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Kesko Corporation
Financial statements release

January-December 2020

3.2.2021

KESKO CORPORATION FINANCIAL STATEMENTS RELEASE 3.2.2021 AT 9.00

Kesko's financial statements release for the period 1 Jan. -31 Dec. 2020: Record result in 2020

FINANCIAL PERFORMANCE IN BRIEF, CONTINUING OPERATIONS:

10-12/2020

- Group net sales for continuing operations in October-December totalled €2,662.3 million (€2,734.2 million), an increase of 4.5% in comparable terms, reported net sales decreased by 2.6%
- Comparable operating profit totalled €165.6 million (€129.7 million), up by €44.6 million when Kesko Senukai is treated as a joint venture also for the comparison period (illustrative comparison figures)
- Operating profit totalled €155.6 million (€127.8 million)
- Comparable earnings per share were €0.31 (€0.23)
- Reported earnings per share for continuing operations were €0.29 (€0.22)

1-12/2020

- Group net sales for continuing operations in January-December totalled €10,669.2 million (€10,720.3 million), an increase of 3.6% in comparable terms, reported net sales decreased by 0.5%
- Comparable operating profit totalled €567.8 million (€461.6 million), up by €118.9 million when Kesko Senukai is treated as a joint venture also for the comparison period (illustrative comparison figures)
- Operating profit totalled €600.2 million (€447.8 million)
- Comparable earnings per share were €0.97 (€0.74)
- Reported earnings per share for continuing operations were €1.09 (€0.83)
- The Board proposes a dividend of €0.75 per share, proposed to be paid in two instalments

KEY PERFORMANCE INDICATORS

	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Continuing operations				
Net sales, € million	2,662.3	2,734.2	10,669.2	10,720.3
Operating profit, comparable, € million	165.6	129.7	567.8	461.6
Operating margin, comparable, %	6.2	4.7	5.3	4.3
Operating profit, € million	155.6	127.8	600.2	447.8
Profit before tax, comparable, € million	150.4	107.7	481.9	370.7
Profit before tax, € million	138.4	105.7	527.6	403.3
Cash flow from operating activities, € million	308.4	273.2	1,152.4	893.1
Capital expenditure, € million	55.5	83.3	398.4	686.1
Earnings per share, €, basic and diluted				
Continuing operations	0.29	0.22	1.09	0.83
Discontinued operations	-	0.01	-	0.03
Group, total	0.29	0.23	1.09	0.86
Earnings per share, comparable, €, basic				
Continuing operations	0.31	0.23	0.97	0.74

	1-12/2020	1-12/2019
Continuing operations		
Return on capital employed, comparable, %	12.0	9.6
Group		
Return on equity, comparable, %	17.8	15.1

Kesko is 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 as of 1 July 2020. Kesko Senukai Group was reported as a subsidiary until 30 June 2020. In order to enable the comparison of financial performance indicators between reporting periods, Kesko reports illustrative Group performance indicators to be used alongside indicators based on IFRS consolidated financial statements. In segment data, Kesko Senukai is reported consolidated as a joint venture also for the comparison periods, as this method is used in management reporting.

Illustrative Group performance indicators	10-12/2020*	10-12/2019	1-12/2020	1-12/2019
Continuing operations				
Net sales, € million	2,662.3	2,509.8	10,242.6	9,862.0
Operating profit, comparable, € million	165.6	121.1	553.6	434.7
Operating margin, comparable, %	6.2	4.8	5.4	4.4
Operating profit, € million	157.2	119.1	540.0	421.0

*Reported 10-12/2020

In this financial statements release, the comparable change (%) in net sales has been calculated in local currencies and excluding the impact of Kesko Senukai and the acquisitions and divestments completed in 2019 and 2020. The comparable operating profit has been calculated by deducting items affecting comparability from the reported operating profit. The illustrative performance indicators have been calculated for the reporting period 1-12/2020 and the comparison periods as if Kesko Senukai had been consolidated as a joint venture.

OUTLOOK AND GUIDANCE FOR 2021

Kesko Group's outlook is given for the year 2021, in comparison with the year 2020.

Kesko estimates that its comparable operating profit in 2021 will be in the range of €520-620 million. The illustrative comparable operating profit in 2020 was €553.6 million.

The range for Kesko Group's 2021 profit guidance is wide due to the uncertainties related to the Covid-19 pandemic. The pandemic situation and progress with vaccinations have a significant impact on the overall economy, consumer behaviour and trading sector demand in Kesko's operating countries. During the pandemic, household consumption has focused on domestic purchases, which is expected to have a positive impact on some of Kesko's businesses also in 2021.

Overall, the outlook for Kesko's business in 2021 is positive. We anticipate moderate growth in Finnish grocery trade. Recovery in the foodservice business largely depends on the pandemic situation. Renovation building is expected to grow in the Northern European construction market. In housing construction, new construction volumes are expected to decrease overall, but to remain stable in the construction of small housing and vacation homes. The Finnish car trade market is expected to grow in 2021.

PRESIDENT AND CEO MIKKO HELANDER:

Kesko had a very strong year in 2020. We were able to significantly increase our profit – in comparable terms, by nearly €120 million. We have been growing our sales and profitability for a long time, which acts as strong indication that our growth strategy is working and being successfully executed. Less than half of our profit improvement in 2020 was attributable to the positive impacts of the Covid-19 pandemic. Our ability to ensure the safety of our customers and personnel during these exceptional times also contributed to our good performance.

In 2020, our net sales grew by 3.6% in comparable terms, totalling €10,669 million. Our comparable operating profit rose to a record €568 million, representing an increase of €118.9 million when accounting for the change in the consolidation method of Kesko Senukai. Our good ability to produce a profit and strong financial position enable investments in growth and good dividend capacity. Kesko's Board proposes to the Annual General Meeting a dividend of €0.75/share, totalling nearly €300 million, proposed to be paid in two instalments.

In the grocery trade division, good progress continued also in 2020. Our K-food stores gained market share for the fifth consecutive year. The division's net sales grew by 3.6%, and its comparable operating profit rose to €375 million. Our strategic objective is to constantly improve customer experience in both physical stores and digital channels, utilising, for example, store-specific business ideas. In the online sales of groceries, we were agile in our response to the growth in demand, and our online customers are also active visitors to our physical stores. The operating environment for Kespro's foodservice business was made challenging by Covid-19 related restrictions. Nonetheless, Kespro managed an excellent increase in market share and secured good profitability.

Sales grew and profit improved also in the building and technical trade division, indicating a functional strategy and its good execution. The division's net sales grew by 5.7% in comparable terms, and its comparable operating profit rose to a new level at €188 million. Profit grew clearly in Finland, Sweden and Norway. Consumer sales grew particularly strongly in 2020, but development was also good on the B2B side in both building and home improvement trade and Onninen's technical wholesale. Growth in consumer sales was also underpinned by stronger market demand. In addition to organic growth, we continued to execute our growth strategy with the acquisitions of the Carlsen Fritzøe building and home improvement trade chain in Norway and the MIAB and Bygg & Interiör businesses in Sweden.

In the car trade division, the market weakened considerably in the first half of the year due to the decline in consumer demand caused by the Covid-19 pandemic and delays in car deliveries. However, the situation improved in the latter half of the year, and the net sales for Kesko's car trade rose to nearly €900 million, with an operating profit of €23 million.

Kesko celebrated its 80th anniversary in 2020 with focus on work. Trust towards K Group has improved significantly in Finland in recent years, and we have become one of the top companies in terms of reputation. K Group has also once again been ranked as the most sustainable grocery trade company in the world.

Overall, the outlook for Kesko's business in 2021 is positive. Kesko estimates that the comparable operating profit for its continuing operations will be in the range of €520-620 million in 2021. The range for 2021 profit guidance is wide due to the uncertainties related to the Covid-19 pandemic.

I want to thank everyone at K Group for their valuable contribution in this record-breaking year. Big thanks also to all our customers, shareholders and partners.

IMPORTANT EVENTS

KESKO'S NEW FINANCIAL TARGETS, 1 DECEMBER 2020

Thanks to the successful execution of its growth strategy, Kesko achieved its previous financial targets at the end of September 2020, sooner than anticipated. The Covid-19 pandemic and related changes in consumer behaviour also had a positive impact on the company's profit in 2020. Kesko estimates that less than half of its profit growth in 2020 was related to the Covid-19 pandemic. The new targets take into account economic development in Kesko's operating countries in upcoming years, which is generally expected to be moderate.

The new medium-term financial targets for profitability, as approved by the Board of Directors of Kesko Corporation on 1 December 2020, are a comparable operating margin of 5.5% and a comparable return on capital employed of 12.5%. In terms of financial position, as before, the Group targets a maximum interest-bearing net debt/EBITDA ratio of 2.5, excluding the impact of IFRS 16. Kesko Group's previous financial targets were a comparable operating margin of 5.0%, a comparable return on capital employed of 11.0%, and interest-bearing net debt/EBITDA of less than 2.5 excluding the impact of IFRS 16.

POSITIVE PROFIT WARNING, 17 SEPTEMBER 2020

Kesko raised its guidance for the comparable operating profit for its continuing operations in 2020. Kesko estimated that the comparable operating profit for its continuing operations would be in the range of €510-570 million in 2020. The guidance upgrade was based on better than anticipated sales development in all divisions, improved cost efficiency, and a more positive outlook for the remainder of the year.

On 17 September 2020, Kesko issued a release concerning a change in the consolidation method of Kesko Senukai and impacts of the change. In the new operating profit guidance, Kesko Senukai is treated as a joint venture from July 2020 onwards. The change in classification has an approximately €20 million negative impact on the guidance on operating profit. The change in classification does not affect Kesko's comparable earnings per share or Kesko's dividend distribution.

Before, the company estimated that the comparable operating profit for continuing operations would be in the range of €430-510 million. In the previous guidance, Kesko Senukai was treated as a subsidiary for the full year 2020. (Stock exchange releases 17.9.2020)

POSITIVE PROFIT WARNING, 10 JULY 2020

Kesko raised its guidance for the comparable operating profit for its continuing operations, issued in connection with the company's interim report on 28 April 2020. Kesko estimated at the time that the comparable operating profit for its continuing operations would be in the range of €430-510 million in 2020. (Stock exchange release 10.7.2020)

SHARE ISSUE WITHOUT PAYMENT (SHARE SPLIT)

Kesko's Annual General Meeting on 28 April 2020 resolved that new shares would be issued to the shareholders without payment in proportion to their existing holdings so that three (3) new A shares would be issued for each existing A share, and three (3) new B shares for each existing B share. The new shares were registered in the Finnish Trade Register on 30 April 2020. The registration of the new shares on the shareholders' book-entry accounts and the initiation of public trading on them on the Helsinki Stock Exchange took place on 4 May 2020. (Stock exchange releases 28.4.2020 and 30.4.2020)

PROFIT WARNING, 18 MARCH 2020

Kesko issued a profit warning due to the Covid-19 pandemic and related global economic uncertainty. Kesko estimated at the time that the comparable operating profit for its continuing operations would be in the range of €400-450 million in 2020. (Stock exchange release 18.3.2020)

STRATEGIC REVIEW OF OPERATIONS IN THE BALTICS AND BELARUS AND CONSOLIDATION OF KESKO SENUKAI IN KESKO'S GROUP REPORTING

Kesko is 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 as of 1 July 2020. Kesko Senukai Group was reported as a subsidiary 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 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. 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 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 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 division. The change in classification does not affect the comparable profit for the financial year attributable to equity holders of the parent or the 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.

MAIN IMPACTS OF THE COVID-19 PANDEMIC ON KESKO'S BUSINESS IN 2020

The Covid-19 pandemic began affecting Kesko's business operations from mid-March onwards. Impacts of the exceptional situation varied between the divisions. In the grocery trade, net sales grew in all grocery store chains and K-Citymarket's home and speciality goods. Demand also increased for online sales of groceries. Restrictions imposed on restaurants and events due to the pandemic impacted Kespro's foodservice business negatively. The growth in grocery sales to K-food stores exceeded the decrease in foodservice net sales. In the building and technical trade, Covid-19 related circumstances and restrictions varied between businesses and operating countries. Nonetheless, the market remained good for both B2C and B2B trade. In the car trade, the pandemic weakened customer demand for both new and used cars in the first half of the year. Net sales saw a turnaround and began to grow in the latter half of the year as demand strengthened.

