BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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REPORT BY THE BOARD OF DIRECTORS 2018

KAMUX'S OPERATING ENVIRONMENT

Kamux is a retail chain specialising in used car sales. Kamux had 44 car showrooms in Finland, 13 in Sweden and 4 in Germany as of December 31, 2018.

The development and growth of the used car market is most affected by general economic conditions, the development of the population and urbanization. Consumer behavior and consumers' willingness to own a car have changed noticeably in recent years. However, the impacts of the sharing economy and new forms of mobility on the used car market are expected to be small. Political debate on possible emission limitations and bans, car or fuel taxes and increased safety requirements is ongoing in Europe. These factors, if realized, can have an impact on the development of the used car market.

In 2018, market situations in Kamux's operating countries were similar. In Finland, the year was another challenging one for car sales. The year was characterized by public debates on car emissions and fuel types. The new WLTP based emissions measurement, which came into effect in the beginning of July, negatively impacted the sales of new cars and to some extent also the used car market was affected as a consequence. The end of the year was especially difficult for car sales in general, as consumers postponed their purchases due to the uncertainty related to choosing the fuel type. Also, the politicians campaigned at year-end at the cost of car sales by painting unrealistic scenarios of diesel and gasoline powered cars driving and sales restrictions and electrification of the car parc. Overall, we estimate the used car market declined slightly in Finland in 2018. According to our estimate Kamux's market share of the used car market in Finland was around 8 %.

In Sweden the used car market decreased clearly in 2018, but it was compensated in part by strong export sales of used cars made possible by the relatively weak Swedish krona compared to the euro. The Swedish vehicle tax changed in the beginning of July to be more emission based. It resulted in strong sales in the first half of the year, especially of higher emission cars. The second half of the year was clearly weaker in both new and used car sales. Kamux's market share in Sweden was around half a per cent.

According to our estimates the used car market in Germany declined slightly during 2018. Diesel emissions were discussed in the public and a few cities restricted the use of older emission class diesel cars in the city centers. Diesel fueled cars share of new vehicles declined clearly in 2018, whereas gasoline, hybrid and electric cars shares increased. In Germany, the proportion of diesel cars in 2018 was over 33% of all passenger cars, or about 15 million cars. The number of vehicles powered by other power sources than gasoline or diesel was around 2% in 2018.

GROUP REVENUE AND PROFIT IN 2018

Revenue increased by 16.0% compared to the previous year and amounted to EUR 527.8 million (1-12/2017: 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. The number of cars sold by Kamux in Finland, Sweden and Germany amounted to 46,596 (40,957). 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 27.1 million (22.8).

The adjusted operating profit increased by 17.5% and amounted to EUR 21.9 million (18.6), or 4.1% (4.1) of revenue. The adjustment items to the operating profit totaled EUR 3.0 million (2.4) for 2018. 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. In the comparison period, the adjustments also included the costs related to Kamux's initial public offering, amounting to EUR 1.2 million.

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

Net financial items were EUR 0.4 million (-0.8).

The result before taxes amounted to EUR 19.4 million (15.5). Taxes amounted to EUR 4.7 million (3.8). The effective tax rate for the financial year is 24% (24%). Profit for the period amounted to EUR 14.6 million (11.7).

The basic earnings per share amounted to EUR 0.37 (0.30).

SEGMENTS

Finland 2018

Revenue increased by 12.6% compared to 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 previous year, amounting to 38,217 (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) during 2017, or 5.7% of revenue (5.5). Operating profit increased by 4.6% compared to the previous year, amounting to EUR 24.1 million (23.1), or 5.8% of the revenue (6.2).

During 2018, Kamux opened 3 new showrooms in Finland: Savonlinna in March, Lempäälä Ideapark in July and Järvenpää in November.

Sweden 2018

Revenue increased by 39.3% compared to 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%, and amounted to 6,133 (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 the external revenue. Operating income turned positive compared to the previous year, amounting to EUR 0.9 million (-0.1).

In June 2018, Kamux opened a new showroom in Linköping, in September in Västerås and in December in Varberg. In addition, the Uppsala showroom moved to new, bigger premises in December. The planned Gothenburg showroom opening has been delayed due to zoning problems.

Germany 2018

Revenue increased by 31.8% compared to 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 previous year, amounting to 2,246 (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), or 2.6% (2.2) of the external revenue. Operating loss of Germany segment decreased compared to the previous year, amounting to EUR -1.8 million (-1.9).

In November 2018, Kamux opened a new showroom in Ahrensburg and in December in Wentorf.

CONSOLIDATED BALANCE SHEET AND FINANCIAL POSITION

The group's consolidated balance sheet total amounted to EUR 115.0 million as of December 31, 2018 (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). The balance sheet of the company is strong, allowing business growth in line with our strategy.

Kamux has entered into a five-year loan facility agreement of EUR 50 million with Nordea Bank AB (publ), Finnish Branch. At the end of the reporting period, EUR 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 of EUR 30 million 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 as of December 31, 2018 (49.5). Value of inventory amounted to EUR 71.0 million (55.2).

Kamux's cash flow from operating activities during year 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 year 2018 was 60.0% (57.2). Return on capital employed was 16.2% (17.2) and return on equity was 22.9% (26.6).

CAPITAL EXPENDITURE, RESEARCH AND DEVELOPMENT

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

During 2018, Kamux invested in matters related to the opening of new showrooms, such as refurbishments, equipment and fixtures, as well as in digitalization projects, such as CRM/ERP systems, analytics, data management and financial administration systems. The company financed these investments with the existing cash and cash equivalents, and cash flow from operations.

BOARD OF DIRECTORS

Kamux's Board of Directors consisted of the following members at the beginning of 2018: Matti Virtanen, Reija Laaksonen, David Nuutinen, Jokke Paananen, Harri Sivula and Vesa Uotila.

No changes were made to the Board of Directors during 2018.

MANAGEMENT TEAM

Kamux Management Team consisted of the following members in the beginning of 2018: CEO Juha Kalliokoski, CFO Tapio Arimo, Director of International Business Olli Kilpi, Finland Country Director Jussi Mäkinen, Purchasing Director Tero Törmänen, HR Director Tommi Iiskonmäki, and Communications and Marketing Director Satu Otala.

On June 18, 2018 Tommi Iiskonmäki was nominated as Finland Country Director. Jussi Mäkinen started as Recruitment and Training Manager and left the Kamux Management Team. New members who joined the Kamux Management Team in 2018 were Chief Digital Officer (CDO) Mikko-Heikki Inkeroinen, on February 24, 2018, Chief People Officer (CPO) Jennie Stenbom, who started on October 1, 2018, and Business Development Director Ilkka Virtanen, who started on October 29, 2018.

PERSONNEL

Kamux's number of employees on December 31, 2018 was 767 (597), including all active full-time and part-time employees. The number of personnel in the Group converted to full-time equivalent (FTE) employees was 472 (418). The Group's total number of personnel grew by 54 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.

	2018	2017
Employees December 31	767	597
FTE employees on average	472	418
Wages and salaries (EUR million)	21.8	17.6

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

	2018	2017
Finland	362	334
Sweden	80	59
Germany	30	26

During 2018, introduction and additional training was given especially for employees in the customer interface in all countries.

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.

The used car market is large and fragmented, which combined with the company's business model offers attractive growth potential. At the core of Kamux's growth strategy are continuous profitable growth, improving profitability, 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 parc 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 at least 30 percent of the profit for the financial year as dividends.

Our ways of working

Responsibility and ethically sustainable ways of working are central for the company's business, its development and the relations between Kamux and its stakeholders. Responsibility, ethics, honesty and equality are a part of Kamux employees' everyday actions.

The company's operations, management and governance are based on the Kamux Code of Conduct, good corporate governance and careful compliance with current requirements. Kamux complies with the laws, rules and regulations in force in all its operating countries. Taxes and other payments are carried out in accordance with local legislation.

Kamux's material responsibility themes include the Code of Conduct, fair and rewarding employer, excellent customer experience, profitable growth, and reasonable use of resources. Kamux reports on corporate responsibility in accordance with the legislation concerning non-financial reporting. In addition, Kamux's annual report includes information about corporate responsibility matters.

Code of Conduct

Kamux wants to be a car retail forerunner in building a culture of trust and openness. The company develops internal processes so that the Code of Conduct is realized every day.

Kamux has compiled the company's shared operating principles in a Code of Conduct. Kamux's Code of Conduct guides all the company's operations and it is used in all markets the company operates in. New sales personnel receive thorough training on the ways of working outlined in the Code of Conduct. The ways of working described in the Code of Conduct are addressed regularly in trainings for Kamux's personnel.

