresponding period of the previous year and amounted to 46,596 cars (40,957). Revenue per sold car amounted to EUR 11,328 (11,106).

Revenue allocation

EUR million	10–12/2018	10–12/2017	1–12/2018	1–12/2017
Sales of used cars	123.3	108.2	500.8	432.0
Financing fees and insurance commissions	6.6	5.2	22.7	19.2
Sales of Kamux Plus	1.2	0.9	4.3	3.6
Total	131.2	114.3	527.8	454.9

Result in October–December 2018

Gross profit increased by 22.7% compared to the corresponding period of the previous year and amounted to EUR 16.0 million (13.0). Gross profit increased across all segments. Gross profit as percentage of revenue increased by 0.8 percentage points to 12.2% (11.4). The gross profit was positively affected by the additional fee received during the fourth quarter, reflected in Finland's financing and insurance fees.

The adjusted operating profit increased by 31.3% and amounted to EUR 4.3 million (3.3). The adjusted operating profit as percentage of revenue was 3.3% (2.9). The adjusted operating profit has been adjusted for special items related to strategic planning, implementation of the strategy, geographical expansion and taxes from previous financial years as well as the costs related to Kamux's initial public offering in the comparison period. The items adjusting the operating profit totaled EUR 0.4 million (0.0) in the fourth quarter and consisted of strategic analyses.

Kamux's operating profit increased by 20.3% compared to the previous year, amounting to EUR 3.9 million (3.3).

The profit before taxes for the fourth quarter amounted to EUR 4.2 million (3.0). Earnings per share amounted to EUR 0.08 (0.05).

Result in January–December 2018

Gross profit increased by 20.5% compared to the corresponding period of the previous year and amounted to EUR 64.9 million (53.8). Gross profit as percentage of revenue increased by 0.5 percentage points to 12.3% (11.8).

The adjusted operating profit increased by 17.5% and amounted to EUR 21.9 million (18.6). The adjusted operating profit as percentage of revenue was 4.1% (4.1). The items adjusting the operating profit totaled EUR 3.0 million (2.4) in January–December. The adjustment items include expenses of EUR 2.5 million related to taxes from previous financial years, EUR 0.4 million in expenses related to strategic analyses and EUR 0.1 million in expenses related to geographical expansion.

Kamux's operating profit increased by 16.5% compared to the previous year, amounting to EUR 18.9 million (16.2).

The profit before taxes for January–December amounted to EUR 19.4 million (15.5). Earnings per share amounted to EUR 0.37 (0.30).

Key figures of the business segments

EUR million	10–12/ 2018	10–12/ 2017	Change, %	1–12/ 2018	1–12/ 2017	Change, %
Revenue						
Finland	102.3	92.3	10.8%	419.1	372.4	12.6%
Sweden	27.0	19.9	35.9%	101.9	73.2	39.3%
Germany	8.2	5.8	41.1%	30.1	22.8	31.8%
Segments total	137.5	118.0	16.5%	551.1	468.4	17.7%
Group functions and eliminations	-6.3	-3.7	-72.2%	-23.3	-13.5	-72.4%
Total	131.1	114.3	14.7%	527.8	454.9	16.0%
Gross Profit						
Finland	13.4	10.9	23.5%	54.3	46.4	17.0%
Sweden	2.1	1.8	18.6%	8.3	5.9	40.3%
Germany	0.4	0.4	19.0%	2.2	1.5	49.2%
Segments total	16.0	13.0	22.7%	64.9	53.8	20.5%
Group functions and eliminations	-	-	-	-	-	-
Total	16.0	13.0	22.7%	64.9	53.8	20.5%
Gross profit, as percentage of revenue, %						
Finland	13.1%	11.8%		13.0%	12.5%	
Sweden	7.7%	8.8%		8.2%	8.1%	
Germany	5.4%	6.4%		7.3%	6.5%	
Segments total	11.6%	11.0%		11.8%	11.5%	
Group functions and eliminations	-	-		-	-	
Total	12.2%	11.4%		12.3%	11.8%	
Operating profit						
Finland	6.2	4.7	32.7%	24.1	23.1	4.6%
Sweden	-0.2	-0.0	-958.2%	0.9	-0.1	1960.1%
Germany	-0.8	-0.7	-17.6%	-1.8	-1.9	1.4%
Segments total	5.2	4.0	31.9%	23.2	21.1	9.9%
Group functions and eliminations	-1.3	-0.7	-84.4%	-4.3	-4.9	12.1%
Total	3.9	3.3	20.3%	18.9	16.2	16.5%
Operating profit, as percentage of revenue, %						
Finland	6.1%	5.1%		5.8%	6.2%	
Sweden	-0.6%	-0.1%		0.9%	-0.1%	
Germany	-10.0%	-12.0%		-6.1%	-8.2%	
Segments total	3.8%	3.4%		4.2%	4.5%	
Group functions and eliminations	-	-		-	-	
Total	3.0%	2.9%		3.6%	3.6%	