Key measures in managing the exceptional situation included ensuring the safety of customers and personnel, and securing operational purchasing and supply chains under all circumstances. We also quickly increased our online sales services. Development projects were postponed, as we focused on managing the situation. We secured cash flow by e.g. ensuring the availability and sufficiency of financing, managing the credit risks associated with amounts due from customers, cutting investments and adjusting fixed costs.

FINANCIAL PERFORMANCE FOR CONTINUING OPERATIONS

In the table of key performance indicators of this "Financial performance for continuing operations" section, illustrative Group performance indicators are used alongside the reported performance indicators that are based on the consolidated financial statements, to depict the change in comparable operating profit as if Kesko Senukai had been consolidated in the consolidated financial statements as a joint venture also in the comparison period. The change based on the illustrative comparison figures is reported in the column "Change, € million, Illustrative comparison figures."

NET SALES AND PROFIT FOR OCTOBER-DECEMBER 2020

10-12/2020	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million	Change, € million Illustrative comparison figures*
Grocery trade	1,517.2	+4.2	+4.2	123.2	+24.5	+24.5
Building and technical trade, excl. speciality goods trade and Kesko Senukai	862.3	+14.6	+7.1	38.3	+21.1	+21.1
Speciality goods trade	55.3	-26.2	-4.3	4.5	+3.0	+3.0
Kesko Senukai	-	-	-	1.5	-10.6	-2.0
Building and technical trade, total	917.6	-12.7	+6.3	44.3	+13.4	+22.0
Car trade	233.6	+2.3	+2.3	6.2	-2.8	-2.8
Common functions and eliminations	-6.1	(..)	(..)	-8.0	+0.9	+0.9
Total	**2,662.3**	**-2.6**	**+4.5**	**165.6**	**+35.9**	**+44.6**

(...) Change over 100%
* Kesko Senukai treated as a joint venture in the illustrative comparison figures

Net sales for the Group's continuing operations grew in comparable terms by 4.5% in October-December. Kesko's businesses and operating countries have been affected by the exceptional circumstances brought on by the Covid-19 pandemic in different ways. Net sales grew in comparable terms in all divisions. The Group's net sales increased in comparable terms by 3.8% in Finland, and by 9.3% elsewhere. The comparable change % has been calculated in local currencies and excluding the impact of Kesko Senukai and acquisitions and divestments completed in 2019 and 2020. The change in the Group's reported net sales in October-December was -2.6%, negatively impacted by the consolidation of Kesko Senukai as a joint venture in the consolidated financial statements from 1 July 2020 onwards.

Net sales grew in the grocery trade division in all grocery store chains and K-Citymarket's home and speciality goods trade. The restrictions imposed on restaurants and events due to the Covid-19 pandemic negatively impacted Kespro's foodservice business, and Kespro's net sales decreased by 17.3%. However, the growth in grocery sales to K-food stores clearly exceeded the decrease in the net sales for Kespro's foodservice business.

Net sales for the building and technical trade division grew in comparable terms in Finland, Sweden, Norway and Poland. Net sales grew in both B2C and B2B trade. Net sales were boosted by the acquisitions of Mark & Infra i

Sverige AB and Bygg & Interiör in Sweden, completed in April and September 2020, respectively, and the acquisitions of Carlsen Fritzøe Handel and Flokkmann in Norway, completed in September and October 2020, respectively. The weakening of the Norwegian krone and the Polish zloty against the euro diminished net sales development in Norway and Poland in euro terms.

In the speciality goods leisure trade, net sales decreased. As part of the strategy for the leisure trade, during the reporting period, Kesko initiated measures to discontinue its The Athlete's Foot and Kookenkä chains.

Net sales for the car trade division grew by 2.3% in October-December.

The comparable operating profit for the Group's continuing operations in October-December totalled €165.6 million, representing a growth of €35.9 million for the period. The growth in comparable operating profit was €44.6 million when Kesko Senukai is treated as a joint venture also for the comparison period (illustrative comparison figures). Profitability improved in the grocery trade division due to good retail sales development and improved operational efficiency. In the building and technical trade division, the comparable operating profit for the building and home improvement trade grew in Finland, Sweden and Norway. The acquisitions carried out in Norway and Sweden in 2018-2020 accounted for €9.7 million (€1.5 million) of the comparable operating profit. Onninen's comparable operating profit also clearly strengthened and grew in Finland, Norway and Poland. Kesko Senukai, consolidated as a joint venture, had a €1.5 million impact on the Group's comparable operating profit (€12.1 million, consolidated as a subsidiary). Fair value allocation of €4.4 million has been deducted from the share of result of the Kesko Senukai joint venture. In the car trade, comparable operating profit decreased.

Items affecting comparability, € million	**10-12/2020**	**10-12/2019**
Operating profit, comparable	**165.6**	**129.7**
Items affecting comparability		
+gains on disposal	3.5	3.3
-losses on disposal	-0.1	-0.9
+/-structural arrangements	-13.5	-4.3
Items affecting comparability, total	-10.1	-1.9
Operating profit	**155.6**	**127.8**

The most significant items affecting comparability were the €10.4 million costs related to the discontinuation of The Athlete's Foot and Kookenkä chains in the leisure trade.

K Group's (Kesko and chain stores) retail and B2B sales (0% VAT) in October-December totalled €3,573.7 million, representing an increase of 5.5% compared to the previous year.

Net finance costs, income tax and earnings per share

	10-12/2020	**10-12/2019**
Continuing operations		
Net finance costs, € million	-15.0	-21.3
Interests on lease liabilities, € million	-18.8	-23.5
Profit before tax, comparable, € million	150.4	107.7
Profit before tax, € million	138.4	105.7
Income tax, € million	-24.7	-14.9
Earnings per share, comparable, €	0.31	0.23
Earnings per share, €	0.29	0.22
Group		
Equity per share, €	5.52	5.11

The net finance costs for the Group's continuing operations were positively impacted by the recovery of valuation losses on investments of liquid assets and the €2.2 million positive revaluation of non-current financial assets measured at fair value. The share of result of associates, reported under financial items, was €-2.2 million (€-0.8 million), or €0.3 million (€-0.5 million) in comparable terms excluding items affecting comparability included in the share of result of associates.

The comparable profit before tax for the Group’s continuing operations in October-December grew thanks to operating profit growth and reduction in net finance costs compared to the year before. The Group’s effective tax rate was 17.9% (14.1%). The Group’s effective tax rate was impacted by tax-exempt sales gains in both the reporting and the comparison period.

Earnings per share and comparable earnings per share for the Group’s continuing operations grew compared to the year before.

NET SALES AND PROFIT FOR JANUARY-DECEMBER 2020

1-12/2020	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million	Change, € million Illustrative comparison figures*
Grocery trade	5,732.0	+3.6	+3.6	375.2	+47.3	+47.3
Building and technical trade, excl. speciality goods trade	3,424.3	+9.5	+6.5	169.4	+70.8	+70.8
Speciality goods trade	215.2	-37.9	-5.5	7.4	-2.1	-2.1
Kesko Senukai	427.3	-50.3	-	25.1	-9.6	+3.2
Building and technical trade, total	4,066.2	-6.1	+5.7	201.9	+59.1	+71.9
Car trade	892.6	+3.3	-3.3	23.4	-3.3	-3.3
Common functions and eliminations	-21.4	(..)	(..)	-32.7	+3.2	+3.2
Total	**10,669.2**	**-0.5**	**+3.6**	**567.8**	**+106.2**	**+118.9**

(..) Change over 100%
* Kesko Senukai treated as a joint venture in the illustrative comparison figures

In comparable terms, net sales for the Group’s continuing operations grew by 3.6%. The change in the Group’s reported net sales in January-December was -0.5%, impacted by the consolidation of Kesko Senukai as a joint venture in the consolidated financial statements from 1 July 2020 onwards. Kesko’s businesses and operating countries have been affected by the exceptional circumstances brought on by the Covid-19 pandemic in different ways. Net sales grew in the grocery trade division. In the building and technical trade division, net sales grew by 5.7% year-on-year in comparable terms, while reported net sales decreased by 6.1% due to the change in the consolidation method of Kesko Senukai. Net sales for the car trade division increased thanks to the acquisitions carried out, but decreased in comparable terms. The Group's net sales increased in comparable terms by 3.3% in Finland, and by 5.1% elsewhere. The comparable change % has been calculated in local currencies and excluding the impact of Kesko Senukai and acquisitions and divestments completed in 2019 and 2020.

Net sales grew in the grocery trade division in all grocery store chains and K-Citymarket’s home and speciality goods trade. Net sales decreased in Kespro’s foodservice business due to the Covid-19 pandemic and related restrictions.

Net sales for the building and technical trade division grew in comparable terms in Finland, Sweden, Norway and Poland. Net sales were boosted by the acquisitions of K-Bygg in 2019, Mark & Infra i Sverige AB in April 2020, and Bygg & Interiör in September 2020 in Sweden, and the acquisition of Carlsen Fritzøe Handel in September 2020 and Flokkmann in October 2020 in Norway. The weakening of the Norwegian krone and the Polish zloty against the euro diminished net sales development in euro terms.

In the car trade division, net sales increased due to the acquisitions carried out in 2019, but in comparable terms, net sales decreased. The decrease in net sales was impacted by the weakened demand witnessed in the first year-half, and longer car delivery times.

The comparable operating profit for the Group's continuing operations grew by €106.2 million in January-December, or by €118.9 million with Kesko Senukai treated as a joint venture also for the comparison period (illustrative comparison figures). Profit development in January-December was also positively affected by the Covid-19 pandemic and resulting changes in consumer behaviour. Kesko estimates that less than half of the profit improvement in 2020 is attributable to the pandemic. In the grocery trade division, profitability improved thanks to good grocery sales development in the grocery store chains and cost adjustment measures especially in

Kespro's foodservice business and K-Citymarket's home and speciality goods trade. The decrease in Kespro's net sales, resulting from restrictions imposed due to the Covid-19 pandemic, had a weakening impact on Kespro's comparable operating profit for the reporting period. In the building and technical trade division, the comparable operating profit for building and home improvement trade grew in Finland, Sweden and Norway. The acquisitions carried out in Norway and Sweden in 2018-2020 accounted for €33.9 million (€14.5 million) of the comparable operating profit. Onninen's comparable operating profit clearly strengthened and grew in Finland, Sweden, Norway and Poland. In the Baltics, Onninen's comparable operating profit remained at level of the previous year. Kesko Senukai had a €25.1 million impact on the Group's comparable operating profit (€34.7 million, consolidated as a subsidiary). Kesko Senukai has been consolidated as a joint venture from 1 July 2020 onwards. In the car trade division, the comparable operating profit decreased due to weakened demand in the first year-half and longer car delivery times.

Items affecting comparability, € million	1-12/2020	1-12/2019
Operating profit, comparable	**567.8**	**461.6**
Items affecting comparability		
+gains on disposal	9.8	4.6
-losses on disposal	-0.2	-0.9
+/-structural arrangements	22.8	-17.5
Items affecting comparability, total	32.4	-13.8
Operating profit	**600.2**	**447.8**

The most significant items affecting comparability in January-December were the positive profit impact of €46.1 million resulting from the change in the consolidation method of Kesko Senukai; the €2.5 million negative profit impact of changes in the store site network in Sweden; the €6.4 million sales gain from the divestment of machinery trade operations in the Baltics, completed on 31 March 2020 – all in the building and technical trade division – as well as the €5.2 million costs related to corporate restructuring in common functions, and the €10.4 million costs related to the discontinuation of The Athlete's Foot and Kookenkä chains in the leisure trade. The most significant items affecting comparability in the comparison period were the €7.8 million costs related to the divestment of Onninen's HEPAC contractor business in the building and technical trade in Sweden, the €4.3 million costs related to acquisitions, and the net €+4.8 million items related to the subsidiary consolidation of Kruunuvuoren Satama Oy.

K Group's (Kesko and the chain stores) retail and B2B sales (0% VAT) in January-December totalled €13,988.5 million, representing a growth of 4.4% compared to the previous year. The K-Plussa customer loyalty programme added 113,143 new households in January-December 2020. The number of K-Plussa households stood at 2.5 million at the end of December and there were 3.5 million K-Plussa cardholders in total.

Net finance costs, income tax and earnings per share

	1-12/2020	1-12/2019
Continuing operations		
Net finance costs, € million	-86.8	-91.4
Interests on lease liabilities, € million	-83.3	-95.4
Profit before tax, comparable, € million	481.9	370.7
Profit before tax, € million	527.6	403.3
Income tax, € million	-92.3	-69.6
Earnings per share, comparable, €	0.97	0.74
Earnings per share, €	1.09	0.83
Group		
Equity per share, €	5.52	5.11

Net finance costs for the Group's continuing operations were up in January-December due to exchange differences and change in the fair value of interest rate derivatives. Of the exchange differences, €-2.8 million was due to exchange rate losses on euro-denominated loan financing in January-June at Kesko Senukai's Belarussian subsidiary OMA, and €-1.7 million due to the weakening of the Norwegian krone, Swedish krona and Polish zloty.