The Code of Conduct addresses the following areas:

- being fair and equal at the workplace
- considerate and thoughtful communication
- doing honest business
- being independent and not tolerating corruption
- looking after Kamux's property
- avoiding conflicts of interest
- taking care of employees and the environment

Kamux also expects all suppliers of cars, services and goods to comply with the Code of Conduct. The principles have been included in the company's procurement guidelines defined in 2017.

Environmental matters

Kamux seeks to actively manage the impact its operations have on the environment. Kamux's environmental impact consists mainly of transfers of cars and people between car showrooms and the consequent car fuel consumption as well as car repair and maintenance activities.

Kamux aims to optimize car transfers through the selection of routes and transfer methods. In order to minimize the impact, the cars to be transferred will be fueled with only the necessary amount of fuel. Car wash, maintenance and repairs are carried out by national and local partners. Kamux uses recycled spare parts, when possible. Kamux's partners are expected to recycle waste, such as batteries, tires and hazardous waste, in an appropriate manner.

Emissions from showrooms result mostly from lighting and heating. Kamux aims to maintain energy consumption at a reasonable level while taking into account safety aspects in its showrooms. In addition, Kamux aims to minimize the waste resulting from its operations.

Kamux's ability to influence the climate impact of the cars it sells is limited and measuring it is challenging. Most of the climate impacts of the cars sold by Kamux are created during their manufacturing and use. The average CO_2 emissions of the cars sold by Kamux were 158 g/km in 2018 and 166 g/km in 2017.

The company renews Finland's car parc by importing cars with lower emissions and newer used cars than are currently used on Finnish roads on average. In 2018, the average age of a car imported by Kamux was 3.9 years.

Social and personnel matters

Personnel development and well-being

Enthusiastic, committed and skilled personnel form the foundation of Kamux's operations. A committed and motivated personnel is the key to success in the competitive car retail industry. In fall 2018, Kamux's values were clarified based on a value process carried out together with employees. Kamux's values are teamwork, joy and drive, freedom and accountability, happy customers, profitable business and responsibility.

Kamux is a fair workplace that makes systematic investments in the well-being, training and safety of its personnel. Kamux wants to offer its employees the possibility to do their best, grow and develop further in their careers. Employee commitment is supported by offering career development possibilities, training and a motivating compensation model.

Kamux's success is based on the implementation of the company's business model and concept in all situations. In 2018, Kamux invested particularly in training in all its operating countries. At the start of the year, a training center for sales personnel in Finland was opened in Hämeenlinna. The trainings focused on training sales personnel on the operating model based on Kamux's concept. The number of training days totaled 2,070 in 2018 on Group level.

Personnel well-being and safety are key areas of development. One crucial factor increasing personnel well-being is good managerial work. In 2018, sales managers in Finland have received training in managerial work. During the year, several work well-being and recreational activities have been carried out in different groups. The top accomplishments of 2018 were rewarded at the Kamux Gala in January 2019. The event was also a reward for the entire personnel, in addition to creating team spirit. Regular personnel trainings are also an important factor in improving work well-being. Regular health and safety inspections are the foundation for improving occupational safety and identifying material development areas. Competence in occupational health and safety has been expanded with the appointment of one new person in this area. The occupational accident rate is monitored regularly by the Management Team. In 2018, the sickness absence rate of Kamux's employees was 1, representing an average of 2.4 annual absence days per person.

Kamux regularly carries out work satisfaction surveys. The next work satisfaction survey will be carried out in early 2019.

Excellent customer experience

Offering an excellent customer experience is a part of Kamux's social responsibility. Kamux wants to meet customer expectations through open and honest communication based on accurate information. Kamux actively monitors customer satisfaction and customers' experiences on the customer promise. Kamux also finds it important that possible claims are handled in the right way, openly and within a schedule that is fair for all parties, as well as in accordance with Kamux's internal guidelines.

6,081 customers (4,702) customers took part in Kamux's customer satisfaction survey in 2018. According to the survey results, customers are ready to recommend Kamux to their friends with a grade of 4.2/5 (4.3/5). The recommendation willingness remained on a good level.

Diversity, equality and non-discrimination

Kamux is an equal employer that respects employees' privacy, freedom of religion, freedom of association and freedom to organize professionally. Kamux does not tolerate any kind of bullying, harassment, abuse or discrimination towards colleagues, customers or partners.

Kamux's Board of Directors has approved a diversity policy. The policy aims at balanced gender diversity when electing members of the Board of Directors and for the members' competence and experience in different business areas to complement each other and cover the company's central functions. The diversity of the Board of Directors is supported by the diverse professional and educational background of the members as well as consideration for the age distribution. The diversity goals of Kamux's diversity policy have been assessed as adequately realized in 2018.

Human rights and preventing corruption and bribery

Kamux acts in accordance with the United Nations' Universal Declaration of Human Rights as well as the employees' rights defined by the International Labor Organization (ILO). Kamux does not tolerate human rights violations in any form.

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.

The company has zero tolerance for corruption and bribery. Identifying and evaluating risks related to corruption and bribery are a part of Kamux's general risk assessment. The awareness and readiness of personnel are developed through trainings and internal guidelines. The company has a whistleblowing channel for Kamux's employees to report acts violating Kamux's Code of Conduct, misconduct or suspicions of violations. Kamux's management did not receive any reports of unethical activities through the whistleblowing channel or other channels in 2018.

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.

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.

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 AUTHORIZATIONS

Kamux Corporation's Annual General Meeting was held on Thursday, April 26, 2018. The Meeting approved the Financial Statements and discharged the members of the Board of Directors and CEO from liability for the year of 2017. The Board of Directors proposal for a dividend of EUR 0.12 per share was approved. The record date for dividend payments was April 30, 2018, and the dividend was paid on May 8, 2018.

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. Vesa Uotila and Mr. Harri Sivula 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 in accordance with the proposal of the Board of Directors to resolve to issue a maximum of 4,000,000 shares which currently corresponds to approximately 10% of all the shares in the Company. However, out of the above maximum number of shares to be issued no more than 400,000 shares, currently corresponding to approximately 1% of all the shares in the company, may be issued as part of the company's share-based incentive programs. The Board of Directors was authorized to decide on the terms and conditions of the issuance of shares. The authorization concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares may be carried out in deviation from the shareholders' pre-emptive right (directed issue). The authorization cancels previous unused authorizations regarding share issues. The authorization is valid for three (3) 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 30 June 2019.

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

"8 § Representation rights of the company

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

"10 § Notice to the general meeting of shareholders

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

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

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

TREASURY SHARES

At the beginning of the financial year, 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. After the cancellation Kamux does not hold any treasury shares.

PROPOSAL OF THE BOARD OF DIRECTORS FOR DISTRIBUTION OF PROFIT

On December 31, 2018 Kamux Corporation's distributable earnings were 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 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).

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 23 January 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 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 at least 30% of profit.

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

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.

Kamux's earlier medium-term financial target was to increase revenue to at least EUR 700 million in 2019 with an EBIT margin of 4–5% in 2019 and at least 5% in the long term, and to distribute at least 30% of the profit for the year to shareholders as dividends.

RELATED PARTY LOANS AND LIABILITIES

The company has not issued loans to related parties. Related party transactions are presented in Note 5.3 to the consolidated financial statements.

Hämeenlinna March 1, 2019
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 39,987,294. The company has one class of shares and each share has one vote at the company's general meeting. During the financial year 2018, Kamux cancelled 1,319,862 treasury shares held by the company. The cancellation of the treasury shares was registered with the Finnish Trade Register on March 14, 2018. After the cancellation, the Company does not hold any treasury shares. During the financial year, a total of 1,497,723 Kamux shares were traded on the Nasdaq Helsinki marketplace. The highest trading price for the financial year was EUR 7.48 and the lowest EUR 5.20. The closing price of the share on the last trading day on December 28, 2018 was EUR 5.44. The trade volume weighted average price of the Kamux share during the year was EUR 6.43. The market value of the share capital was EUR 217.5 million 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 2018, the number of registered shareholders was 2,009 (including 6 nominee registered shareholders). Kamux's largest shareholders on December 31, 2018 were Intera Fund II Ky (29.38%), Kalliokoski Juha Antero (14.09%) and Elo Mutual Pension Insurance Company (6.95%).

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. In 2018 Kamux received no flagging announcements.