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

%	10–12/2018	10–12/2017	1–12/2018	1–12/2017
Financing services				
Finland	46	48	46	46
Sweden	45	47	46	48
Germany	21	22	21	24
Insurance services				
Finland	45	53	45	50
Sweden	89	93	91	91
Kamux Plus				
Finland	18	17	19	17
Sweden	24	29	26	27

Finland in October–December 2018

Revenue increased by 10.8% compared to the corresponding period of the previous year, amounting to EUR 102.3 million (92.3). The number of cars sold increased by 544, or 6.4% compared to the fourth quarter of the previous year, amounting to 9,066 cars (8,522). The growth was based on the sales of new showrooms and on the sales growth of like-for-like showrooms. During the fourth quarter, Kamux opened a new showroom in Järvenpää. The company announced the opening of a showroom in Kajaani in February and in Klaukkala, Nurmijärvi in March 2019.

Integrated services revenue increased to EUR 6.8 million (5.4), or 6.7% (5.8) of revenue. Operating profit increased by 32.7% compared to the corresponding period of the previous year, amounting to EUR 6.2 million (4.7), or 6.1% (5.1) of revenue. Finland's financing and insurance fees reflect an additional fee received in the fourth quarter.

Finland in January–December 2018

Revenue increased by 12.6% compared to the corresponding period of the previous year, amounting to EUR 419.1 million (372.4). The number of cars sold during 2018 increased by 3,869, or 11.3% compared to the corresponding period of the previous year, amounting to 38,217 cars (34,348). 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 24.0 million (20.6), or 5.7% (5.5) of the revenue during January–December. Operating profit increased by 4.6% compared to the corresponding period of the previous year, amounting to EUR 24.1 million (23.1), or 5.8% (6.2) of the revenue. During January–December, Finland's operating profit was impacted by EUR 2.5 million expenses of special items related to taxes from previous financial years.

Sweden in October–December 2018

Revenue increased by 35.9% compared to the corresponding period of the previous year, amounting to EUR 27.0 million (19.9). The number of cars sold during the fourth quarter increased by 228, or 17.7% compared to the fourth quarter of the previous year, amounting to 1,518 cars (1,290). 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. During the fourth quarter,

Kamux opened a new showroom in Varberg. Kamux also announced the opening of showrooms in Norrtälje and Karlskrona during the first quarter of 2019. The showroom opening in Göteborg planned for the final quarter of 2018 has been delayed due to the city's area and permit processes.

Revenue of the integrated services increased to EUR 0.7 million (0.6), or 3.4% (3.7) of external revenue. Operating income decreased compared to the corresponding period of the previous year, amounting to EUR -0.2 million (0.0), or -0.6% (-0.1) of total revenue.

Sweden in January–December 2018

Revenue increased by 39.3% compared to the corresponding period of the previous year, amounting to EUR 101.9 million (73.2). The number of cars sold during 2018 increased by 1,349, or 28.2% compared to the corresponding period of the previous year, amounting to 6,133 cars (4,784). 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 2.3 million (1.8), or 2.8% (3.0) of external revenue during January–December. Operating income turned positive compared to the corresponding period of the previous year, amounting to EUR 0.9 million (-0.1), or 0.9% (-0.1) of total revenue.