The share of result of associates amounted to €14.3 million (€46.8 million), or €1.5 million (€0.7 million) in comparable terms. The share of result of associates included a €11.6 million profit related to the dissolution of Valluga-sijoitus Oy, recognised as an item affecting comparability. In 2019, Kruunuvuoren Satama Oy had a €17.8 million impact on the share of result of associates and a €0.3 million impact on the comparable share of result, taking into account the gains on disposal and impairment charges related to Kruunuvuoren Satama Oy's ownership arrangement, net €+17.4 million. Other associates had a combined impact of €29.1 million on the result of associates in the comparison period, and the impact on the comparable share of result was €0.3 million excluding the sales gains amounting to €28.7 million included in the share of results of associates and reported as items affecting comparability.

The comparable profit before tax for the Group's continuing operations in January-December grew thanks to operating profit growth and reduction in net finance costs compared to the year before. The Group's effective tax rate was 17.5% (17.3%). The Group's effective tax rate decreased due to a positive profit impact of €46.1 million arising from the change in the consolidation method of Kesko Senukai, recognised as an item affecting comparability, tax-exempt sales gains, and share of result of associates and joint ventures totalling €21.8 million. The Group's effective tax rate was raised by a €3.7 million residual tax related to a reassessment decision on 2013 and 2014 for Indoor Group Oy concerning the right of deduction of losses transferred in a cross-border merger, recorded in Q2.

Earnings per share and comparable earnings per share for the Group's continuing operations grew compared to the year before.

CASH FLOW AND FINANCIAL POSITION

€ million	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Continuing operations				
Cash flow from operating activities	308.4	273.2	1 152.4	893.1
Cash flow from investing activities	-42.7	-61.1	-413.7	-620.3
Group				
Cash flow from financing activities	-284.2	-217.0	-707.5	-295.4

€ million	31.12.2020	31.12.2019
Group		
Liquid assets	306.0	169.0
Interest-bearing liabilities	2,616.3	3,037.3
Lease liabilities	2,025.0	2,422.2
Interest-bearing net debt excl. lease liabilities	285.3	446.1
Interest-bearing net debt/EBITDA, excl. IFRS 16 impact, rolling 12 months	0.4	0.9
Gearing, %	105.5	134.0
Equity ratio, %	33.1	31.2

In October-December, the cash flow from operating activities for the Group's continuing operations totalled €308.4 million (€273.2 million). Cash flow increased due to operating profit growth and improved capital efficiency. The cash flow from operating activities for discontinued operations in the comparison period totalled €0.1 million. The Group's cash flow from operating activities totalled €308.4 million (€273.3 million).

The cash flow from investing activities for the Group's continuing operations in October-December totalled €-42.7 million (€-61.1 million), which included acquisitions totalling €9.7 million.

In January-December, the cash flow from operating activities for the Group's continuing operations totalled €1,152.4 million (€893.1 million). The cash flow from operating activities for continuing operations in the comparison period included a €48.3 million return of surplus assets paid by Kesko Pension Fund, the dividend payment and repayment of equity by Kruunuvuoren Satama Oy in May 2019 totalling €44.1 million, and the €39.3 million dividend paid by the associate Valluga-sijoitus Oy, meaning that operatively, cash flow from operating activities increased by €391.1 million. Cash flow from operating activities increased due to operating profit growth and improved capital efficiency. The cash flow from operating activities for discontinued operations in the comparison period totalled €3.5 million. The Group's cash flow from operating activities totalled €1,152.4 million (€896.6 million).

The cash flow from investing activities for the Group's continuing operations in January-December totalled €-413.7 million (€-620.3 million), which included €155.7 million in acquisitions, a negative €92.7 million impact of the change in Kesko Senukai's consolidation method, and a positive €19.6 million cash flow impact of the divestment of Baltic machinery trade operations. The acquisition of the store property of K-Citymarket in Järvenpää, previously leased by Kesko, is reported under cash flow from financing activities. The cash flow from investing activities for the comparison period included acquisitions totalling €280.7 million and Kruunuvuoren Satama Oy's ownership arrangement, which had a negative €84.6 million impact.

The Group's liquidity remained strong throughout the year despite the economic uncertainty caused by the Covid-19 pandemic. Kesko Group implemented adjustment measures in all its operating countries to secure cash flow.

CAPITAL EXPENDITURE

€ million	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Capital expenditure, continuing operations	**55.5**	**83.3**	**398.4**	**686.1**
Store sites	16.8	32.3	125.8	227.7
Acquisitions	12.4	0.2	159.1	290.5
IT	5.6	11.9	25.6	33.9
Other investments	20.7	38.8	87.9	134.0

Capital expenditure in store sites decreased in October-December by €15.5 million compared to the year before.

Capital expenditure in store sites in January-December was increased in part by the acquisition of the store property of K-Citymarket in Järvenpää in the first quarter. Kruunuvuoren Satama Oy's ownership arrangement had a €85.3 million impact on capital expenditure in store sites in the comparison period.

Acquisitions in January-December consisted of Mark & Infra i Sverige AB (MIAB) and Bygg & Interiör in Sweden and Carlsen Fritzøe Handel and Flokkmann in Norway, while acquisitions in the comparison period comprised Sørbø's building and home improvement stores in Norway, Huittisten Laatuauto Oy's Volkswagen and SEAT business operations in Forssa and Huittinen, LänsiAuto Oy's Volkswagen, Audi and SEAT businesses in Kotka, Kouvola and Lappeenranta, Laakkonen Group's Volkswagen, Audi and SEAT businesses, and Fresks group in Sweden.

PERSONNEL

	1-12/2020	1-12/2019
Average number of personnel converted into full-time employees, continuing operations	17,629	20,846
Personnel at the end of the reporting period	**31.12.2020**	**31.12.2019**
Finland	12,647	12,657
Other countries	5,003	12,511
Total	17,650	25,168

The change in the consolidation method of Kesko Senukai had a marked impact on the number of Group employees outside Finland.

In the first year-half, Kesko carried out adjustment measures due to a reduction in workloads brought on by the Covid-19 pandemic. In total, some 2,500 Kesko employees in Finland working in business operations and support functions were affected by the various adjustment measures. Of those, temporary lay-off measures affected some 2,000 employees. Adjustment measures were also carried out in Kesko's operations in Sweden, Norway, Poland and the Baltic countries.

SEGMENTS

SEASONAL NATURE OF OPERATIONS

The Group's operating activities are affected by seasonal fluctuations. The net sales and the operating profits of the reportable segments are not earned evenly throughout the year. Instead, they vary by quarter depending on the characteristics of each segment. In terms of the level of operating profit, the second and third quarter are the strongest, whereas the impact of the first quarter on the full year profit is the smallest. The acquisitions of Suomen Lähikauppa, Onninen and the Norwegian Skattum Handel AS, Gipling AS, the DIY retail business of Sørbø, Carlsen Fritzøe Handel AS and Flokkmann, and the Swedish Fresks Group, Mark & Infra i Sverige AB, and Bygg & Interiör have increased seasonal fluctuations between quarters. The operating profit levels of these companies are at their lowest in the first quarter.

GROCERY TRADE

October-December 2020

	10-12/2020	10-12/2019
Net sales, € million	1,517.2	1,456.0
Operating profit, comparable, € million	123.2	98.6
Operating margin, comparable, %	8.1	6.8
Return on capital employed, comparable, %, rolling 12 months	16.9	14.5
Capital expenditure, € million	15.6	32.2
Personnel, average	6,346	5,956

Net sales, € million	10-12/2020	10-12/2019	Change, %	Change, comparable, %
Sales to K-food stores				
K-Citymarket, food	348.7	312.9	11.4	11.4
K-Supermarket	401.8	367.4	9.4	9.4
K-Market	363.0	337.2	7.7	7.7
K-Citymarket, non-food	182.1	176.2	3.3	3.3
Kespro	197.7	239.0	-17.3	-17.3
Others	23.9	23.3	2.6	2.6
Total	**1,517.2**	**1,456.0**	**4.2**	**4.2**

Net sales for the grocery trade in October-December amounted to €1,517.2 million (€1,456.0 million), an increase of 4.2%. Net sales grew in all grocery store chains and K-Citymarket’s home and speciality goods. The restrictions imposed on restaurants and events due to the Covid-19 pandemic negatively impacted Kespro’s foodservice business, and Kespro’s net sales decreased by 17.3%. However, the growth in grocery sales to K-food stores clearly exceeded the decrease in the net sales for Kespro’s foodservice business.

The total grocery market in Finland (incl. VAT) is estimated to have grown by approximately 9.4% in October-December (Finnish Grocery Trade Association PTY) and retail prices are estimated to have risen by some 1.4% (incl. VAT, PTY’s price development estimate). K Group's grocery sales grew by 10.1% (incl. VAT), thus exceeding the market growth. K Group’s sales grew in all grocery store chains. Online sales of groceries grew by 368%, and accounted for approximately 3.5% of K Group’s grocery sales (incl. VAT). All K Group grocery store chains offer online grocery sales services. The number of K-food stores offering online grocery sales services grew by 12 during the reporting period. At the end of the year, 469 grocery stores offered online sales services.

The comparable operating profit for the grocery trade in October-December totalled €123.2 million (€98.6 million), up by €24.5 million. Profitability improved due to good retail sales development and improved operational efficiency. Operating profit for the grocery trade totalled €123.0 million (€98.5 million). Items affecting comparability totalled €-0.2 million (€-0.2 million).

Capital expenditure for the grocery trade totalled €15.6 million (€32.2 million), of which €14.1 million (€20.5 million) was in store sites.

Two new K-Supermarket stores and one K-Market store opened in October-December. Remodelling and extensions were made in a total of 10 stores. The most significant store sites under construction are K-Supermarket stores in Turku, Tampere, Jyväskylä and Espoo.

January-December 2020

	1-12/2020	1-12/2019
Net sales, € million	5,732.0	5,531.2
Operating profit, comparable, € million	375.2	327.9
Operating margin, comparable, %	6.5	5.9
Return on capital employed, comparable, %	16.9	14.5
Capital expenditure, € million	125.4	180.8
Personnel, average	6,197	6,063

Net sales, € million	**1-12/2020**	**1-12/2019**	**Change, %**	**Change, comparable, %**
Sales to K-food stores				
K-Citymarket, food	1,291.7	1,150.4	12.3	12.3
K-Supermarket	1,549.6	1,417.0	9.4	9.4
K-Market	1,434.9	1,336.3	7.4	7.4
K-Citymarket, non-food	585.5	584.6	0.2	0.2
Kespro	777.9	935.5	-16.8	-16.8
Others	92.4	107.4	-14.0	-14.0
Total	**5,732.0**	**5,531.2**	**3.6**	**3.6**

Net sales for the grocery trade in January-December amounted to €5,732.0 million (€5,531.2 million), an increase of 3.6%. Net sales grew in all grocery store chains and K-Citymarket's home and speciality goods trade. Net sales decreased in Kespro's foodservice business due to the Covid-19 pandemic and related restrictions.

The total grocery market in Finland (incl. VAT) is estimated to have grown by approximately 8.6% in January-December (Finnish Grocery Trade Association PTY) and retail prices are estimated to have risen by some 1.9% (incl. VAT, PTY's price development estimate). K Group's grocery sales grew by 9.4% (incl. VAT), thus exceeding the market growth. K Group's sales grew in all grocery store chains. Online sales of groceries grew by 378%, and accounted for approximately 2.9% of K Group's grocery sales (incl. VAT). All K Group grocery store chains offer online grocery sales services. The number of K-food stores offering online grocery sales services grew by 241 to 469.

The comparable operating profit for the grocery trade in January-December totalled €375.2 million (€327.9 million), up by €47.3 million. Profitability improved thanks to good grocery sales development in the food store chains and cost adjustment measures. The decrease in Kespro's net sales, resulting from restrictions imposed due to the Covid-19 pandemic, had a weakening impact on Kespro's comparable operating profit for the reporting period. Operating profit for the grocery trade totalled €373.7 million (€334.6 million). Items affecting comparability totalled €-1.5 million (€6.7 million).