LARGEST SHAREHOLDERS DECEMBER 31, 2018

		Share ownership	% of shares
1	Intera Fund II Ky	11,748,596	29.38
2	Kalliokoski Juha Antero	5 635,500	14.09
3	Elo Mutual Pension Insurance Company	2,777,778	6.95
4	Ilmarinen Mutual Pension Insurance Company	1,633,488	4.09
5	Kalliola Jyri	1,365,000	3.41
6	Mäkinen Jussi Antero	1,365,000	3.41
7	Fondita Nordic Micro Cap Placeringsfond	1,217,000	3.04
8	Mutual fund Aktia Capital	1,150,000	2.88
9	OP-Finland Value mutual fund	1,075,411	2.69
10	OP-Finland Small Firms mutual fund	523,005	1.31
11	Salmela Jussi Pekka	409,647	1.02
12	Pelkonen Henri Tapio	409,500	1.02
13	Blueberry Capital Oy	276,038	0.69
14	Ahonen Ari Juhani	273,000	0.68
15	Kemppainen Jorma Petteri	273,000	0.68
16	Mänty Tero Juho	273,000	0.68
17	Pihlaja Ari Kalevi	273,000	0.68
18	Mutual fund eQ Nordic Small Cap	267,700	0.67
19	Mutual Fund Aktia Nordic Small Cap	250 000	0.63
20	Special Mutual Fund Danske Invest Finland Opportunities	232,795	0.58
20	**largest shareholders in total**	**31,428,458**	**78.60**

Excludes nominee registered shares.

Kamux has received the following notifications of nominee registered owners on December 31, 2018: Investment funds managed by Swedbank Robur owned a total of 2,874,487 shares, corresponding to 7,19 % of the outstanding shares and votes of the company, and family Dan Sten Olsson and trust owned a total of 982,577 Kamux shares, corresponding to 2.46% of the outstanding shares and votes of the company.

OWNERSHIP BY SECTOR, DECEMBER 31, 2018	Owners	% of owners	Shares	% of shares
Foreign owners	11	0.55	116,993	0.35
Households	1,898	94.47	11,810,881	34.97
Government entities	2	0.10	4,411,266	13.06
Financial and insurance institutions	15	0.75	16,532,599	48.95
Non-profit organizations	1	0.05	100	0.00
Companies and home associations	82	4.08	902,070	2.67
Total	**2,009**	**100.00**	**33,773,909**	**100.00**

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, 2018

Shares	Owners	% of owners	Shares	% of shares
1-100	823	40.97	39,140	0.10
101-500	769	38.28	202,686	0.51
501-1 000	191	9.51	146,596	0.37
1 001-5 000	136	6.77	287,076	0.72
5 001-10 000	30	1.49	218,634	0.55
10 001-50 000	31	1.54	721,094	1.80
50 001-100 000	3	0.15	177,579	0.44
100 001-500 000	14	0.70	3,505,676	8.77
500 001-	12	0.60	34,688,813	86.75
Total	**2,009**	**100.00**	**39,987,294**	**100.00**

KEY PERFORMANCE MEASURES

STATEMENT OF COMPREHENSIVE INCOME	2018	2017	2016
Revenue	527.8	454.9	404.8
revenue growth, %	16.0%	12.4%	30.6%
Gross profit	64.9	53.8	49.2
as percentage of revenue, %	12.3%	11.8%	12.2%
Earnings before interest, tax, depreciation and amortization (EBITDA)	20.2	17.3	16.5
as percentage of revenue, %	3.8%	3.8%	4.1%
Operating profit (EBIT)	18.9	16.2	15.7
as percentage of revenue, %	3.6%	3.6%	3.9%
Adjusted operating profit	21.9	18.6	18.0
as percentage of revenue, %	4.1%	4.1%	4.4%
BALANCE SHEET			
Equity	68.9	58.9	28.9
Non-current liabilities	20.0	22.8	25.8
Current liabilities	26.1	21.3	23.7
Balance sheet total	115.0	103.0	78.4
Net debt	9.6	7.3	30.9
Net working capital	61.2	49.5	43.3
Inventories	71.0	55.2	47.9
OTHER INFORMATION			
Number of cars sold	46,596	40,957	36,290
Gross profit per sold car	1,392	1,314	1,357
Sales growth of like-for-like showrooms, %	5.6%	-4.9%	12.2%
Inventory turnover, days	49.6	46.8	43.1
Capital expenditures	1.3	1.2	2.1
Average number of employees during the period	472	418	343
KEY FIGURES			
Return on equity (ROE), %	22.9%	26.6%	43.8%
Return on capital employed (ROI), %	16.2%	17.2%	22.5%
Equity ratio, %	60.0%	57.2%	36.9%
Gearing, %	14.0%	12.3%	107.0%

PER SHARE DATA	2018		2017	2016
Earnings per share, basic, €	0.37		0.30	0.29
Cash flows from operating activities per share, €	0.07		0.17	-0.03
Shareholders' equity per share, €	1.72		1.43	0.75
Dividend per share, €	0.16	*	0.12	0.06
Payout ratio, %	43.7 %		39.9 %	20.5 %
Effective dividend yield, %	2.9 %		1.7 %	-
Price/earnings (P/E) ratio	14.9		23.5	-
Highest share price, €	7.48		9.00	-
Lowest share price, €	5.20		6.40	-
Share price on December 31, €	5.44		7.05	-
Market capitalization of share stock, € million	217.5		281.9	-
Turnover of shares, total, kpcs	1,498		16,532	-
Relative turnover of shares, total, %	3.7 %		41.3%	-
Average no. of shares (1,000 shares), basic**	39,987		38,937	37,566
Average no. of shares (1,000 shares), diluted**	39,996		38,941	37,635
Total no. of shares (1,000 shares) on December 31**	39,987		39,987	37,017

*Proposal of the Board of Directors to the Annual General Meeting
**Excluding treasury shares

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 2018, 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 appealed against the decision. Kamux expensed the total amount of the tax reassessment decision, approximately EUR 2.6 million, in full into 2018.

RECONCILIATION OF ADJUSTED OPERATING PROFIT

EUR million	2018	2017
Operating profit (EBIT)	**18.9**	**16.2**
Costs relating to the initial public offering	-	1.2
Strategic investigations	0.4	0.7
Special items relating to geographical expansion	0.1	0.4
Taxes related to previous financial years	2.5	-
Total adjustment items	3.0	2.4
Adjusted operating profit	**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 listing, special items relating to strategic planning and strategy implementation, special items relating to geographical expansion of business and taxes related to previous financial years.
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 x (	$\frac{\text{Like-for-like showroom car sales}}{\text{Like-for-like showroom car sales in the previous year}}$ -1) 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.
Inventory turnover	=	365 X	$\frac{\text{Inventories (average for 12 months)}}{\text{Materials and services (rolling 12 months)}}$
Return on equity (ROE), %	=	100 X	$\frac{\text{Profit for the period (rolling 12 months)}}{\text{Equity (average for 12 months)}}$
Return on capital employed (ROI), %	=	100 X	$\frac{\text{Profit for the period + Finance costs (rolling 12 months)}}{\text{Equity + Financial debt (average for 12 months)}}$
Equity ratio, %	=	100 X	$\frac{\text{Equity}}{\text{Balance sheet total – Advance payments received}}$
Gearing, %	=	100 X	$\frac{\text{Net debt}}{\text{Equity}}$
Earnings per share, basic	=		$\frac{\text{Profit for the period (attributable to owners of the Company)}}{\text{Weighted average number of outstanding shares adjusted for share issue for the period}}$
Net working capital	=		Inventories + Trade and other receivables + Current income tax receivables – Trade and other payables – Current income tax liabilities – Non-current and current provisions
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
Payout ratio, %	=	100 X	$\frac{\text{Dividend/share}}{\text{Share of EPS belonging to parent company owners}}$
Effective dividend yield, %	=	100 X	$\frac{\text{Dividend/share adjusted for share issue}}{\text{Final quotation at close of period adjusted for share issue}}$
Price/earnings (P/E) ratio	=		$\frac{\text{Final quotation at close of period adjusted for share issue}}{\text{Share of EPS belonging to parent company owners}}$
Shareholders´equity per share, EUR	=		$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Basic number of shares at the end of period adjusted for share issue}}$
Market capitalization of share stock	=		Number of shares x closing price at the end of period

KAMUX CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018

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 2018 and 2017 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, Net Debt and Contingencies 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 STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	For the year ended December 31, 2018	2017
Revenue	2.2	**527.8**	**454.9**
Other operating income	2.2	0.9	0.7
Materials and services	2.3, 2.4	-463.8	-401.7
Personnel costs	2.4	-26.8	-21.7
Other operating expenses	2.4	-17.9	-14.8
Depreciation and amortization	2.4	-1.2	-1.1
Operating profit		**18.9**	**16.2**
Finance income and costs	4.2	0.4	-0.8
Profit before income tax		**19.4**	**15.5**
Income tax	2.5	-4.7	-3.8
Profit for the period		**14.6**	**11.7**
Other comprehensive income			
Items that maybe subsequently reclassified to profit or loss			
Translation differences		-0.1	-0.0
Other comprehensive income for the period, net of tax		**-0.1**	**-0.0**
Total comprehensive income for the period		**14.6**	**11.7**
Profit for the period attributable to			
owners of the Company		14.6	11.7
Total comprehensive income for the period attributable to			
owners of the Company		14.6	11.7
Earnings per share for profit attributable to owners of the Company	2.6		
Earnings per share, basic and diluted, EUR		**0.37**	**0.30**

Consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

EUR million	Note	At December 31, 2018	2017
ASSETS			
Non-current assets			
Intangible assets	5.2	1.1	1.1
Goodwill	5.2	13.6	13.6
Property, plant and equipment	5.2	1.8	1.7
Other receivables		0.1	0.1
Deferred tax assets	5.5	0.4	0.3
Total non-current assets		**16.9**	**16.8**
Current assets			
Inventories	3.1	71.0	55.2
Trade and other receivables	3.2	13.7	12.9
Derivative financial instruments	4.1	0.6	-
Current tax assets		-	0.0
Cash and cash equivalents	4.1	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	5.4		
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**
Non-current liabilities			
Borrowings	4.1	19.4	22.4
Derivative financial instruments	4.1	-	0.1
Other non-current liabilities		0.2	-
Provisions	4.3	0.4	0.4
Total non-current liabilities		**20.0**	**22.8**
Current liabilities			
Borrowings	4.1	3.0	3.0
Trade and other payables	3.3	20.7	15.6
Provisions	2.3	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 for the comparative period.
Consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Note	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	5.4		0.1		8.1	-8.2	-
Share-based payments	5.3					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	5.4		20.5				20.5
Dividends for owners						-2.2	-2.2
Price difference between the offering for employees and the public offering	2.4					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 for the comparative year.
The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	For the year ended December 31, 2018	2017
Cash flows from operating activities			
Profit for the period		**14.6**	**11.7**
Adjustments for:			
Depreciation and amortization	2.4	1.2	1.1
Finance income and costs	4.2	-0.4	0.8
Change in provisions	2.3, 4.3	-0.0	0.6
Write-down of inventories	3.1	0.1	-0.1
Income taxes	2.5	4.7	3.8
Other non-cash items		0.1	0.1
Changes in working capital:			
Change in trade receivables and other receivables	3.2	-0.9	-1.6
Change in trade payables and other payables	3.3	5.1	3.4
Change in inventories	3.1	-16.3	-7.3
Interests paid		-0.5	-0.5
Other financial items, net		-0.1	-0.1
Income taxes paid		-4.9	-5.1
Net cash inflow (outflow) from operating activities		**2.7**	**6.5**
Cash flows from investing activities			
Investments in property, plant and equipment		-0.7	-0.6
Investments in intangible assets		-0.6	-0.6
Net cash inflow (outflow) from investing activities		**-1.3**	**-1.2**
Cash flows from financing activities			
Proceeds from share issues	5.4	-	20.5
Repayments of bank loans	4.1	-3.0	-6.3
Dividends paid		-4.8	-2.2
Other cash flows from financing activities		0.3	-
Net cash inflow (outflow) from financing activities		**-7.5**	**12.0**
Net decrease/increase in cash and cash equivalents		**-6.1**	**17.3**
Cash and cash equivalents at the beginning of the period		18.1	0.7
Effects of exchange rate changes on cash and cash equivalents		0.8	0.1
Cash and cash equivalents at the end of period		**12.8**	**18.1**

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 March 1, 2019.

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, 2018. 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 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, Net Debt and Contingencies 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	Note
Repair liability costs	2.3
Valuation of used cars	3.1
Goodwill	5.2
Management holdings	5.3

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, 2018, Kamux had 44 showrooms in Finland, 13 in Sweden and 4 in Germany. Since its incorporation, Kamux has sold more than 200,000 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.

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 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.

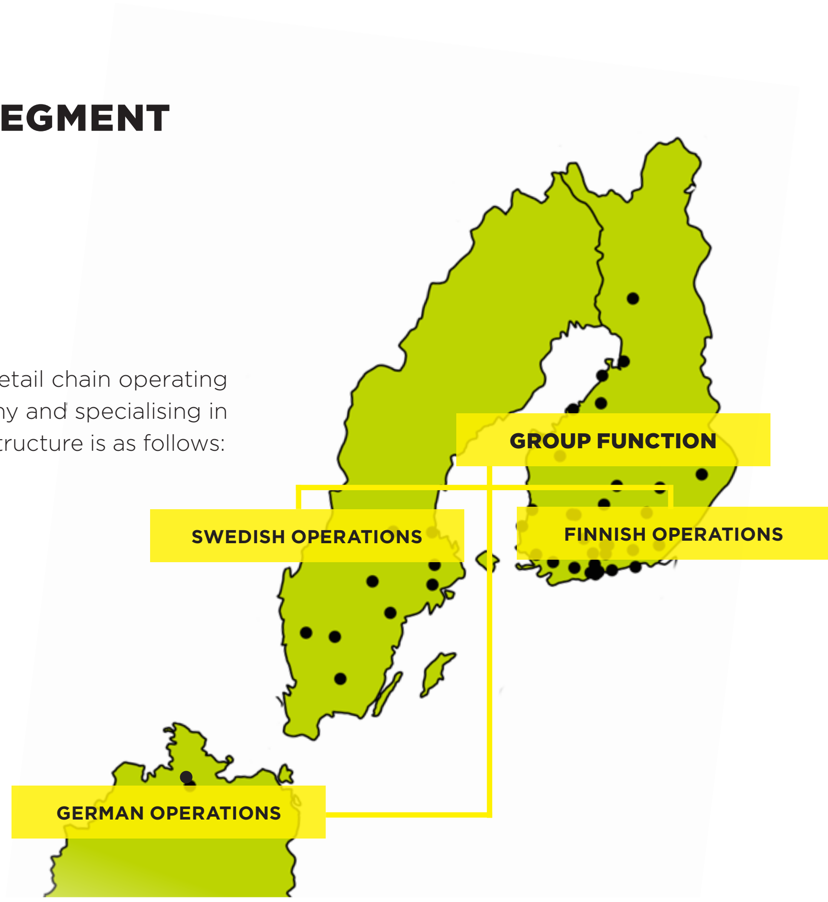
Kamux's entire car selection is available to all of its sales personnel at all Kamux's car showrooms in Finland as well as nationwide in Sweden and Germany. If needed, Kamux relocates a car from one car showroom or country to another once the sale is agreed upon. In 2018, 29 percent and in 2017, 28 percent 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 aims to have a selection of approximately 100 to 300 used cars available for sale.

2

KEY PERFORMANCE METRICS OF KAMUX GROUP

2.1 RESULTS BY SEGMENT

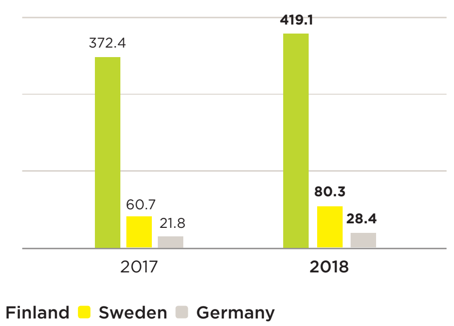
Kamux is a rapidly grown car retail chain operating in Finland, Sweden and Germany and specialising in used car sales. Its operational structure is as follows:



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 earnings before interest, tax, depreciation and amortization (EBITDA). 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 44 showrooms in Finland on December 31, 2018. In Sweden Kamux opened its first showroom in December 2012 and at the end of December 2018, it operated 13 showrooms, all in different localities. Kamux's growth strategy includes expansion into new countries 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 2018 Kamux operated 4 showrooms in Hamburg area.

EXTERNAL REVENUE BY SEGMENT
(EUR MILLION)



ACCOUNTING POLICY

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

Gross profit	Revenue + Other operating income – Materials and services
EBITDA	Operating profit + depreciation and amortization
Operating profit	Profit for the period + income tax + net finance costs

EUR million	Finland	Sweden	Germany	Segments total	Group functions	Eliminations	Group
2018							
Revenue	**419.1**	**101.9**	**30.1**	**551.1**		**-23.3**	**527.8**
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
Gross profit	**54.3**	**8.3**	**2.2**	**64.9**			**64.9**
EBITDA	**25.1**	**1.1**	**-1.7**	**24.5**	**-4.3**		**20.2**
Depreciation and amortization	-1.0	-0.1	-0.1	-1.2	-0.0		-1.2
Operating profit	**24.1**	**0.9**	**-1.8**	**23.2**	**-4.3**		**18.9**
Finance costs							0.4
Profit before income tax							**19.4**

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

Of the Group's non-current assets, except for deferred tax assets, EUR 15.1 million as of December 31, 2018 (EUR 15.2 million as of December 31, 2017) were located in Finland. The corresponding amounts for Sweden were EUR 0.4 million as of December 31, 2018 (EUR 0.4 million as of December 31, 2017) and for Germany EUR 1.1 million as of December 31, 2018 (EUR 0.9 million as of December 31, 2017).