Germany in October–December 2018

Revenue increased by 41.1% compared to the corresponding period of the previous year, amounting to EUR 8.2 million (5.8). The number of cars sold during the fourth quarter increased by 154, or 32.0% compared to the fourth quarter of the previous year, amounting to 636 cars (482). The growth was mainly due to fine-tuning the operating model in existing showrooms. During the fourth quarter, Kamux opened new showrooms in Ahrensburg and Wentorf. In addition, the company announced the opening of its fifth German showroom in Tostedt during summer 2019.

Integrated services revenue increased to EUR 0.3 million (0.1), or 3.4% (1.8) of external revenue. Operating loss increased compared to the corresponding period of the previous year, amounting to EUR -0.8 million (-0.7), or -10.0% (-12.0) of total revenue. The opening of new showrooms weakened profitability during the end of the year.

Germany in January–December 2018

Revenue increased by 31.8% compared to the corresponding period of the previous year, amounting to EUR 30.1 million (22.8). The number of cars sold during 2018 increased by 421, or 23.1% compared to the corresponding period of the previous year, amounting to 2,246 cars (1,825). The growth was mainly due to fine-tuning the operating model in existing showrooms.

Integrated services revenue increased to EUR 0.8 million (0.5) during January–December, or 2.6% (2.2) of revenue. Operating loss decreased compared to the corresponding period of the previous year, amounting to EUR -1.8 million (-1.9), or -6.1% (-8.2) of total revenue.

Consolidated balance sheet and financial position

As of December 31, 2018, the consolidated balance sheet total was EUR 115.0 million (103.0), of which total equity amounted to EUR 68.9 million (58.9). The amount of net debt was EUR 9.6 million (7.3). Non-current bank loans amounted to EUR 19.4 million (22.4).

Kamux has entered into a five-year loan facility agreement of EUR 50 million with Nordea Bank AB (publ), Finnish Branch. At the end of the reporting period, EUR 22.4 million of this agreement was in use. The facility agreement includes a five-year term loan of EUR 30 million and a revolving

credit facility of EUR 20 million. Of the revolving credit facility, EUR 10.0 million is available as a multi-currency facility. The term loan is currently repaid in bi-annual installments of EUR 1.5 million. In addition to the revolving facility, Kamux has a lease guarantee facility of EUR 0.4 million.

Net working capital amounted to EUR 61.2 million (49.5) as of December 31, 2018. The value of the inventory was EUR 71.0 million (55.2).

Kamux's cash flow from operating activities in January–December 2018 amounted to EUR 2.7 million (6.5). Cash and cash equivalents at the end of the period amounted to EUR 12.8 million (18.1).

Equity ratio at the end of the period was 60.0% (57.2). Return on investment (ROI) was 16.2% (17.2) and return on equity (ROE) was 22.9% (26.6).

Capital expenditure, research and development

Kamux's capital expenditure for January–December 2018 amounted to EUR 1.3 million (1.2), consisting mainly of investments into IT systems and ordinary maintenance of the car showrooms. Kamux's research and development costs are mainly related to further development of the company's retail concept and improving its business processes.

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

Personnel

In January–December 2018, Kamux's average number of employees amounted to 472 (418) in terms of full-time employees. Recruitment of new personnel is continued to support Kamux's growth.

Average number of employees by segment

	1–12/2018	1–12/2017
Finland	362	334
Sweden	80	59
Germany	30	26
Total	472	418

Kamux's share and shareholders

Kamux's largest shareholders as of December 31, 2018 were Intera Fund II Ky (29.4%), Juha Kalliokoski (14.1%), and Elo Mutual Pension Insurance Company (7.0%).

During January–December 2018, 1,497,723 Kamux shares were traded on the Nasdaq Helsinki main market. The highest share price during the period was EUR 7.48, and the lowest price was EUR 5.20. The closing share price on December 28, 2018 was EUR 5.44. Kamux's volume weighted average share price during January–December was EUR 6.43. Market capitalization measured at the review period's closing price was EUR 217.5 million.