Capital expenditure for the grocery trade totalled €125.4 million (€180.8 million), of which €109.7 million (€157.0 million) was in store sites. Kruunuvuoren Satama Oy's ownership arrangement had a €62.8 million impact on capital expenditure in store sites in the comparison period.

Two new K-Supermarket stores and eight new K-Market stores (four replacement new buildings) opened in January-December. Remodelling and extensions were made in a total of 43 stores.

Number of stores	12/2020	12/2019
K-Citymarket	81	81
K-Supermarket	241	243
K-Market	769	777
Neste K	72	73
Others	73	78
Total	1,236	1,252

In addition, 469 K-food stores offer online grocery sales services to their customers.

BUILDING AND TECHNICAL TRADE

The change in Kesko Senukai's consolidation method from a subsidiary to a joint venture as of 1 July 2020 has impacted the performance indicators for the building and technical trade in the segment information. In the segment information for the building and technical trade, performance indicators for all comparison periods are illustrative except for the balance sheet indicators and personnel numbers. Due to the change in consolidation method, the Group changed the internal reporting to its highest operative decision-maker, the Group Management Board. Consequently, Kesko Senukai has been reported in the 1-12/2019 and 1-6/2020 income statement figures for the building and technical trade as if it had been consolidated on one line before operating profit in accordance with ownership interest, as opposed to the subsidiary consolidation method used before. Such a change has not been made to internally reported balance sheet figures or personnel numbers.

October-December 2020

	10-12/2020	10-12/2019
Net sales, € million	917.6	827.2
Building and technical trade, excl. speciality goods trade and Kesko Senukai	862.3	752.2
Building & home improvement trade	458.3	370.2
Onninen	416.9	398.4
Speciality goods trade	55.3	75.0
Operating profit, comparable, € million	44.3	22.3
Building and technical trade, excl. speciality goods trade and Kesko Senukai	38.3	17.2
Building & home improvement trade	19.5	3.4
Onninen	18.5	13.9
Speciality goods trade	4.5	1.6
Kesko Senukai	1.5	3.5
Operating margin, comparable, %	4.8	2.7
Building and technical trade, excl. speciality goods trade and Kesko Senukai	4.4	2.3
Building & home improvement trade	4.3	0.9
Onninen	4.4	3.5
Speciality goods trade	8.2	2.1
	10-12/2020	**10-12/2019**
Return on capital employed, comparable, %, rolling 12 months	11.2	7.4
Capital expenditure, € million	16.8	18.2
Personnel, average	6,072	13,012

Net sales, € million	10-12/2020	10-12/2019	Change, %	Change, comparable, %
Building and home improvement trade, Finland	207.7	201.0	+3.3	+3.1
K-Rauta, Sweden	41.0	33.9	+20.9	+15.9
K-Bygg, Sweden	61.9	49.6	+24.9	+13.8
Byggmakker and Carlsen Fritzøe, Norway	148.4	86.3	+71.9	+12.8
Building and home improvement trade, total	458.3	370.2	+23.8	+8.0
Onninen, Finland	244.1	226.8	+7.6	+7.6
Onninen and MIAB, Sweden*	23.6	25.8	-8.6	-10.4
Onninen, Norway	64.7	59.9	+8.1	+15.1
Onninen, Baltics	21.6	23.1	-6.2	-6.2
Onninen, Poland	63.8	63.7	+0.1	+5.1
Onninen, total*	416.9	398.4	+4.6	+6.6
Building and technical trade excl. speciality goods trade, total	862.3	752.2	+14.6	+7.1
Leisure trade, Finland	55.3	57.8	-4.3	-4.3
Machinery trade	-	17.2	-	-
Speciality goods trade, total	55.3	75.0	-26.2	-4.3
Total	**917.6**	**827.2**	**+10.9**	**+6.3**

* Onninen's comparable net sales development in Sweden calculated minus internal net sales in Sweden to K-Rauta.

Net sales for the building and technical trade in October-December totalled €917.6 million (€827.2 million). Reported net sales increased by 10.9%, in comparable terms net sales grew by 6.3%. Net sales grew in comparable terms in Finland, Sweden and Norway. Net sales were boosted by the acquisitions of Mark & Infra i Sverige AB and Bygg & Interiör in Sweden, completed in April and September 2020, respectively, and the acquisitions of Carlsen Fritzøe Handel and Flokkmann in Norway, completed in September and October 2020, respectively. In Poland, net sales were at the same level as the year before, but grew by 5.1% in comparable terms. The weakening of the Norwegian krone and the Polish zloty against the euro diminished net sales development in Norway and Poland in euro terms. The comparable change % has been calculated in local currencies and excluding the impact of Kesko Senukai and the acquisitions and divestments completed in 2019 and 2020. The exceptional circumstances related to the Covid-19 pandemic have impacted the businesses and operating countries in different ways from March onwards.

Net sales for the building and technical trade in Finland in October-December totalled €494.7 million (€475.0 million), up by 4.2%. In comparable terms, net sales in Finland increased by 4.1%. Net sales from international operations totalled €422.9 million in October-December (€352.2 million), up by 20.1%. In comparable terms, net sales from international operations grew by 9.3%.

Net sales for the building and home improvement trade grew in both B2C and B2B trade. Net sales grew in Finland, Sweden and Norway.

Onninen's net sales grew in comparable terms in Finland, Norway and Poland, and decreased in Sweden and the Baltics.

In the speciality goods leisure trade, net sales decreased. As part of the strategy for the leisure trade, during the reporting period, Kesko initiated measures to discontinue its The Athlete's Foot and Kookenkä chains.

The comparable operating profit for the building and technical trade in October-December totalled €44.3 million (€22.3 million), up by €22.0 million. The comparable operating profit grew in the building and home improvement trade in Finland, Sweden and Norway. The acquisitions carried out in Norway and Sweden in 2018-2020 accounted for €9.7 million (€1.5 million) of the comparable operating profit. Onninen's comparable operating profit grew in Finland, Norway and Poland. In the Baltics, Onninen's comparable operating profit remained at level of the previous year.

Operating profit for the building and technical trade totalled €32.4 million (€19.7 million). Items affecting comparability totalled €-11.9 million (€-2.6 million). The most significant items affecting comparability in the reporting period were the €10.4 million costs related to the discontinuation of The Athlete's Foot and Kookenkä chains in the leisure trade.

Capital expenditure for the building and technical trade in October-December totalled €16.8 million (€18.2 million). Capital expenditure included €12.4 million in acquisitions.

No new stores were opened in October-December.

The most significant store sites under construction are one K-Bygg store in Sweden, and one Onninen Express store in Finland and one in Poland.

January-December 2020

	1-12/2020	1-12/2019
Net sales, € million	3,639.5	3,472.8
Building and technical trade, excl. speciality goods trade and Kesko Senukai	3,424.3	3,126.1
Building & home improvement trade	1,845.8	1,589.0
Onninen	1,625.6	1,587.7
Speciality goods trade	215.2	346.7
Operating profit, comparable, € million	187.7	115.9
Building and technical trade, excl. speciality goods trade and Kesko Senukai	169.4	98.5
Building & home improvement trade	99.5	48.6
Onninen	70.7	50.0
Speciality goods trade	7.4	9.5
Kesko Senukai	11.0	7.8
Operating margin, comparable, %	5.2	3.3
Building and technical trade, excl. speciality goods trade and Kesko Senukai	4.9	3.2
Building & home improvement trade	5.4	3.1
Onninen	4.4	3.2
Speciality goods trade	3.4	2.7
	1-12/2020	**1-12/2019**
Return on capital employed, comparable, %	11.2	7.4
Capital expenditure, € million	186.3	332.7
Personnel, average	9,308	12,630

Net sales, € million	1-12/2020	1-12/2019	Change, %	Change, comparable, %
Building and home improvement trade, Finland	971.6	908.4	+7.0	+6.8
K-Rauta, Sweden	186.1	163.7	+13.7	+12.6
K-Bygg, Sweden	228.4	132.8	+72.0	+9.6
Byggmakker and Carlsen Fritzøe, Norway	463.0	386.9	+19.7	+7.9
Building and home improvement trade, total	1,845.8	1,589.0	+16.2	+7.9
Onninen, Finland	985.2	909.6	+8.3	+8.3
Onninen and MIAB, Sweden*	101.5	121.2	-16.3	-5.6
Onninen, Norway	227.6	237.8	-4.3	+4.2
Onninen, Baltics	80.1	85.2	-6.1	-6.1
Onninen, Poland	234.1	237.2	-1.3	+2.0
Onninen, total*	1,625.5	1,587.7	+2.4	+5.2
Building and technical trade excl. speciality goods trade, total	3,424.3	3,126.1	+9.5	+6.5
Leisure trade, Finland	192.4	203.7	-5.5	-5.5
Machinery trade	22.8	143.0	-84.1	-
Speciality goods trade, total	215.2	346.7	-37.9	-5.5
Total	**3,639.5**	**3,472.8**	**+4.8**	**+5.7**

* Onninen's comparable net sales development in Sweden calculated minus internal net sales in Sweden to K-Rauta.

Net sales for the building and technical trade in January-December totalled €3,639.5 million (€3,472.8 million). Net sales grew by 4.8%, or by 5.7% in comparable terms. Net sales grew in comparable terms in Finland, Sweden, Norway and Poland. In the Baltics, net sales decreased. The weakening of the Norwegian krone and the Polish zloty against the euro diminished net sales development in Norway and Poland in euro terms. The comparable change % has been calculated in local currencies and excluding the impact of Kesko Senukai and the acquisitions and divestments completed in 2019 and 2020. The exceptional circumstances related to the Covid-19 pandemic have impacted the businesses and operating countries in different ways from March onwards.

In Finland, net sales for the building and technical trade in January-December totalled €2,102.7 million (€1,992.8 million), up by 5.5%. In comparable terms, net sales in Finland grew by 6.2%. Net sales from international operations amounted to €1,536.8 million (€1,480.0 million) in January-December, an increase of 3.8%. In comparable terms, net sales from international operations grew by 5.1%.

Net sales for the building and home improvement trade grew in Finland, Sweden and Norway.

Onninen's net sales grew in comparable terms in Finland, Norway and Poland. In Sweden and the Baltic countries, net sales decreased compared to the year before.

In the speciality goods leisure trade, net sales decreased.

The comparable operating profit for the building and technical trade in January-December totalled €187.7 million (€115.9 million), up by €71.9 million. The comparable operating profit for the building and home improvement trade grew by €50.8 million, and grew in Finland, Sweden and Norway. The acquisitions carried out in Norway and Sweden in 2018-2020 accounted for €33.9 million (€14.5 million) of the comparable operating profit. Onninen's comparable operating profit grew in Finland, Sweden, Norway and Poland. In the Baltics, Onninen's comparable operating profit remained at level of the previous year.

The comparable operating profit for the building and technical trade totalled €124.4 million (€92.3 million) in Finland, €15.4 million (€-6.2 million) in Sweden and €29.5 million (€10.3 million) in Norway.

Operating profit for the building and technical trade totalled €177.7 million (€100.7 million). Items affecting comparability totalled €-10.0 million (€-15.2 million). The most significant items affecting comparability were the €10.4 million costs related to the discontinuation of The Athlete's Foot and Kookenkä chains in the leisure trade, the €2.5 million negative profit impact of changes to the store site network in Sweden, and the €6.4 million sales gain on the divestment of machinery trade operations in the Baltics, completed on 31 March 2020. The most significant items affecting comparability in the comparison period were the €7.8 million costs related to the divestment of Onninen's HEPAC contractor business in Sweden.

Capital expenditure for the building and technical trade totalled €186.3 million (€332.7 million) in January-December. Capital expenditure included €159.1 million (€233.2 million) in acquisitions.

Kesko reports Kesko Senukai Group, which is part of the building and technical trade segment and operates in the Baltic countries and Belarus, as a joint venture on one line in the consolidated income statement and balance sheet as of 1 July 2020. Kesko Senukai Group was reported as a subsidiary until 30 June 2020. The table below shows Kesko Senukai's financials for the reporting period and comparison periods and the share of result of joint ventures consolidated in Kesko's consolidated financial statements (10-12/2020) and reported in the illustrative comparison figures (1-12/2020, 1-12/2019, 10-12/2019).

Kesko Senukai financials, € million	**10-12/2020**	**10-12/2019**	**1-12/2020**	**1-12/2019**
Net sales	243.6	224.8	921.7	860.1
Operating profit	22.9	12.1	59.3	34.6
Operating profit, comparable	22.9	12.1	59.3	34.7
Net profit for the period	11.8	7.1	30.7	15.9
Kesko Group's share of result of joint ventures	1.5	3.5	11.0	7.8
			31.12.2020	**31.12.2019**
Assets			760.8	721.2
Liabilities			549.4	529.2
Equity			211.4	191.9

The figures include Kesko Senukai's business and real estate companies. A €4.3 million profit impact of fair value allocation has been deducted from Kesko Group's share of result of joint ventures for 10-12/2020 and 1-12/2020.