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. 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,** **2018**	 **2017**
Sales of used cars	500.8	432.0
Financing fees and Insurance commissions	22.7	19.2
Sales of Kamux Plus	4.3	3.6
Total	**527.8**	**454.9**

Revenue from sales of used cars was EUR 500.8 million, or 95 percent of total revenue during the financial year 2018. In 2017 such revenue was EUR 432.0 million, or 95 percent of total revenue.

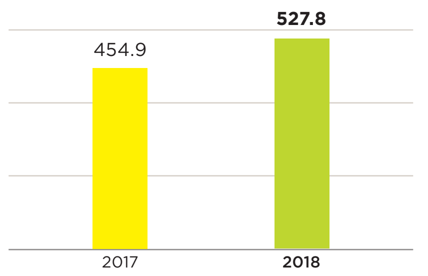
Financing fees and insurance commissions amounted to EUR 22.7 million during 2018, comprising 4 percent of total revenue. In 2017 fees and commissions were EUR 19.2 million or 4 percent of total revenue. Revenue from sales of the Kamux Plus service was EUR 4.3 million for the year ended December 31, 2018, and EUR 3.6 million in 2017.

External revenue generated in Finland was EUR 419.1 million and represented 79 percent of total Group revenue during 2018. In 2017 corresponding revenue was EUR 372.4 million, or 82 percent of total Group revenue. In Sweden external revenue amounted to EUR 80.3 million during 2018, and to EUR 60.7 million during 2017. In Germany external revenue amounted to EUR 28.4 million during 2018 and to EUR 21.8 million during 2017.

Other operating income includes rental income from premises, insurance compensations and car tax refunds.

>> Read more about segment revenue in note 2.1.

REVENUE (EUR MILLION)



ACCOUNTING POLICY

Kamux adopted IFRS 15 standard Revenue from Contracts with Customers on January 1, 2018. The 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.

The sales of used cars are recognized as revenue upon delivery of the car 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.

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.

The Kamux Plus service is recognized as revenue on a straight-line basis over the 12 months warranty period.

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

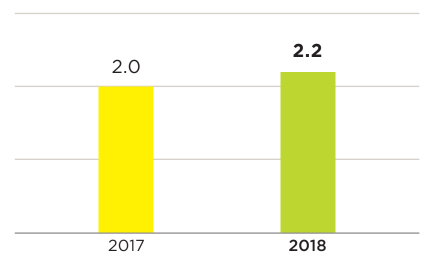
2.3 REPAIR COSTS

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.

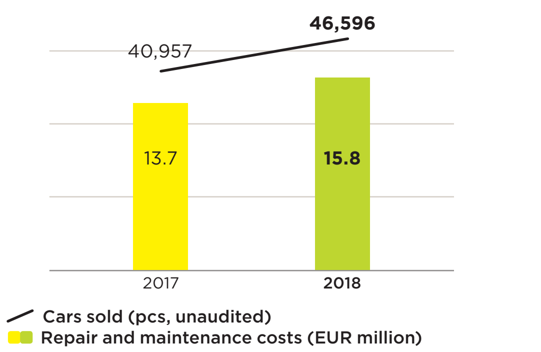
In addition to the statutory repair liability, Kamux offers its customers the Kamux Plus service, which extends the seller's liability for defects. Kamux repairs predefined defects that are detected within 12 months following the purchase of the car or within 25,000/15,500 driving kilometers, whichever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

REPAIR LIABILITY PROVISION
(EUR MILLION)



Repair liability provision amounted to EUR 2.2 million as at December 31, 2018 and EUR 2.0 million as at December 31, 2017. Repair- and maintenance costs have increased concurrently as the sales volumes have grown. Repair- and maintenance costs amounted to EUR 15.8 million during the financial year 2018, and to EUR 13.7 million during the financial year 2017. 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.

CARS SOLD & REPAIR AND MAINTENANCE COSTS



ACCOUNTING POLICY
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 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 front-loaded 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.

2.4 EXPENSES

	For the year ended December 31,	
EUR million	**2018**	**2017**
Materials and services		
Purchases during the period	480.0	409.1
Change in inventories	-16.2	-7.4
External services	0.1	0.1
Total	**463.8**	**401.7**
Personnel costs		
Wages and salaries	21.8	17.6
Pension costs	3.0	2.4
Share-based incentive program	0.1	-
Other employee benefit expenses	1.9	1.6
Total	**26.8**	**21.7**
Other operating expenses		
Rents and lease costs	7.7	6.3
Marketing and advertising expenses	2.4	2.6
IT expenses	1.4	0.9
Other administrative expenses	6.4	5.0
Total	**17.9**	**14.8**
Auditors' fees (included in line other administrative expenses above)		
Audit fees	0.2	0.1
Other audit related services	0.4	0.5
Total	**0.6**	**0.6**
Depreciation and amortization by class		
Intangible assets	0.6	0.5
Property, plant and equipment	0.6	0.6
Total	**1.2**	**1.1**

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 472 during the financial period 2018 and 418 in 2017. 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 2018 include EUR 0.1 million costs accrual related to the share-based incentive program. Other employee benefit expenses include EUR 0.1 million recorded as share-based payment from the price difference between the personnel offering and the public offering on the Nasdaq Helsinki main market in 2017.

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

RENTS AND LEASE COSTS

Rents and lease costs consist of rental payments for showrooms and office space and related costs such as heating, cleaning and electricity. All Kamux's lease agreements are classified as operating leases with fixed rental periods and rents are expensed evenly over the rental period. Contracts are either cancellable or fixed-term of 1-10 years.

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

2.5 INCOME TAXES

	For the year ended December 31,	
EUR million	**2018**	**2017**
Current tax	4.7	3.8
Tax on previous years	0.1	-0.0
Change in deferred tax assets and liabilities	-0.1	-0.0
Total	**4.7**	**3.8**
Reconciliation of income tax expense		
Profit before income tax expense	19.4	15.5
Tax calculated at the Finnish tax rate*	3.9	3.1
Non-deductible expenses	0.3	0.0
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	0.9
Other temporary differences for which a deferred tax asset has not been recognized	-0.0	-0.0
Tax on previous years	0.1	-
Other items	0.0	-
Income tax expense	**4.7**	**3.8**

* Tax rate 20% in 2018 and 2017.

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

ACCOUNTING POLICY

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,	
	2018	**2017**
Profit for the period attributable to Owners of the Company (EUR million)	14.6	11.7
Weighted average number of shares outstanding during the period, basic, in thousands of shares	39,987	38,937
Earnings per share, basic (EUR)	**0.37**	**0.30**
Impact of unregistered share issue on number of shares	9	5
Weighted average number of shares outstanding during the period, fully diluted, in thousands of shares	39,996	38,941
Earnings per share, fully diluted (EUR)	**0.37**	**0.30**

ACCOUNTING POLICY

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

NET WORKING CAPITAL

INVENTORY

TRADE AND OTHER RECEIVABLES

TRADE AND OTHER PAYABLES

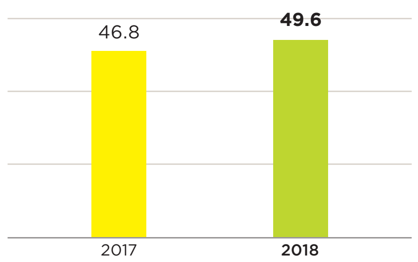
3.1 INVENTORY

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 71.0 million on December 31, 2018. On December 31, 2017 inventories amounted to EUR 55.2 million.

Write-downs of inventories to net realizable value amounted to EUR 0.1 million during 2018. In 2017 revaluation 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 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

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

	At December 31,	
EUR million	**2018**	**2017**
Trade receivables	10.3	9.6
Prepaid expenses and accrued income	2.5	2.3
Other receivables	0.9	1.0
Total	**13.7**	**12.9**
Material items included in prepaid expenses and accrued income		
Insurance and finance commission fees	1.9	1.8
Other	0.6	0.6
Total	**2.5**	**2.3**

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, 2018. Impairment losses of trade receivables recognized in profit or loss amounted to EUR 0.1 million during the year 2018. In 2017 impairment losses of trade receivables were EUR 0.2 million.