Kamux's share capital amounted to EUR 80,000 on December 31, 2018, and the number of shares was 39,987,294. The Company does not hold any treasury shares.

Management and Corporate Governance

At the end of the review period, Kamux's management team included Juha Kalliokoski, CEO; Tapio Arimo, CFO; Olli Kilpi, Director of International Business; Tero Törmänen, Purchasing Director; Tommi Iiskonmäki, Country Director, Finland; Satu Ojala, Director of Communications; Mikko-Heikki Inkeroinen, Chief Digital Officer; Ilkka Virtanen, Director of Business Development, and Jennie Stenbom, Chief People Officer.

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

Kamux Corporation's Annual General Meeting on April 26, 2018 approved the Financial Statements and discharged the members of the Board of Directors and CEO from liability for the year 2017. The Board of Directors' proposal for a dividend of EUR 0.12 per share for the financial year 2017 was approved.

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

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

The Annual General Meeting resolved to authorize the Board in accordance with the proposal of the Board of Directors to resolve to issue a maximum of 4,000,000 shares. Out of the above maximum number of shares to be issued, no more than 400,000 shares may be issued as part of the company's share-based incentive schemes. The authorization cancels previous unused authorizations regarding share issues. The authorization is valid for three years from the date of the decision of the Annual General Meeting, except that the authorization for purposes other than the Company's share-based incentive schemes is valid until the closing of the next Annual General Meeting, however, no longer than until June 30, 2019.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to amend Articles 8 and 10 of the Articles of Association of the Company.

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

Proposal of the Board of Directors for distribution of profit

On December 31, 2018 Kamux Corporation's distributable earnings totaled EUR 69,027,428.12 of which profit for the year was EUR 14,374,773.27. The Board of Directors proposes a dividend of EUR 0.16 per share to be distributed for the year 2018 and that the other distributable earnings be held in unrestricted equity (for the year 2017 a dividend of EUR 0.12 per share was distributed).

Annual General Meeting

The Annual General Meeting of Kamux Corporation is scheduled to be held on Friday April 12, 2019.

Tax reassessment decision

Kamux received a tax reassessment decision from the Finnish Tax Administration. According to the decision, Kamux was required to pay approximately EUR 2.6 million in additional taxes, tax penalties and late payment interests. On June 18, 2018, Kamux published a stock exchange release about the tax reassessment decision.

The decision is 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. The main areas of the tax audit were value-added taxes of vehicles imported by third parties and withholding taxes of car couriers. Kamux considers the decision to be unfounded and has appealed against the decision. 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.

Short-term risks and uncertainties

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

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

Kamux's rapid and strong growth and business expansion during the past few years have set new requirements for the scope and monitoring of internal guidelines and policies. Any failure in the implementation and monitoring of these guidelines or policies may lead to financial consequences for Kamux and weaken the company's reputation.

Kamux's geographical expansion involves several risks, and any failure in recognizing suitable co-operation partners, recruiting new employees or achieving estimated benefits from internationalization may have a material adverse effect on Kamux. Furthermore, the company's success will depend on, inter alia, the company's management and other skilled employees, as well as its ability to recruit, develop, train, motivate and retain skilled employees.

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

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

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

Kamux's IT systems are pivotal to the company's operations, and they cover all the major areas of the business. Failure of the IT systems and services to operate as planned may disturb Kamux's operations and have an adverse effect on its business.

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

The main principles of Kamux’s risk management are described in the consolidated financial statements and on the website at www.kamux.com.

Events after the financial year

On January 7, 2019 Kamux CFO and member of the Management Team Tapio Arimo resigned from Kamux to pursue opportunities outside the company. Arimo will continue in his current role until April 12, 2019.

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.

On January 29, 2019 Kamux Corporation updated its medium-term financial targets. Kamux’s new medium-term annual financial targets are: Revenue growth of more than 10%, EBIT margin of at least 4% and dividend payout of at least 30% of profit.

In January 2019, Kamux opened a showroom in Oulu in Limingantulli. In February 2019, Kamux opened showrooms in Kajaani and Karlskrona. In January 2019, Kamux announced the opening of Finland’s 47th showroom in March in Nurmijärvi, Klaukkala and the opening of Germany’s fifth showroom during summer 2019 in Tostedt in Hamburg area.