Number of stores	**12/2020**	**12/2019**
Building and technical trade		
K-Rauta, Finland	130	131
K-Rauta, Sweden	17	18
K-Bygg, Sweden	36	34
Byggmakker and Carlsen Fritzøe, Norway	86	63
Onninen, Finland	57	57
Onninen and MIAB, Sweden	3	-
Onninen, Norway	18	18
Onninen, Baltics	17	17
Onninen, Poland	36	36
Speciality goods trade		
Intersport, Finland	52	54
Budget Sport	10	10
The Athlete's Foot	9	9
Kookenkä	32	34
Total	503	481

In addition, building and technical trade stores offer extensive e-commerce services to their customers.
Three Onninen stores in Finland operate on the same store premises with K-Rauta.

CAR TRADE

October-December 2020

	10-12/2020	10-12/2019
Net sales, € million	233.6	228.5
Operating profit, comparable, € million	6.2	9.0
Operating margin, comparable, %	2.6	3.9
Return on capital employed, comparable, %, rolling 12 months	6.3	9.5
Capital expenditure, € million	17.5	21.6
Personnel, average	1,289	1,334

Net sales, € million	10-12/2020	10-12/2019	Change, %	Change, comparable, %
Car trade	233.6	228.5	+2.3	+2.3

Net sales for the car trade in October-December amounted to €233.6 million (€228.5 million), an increase of 2.3% from the previous year. Net sales increased as demand strengthened for both new and used cars.

The combined market performance of first registrations of passenger cars and vans was -10.0% (11.6%) in October-December. The combined market share of the Volkswagen, Audi, SEAT, Porsche and Bentley passenger cars and Volkswagen and MAN vans imported by the car trade division was 17.7% (16.4%) in October-December.

The comparable operating profit for the car trade in October-December totalled €6.2 million (€9.0 million). Operating profit for the car trade in October-December was €6.2 million (€8.0 million). Items affecting comparability in the comparison period totalled €-1.0 million.

Capital expenditure for the car trade totalled €17.5 million (€21.6 million).

January-December 2020

	1-12/2020	1-12/2019
Net sales, € million	892.6	863.9
Operating profit, comparable, € million	23.4	26.8
Operating margin, comparable, %	2.6	3.1
Return on capital employed, comparable, %	6.3	9.5
Capital expenditure, € million	64.7	131.3
Personnel, average	1,283	1,179

Net sales, € million	1-12/2020	1-12/2019	Change, %	Change, comparable, %
Car trade	892.6	863.9	+3.3	-3.3

Net sales for the car trade in January-December totalled €892.6 million (€863.9 million). In comparable terms, net sales decreased by 3.3% in January-December. The comparable change % has been calculated excluding the impact of acquisitions completed in 2019. The Covid-19 pandemic weakened customer demand for both new and used cars in the first half of the year. Net sales saw a turnaround and began to grow in the latter half of the year thanks to strengthened demand.

The combined market performance of first registrations of passenger cars and vans was -15.6% (-5.4%) in January-December. The combined market share of the Volkswagen, Audi, SEAT, Porsche and Bentley passenger cars and Volkswagen and MAN vans imported by the car trade division was 16.9% (16.9%) in January-December.

The comparable operating profit for the car trade in January-December totalled €23.4 million (€26.8 million). Operating profit for the car trade in January-December totalled €23.3 million (€25.5 million). In the comparison period, Items affecting comparability totalled €-1.2 million, related to efficiency improvement measures and structural arrangements carried out.

Capital expenditure for the car trade totalled €64.7 million (€131.3 million). Capital expenditure for the comparison period contained the acquisitions of Huittisten Laatuauto and the Volkswagen, Audi and SEAT businesses of LänsiAuto and Laakkonen Group, in total €57.4 million.

Number of stores	12/2020	12/2019
K-Auto	42	42
AutoCarrera	4	3
Total	46	45

CHANGES IN GROUP COMPOSITION

Kesko Corporation changed the consolidation method of Kesko Senukai in Kesko's consolidated financial statements from a subsidiary to a joint venture as of 1 July 2020.

On 1 October 2020, Kesko acquired Reidar Flokkmanns Eftf AS (Flokkmann), which is part of the Norwegian Byggmakker chain, and the store property Arn Eiendom AS.

On 2 September 2020, Kesko acquired Carlsen Fritzøe Handel AS in Norway. The acquisition strengthens Kesko's position in the Oslo fjord region, where the Carlsen Fritzøe Handel network of 25 stores complements Kesko's existing Byggmakker store network.

Kesko Group simplified its corporate structure in Sweden by merging Onninen AB with K-Rauta AB on 1 May 2020. The name of the company is Kesko AB. The merger did not impact the operations of Onninen or K-Rauta in Sweden.

On 1 April 2020, Kesko acquired the Swedish Mark & Infra i Sverige AB (MIAB), a company specialising in the sales of water and sewage products. The acquisition strengthens Onninen's technical wholesale offering to Infra customers in Sweden.

On 31 March 2020, Konekesko Oy divested its remaining shares in its Baltic subsidiaries.

SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of December 2020, the total number of Kesko Corporation shares was 400,079,008, of which 126,948,028, or 31.7%, were A shares and 273,130,980 or 68.3%, were B shares. In the second quarter, the number of shares in Kesko Corporation increased following the resolution of the 28 April 2020 Annual General Meeting to carry out a share issue without payment (share split) (stock exchange releases on 28 April 2020 and 30 April 2020). On 31 December 2020, Kesko Corporation held 3,339,862 of its own B shares as treasury shares.

These treasury shares accounted for 1.22% of the total number of B shares, 0.83% of the total number of shares, and 0.22% of the votes attached to all shares in the Company. The total number of votes attached to all shares was 1,542,611,260. Each A share carries ten (10) votes and each B share one (1) vote. The Company cannot vote with own shares held by it as treasury shares and no dividend is paid on them. At the end of December 2020, Kesko Corporation's share capital totalled €197,282,584.

The price of a Kesko A share quoted on Nasdaq Helsinki was €58.80 at the end of 2019 (€14.70 with the share split), and €20.00 at the end of 2020, representing an increase of 36.1%. Correspondingly, the price of a B share was €63.08 at the end of 2019 (€15.77 with the share split), and €21.04 at the end of December 2020, representing an increase of 33.4%. In January-December 2020, the highest A share price was €22.80 and the lowest €10.40. The highest B share price was €24.08 and the lowest €10.41. The Nasdaq Helsinki All-Share index (OMX Helsinki) was up by 10.1% and the weighted OMX Helsinki Cap index by 10.4% in January-December 2020. The Retail Sector Index was up by 45.9%.

At the end of December 2020, the market capitalisation of the A shares was €2,539 million. The market capitalisation of the B shares was €5,676 million, excluding the shares held by the parent company. The combined market capitalisation of the A and B shares was €8,215 million, an increase of €2,100.7 million from the end of 2019.

In January-December, a total of 10.6 million A shares were traded on Nasdaq Helsinki (calculated with the post-split number of shares). The exchange value of the A shares was €175.3 million. Meanwhile, 249.0 million B shares were traded (calculated with the post-split number of shares), with an exchange value of €4,434.2 million. Nasdaq Helsinki accounted for over 90% of the trading on Kesko's A shares in January-December and over 80% of the trading on B shares. Kesko shares were also traded on multilateral trading facilities, the most significant of which was Cboe (source: Euroland).

The number of registered shareholders rose by 38.8% in 2020. At the end of December 2020, the number of registered shareholders was 57,132, which is 15,957 more than at the end of 2019. At the end of December, foreign ownership of all shares was 37.12%, and foreign ownership of B shares 53.38%.

Kesko has a share-based commitment and incentive scheme. To implement the scheme, Kesko's Board of Directors may decide, within share issue authorisations granted by the Company's General Meeting, to transfer Kesko B shares held by the Company as treasury shares. In January-December 2020, Kesko Corporation transferred 381,124 Kesko B shares held as treasury shares to members of management and other selected key persons in accordance with the terms and conditions of share award plans. 3,692 B shares were returned to the Company without consideration based on the same terms and conditions. The share numbers are presented as numbers following the share issue without payment (share split). Kesko issued related stock exchange releases on 12 March 2020 and 29 September 2020. Kesko issued a stock exchange release on 5 February 2020 regarding the most recent share-based commitment and incentive plans. Kesko Corporation also transferred a total of 8,158 of its own B shares held by the Company as treasury shares to the members of Kesko's Board of Directors as part of the Board members' annual remuneration, and issued a related stock exchange release on 5 May 2020.

Kesko's Annual General Meeting of 28 April 2020 authorised the Board to decide on the issue of a total maximum of 40,000,000 new B shares and B shares held by the Company as treasury shares. The authorisation is valid until 30 June 2021. The authorisation was communicated in a stock exchange release on 28 April 2020.

KEY EVENTS DURING THE REPORTING PERIOD

The Market Court in Finland announced its decision on Kesko's acquisition of the Heinon Tukku foodservice wholesale company, prohibiting the transaction. (Press release 17.2.2020)

Kesko agreed to acquire the Swedish Mark & Infra i Sverige AB (MIAB), a company specialising in the sales of water and sewage products. The acquisition strengthens Onninen's technical wholesale offering to Infra customers in Sweden. (Press release 6.3.2020)

Kesko issued a profit warning due to the Covid-19 pandemic and related global economic uncertainty. Kesko cancelled its previous outlook statement regarding the net sales for continuing operations and changed the outlook statement regarding the comparable operating profit for continuing operations, both issued in connection with the financial statements release on 5 February 2020. (Stock exchange release 18.3.2020)

Kesko's Board of Directors decided to cancel the Annual General Meeting convened for 30 March 2020 due to developments concerning the Covid-19 pandemic, and to reconvene a new meeting later on. (Stock exchange release 19.3.2020)

The Danish Agro Group company DA Agravis Machinery Holding A/S acquired Konekesko Oy's remaining stake in its Baltic subsidiaries. (Press release 31.3.2020)

Kesko announced that it would adjust its operations due to the Covid-19 pandemic. Temporary lay-off measures were estimated to affect approximately 2,000 Kesko employees in Finland – Kesko managed to significantly reduce the number with employee transfers between units. (Press release 3.4.2020)

Kesko's Annual General Meeting convened on 28 April 2020. (Stock exchange releases 7.4.2020 and 28.4.2020)

A total of 95,211,021 new A shares and 204,848,235 new B shares issued in the share issue without payment (share split) decided upon by the Annual General Meeting of Kesko Corporation on 28 April 2020 were entered in the Finnish Trade Register on 30 April 2020. In the share issue without payment, new shares were issued to the shareholders in proportion to their existing holdings, so that three (3) new A shares were issued for each A share held, and three (3) new B shares for each B share held. (Stock exchange release 30.4.2020)

K Group raised its climate goals to a new level and will strive to become carbon neutral by 2025. K Group will seek to systematically reduce emissions to reach net zero emissions from its own operations and transports by 2030. (Press release 12.5.2020)

Kesko issued a positive profit warning and provided preliminary information on its second-quarter net sales and comparable operating profit. Kesko raised its guidance for the comparable operating profit for its continuing operations, issued in connection with the company’s interim report on 28 April 2020. (Stock exchange release 10.7.2020)

Kesko’s subsidiary Byggmakker Handel AS acquired Carlsen Fritzøe Handel AS, a Norwegian operator in the building and home improvement trade with net sales of approximately €201 million in 2019. The acquisition strengthens Kesko’s position in the Oslo fjord region, where the Carlsen Fritzøe Handel network of 25 stores complements Kesko’s existing Byggmakker store network. (Press releases 8.7.2020 and 2.9.2020)

Kesko acquired the Swedish Bygg & Interiör building and home improvement trade stores. The acquisition complements Kesko’s growing K-Bygg chain for professional builders in the Mälaren Valley region of Sweden. (Press release 2.9.2020)

Kesko’s Annual General Meeting of 28 April 2020 resolved to establish a Shareholders’ Nomination Committee. The Committee will prepare proposals related to the number, election and remuneration of Board members to Kesko’s General Meeting of shareholders. The Nomination Committee has three members: two appointed by Kesko’s biggest shareholders and one who is the Chairman of Kesko’s Board of Directors. (Stock exchange release 11.9.2020)