ACCOUNTING POLICY

January 1, 2018 Kamux adopted IFRS 9 Financial Instruments –standard. In accordance with IFRS 9 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, 2018	2017
Trade payables*	7.8	8.5
Accrued expenses and deferred income	6.5	4.8
Other	6.4	2.3
Total	**20.7**	**15.6**
Material items included in accrued expenses and deferred income		
Accrued salaries	3.8	2.9
Accrued interests	0.0	0.0
Other accrued expenses**	2.8	1.9
Total	**6.5**	**4.8**

* 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 0.7 million as of December 31, 2018 and EUR 1.0 million as of December 31, 2017. 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, 2018 and 2017.

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

4

NET DEBT AND CONTINGENCIES

CAPITAL MANAGEMENT AND NET DEBT

FINANCE EXPENSES

LEASE OBLIGATIONS AND COMMITMENTS

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 borrowings ("current and non-current borrowings" 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.

BORROWINGS AND NET DEBT

	At December 31,	
EUR million	**2018**	**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**

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.

BORROWINGS AND DERIVATIVES
As of December 31, 2018, borrowings consisted of a EUR 22.4 million five-year term loan, which has semiannual repayments of EUR 1.5 million in March and September. The loans mature on March 31, 2021.

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 interest rate swaps used to hedge interest rate risk, and foreign exchange derivatives to hedge foreign exchange rate risk. These derivatives are not subject to hedge accounting.

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.

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 29.2 million on December 31, 2018 and EUR 7.2 million on December 31, 2017.

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, 2018, Kamux had cash and cash equivalents of EUR 12.8 million and as of December 31, 2017, EUR 18.1 million. In addition, Kamux had access to unused credit facilities and bank overdrafts of EUR 20.0 million as of December 31, 2018 and EUR 20.0 million as of December 31, 2017.

Kamux has entered into a five-year loan facility agreement of EUR 50 million with Nordea Bank AB (publ), Finnish Branch. The facility agreement was amended in April 2017 and it 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 of EUR 30 million 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.

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, 2018 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
Dec 31, 2018							
Loans	1.6	1.7	3.3	16.6	-	-	-
Accounts payables	7.8	-	-	-	-	-	-
Derivatives	-0.1	-0.5	-	-	-	-	-
Dec 31, 2017							
Loans	1.6	1.7	3.3	3.3	16.6	-	-
Accounts payables	8.5	-	-	-	-	-	-
Derivatives	-0.1	-0.0	-	-	-	-	-

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 2018 and 1.4%—1.5% at the end of 2017.

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 period and equity would have been EUR 0.2 million smaller in 2018 and EUR 0.2 million smaller in 2017. 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 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.

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 8.7 million as of December 31, 2018 and EUR 9.6 million as of December 31, 2017. Based on the sensitivity analysis, if the weakening or strengthening of the Swedish krona against euro had been 10 percent, the recalculated post-tax profit for the period and equity would have been EUR 0.9 million in 2018 and EUR 0.7 million in 2017 higher or lower.

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, 2018	2017
Interest expenses	0.6	0.5
Fair value changes for derivatives	-0.6	0.0
Foreign exchange gains and losses, net	-0.4	0.1
Other finance income and costs	0.1	0.1
Total	**-0.4**	**0.8**

ACCOUNTING POLICY

Finance expenses consist of interest expenses on bank loans and credit limits and realized and unrealized changes on interest rate swaps and foreign exchange derivatives as well as exchange rate differences. 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.

4.3 LEASE OBLIGATIONS AND OTHER COMMITMENTS

OPERATING LEASE COMMITMENTS

THE FUTURE MINIMUM LEASE PAYMENTS UNDER NON-CANCELLABLE OPERATING LEASES

	At December 31,	
EUR million	**2018**	**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

	At December 31,	
EUR million	**2018**	**2017**
Loans	22.4	25.4
guarantees given against loans	104.0	104.0

OTHER COMMITMENTS

	At December 31,	
EUR million	**2018**	**2017**
Rent and other payment guarantees	0.4	0.4

Lease obligations consist mainly of rental payments of showrooms. Kamux displays its inventory and conducts the sales through showrooms. Rental contracts are typically either cancellable or 1- to 10-year fixed term contracts and without transfer of ownership or favorable purchase options, all of the leases of showrooms are classified as operating leases. Contracts usually include the option of extending the lease after the original date of termination. As the leasing contracts are considered to be operating leases, lease payments are charged to profit or loss over the lease contract period.

Kamux has given business mortgages amounting to EUR 104.0 million at 31 December 2018 and EUR 104.0 million as of December 31, 2017 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.

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, 2018 as a non-current provision of EUR 0.4 million.

5

OTHER NOTES

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, being 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, 2018 and December 31, 2017 were as follows:

Parent company	Country of incorporation	Parent and Group ownership (%)	Principal activities
Kamux Corporation	Finland		Holding company
Subsidiaries			
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 AND PROPERTY, PLANT AND EQUIPMENT

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, 2018 and 2017. 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 9.0% (2017 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 FLVCD 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 2018 and 2017 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 CRM 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 2018, Kamux invested in Basware's Invoice-Ready system, among others, which was implemented in the end of 2018. 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 management 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.

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".

PROPERTY, PLANT AND EQUIPMENT

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

5.3 RELATED PARTY TRANSACTIONS

Intera Fund II Ky, which owned 29% of the Company's outstanding shares on December 31, 2018 and 29% on December 31, 2017, has significant influence over Kamux.

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

	For the year ended December 31,	
EUR million	**2018**	**2017**
Sales of used cars	0.1	0.1
Purchases of used cars	-0.1	-0.1
Rental expenses	-0.5	-0.5
Consulting expenses	-0.1	-0.3

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 contracts for 5-10 years. According to these contracts the Group has future lease obligations of EUR 2.3 million in 2018 and EUR 2.6 million in 2017.

During 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. During 2017, the consulting fees included also consulting and bonus fees paid to DN Advisory Oy, controlled by David Nuutinen, and consulting fees paid to Virtanen Consulting GmbH relating to stock exchange listing and 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.

Key management personnel subscribed to the Company's shares in directed share issues for EUR 0.7 million in the financial year 2017. In addition to the directed share issues, key employees belonging to management and their close family members subscribed shares for a total of EUR 0.2 million in the public and personnel offerings of the IPO of Kamux on the NASDAQ Helsinki main market in May 2017.

Holdings of the Board of Directors, CEO and Management Team of the Company's outstanding shares as of December 31, 2018 are presented in the following table:

	Ownership
Members of the Board of Directors	0.5%
CEO	14.5%
Other Management Team	1.1%

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 2018, the bonus percent of total wages may not exceed 40 percent for CEO and 40 percent for other Management Team members.

In December 2017, the Board of Directors of Kamux Corporation decided to approve a share-based incentive scheme for the Group's key personnel and its terms and conditions for 2018. The amount of any gross reward paid pursuant to the scheme for the earnings period will be 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. Any rewards resulting from the scheme will be paid after the end of the earnings period, by the end of May 2019.

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 first 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. In financial year 2018 employee benefit expenses include EUR 0.1 million costs accrual related to the share-based incentive program.

	For the year ended December 31,	
EUR thousand	**2018**	**2017**
Management Team salaries and other benefits (except CEO)		
Wages, salaries and benefits	940	768
Pension costs -defined contribution plans	235	191
Share-based benefits	161	-
Total	**1 336**	**959**
CEO salaries and benefits		
Wages, salaries and benefits	239	232
Pension costs -defined contribution plans	60	58
Share-based benefits	41	-
Total	**340**	**290**

	For the year ended December 31,	
EUR thousand	**2018**	**2017**
Board of Directors salaries and benefits Board of Directors salaries and benefits		
Matti Virtanen*	144	198
Reija Laaksonen (from March 10, 2017)	22	15
David Nuutinen**	20	107
Jokke Paananen	20	13
Harri Sivula (from May 12, 2017)	22	13
Vesa Uotila	22	13
Inka Mero (until April 12, 2017)	-	4
Total	**250**	**365**
Management and Board of Directors compensation in total	**1,926**	**1,614**

* Matti Virtanen's benefits include EUR 108 thousand (EUR 166 thousand in 2017) consulting fees of Virtanen Consulting GmbH.
** David Nuutinen's benefits include EUR 90 thousand in 2017 consulting fees and bonuses of DN Advisory Oy.

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.

SOURCES OF UNCERTAINTY AND MANAGERIAL JUDGMENTS – MANAGEMENT HOLDINGS

The Group estimates whether the management holdings 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.