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 operating results, financial position and cash flows, and they are widely utilized by analysts, investors and other parties.

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

Reconciliation of adjusted operating profit

EUR million	10-12/2018	10-12/2017	1-12/2018	1-12/2017
Operating profit (EBIT)	3.9	3.3	18.9	16.2
Costs relating to the initial public offering	-	-	-	1.2
Strategic investigations	0.4	-	0.4	0.7
Special items relating to geographical expansion	0.0	0.0	0.1	0.4
Taxes related to previous financial years	-	-	2.5	-
Total adjustment items	0.4	0.0	3.0	2.4
Adjusted operating profit	4.3	3.3	21.9	18.6

Calculation of key figures

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

Kamux Corporation's Financial Statements Bulletin for January–December 2018

Key accounting policies

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

The figures presented in the Financial Statements Bulletin are independently rounded.

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

The Financial Statements Bulletin is unaudited.

IFRS 15 Revenue from Contracts with Customers

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

Amendment to IFRS 2 Share-based Payments

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

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

features. The earnings period for the scheme was the calendar year 2018, followed by a two-year commitment period. The fair value of the scheme was determined on the grant date. The fair value of the scheme is expensed during the three years until the end of the commitment period. During January–December 2018, the effect of the scheme on the consolidated income was EUR -0.1 million.

IFRS 9 Financial Instruments

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

IFRS 16 Leases

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

In IFRS 16 implementation project Kamux has adjusted accounting processes to meet IFRS 16 requirements and improved controls. Kamux has implemented a lease agreement administration and calculation system which was taken into use in the beginning of year 2019. The standard has 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. Kamux has prepared a preliminary assessment of the total effects of adopting the IFRS 16 standard in its consolidated financial statements. Kamux expects that the amount of leased assets and corresponding lease liabilities will increase 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 will change. During 2019, the change will also have 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 will be replaced with interest and depreciation, and consequently key figures such as EBITDA and operating profit will change. Kamux currently estimates that the adoption of IFRS 16 is not expected to have a significant impact on operating profit in year 2019.

Kamux adopts IFRS 16 using the modified retrospective transition approach. Figures of comparative years will not be restated. Kamux will publish figures in accordance with IFRS 16 in its Interim Report for January–March 2019.

Consolidated statement of comprehensive income

EUR million	10–12/2018	10–12/2017	1–12/2018	1–12/2017
Revenue	131.1	114.3	527.8	454.9
Other operating income	0.3	0.1	0.9	0.7
Materials and services	-115.5	-101.4	-463.8	-401.7
Personnel costs	-6.7	-5.3	-26.8	-21.7
Other operating expenses	-5.0	-4.1	-17.9	-14.8
Depreciation and amortization	-0.3	-0.3	-1.2	-1.1
Operating profit	3.9	3.3	18.9	16.2
Finance income and costs	0.3	-0.2	0.4	-0.8
Profit before income tax	4.2	3.0	19.4	15.5
Income tax	-0.8	-1.0	-4.7	-3.8
Profit for the period	3.3	2.0	14.6	11.7
Other comprehensive income				
Items that maybe subsequently reclassified to profit or loss				
Translation differences	0.0	-0.0	-0.1	-0.0
Other comprehensive income for the period, net of tax	0.0	-0.0	-0.1	-0.0
Total comprehensive income for the period	3.3	2.0	14.6	11.7
Profit for the period attributable to				
owners of the Company	3.3	2.0	14.6	11.7
Total comprehensive income for the period attributable to				
owners of the Company	3.3	2.0	14.6	11.7
Earnings per share for profit attributable to owners of the Company				
Earnings per share, basic and diluted, EUR	0.08	0.05	0.37	0.30

