



## Kesko Corporation changes the consolidation method of Kesko Senukai in Kesko's consolidated financial statements from a subsidiary to a joint venture from 1 July 2020 onwards

Kesko will be reporting Kesko Senukai Group, which is part of Kesko's building and technical trade segment and operates in the Baltic countries and Belarus, as a joint venture from 1 July 2020 onwards. Kesko has reported Kesko Senukai Group as a subsidiary up until 30 June 2020.

In its half year financial report on 23 July 2020, Kesko stated that it would continue the strategic review of operations in the Baltics and Belarus, initiated in April. The review process continues. Kesko also stated at the time that it was examining conditions for subsidiary consolidation of Kesko Senukai in Kesko's consolidated financial statements due to significant disagreements concerning the management of and exercise of control in Kesko Senukai.

After re-examining the conditions for subsidiary consolidation, Kesko has deemed that it no longer exercises the type of control referred to in IFRS 10 over Kesko Senukai. Consequently, Kesko has decided to classify Kesko Senukai as a joint venture from now on. Due to the change in classification, from 1 July 2020 onwards Kesko Senukai is consolidated as a joint venture on one line "Share of result of associates and joint ventures" before operating profit in Kesko's consolidated income statement, instead of the previous line-by-line subsidiary consolidation. In the consolidated statement of financial position, the change in classification means that the share of Kesko Senukai's net assets is presented on one line "Shares in associates and joint ventures" instead of the previous line-by-line consolidation of assets and liabilities. The change in classification affects the key performance indicators of Kesko Group and its building and technical trade segment. The change in classification does not affect comparable profit for the financial year attributable to equity holders of the parent or comparable earnings per share presented in Kesko's consolidated financial statements, nor Kesko's dividend distribution. The change in classification also does not have a material impact on the Group's comparable operating profit or equity attributable to owners of the parent company.

Kesko Senukai Group's net sales totalled €860 million in 2019, and €427 million in January-June 2020. Kesko Senukai Group's comparable operating profit totalled €34.7 million in 2019, and €17.6 million in January-June 2020.

**Further information** is available from Jukka Erlund, Executive Vice President, Chief Financial Officer, tel. +358 105 322 113, Eva Kaukinen, Vice President, Group Controller, tel. +358 105 322 338, and Hanna Jaakkola, Vice President, Investor Relations, tel. +358 105 323 540.

### ILLUSTRATIVE COMPARATIVE FINANCIAL INFORMATION CONCERNING THE CHANGE IN KESKO SENUKAI'S CLASSIFICATION TO A JOINT VENTURE

In order to enable the comparison of financial performance indicators between reporting periods, Kesko releases a summary of illustrative Group performance indicators and segment figures – presented for the comparison periods as if Kesko Senukai had been consolidated as a joint venture – to be used alongside indicators based on IFRS consolidated financial statements.

Group performance indicators by quarter	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020
Net sales	2,230.6	2,552.7	2,568.9	2,509.8	2,355.6	2,572.7
Operating profit, € million	49.9	111.6	140.3	119.1	65.5	140.4
Operating profit, comparable, € million	55.7	114.2	143.7	121.1	64.6	141.5
Operating margin, comparable	2.5	4.5	5.6	4.8	2.7	5.5
Profit before tax, comparable, € million	35.4	93.5	123.8	104.1	40.5	123.4
Interest-bearing net debt incl. lease liabilities, € million	2,138	2,471	2,540	2,552	2,493	2,380

#### Segment information by quarter illustrating the change in classification

Net sales by segment, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020
Grocery trade	1,263.9	1,408.6	1,402.7	1,456.0	1,321.5	1,431.1
Building and technical trade	767.3	933.2	945.1	827.2	816.3	954.4
Car trade	200.5	211.9	222.9	228.5	222.6	192.0
Common functions and eliminations	-1.2	-1.0	-1.8	-1.9	-4.8	-4.8
<b>Continuing operations, total</b>	<b>2,230.6</b>	<b>2,552.7</b>	<b>2,568.9</b>	<b>2,509.8</b>	<b>2,355.6</b>	<b>2,572.7</b>

Operating profit by segment, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020
Grocery trade	56.8	85.6	93.7	98.5	59.8	82.3
Building and technical trade	-3.9	35.4	49.4	19.7	13.0	63.3
Car trade	7.6	4.9	4.9	8.0	6.1	3.8
Common functions and eliminations	-10.7	-14.3	-7.8	-7.1	-13.5	-8.9
<b>Continuing operations, total</b>	<b>49.9</b>	<b>111.6</b>	<b>140.3</b>	<b>119.1</b>	<b>65.5</b>	<b>140.4</b>

Operating profit by segment, comparable, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020
Grocery trade	56.8	79.0	93.5	98.6	60.4	83.0
Building and technical trade	1.5	40.1	51.9	22.3	6.5	63.7
Car trade	7.7	5.0	5.0	9.0	6.1	3.8
Common functions and eliminations	-10.3	-10.0	-6.7	-8.9	-8.4	-8.9
<b>Continuing operations, total</b>	<b>55.7</b>	<b>114.2</b>	<b>143.7</b>	<b>121.1</b>	<b>64.6</b>	<b>141.5</b>

Operating margin by segment, comparable, %	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020
Grocery trade	4.5	5.6	6.7	6.8	4.6	5.8
Building and technical trade	0.2	4.3	5.5	2.7	0.8	6.7
Car trade	3.8	2.4	2.3	3.9	2.7	2.0
<b>Continuing operations, total</b>	<b>2.5</b>	<b>4.5</b>	<b>5.6</b>	<b>4.8</b>	<b>2.7</b>	<b>5.5</b>

Kesko Corporation

DISTRIBUTION

Nasdaq Helsinki Ltd

Main news media

[www.kesko.fi](http://www.kesko.fi)