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:

Number of shares, 1 000 pcs	Shares outstanding	Treasury shares	Total shares	Treasury shares* EUR million
December 31, 2017	**37,017**	**1,320**	**38,337**	**-8.2**
Share issue	52	-	52	-
Share issue	39	-	39	-
Share issue	26	-	26	-
Share issue in initial public offering	2,853	-	2,853	-
December 31, 2017	**39,987**	**1,320**	**41,307**	**-8.2**
Share issue in public listing	-	-1,320	-1,320	8.2
December 31, 2018	**39,987**	**-**	**39,987**	**-**

* Of the amounts paid from the treasury shares EUR 0.1 million had been recorded as a deduction of the Reserve for invested unrestricted equity and EUR 8.1 million as deduction of retained earnings.

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 2018, the Board of Directors proposes a dividend of EUR 6.4 million (EUR 0.16 per share). The Company paid a dividend of EUR 4.8 million (EUR 0.12 per share) in spring 2018.

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 invested 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 RESERVE FOR INVESTED UNRESTRICTED EQUITY ARE AS FOLLOWS:

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. After the cancellation Kamux does not hold any treasury shares.

Initial public offering in 2017

In May 2017, the number of the Company's shares increased as a result of an initial public offering. Kamux issued 2,852,853 new shares in the initial public offering and the total amount of shares outstanding increased to 39,987,294 shares. Gross proceeds from the issue were EUR 20.5 million which were recognized as reserve for invested unrestricted equity.

Directed share issues in 2017

The Company issued new shares of the Company to certain shareholders in February 2017 and in April 2017. As a result of these share issues, the reserve for invested unrestricted equity of the Company increased by EUR 0.7 million in 2017.

5.5 DEFERRED TAX

EUR million	January 1,	Recognized through profit or loss	December 31,
2018			
Deferred tax assets			
Provisions and accrued expenses	0.3	0.0	0.4
Depreciation and amortization and inventory	0.0	0.0	0.0
Total	**0.3**	**0.1**	**0.4**
Deferred tax liabilities			
Loans from financial institutions	0.0	-0.0	0.0
Total	**0.0**	**-0.0**	**0.0**
Total net	**0.3**	**0.1**	**0.4**
2017			
Deferred tax assets			
Provisions and accrued expenses	0.3	0.0	0.3
Derivative instruments	0.0	-0.0	-
Depreciation and amortization	-	0.0	0.0
Total	**0.3**	**0.0**	**0.3**
Deferred tax liabilities			
Loans from financial institutions	0.0	-0.0	0.0
Total	**0.0**	**-0.0**	**0.0**
Total net	**0.3**	**0.0**	**0.3**

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 4.8 million as of December 31, 2018 and EUR 4.9 million as of December 31, 2017 and in Germany the Group had unused tax losses EUR 5.6 million as of December 31, 2018 and EUR 3.2 million as of December 31, 2017, 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.

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 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 23 January 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 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 at least 30% of profit.

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

5.7 NEW AND FORTHCOMING IFRS STANDARDS

NEW AND AMENDED STANDARDS EFFECTIVE IN JANUARY 1, 2018

In preparing these consolidated financial statements, Kamux has followed the same accounting policies as in the annual financial statements for 2017 except for the effect of changes required by the adoption of the following new and amended standards and interpretations on 1 January 2018.

Amendment to IFRS 2 Share-based Payments

The amendment concerns share-based payment transactions with net settlement features to cover withholding tax obligations. 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. 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.

The share-based scheme for year 2018 is 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. 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.

IFRS 9 Financial instruments and associated amendments to various other standards

IFRS 9 Financial Instruments replaced the multiple classification and measurement models in IAS 39 and it brought changes to classification and measurement of financial assets their impairment assessment hedge accounting.

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.

A debt instrument is measured at amortized cost only if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and the contractual cash flows under the instrument solely represent payments of principal and interest. All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognized at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss). In addition, debt instruments can be classified at fair value through other comprehensive income according to entity's business model.

The adoption of IFRS 9 did not have a significant impact on the classification of financial assets due to the fact that the Company does not have investments in securities or bonds at the moment.

Impairment of financial asset is based on new 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 that is permitted by the standard. 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. 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.

The new hedge accounting rules align hedge accounting more closely with common risk management practices. The amendments did not increase applying hedge accounting in the Group, but as a general rule, it will be easier to apply hedge accounting going forward due to inter alia only prospective effectiveness assessment is required and the risk component can be designated as a hedged item.

The new standard also introduced expanded disclosure requirements and changes in presentation.

IFRS 15 Revenue from Contracts with Customers and associated amendments to various other standards

IFRS 15 Revenue from Contracts with Customers, replaced IAS 18, which covered contracts for goods and services and IAS 11, which covered construction contracts. IFRS 15 includes a five-step model, by which sales revenue is recognized when control of a good or service is transferred to a customer. Revenue is recognized in an amount that reflects the consideration to which the entity expects to be entitled 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. Kamux's business consists of retail and wholesale sales of used cars and integrated services sold to consumer and corporate customers. These goods and services have been identified in accordance with IFRS 15 as separate performance obligations.

In the sales of used cars, the customer obtains control over the sold product at the time of delivery of the car and the adoption of the standard did not have a material effect on the timing of obtaining control.

Regarding Kamux Plus -service which extends the seller's statutory liability for defects the adoption of the standard did not have material effect.

In both under the old and new standard, the Group operates as an agent towards the customer regarding the finance and insurance products from third parties. Kamux shows the income derived from the sales of third-party finance and insurance products as net amount in its net sales at the time it has fulfilled its obligations from providing the services. The adoption of the standard did not have material effects on the variable contingencies derived from sales of third-party finance services.

The adoption of the new standard did not have a material effect on the consolidated financial statements regarding the timing or amount of net sales to be recognized. However, adoption of the standard increased the amount of disclosures.

NEW AND AMENDED STANDARDS TO BE ADOPTED IN LATER FINANCIAL YEARS

Kamux has not yet applied the following new and amended 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.

IFRS 16 Leases and associated amendments to various other standards

IFRS 16 will primarily affect accounting of lessees and will result in the recognition of 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 applies the optional exemption that exists for short-term and low-value leases.

Currently, future lease payments are 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 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.

In connection of applying IFRS 16, Kamux's management has made judgements is determination of the usage of extension periods of lease terms and discount rates

Operating cash flow will be higher, 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.

The standard is effective for accounting periods beginning on or after January 1, 2019.

Kamux adopts IFRS 16 using the modified retrospective transition approach. Figures of comparative years will not be restated.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT (FAS)

EUR million	For the year ended December 31, 2018	2017
REVENUE	**3.3**	**3.0**
Other operating income	0.1	-
Personnel expenses		
Salaries and fees	-1.5	-1.1
Social security expenses		
Pension expenses	-0.3	-0.2
Other social security expenses	-0.0	-0.0
Total personnel expenses	**-1.8**	**-1.3**
Depreciation and amortization		
Depreciation and amortization according to plan	**-0.0**	**-0.0**
Other operating expenses	**-2.5**	**-4.4**
Total expenses	**-4.3**	**-5.7**
OPERATING LOSS	**-0.9**	**-2.7**
Financial income and expenses		
Interest and other financial income		
From Group companies	2.9	2.4
From others	1.7	1.0
Total	4.6	3.4
Interest and other financial expenses		
To others	-2.2	-1.6
Total	-2.2	-1.6
Total financial income and expenses	**2.4**	**1.7**
INCOME BEFORE APPROPRIATIONS AND TAXES	**1.5**	**-0.9**
Appropriations		
Group contributions received	16.5	14.5
Total appropriations	**16.5**	**14.5**
Direct taxes	-3.6	-2.7
PROFIT FOR THE FINANCIAL YEAR	**14.4**	**10.9**

PARENT COMPANY BALANCE SHEET (FAS)

EUR million	For the year ended December 31, 2018	2017
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	0.0	0.1
Total	**0.0**	**0.1**
Investments		
Investments in subsidiaries	32.8	29.2
Total	**32.8**	**29.2**
CURRENT ASSETS		
Non-current receivables		
Non-current receivables from Group companies	36.2	33.9
Total	**36.2**	**33.9**
Current receivables		
Trade receivables	0.1	-
Receivables from Group companies	29.8	33.2
Other receivables	0.2	0.1
Prepaid expenses and accrued income	0.0	0.1
Total	**30.2**	**33.4**
Cash at hand and in banks	12.7	17.4
TOTAL ASSETS	**111.9**	**114.1**