Consolidated balance sheet

EUR million	Dec 31, 2018	Dec 31, 2017
ASSETS		
Non-current assets		
Intangible assets	1.1	1.1
Goodwill	13.6	13.6
Property, plant and equipment	1.8	1.7
Other receivables	0.1	0.1
Deferred tax assets	0.4	0.3
Total non-current assets	16.9	16.8
Current assets		
Inventories	71.0	55.2
Trade and other receivables	13.7	12.9
Derivative financial instruments	0.6	-
Current income tax assets	-	0.0
Cash and cash equivalents	12.8	18.1
Total current assets	98.1	86.2
TOTAL ASSETS	115.0	103.0
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	0.1	0.1
Reserve for invested unrestricted equity	24.7	24.6
Translation differences	-0.0	0.0
Treasury shares*	-	-8.1
Retained earnings	29.5	30.6
Profit for the period	14.6	11.7
Total equity attributable to owners of the Company	68.9	58.9
LIABILITIES		
Non-current liabilities		
Borrowings	19.4	22.4
Derivative financial instruments	-	0.1
Other non-current liabilities	0.2	-
Provisions	0.4	0.4
Total non-current liabilities	20.0	22.8
Current liabilities		
Borrowings	3.0	3.0
Trade and other payables	20.7	15.6
Provisions	2.2	2.2
Current income tax liabilities	0.3	0.4
Total current liabilities	26.1	21.3
Total liabilities	46.1	44.1
TOTAL EQUITY AND LIABILITIES	115.0	103.0

* The treasury shares fund has been included in retained earnings in the Financial Statements Bulletin for the comparative period.

Consolidated statement of changes in equity

EUR million	Share capital	Reserve for invested unrestricted equity	Translation differences	Treasury shares*	Retained earnings	Total equity
Equity at Jan 1, 2018	0.1	24.6	0.0	-8.1	42.3	58.9
Profit for the period					14.6	14.6
Other comprehensive income			-0.1			-0.1
Total comprehensive income			-0.1		14.6	14.6
Transactions with owners:						
Cancellation of treasury shares		0.1		8.1	-8.2	-
Share-based payments					0.1	0.1
Dividends for owners					-4.8	-4.8
Equity at Dec 31, 2018	0.1	24.7	-0.0	-	44.1	68.9
Equity at Jan 1, 2017	0.1	4.1	0.1	-8.1	32.8	28.9
Profit for the period					11.7	11.7
Other comprehensive income			-0.0			-0.0
Total comprehensive income			-0.0		11.7	11.7
Transactions with owners:						
Share issue		20.5				20.5
Dividends to shareholders					-2.2	-2.2
Price difference between the offering for employees and the public offering					0.1	0.1
Equity at Dec 31, 2017	0.1	24.6	0.0	-8.1	42.3	58.9

* The treasury shares fund has been included in retained earnings in the Financial Statements Bulletin for the comparative period.

Consolidated statement of cash flows

EUR million	10-12/2018	10-12/2017	1-12/2018	1-12/2017
Cash flows from operating activities				
Profit for the period	3.3	2.0	14.6	11.7
Adjustments for:				
Depreciation and amortization	0.3	0.3	1.2	1.1
Finance income and costs	-0.3	0.2	-0.4	0.8
Change in provisions	-0.1	0.1	-0.0	0.6
Write-down of inventories	0.1	0.0	0.1	-0.1
Income taxes	0.8	1.0	4.7	3.8
Other non-cash items	0.0	-	0.1	0.1
Changes in working capital:				
Change in trade receivables and other receivables	1.3	-0.6	-0.9	-1.6
Change in trade payables and other payables	-4.4	2.1	5.1	3.4
Change in inventories	-4.7	-0.7	-16.3	-7.3
Interests paid	-0.1	-0.1	-0.5	-0.5
Other financial items, net	-0.0	0.1	-0.1	-0.1
Income taxes paid	-1.2	-2.5	-4.9	-5.1
Net cash inflow (outflow) from operating activities	-4.8	1.8	2.7	6.5
Cash flows from investing activities				
Investments in property, plant and equipment	-0.4	-0.2	-0.7	-0.6
Investments in intangible assets	-0.3	-0.2	-0.6	-0.6
Net cash inflow (outflow) from investing activities	-0.7	-0.4	-1.3	-1.2
Cash flows from financing activities				
Proceeds from share issues	-	-	-	20.5
Repayments of bank loans	-	-	-3.0	-6.3
Dividends paid	-	-	-4.8	-2.2
Other cash flows from financing activities	0.0	-	0.3	-
Net cash inflow (outflow) from financing activities	0.0	-	-7.5	12.0
Net decrease/increase in cash and cash equivalents	-5.5	1.3	-6.1	17.3
Cash and cash equivalents at the beginning of the period	18.1	16.7	18.1	0.7
Effects of exchange rate changes on cash and cash equivalents	0.2	0.1	0.8	0.1
Cash and cash equivalents at the end of period	12.8	18.1	12.8	18.1