Kesko announced that it would be changing the consolidation method of Kesko Senukai, which is part of the building and technical trade segment and operates in the Baltic countries and Belarus, from a subsidiary to a joint venture in its consolidated financial statements as of 1 July 2020. Kesko Senukai was reported as a subsidiary until 30 June 2020. (Stock exchange release 17.9.2020)

Kesko issued a positive profit warning and raised its guidance for the 2020 comparable operating profit for its continuing operations. Kesko estimated that the comparable operating profit for its continuing operations would be in the range of €510-570 million in 2020. The guidance upgrade was based on better than anticipated sales development in all divisions, improved cost efficiency, and a more positive outlook for the remainder of the year. (Stock exchange release 17.9.2020)

Karoliina Partanen, M.Sc. (Soc.), was appointed Executive Vice President in charge of Communications, Brand and Stakeholder Relations and a member of Kesko’s Group Management Board as of 1 October 2020. (Stock exchange release 18.9.2020)

The new medium-term financial targets for profitability, as approved by the Board of Directors of Kesko Corporation, are a comparable operating margin of 5.5% and a comparable return on capital employed of 12.5%. In terms of financial position, as before, the Group targets a maximum interest-bearing net debt/EBITDA ratio of 2.5, excluding the impact of IFRS 16. Kesko Group’s previous financial targets were a comparable operating margin of 5.0%, a comparable return on capital employed of 11.0%, and interest-bearing net debt/EBITDA of less than 2.5 excluding the impact of IFRS 16. (Stock exchange release 1.12.2020)

The Board of Directors of Kesko Corporation approved an updated disclosure policy on 17 December 2020, which describes the key disclosure principles Kesko observes in its investor communication and financial reporting. The updated disclosure policy came into force on 1 January 2021. The main changes to the disclosure policy concern the so-called silent period and a new “investor news” category for releases. (Stock exchange release 18.12.2020)

KEY EVENTS AFTER THE REPORTING PERIOD

Riikka Joukio, M.Sc. (Tech.), eMBA, has been appointed Executive Vice President in charge of Corporate Responsibility and Public Affairs, and a member of Kesko’s Group Management Board. Joukio will join the company on 1 August 2021 at the latest. (Stock exchange release 11.1.2021)

RESOLUTIONS OF THE 2020 ANNUAL GENERAL MEETING AND DECISIONS OF THE BOARD'S ORGANISATIONAL MEETING

The Annual General Meeting of Kesko Corporation on 28 April 2020 adopted the financial statements and consolidated financial statements for 2019. The Annual General Meeting resolved to distribute a dividend of €2.52 per share on shares held outside the Company, paid in two instalments. The record date of the first dividend instalment of €1.28 per share was 30 April 2020 and pay date 8 May 2020. The record date of the second dividend instalment of €0.31 per share was 1 October 2020 and pay date 8 October 2020. The Annual General Meeting discharged the Board members and the Managing Director from liability for the financial year 2019, confirmed the Company's Remuneration Policy for Governing Bodies, and resolved to keep the Board members' fees unchanged.

The Annual General Meeting resolved that the Auditor's fee and the reimbursements of the Auditor's expenses will be paid according to an invoice approved by the Company. The Annual General Meeting elected the firm of authorised public accountants Deloitte Oy as the Company's new Auditor. APA Jukka Vattulainen is the auditor with principal responsibility.

The Annual General resolved, in accordance with the Board's proposal, to carry out a share issue without payment (share split). According to the resolution, in the share issue without payment, new shares were issued without payment to the shareholders in proportion to their existing holdings, so that three (3) new A shares were issued for each A share held, and three (3) new B shares for each B share held. In addition, new B shares were similarly issued without payment to the Company on the basis of B shares held by the Company. A total of 95,211,021 new A shares and a total of 204,848,235 new B shares were issued. The shares were issued to shareholders who were registered in the Company's register of shareholders maintained by Euroclear Finland Ltd on the record date of the share issue, 30 April 2020. The share issue without payment was executed in the book-entry system and did not require any action on the part of the shareholders. The new shares have generated shareholder rights as of 30 April 2020 when they were registered in the Trade Register. The registration of the new shares in the shareholders' book-entry accounts took place on 4 May 2020. The new shares did not entitle their holders to the first instalment of dividend in accordance with the Board's proposal for the distribution of profit of €1.28 per share, but they did entitle the holders to the second proposed dividend instalment of €0.31 per share. The Annual General Meeting also resolved to amend section 3 of the Company's Articles of Association ("Shares") in accordance with the Board's proposal.

The Annual General Meeting resolved, in accordance with the Board's proposal, to authorise the Board to decide on the issuance of new B series shares as well as of own B shares held by the Company as treasury shares. The number of B shares thereby issued would total at maximum 40,000,000. The authorisation is valid until 30 June 2021.

The Annual General Meeting resolved, in accordance with the Board's proposal, to establish a Shareholders' Nomination Committee, and confirmed the Committee's rules of procedure.

The Annual General Meeting resolved, in accordance with the Board's proposal, to authorise the Board to decide on donations in a total maximum of €300,000 for charitable or corresponding purposes until the Annual General Meeting to be held in 2021, and to decide on the donation recipients, purposes of use and other terms of the donations.

The Board members were elected by the 2018 Annual General Meeting to serve the three-year terms provided in the Company's Articles of Association, ending at the close of the 2021 Annual General Meeting. The Board elects its Chairman and Deputy Chairman for the Board's whole three-year term of office. In the organisational meeting held by the Board after the Annual General Meeting of 11 April 2018, the Board elected Esa Kiiskinen as Chairman of the Board and Peter Fagernäs as Deputy Chairman. The Board did not make changes to the compositions of its Audit Committee or Remuneration Committee in its organisational meeting held after the Annual General Meeting on 28 April 2020. Jannica Fagerholm was elected as Chairman of the Board's Audit Committee, Matti Kyytsönen as Deputy Chairman, and Piia Karhu as a Committee member. Esa Kiiskinen was elected as Chairman of the Board's Remuneration Committee, Peter Fagernäs as Deputy Chairman, and Matti Kyytsönen as a Committee member.

The resolutions of the Annual General Meeting and the decisions of the Board's organisational meeting were communicated in more detail in stock exchange releases on 28 April 2020.

SUSTAINABILITY

The K Fishpaths collaboration between K Group and WWF Finland has seen more than 80 kilometres of new spawning grounds and habitats for migratory fish opened up, 24 barriers that prevent the fish from swimming upstream removed, and almost 300 gravel beds established since 2017. Volunteering events have been organised at nearly 30 locations across Finland.

In an effort to improve product transparency, K Group introduced a new 'Tracing our products' website, which initially traces the origin of tuna, roses and timber and their journeys to K Group stores.

Kesko was again included in the Dow Jones Sustainability Index the DJSI World. Kesko's environmental action was deemed the best in the world in the grocery trade sector.

Kesko rose to the 'A' List in CDP's climate change questionnaire Kesko joined the CDP Supply Chain programme to challenge its suppliers to reduce and report their emissions.

During 2020, K Group made changes to the packaging of some 60 of its own brand products. The changes resulted in reductions in plastic use equalling some 14 million plastic carrier bags.

K Group and its customers collected a donation sum of nearly €900,000 in the Finnish Cancer Foundation's 2020 Pink Ribbon (Roosa nauha) campaign.

RISK MANAGEMENT

Risk management in Kesko Group is guided by the risk management policy approved by Kesko's Board of Directors. The policy defines the goals and principles, organisation, responsibilities and practices of risk management in Kesko Group. In the management of financial risks, the Group's treasury policy, confirmed by Kesko's Board of Directors, is observed. The management of business operations and common functions are responsible for the execution of risk management. Kesko Group applies a business-oriented and comprehensive approach to risk assessment and management. This means that key risks are systematically identified, assessed, managed, monitored and reported as part of business operations at Group, division, company and function levels throughout the Group.

The Group's risk map, the most significant risks and uncertainties, as well as material changes in, responses to and indicators for them are reported to the Kesko Board's Audit Committee quarterly in connection with the review of interim reports, the half year financial report and financial statements. The Audit Committee Chair reports on risk management to the Board as part of the Audit Committee report. The most significant risks and uncertainties are reported to the market by the Board in the Report by the Board of Directors and any material changes in them in the interim reports and the half year financial report.

The following describes the risks and uncertainties assessed as significant.

SIGNIFICANT RISKS AND UNCERTAINTIES

Impact of economic uncertainty on Kesko's sales and profit

There is great uncertainty regarding developments with the pandemic and its duration, which impacts economic outlook and consumer behaviour in all of Kesko's operating countries. A significant weakening of the economy would impact especially the building and technical trade and the car trade. Extended restrictions on restaurants impact the foodservice business.

Competitive situation in the grocery trade

A weakening economy causes consumers to focus on price when it comes to decisions on products and services. This causes competition to tighten.

Impact of the Covid-19 pandemic on business continuity and personnel health

Large numbers of sick employees in the logistics centres or stores and key members of personnel getting sick could endanger the continuity of K Group's critical operations and supply chain and product availability. There is a significantly bigger emphasis on ensuring the safety of personnel and customers in management and everyday operations.

Critical information falling into the wrong hands

Crime is increasingly committed through data networks and crime has become more international and professional. A failure to protect the security of payment transactions and personal data in particular can cause losses, claims for damages and reputational harm.

Business interruptions due to cybercrime and information technology failures

Growing threats necessitate quality actions from service providers, good data security, and sufficient data security skills from our personnel. Cyber-attacks could, for example, result in significant loss of sales and weakened customer satisfaction. In addition to cyber threats, failures may arise due to e.g. hardware failures, issues with data communications, and software errors.

Integration of acquisitions in the building and technical trade

There are operational risks related to the ongoing integration of acquisitions carried out in Sweden and Norway.

Product safety

A failure in product safety control or supply chain quality assurance could result in financial losses, loss of customer trust and reputation, or, in the worst case, a health hazard to customers.

Staff availability

The implementation of strategies and the achievement of objectives require competent and motivated personnel. The acquisitions carried out as well as other significant business and development projects, coupled with an increased need for special competencies increase the key-person risk and the dependency on individual expertise.

Compliance with laws and agreements

Changes in legislation and authority regulations could necessitate significant changes and result in additional costs. Compliance with laws and agreements is an important part of Kesko's corporate responsibility. Non-compliance can result in fines, claims for damages and other financial losses, and loss of trust and reputation. The EU General Data Protection Regulation has placed more importance on the need to protect personal data.

Store sites and properties

With a view to business growth and profitability, good store sites are a key competitive factor. The acquisition of store sites can be delayed by town planning and permit procedures and the availability and pricing of sites. Considerable amounts of capital or lease liabilities are tied up in properties for years. As a result of urbanisation, changes in the market situation, growing significance of e-commerce, or a chain concept proving inefficient, there is a risk that a store site or a property becomes unprofitable and operations are discontinued while long-term liabilities remain.

Responsible operating practices and reputation management

Various aspects of corporate responsibility, such as ensuring responsibility in the purchasing chain of products, fair and equal treatment of employees, the prevention of corruption, and environmental protection, are increasingly important to customers. Any failures in corporate responsibility could result in negative publicity for Kesko and cause operational and operational and financial damage. Challenges in Kesko’s corporate responsibility work include communicating responsibility principles to customers and ensuring responsibility in the supply chain of products.

Climate change

Climate change risks are twofold. Risks for Kesko are related to increasing regulation and extreme weather phenomena. Increasing regulation necessitates changes in business operations and leads to additional costs. Increase in extreme weather phenomena can impact product availability and cause disturbances in logistics and the store site network. The impacts of Kesko’s operations on the climate, in turn, are related to Kesko’s energy solutions and emissions and the lifecycle impact of products and services sold.

Reporting to market

In its investor communication and financial reporting, Kesko follows the disclosure policy approved by Kesko's Board of Directors. Kesko's objective is to produce and publish reliable and timely information. Disclosure follows the principle of providing all market participants information in a timely manner and non-selectively to form the basis for the price formation of Kesko's financial instruments such as shares. If any information published by Kesko proved to be incorrect, or communications failed to meet regulations in other respects, it could result in losing investor and other stakeholder confidence and in possible sanctions. Significant business arrangements, tight disclosure schedules and dependency on information systems create challenges for the accuracy of financial information. The risk is mitigated by careful process scheduling and instructions and by ensuring the right resources, explicit responsibilities and sufficient competencies.

Risks of damage

Accidents, natural phenomena and pandemics can cause significant damage to people, property or business. In addition, risks of damage may cause business interruptions that cannot be prevented.