EUR million	For the year ended December 31, 2018	2017
LIABILITIES AND EQUITY		
Equity		
Share capital	0.1	0.1
Invested non-restricted equity reserve	25.3	25.2
Retained earnings	29.3	23.3
Profit for the year	14.4	10.9
Total	**69.1**	**59.5**
Liabilities		
Non-current liabilities		
Loans from financial institutions	19.5	22.5
Liabilities to Group companies	4.5	4.7
Current liabilities		
Interest-bearing		
Loans from financial institutions	3.0	3.0
Liabilities to Group companies	13.9	23.6
Non-interest-bearing		
Trade payables	0.7	0.2
Liabilities to Group companies	0.4	0.2
Other current liabilities	0.1	0.0
Accrued expenses and deferred income	0.6	0.3
Total	**42.8**	**54.6**
TOTAL LIABILITIES AND EQUITY	**111.9**	**114.1**

PARENT COMPANY CASH FLOW STATEMENT (FAS)

EUR million	For the year ended December 31, 2018	2017
Profit for the financial year	14.4	10.9
Adjustments:		
Financial income and expenses	-2.4	-1.7
Group contributions received	-16.5	-14.5
Depreciation and amortization	0.0	0.0
Direct taxes	3.6	2.7
Change in net working capital:		
Change in trade and other receivables	-0.2	0.0
Change in trade and other payables	1.0	-0.7
Interests paid and payments on other operating expenses	-0.4	-0.6
Interests received	4.1	0.0
Taxes paid	-3.4	-6.1
Net cash from/in operating activities (A)	**0.1**	**-10.0**
Payments for property, plant and equipment and intangible assets (-)	-0.0	-0.0
Investments in subsidiaries	-3.5	-3.0
Net cash from/in investing activities (B)	**-3.5**	**-3.1**
Repayments of bank loans	-3.0	-6.3
Net change of intra-Group receivables and payables	-8.2	17.9
Dividends paid	-4.8	-2.2
Proceeds from share issues	-	21.1
Group contributions received	14.5	-
Net cash from/in financing activities (C)	**-1.5**	**30.5**
Change in cash (A+B+C)	**-4.9**	**17.4**
Cash at hand and in bank at the beginning of the financial year	17.4	0.0
Cash at hand and in bank at the end of the financial year	12.7	17.4

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	**2018**	**2017**
Revenue		
Services to Group companies	3.3	3.0
Total	**3.3**	**3.0**
Revenue		
Geographical distribution		
Domestic	2.6	2.4
Other Europe	0.7	0.6
Total	**3.3**	**3.0**
Personnel expenses and fees		
Salaries and fees	1.5	1.1
Pension expenses	0.3	0.2
Other social security expenses	0.0	0.0
Total	**1.8**	**1.3**
Number of personnel	9	8
Other operating expenses		
Voluntary personnel expenses	0.1	0.3
Travel expenses	0.1	0.1
Marketing expenses	0.0	0.4
Administrative services	2.0	3.4
Other administrative expenses	0.1	0.1
Other operating expenses	0.1	0.1
Total	**2.5**	**4.4**
Auditor's remuneration		
Audit fee	0.0	0.1
Other services from main auditor	0.4	0.5
Total	**0.4**	**0.6**

EUR million	2018	2017
Appropriations		
Group contribution received	16.5	14.5
Total	**16.5**	**14.5**
Non-current assets		
Intangible rights		
opening balance Jan 1	0.0	0.0
amortizations during the financial year	0.0	0.0
closing balance Dec 31	**0.0**	**0.0**
Other capitalized long term expenditures		
opening balance Jan 1	0.0	0.0
additions during the financial year	0.0	0.0
amortizations during the financial year	0.0	-
decreases during the financial year	0.0	-
transfers between item	0.0	0.0
closing balance Dec 31	**0.0**	**0.0**
Investments		
Investments in subsidiaries		
opening balance Jan 1	29.2	26.2
additions during the financial year	3.6	3.0
closing balance Dec 31	**32.8**	**29.2**
Non-current receivables from Group companies		
Non-current loan receivables from Group companies	33.9	33.9
Non-current interest receivables	2.3	-
Total	**36.2**	**33.9**
Current receivables from Group companies		
Current loan receivables from Group companies	28.1	28.2
Interest receivables	0.4	4.0
Trade receivables	1.2	1.0
Total	**29.8**	**33.2**

EUR million	2018	2017
Shares		
Group companies		
Kamux Suomi Oy	100 %	100 %
Suomen Autorahaksi Oy (100 %)		
KMX Holding AB	100 %	100 %
Kamux AB (100 %)		
Kamux Auto GmbH	100 %	100 %
Changes in equity during the financial year		
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	25.2	4.1
Share issue	-	21.1
Cancellation of treasury shares	0.1	-
Invested non-restricted equity reserve on Dec 31	25.3	25.2
Retained earnings on Jan 1	34.2	25.6
Dividend distribution	-4.8	-2.2
Cancellation of treasury shares	-0.1	-
Retained earnings on Dec 31	29.3	23.3
Profit/loss for the financial year	14.4	10.9
Total equity	**69.1**	**59.5**
Distributable earnings Dec 31		
Retained earnings	29.3	23.3
Profit for the financial year	14.4	10.9
Invested non-restricted equity fund	25.3	25.2
Total	**69.0**	**59.5**

EUR million	2018	2017
Loans from financial institutions		
Nordea Pankki Suomi Oyj		
Instalments to be paid within one year	3.0	3.0
Instalments to be paid after one year	19.5	22.5
Total	**22.5**	**25.5**
Other liabilities		
Current other liabilities	0.1	0.0
Total	**0.1**	**0.0**
Non-current loans to Group companies		
Non-current loan liabilities to Group companies	4.5	4.7
Total	**4.5**	**4.7**
Current loans to Group companies		
Current loans to Group companies	13.9	23.6
Accrued expenses and deferred income	0.4	0.2
Total	**14.4**	**23.9**
Accrued expenses and deferred income		
Personnel expenses	0.4	0.2
Taxes	0.1	0.0
Other	0.1	0.1
Total	**0.6**	**0.3**
Derivatives		
Interest rate swap, nominal value of underlying instrument	-	-
Interest rate swap, fair value	-	-
Total	**-**	**-**
Measurement at fair value through profit or loss	-	0.1

EUR million	2018	2017
Pledges and guarantees		
Loans	32.5	35.5
Amount in use	22.5	25.5
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, March 1, 2019

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	Vesa Uotila Member of the Board

Juha Kalliokoski
CEO

The Auditor's Note

A report on the audit performed has been issued today.

Helsinki, March 1, 2019

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 Oyj

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 Oyj (business identity code 2442327-8) for the year ended 31 December 2018. 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: € 2.600.000, which represents a combination of 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.

Overall group materiality	€ 2.6 million
How we determined it	Average of 5% of profit before taxes and 1% of the total revenues. Benchmarks were weighted 60% for profit before taxes and 40% for the total revenues when determining the overall group materiality.
Rationale for the materiality benchmark applied	The company is in a 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 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 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
Valuation of inventory See note 3.1 in the financial statements The inventory (71 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. 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. 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.	Our audit procedures included understanding and evaluating the processes and controls for the valuation of inventory. As part of our audit procedures, we evaluated the appropriateness of the accounting policies applied by the company for the inventory valuation. 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. We tested the acquisition cost of the cars included in the inventory for year-end 2018 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. We tested the net realisable value of the cars included in the inventory for year-end 2018 on a sample basis. We compared the inventory value for selected cars to sales price in 2019.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Accuracy of the repair liability provision See note 2.3 in the financial statements Estimated repair liability (EUR 2.2. 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 liability costs and the estimated trend of repair liability costs. 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.	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. In addition, we inquired of the management, if there were any circumstances, which would require changes to estimated trend of repair liability costs. We also audited the payments made in 2019 to gain comfort that there are no significant costs occurred which should have been taken into consideration when calculating the provision.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of subsidairy shares See notes in the financial statements of the parent company. The valuation of subsidiary shares is a key audit matter due to significant carrying amounts involved and the management judgement involved. As of 31 December 2018, the value of Kamux Oyj's subsidiary shares amounted to EUR 32.8 million in the parent company's financial statements prepared in accordance with Finnish GAAP. The valuation of subsidiary shares is tested by impairment testing based on discounted cash flow model.	We assessed the appropriateness of the method and management's judgement and estimates in the calculation. 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. We considered whether the sensitivity analysis performed by management around key drivers of the cash flow forecast was appropriate by considering the likelihood of the movements of these key assumtions. We compared the current year actual results included in the prior year impairment model to corroborate the reliability of management's estimates. 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.

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.

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 company 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 four 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 1 March 2019
PricewaterhouseCoopers Oy
Authorised Public Accountants

Janne Rajalahti
Authorised Public Accountant (KHT)

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