Net working capital

EUR million	Dec 31, 2018	Dec 31, 2017
Inventories	71.0	55.2
Trade and other receivables	13.7	12.9
Current income tax receivables	-	0.0
Trade and other payables	-20.7	-15.6
Provisions	-2.5	-2.6
Current income tax liabilities	-0.3	-0.4
Net working capital	61.2	49.5

Borrowings and net debt

EUR million	Dec 31, 2018	Dec 31, 2017
Non-current		
Bank loans	19.4	22.4
Total non-current borrowings	19.4	22.4
Current		
Bank loans	3.0	3.0
Bank overdrafts	-	-
Total current borrowings	3.0	3.0
Total borrowings	22.4	25.4
Less cash and cash equivalents	-12.8	-18.1
Net debt	9.6	7.3

Derivatives

EUR million	Dec 31, 2018	Dec 31, 2017
Foreign currency derivatives		
Fair value	0.6	-0.1
Value of underlying instrument	29.2	7.2

Lease obligations and other commitments

Operating lease commitments

The future minimum lease payments under non-cancellable operating leases

EUR million	Dec 31, 2018	Dec 31, 2017
No later than 1 year	9.4	7.2
Later than 1 year and no later than 5 years	20.8	14.4
Later than 5 years	2.6	0.6
Total	32.8	22.2

Loans against which guarantees and mortgages have been given

EUR million	Dec 31, 2018	Dec 31, 2017
Loans	22.4	25.4
guarantees given against loans	104.0	104.0

Other commitments

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

Related party transactions

EUR million	10–12/2018	10–12/2017	1–12/2018	1–12/2017
Sales of used cars	-	0.0	0.1	0.1
Purchases of used cars	-0.0	-0.0	-0.1	-0.1
Rental expenses	-0.1	-0.0	-0.5	-0.5
Consulting expenses	-0.0	-0.0	-0.1	-0.3

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

Rental expenses consist of lease payments for showrooms owned by the Group's CEO, his immediate family members and companies under their control. Consulting expenses comprise consultancy fees paid to Virtanen Consulting GmbH, controlled by Matti Virtanen, and in the comparison period also to DN Advisory Oy, controlled by David Nuutinen. The fees are related to the Group's geographical expansion and during the comparative period, also to the initial public offering.

Publication schedule for financial reporting in 2019

Publication schedule for Kamux Corporation's financial reporting in 2019:

May 10, 2019: Kamux Corporation will publish its Interim Report for January–March 2019.

August 23, 2019: Kamux Corporation will publish its Half-Yearly Report for January–June 2019.

November 8, 2019: Kamux Corporation will publish its Interim Report for January–September 2019.

The Annual Report for 2018 including Financial Statements will be published in week 12/2019.

The Annual General Meeting of Kamux Corporation is scheduled to be held on Friday, April 12, 2019.

Financial Statements Bulletin press conference and webcast

Kamux will hold a Financial Statements Bulletin press conference for media and analysts today, March 1, 2019 at hotel GLO Kluuvi, Video Wall meeting room, address Kluuvikatu 4, Helsinki, at 11:00 (Finnish time) in Finnish and then in English at around 11:30. You can follow the press conference live through a link at <http://www.kamux.com/en/releases-and-publications/reports-and-presentations/>. The Financial Statements Bulletin will be presented by CEO Juha Kalliokoski and CFO Tapio Arimo.

In Hämeenlinna on March 1, 2019

Kamux Corporation

The Board of Directors

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