PROPOSAL FOR PROFIT DISTRIBUTION

The Board of Directors of Kesko Corporation proposes to the Annual General Meeting to be held on 12 April 2021 that a dividend of €0.75 per share be paid for the year 2020 based on the adopted balance sheet on shares held outside the Company at the date of dividend distribution. The remaining distributable assets will remain in equity. The Board proposes that the dividend be paid in two instalments.

The first instalment, €0.38 per share, is to be paid to shareholders registered in the Company's register of shareholders kept by Euroclear Finland Ltd on the first dividend instalment payment record date 14 April 2021. The Board proposes that the first dividend instalment pay date be 21 April 2021.

The second instalment, €0.37 per share, is to be paid to shareholders registered in the Company's register of shareholders kept by Euroclear Finland Ltd on the second dividend instalment payment record date 1 October 2021. The Board proposes that the second dividend instalment pay date be 8 October 2021. The Board proposes that it be authorised to decide, if necessary, on a new dividend payment record date and pay date for the second instalment if the rules and statutes of the Finnish book-entry system change or otherwise so require.

As at the date of the proposal for the distribution of profit, 2 February 2021, 396,739,146 shares were held outside the Company, and the corresponding total amount of dividends is €297,554,359.50.

The distributable assets of Kesko Corporation total €1,436,295,866.09, of which profit for the financial year is €234,293,405.12.

ANNUAL GENERAL MEETING

The Board of Directors has decided that the Annual General Meeting will be held on 12 April 2021 at 1.00 pm (EET). Kesko Corporation will publish a notice of the General Meeting at a later date.

ANNUAL REPORT 2020, CORPORATE GOVERNANCE STATEMENT AND REMUNERATION REPORT FOR GOVERNING BODIES

Kesko will publish the Annual Report for 2020 in week 11 on its website at www.kesko.fi. The report will contain a strategy review, Report by the Board of Directors and the financial statements for 2020, sustainability reporting indicators (GRI), Kesko's Corporate Governance Statement, and Remuneration Report for Governing Bodies.

Helsinki, 2 February 2021
Kesko Corporation
Board of Directors

The information in this financial statements release is unaudited.

Further information is available from Jukka Erlund, Executive Vice President, Chief Financial Officer, telephone +358 105 322 113, Hanna Jaakkola, Vice President, Investor Relations, telephone +358 105 323 540, and Eva Kaukinen, Vice President, Group Controller, telephone +358 105 322 338. A Finnish-language webcast of the interim report briefing can be viewed at 11.00 am (EET) on 3 February 2021 at www.kesko.fi. An English-language audio conference on the interim report briefing will be held at 12.30 noon (EET). The audio conference login is available on Kesko's website at www.kesko.fi.

Kesko Corporation's interim report for January-March 2021 will be published on 28 April 2021. In addition, Kesko Group's sales figures are published monthly. News releases and other Company information are available on Kesko's website at www.kesko.fi.

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TABLES SECTION

Accounting policies

This financial statements release has been prepared in accordance with IAS 34. The financial statements report has been prepared in accordance with the same accounting principles as the annual financial statements for 2019.

	1-12/2020	1-12/2019	Change, %	10-12/2020	10-12/2019	Change, %
Continuing operations						
Net sales	10,669.2	10,720.3	-0.5	2,662.3	2,734.2	-2.6
Material and services	-9,148.3	-9,238.4	-1.0	-2,289.5	-2,336.3	-2.0
Change in inventory	-6.9	47.9	(..)	24.7	19.7	25.9
Other operating income	930.9	823.1	13.1	237.9	220.2	8.0
Employee benefit expense	-750.7	-775.4	-3.2	-194.5	-207.4	-6.2
Depreciation, amortisation and impairment charges	-170.2	-161.5	5.4	-43.8	-43.4	0.9
Depreciation and impairment charges for right-of-use assets	-325.8	-325.0	0.2	-81.4	-85.4	-4.6
Other operating expenses	-605.5	-643.0	-5.8	-161.7	-174.0	-7.0
Share of result of joint ventures	7.5	-	-	1.5	-	-
Operating profit	**600.2**	**447.8**	**34.0**	**155.6**	**127.8**	**21.8**
Interest income and other finance income	11.7	14.0	-17.0	4.4	3.7	18.9
Interest expense and other finance costs	-10.5	-9.1	14.4	-0.7	-0.5	44.7
Interest expense for lease liabilities	-83.3	-95.4	-12.7	-18.8	-23.5	-20.1
Foreign exchange differences	-4.7	-0.8	(..)	0.1	-0.9	(..)
Share of result of associates	14.3	46.8	-69.5	-2.2	(..)	(..)
Profit before tax	**527.6**	**403.3**	**30.8**	**138.4**	**105.7**	**31.0**
Income tax	-92.3	-69.6	32.5	-24.7	-14.9	65.7
Net profit for the period from continuing operations	435.3	333.6	30.5	113.6	90.7	25.2
Discontinued operations						
Net profit for the period from discontinued operations	-	11.6	-	-	2.1	-
Net profit for the period	**435.3**	**345.2**	**26.1**	**113.6**	**92.8**	**22.4**
Attributable to						
Owners of the parent	433.4	339.2	27.8	113.6	91.0	24.9
Non-controlling interests	2.0	6.0	-67.2	-	1.8	-
Earnings per share (€) for profit attributable to owners of the parent						
Basic and diluted, continuing operations	1.09	0.83	32.2	0.29	0.22	27.7
Basic and diluted, discontinued operations	-	0.03	-	-	0.01	-
Basic and diluted, Group total	1.09	0.86	27.6	0.29	0.23	24.7

Kesko Corporations 's Annual General Meeting on 28 April 2020 decided on a share issue without payment (share split) in which three (3) new A shares were issued for each existing A share, and three (3) new B shares for each existing B share. The share-specific indicators have been calculated using the post-share split number of shares. Share-specific indicators for the comparison periods have been adjusted to correspond to the post-share split number of shares.

Consolidated statement of comprehensive income (€ million)						
	1-12/2020	**1-12/2019**	**Change, %**	**10-12/2020**	**10-12/2019**	**Change, %**
Net profit for the period	435.3	345.2	26.1	113.6	92.8	22.4
Continuing operations						
Items that will not be reclassified subsequently to profit or loss						
Actuarial gains/losses	0.8	-3.6	(..)	5.8	-23.5	(..)
Items that may be reclassified subsequently to profit or loss						
Currency translation differences related to a foreign operation	-2.8	3.8	(..)	30.6	4.5	(..)
Cash flow hedge revaluation	-2.7	-1.0	(..)	1.0	-0.1	(..)
Other items	-0.3	-0.3	0.9	0.0	-	-
Total other comprehensive income for the period, net of tax	-4.9	-1.2	(..)	37.4	-19.1	(..)
Total comprehensive income for the period	**430.5**	**344.1**	**25.1**	**151.0**	**73.7**	**(..)**
Attributable to						
Owners of the parent	432.6	336.7	28.5	151.0	73.2	(..)
Non-controlling interests	-2.2	7.4	(..)	-	0.5	-

(..) Change over 100 %

Consolidated statement of financial position (€ million), condensed			
	31.12.2020	**31.12.2019**	**Change, %**
ASSETS			
Non-current assets			
Property, plant and equipment	1,450.8	1,487.9	-2.5
Right-of-use assets	1,819.0	2,191.3	-17.0
Intangible assets	777.4	684.6	13.5
Shares in associates and joint ventures and other financial assets	221.8	78.4	(..)
Loans and other receivables	75.3	67.5	11.5
Pension assets	89.6	93.2	-3.9
Total	4,433.8	4,602.9	-3.7
Current assets			
Inventories	836.9	1,037.7	-19.4
Trade receivables	776.5	804.7	-3.5
Other receivables	278.8	223.2	24.9
Financial assets at fair value through profit or loss	119.8	10.1	(..)
Financial assets at amortised cost	31.7	34.5	-8.2
Cash and cash equivalents	154.5	124.4	24.2
Total	2,198.2	2,234.5	-1.6
Non-current assets held for sale	9.9	61.9	-84.1
Total assets	**6,641.9**	**6,899.3**	**-3.7**

	31.12.2020	31.12.2019	Change, %
EQUITY AND LIABILITIES			
Equity	2,189.3	2,025.8	8.1
Non-controlling interests	-	115.0	-
Total equity	2,189.3	2,140.8	2.3
Non-current liabilities			
Interest-bearing liabilities	408.7	477.3	-14.4
Lease liabilities	1,712.3	2,039.0	-16.0
Non-interest-bearing liabilities	29.5	29.8	-0.8
Deferred tax liabilities	16.4	6.8	(..)
Pension obligations	0.4	0.4	1.3
Provisions	20.3	19.7	3.1
Total	2,187.7	2,573.0	-15.0
Current liabilities			
Interest-bearing liabilities	182.6	137.8	32.5
Lease liabilities	312.7	383.2	-18.4
Trade payables	1,091.3	1,029.9	6.0
Other non-interest-bearing liabilities	658.4	607.3	8.4
Provisions	17.7	16.4	7.4
Total	2,262.6	2,174.7	4.0
Liabilities related to non-current assets held for sale	2.3	10.9	-78.4
Total equity and liabilities	**6,641.9**	**6,899.3**	**-3.7**

(..) Change over 100 %

Consolidated statement of changes in equity (€ million)								
	Share capital	Reserves	Currency translation differ-ences	Re-valuation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total
Balance at 1.1.2020	197.3	464.8	-21.3	0.6	-35.4	1,419.8	115.0	2,140.8
Share-based payments					4.0			4.0
Dividends						-249.9		-249.9
Increase in share capital							1.2	1.2
Disposal of subsidiaries		0.0				-21.2	-4.1	-25.4
Change in Kesko Senukai's consolidation method		-0.1					-109.9	-110.0
Other changes		0.0	0.0			-1.9		-1.9
Transactions with owners, total		-0.2			4.0	-273.0	-112.8	-382.0
Comprehensive income								
Profit for the period						433.4	2.0	435.3
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						1.0		1.0
Items that may be reclassified subsequently to profit or loss								
Translation differences on foreign operations			1.3			0.1	-4.1	-2.8
Cash flow hedge revaluation				-3.3				-3.3
Tax related to comprehensive income				0.7		-0.2		0.5
Other changes						-0.3		-0.3
Total comprehensive income for the period			1.3	-2.7		434.0	-2.2	430.5
Balance at 31.12.2020	197.3	464.7	-20.0	-2.0	-31.4	1,580.7	0.0	2,189.3

	Share capital	Reserves	Currency translation differ-ences	Re-valuation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total
Balance at 1.1.2019	**197.3**	**464.7**	**-23.7**	**1.7**	**-36.9**	**1,311.0**	**107.0**	**2,021.1**
Share-based payments					1.5			1.5
Dividends						-231.9	-6.2	-238.2
Increase in share capital							6.4	6.4
Other changes		0.1				5.4	0.4	5.9
Transactions with owners, total		0.1			1.5	-226.5	0.6	-224.3
Comprehensive income								
Profit for the period, continuing operations						327.6	6.0	333.6
Profit for the period, discontinued operations						11.6		11.6
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						-4.5		-4.5
Items that may be reclassified subsequently to profit or loss								
Translation differences on foreign operations			2.4			0.0	1.4	3.8
Cash flow hedge revaluation				-1.3				-1.3
Tax related to comprehensive income				0.3		0.9		1.2
Other changes						-0.3		-0.3
Total comprehensive income for the period			2.4	-1.0		335.3	7.4	344.1
Balance at 31.12.2019	**197.3**	**464.8**	**-21.3**	**0.6**	**-35.4**	**1,419.8**	**115.0**	**2,140.8**

Consolidated statement of cash flows (€ million), condensed						
	1-12/2020	**1-12/2019**	**Change, %**	**10-12/2020**	**10-12/2019**	**Change, %**
Cash flows from operating activities						
Profit before tax, continuing operations	527.6	403.3	30.8	138.4	105.7	31.0
Depreciation according to plan	170.2	161.5	5.4	43.8	43.4	0.9
Depreciation and impairment for right-of-use assets	325.8	325.0	0.2	81.4	85.4	-4.6
Finance income and costs	3.5	-4.0	(..)	-3.8	-2.3	67.4
Interest expense for lease liabilities	83.3	95.4	-12.7	18.8	23.5	-20.1
Other adjustments	-54.3	0.3	(..)	10.3	0.4	(..)
Change in working capital						
Current non-interest-bearing receivables, increase (-)/decrease (+)	-64.3	26.3	(..)	70.4	123.7	-43.1
Inventories. increase (-)/decrease (+)	5.5	-47.8	(..)	3.1	-22.9	(..)
Current non-interest-bearing liabilities, increase (+)/decrease(-)	287.9	33.1	(..)	-27.7	-57.8	-52.0

Financial items and tax	-132.9	-100.0	32.9	-26.3	-26.0	1.2
Net cash from operating activities, continuing operations	1,152.4	893.1	29.0	308.4	273.2	12.9
Net cash from operating activities, discontinued operations	-	3.5	-	-	0.1	-
Net cash from operating activities, total	**1,152.4**	**896.6**	**28.5**	**308.4**	**273.3**	**12.9**
Cash flows from investing activities						
Investing activities	-359.6	-658.3	-45.4	52.8	-74.6	-29.2
Proceeds from sale of tangible and intangible assets	16.4	34.4	-52.4	9.1	15.1	-39.5
Proceeds from sale of subsidiaries, net cash deducted	-73.2	-	-	-	-	-
Increase in non-current receivables	2.7	3.6	-25.7	0.9	-1.6	(..)
Net cash used in investing activities, continuing operations	-413.7	-620.3	-33.3	-42.7	-61.1	-30.1
Net cash used in investing activities, discontinued operations	-	3.5	-	-	0.0	-
Net cash used in investing activities, total	**-413.7**	**-616.8**	**-32.9**	**-42.7**	**-61.1**	**-30.1**
Cash flows from financing activities						
Interest-bearing liabilities, increase (+)/decrease (-)	18.9	209.1	-91.0	-59.6	-16.8	(..)
Payments for lease liabilities	-363.3	-330.9	9.8	-80.6	-87.9	-8.3
Current interest-bearing receivables, increase (-)/ decrease (+)	-0.9	-0.4	(..)	0.1	-1.4	(..)
Dividends paid	-249.9	-238.2	4.9	-123.0	-116.0	6.0
Increase in share capital	-	6.4	-	-	6.4	-
Short-term money market investments, increase (-)/decrease (+)	-107.5	64.6	(..)	-20.0	-2.5	(..)
Other items	-4.7	-6.2	-25.5	-1.2	1.1	(..)
Net cash used in financing activities, continuing operations	-707.5	-295.4	(..)	-284.2	-217.0	31.0
Net cash used in financing activities, total	**-707.5**	**-295.4**	**(..)**	**-284.2**	**-217.0**	**31.0**
Change in cash and cash equivalents	**31.3**	**-15.6**	**(..)**	**-18.6**	**-4.9**	**(..)**
Cash and cash equivalents at 1 Jan., continuing operations	124.4	139.2	-10.6	172.8	129.6	33.4
Cash and cash equivalents at 1 Jan., discontinued operations	-	0.4	-	-	-	-
Exchange differences and cash and cash equivalents related to assets held for sale	-1.2	0.4	(..)	0.3	-0.3	(..)
Cash and cash equivalents at 31 Dec., Group	154.5	124.4	24.2	154.5	124.4	24.2

(..) Change over 100%

Cash flow from leases (€ million)	1-12/2020	1-12/2019	Change, %	10-12/2020	10-12/2019	Change, %
Interest expense for lease liabilities	-83.3	-95.4	-12.6	-18.8	-23.5	-20.1
Decrease in lease liabilities	-363.3	-328.3	10.7	-80.6	-85.4	-5.7
Total	**-446.7**	**-423.7**	**5.4**	**-99.4**	**-109.0**	**-8.8**

Group's performance indicators	1-12/2020	1-12/2019	Change, pp
Continuing operations			
Return on capital employed, %	12.7	9.3	3.4
Return on capital employed, comparable, %	12.0	9.6	2.4
			Change, %
Capital expenditure, € million	398.4	686.1	-41.9
Capital expenditure, % of net sales	3.7	6.4	-41.7
Cash flow from operating activities, € million	1,152.4	893.1	29.0
Cash flow from investing activities, € million	-413.7	-620.3	-33.3
Cash flow from operating activities/share, €	2.91	2.25	29.0
Group			
Return on equity, %	20.1	16.6	3.5
Return on equity, comparable, %	17.8	15.1	2.8
Equity ratio, %	33.1	31.2	1.9
Gearing, %	105.5	134.0	-28.5
Interest-bearing net debt/EBITDA excluding the impact of IFRS 16	0.4	0.9	-0.5
Equity per share, €	5.52	5.11	8.0
Interest-bearing net debt, € million	2,310.3	2,868.4	-19.5
Interest-bearing net debt excluding lease liabilities, € million	285.3	446.1	-36.1
Diluted number of shares, average for the reporting period, 1,000 pcs	396,661	396,296	0.1
Personnel, average, continuing operations	17,629	20,846	-15.4
Earnings per share, basic and diluted, €			
Continuing operations	1.09	0.83	32.2
Discontinued operations	-	0.03	-
Group total	1.09	0.86	27.6
Earnings per share, comparable, basic, €			
Continuing operations	0.97	0.74	30.0

(..) Change over 100%

Kesko Corporations 's Annual General Meeting on 28 April 2020 decided on a share issue without payment (share split) in which three (3) new A shares were issued for each existing A share and three (3) new B shares for each existing B share. The share-specific indicators have been calculated using the post-share split number of shares. Share-specific indicators for the comparison periods have been adjusted to correspond to the post-share split number of shares.

Group performance indicators by quarter	**1-3/2019**	**4-6/2019**	**7-9/2019**	**10-12/2019**	**1-3/2020**	**4-6/2020**	**7-9/2020**	**10-12/2020**
Continuing operations								
Net sales, € million	2,400.8	2,781.4	2,803.9	2,734.2	2,540.4	2,814.5,	2,651.9	2,662.3
Change in net sales, %	-0.5	4.1	6.1	3.0	5.8	1.2	-5.4	-2.6
EBITDA, comparable, € million	173.4	242.2	275.4	258.0	190.5	281.8	299.4	285.6
Operating profit, € million	51.6	119.9	148.6	127.8	65.9	154.1	224.6	155.6
Operating margin, %	2.1	4.3	5.3	4.7	2.6	5.5	8.5	5.8
Operating profit, comparable, € million	57.5	122.5	152.0	129.7	65.1	155.2	181.8	165.6
Operating margin, comparable, %	2.4	4.4	5.4	4.7	2.6	5.5	6.9	6.2
Finance income/costs, € million	-23.7	-23.1	-23.3	-21.3	-32.3	-20.4	-19.1	-15.0
Interest expense for lease liabilities	-24.6	-24.2	-23.1	-23.5	-23.1	-22.5	-19.0	-18.8
Profit before tax, € million	28.8	114.1	154.8	105.7	33.1	136.2	220.0	138.4
Profit before tax, %	1.2	4.1	5.5	3.9	1.3	4.8	8.3	5.2
Return on capital employed, %	4.6	10.3	12.0	10.1	5.3	12.8	19.9	13.7
Return on capital employed, comparable, %	5.1	10.5	12.3	10.2	5.2	12.9	16.1	14.6
Cash flow from operating activities/share, €	0.40	0.68	0.48	0.69	0.34	1.06	0.72	0.78
Capital expenditure, € million	97.3	373.4	132.2	83.3	99.0	69.1	174.8	55.5
Group								
Return on equity, %	4.3	20.3	25.7	17.7	5.0	20.8	37.9	21.5
Return on equity, comparable, %	5.4	17.7	20.7	17.8	4.8	20.5	26.5	23.4
Equity ratio, %	31.8	27.9	29.6	31.2	30.0	27.4	30.8	33.1
Equity per share, €	4.95	4.61	4.92	5.11	5.02	4.68	5.15	5.52
Earnings per share, basic and diluted, €								
Continuing operations	0.07	0.22	0.32	0.22	0.09	0.24	0.48	0.29
Discontinued operations	-0.00	0.03	-0.00	0.01	-	-	-	-
Group total	0.07	0.24	0.31	0.23	0.09	0.24	0.48	0.29
Earnings per share, comparable, basic and diluted, €								
Continuing operations	0.08	0.18	0.25	0.23	0.08	0.24	0.33	0.31

Change in Kesko Senukai's consolidation method in the consolidated financial statements

Kesko reports 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 as of 1 July 2020. Kesko reported Kesko Senukai Group as a subsidiary until 30 June 2020.

During the financial year, Kesko announced that it had initiated a strategic review concerning the business operations in the Baltics and Belarus. Kesko also stated that it was examining conditions for the subsidiary consolidation of the company UAB Kesko Senukai Lithuania in Kesko's consolidated financial statements due to significant disagreements concerning the management of and exercise of control over 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 decided to classify Kesko Senukai as a joint venture.

As a result of the change in classification, the assets, liabilities, share of non-controlling interests, and accumulated currency translation differences were no longer recognised in the consolidated statement of financial position, and the share of joint ventures was recognised at fair value on the balance sheet. Consequently, a profit of €46.1 million was recognised under "Other operating income" on the consolidated income statement, which arose when the share of joint venture related to Kesko Senukai was valued at fair value. A negative item of €92.7 million was recognised under "Cash flows from investing activities" in the consolidated statement of cash flows, corresponding to the amount of Kesko Senukai's cash and cash equivalents on the balance sheet on 30 June 2020 before the end of subsidiary consolidation. The €109.9 million non-controlling interest in Kesko Senukai, included in equity in the consolidated statement of financial position, is no longer recognised in the consolidated statement of financial position.

The fair value of the share of joint venture has been determined using discounted cash flow method. Cash flows have been determined using country-specific projections on developments in construction, consumer demand, GDP and inflation. In the DCF model the compound annual growth rate for the forecast period is 3.7% and the EBITDA ratio range (excluding IFRS 16 impact) is 3.7-4.4%. Cash flows have been discounted using the weighted average cost of capital of Kesko Senukai's operating countries, which was 10.3%. The discount rate has been determined taking into account the weak liquidity of the unlisted shareholding by raising the discount rate. Due to the differences of opinion regarding the management and development of the joint venture, the forecast periods contain the assumption that Kesko Senukai cannot be managed optimally. This may lead to a lower valuation (minority discount).

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 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 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.

Calculation of impacts of the change in Kesko Senukai's classification, € million	**1.7.2020**
Kesko Senukai's net assets in the consolidated statement of financial position	-184.9
Carrying amount of non-controlling interests	109.9
Fair value of ownership interest in joint venture	127.7
Translation differences in comprehensive income	-6.7
Profit recognised in income statement for measurement at fair value	**46.1**

Kesko Senukai's assets and liabilities included in the consolidated statement of financial position on 30 June 2020 are presented in the table below.

Kesko Senukai's assets and liabilities included in the consolidated statement of financial position, € million	**30.6.2020**
ASSETS	
Property, plant and equipment	88.4
Right-of-use assets	298.5
Intangible assets	38.3
Deferred tax assets and other long-term receivables	6.3
Total	431.4
Inventories	198.7
Non-interest-bearing receivables	54.5
Other interest-bearing receivables	0.6
Cash and cash equivalents	92.7
Total	346.5
Total assets	**777.9**
Non-current interest-bearing liabilities	54.8
Lease liabilities	289.7
Deferred tax liabilities	0.1
Total	344.5
Current interest-bearing liabilities	10.8
Lease liabilities	26.7
Non-interest-bearing liabilities	211.0
Total	248.5
Total liabilities	**593.1**
Net assets	**184.9**

Segment information

The change in Kesko Senukai's consolidation method from a subsidiary to a joint venture as of 1 July 2020 has impacted the performance indicators for the building and technical trade in segment information. Due to the change in consolidation method, the Group changed the internal reporting to its highest operative decision-maker, i.e. the Group Management Board. Consequently, Kesko Senukai has been reported in the 1-12/2019 and 1-6/2020 income statement figures for the building and technical trade as if it had been consolidated on one line before operating profit in accordance with ownership interest, as opposed to the subsidiary consolidation method used before. Such a change has not been made to internally reported balance sheet figures.

Net sales by segment, € million	1-12/2020	1-12/2019	Change, %	10-12/2020	10-12/2019	Change, %
Grocery trade, Finland	5,732.0	5,531.2	3.6	1,517.2	1,456.0	4.2
Grocery trade total	**5,732.0**	**5,531.2**	**3.6**	**1,517.2**	**1,456.0**	**4.2**
- of which intersegment trade	15.3	10.2	51.0	3.9	2.3	68.7
Building and technical trade, Finland	2,102.7	1,992.8	5.5	494.7	475.0	4.2
Building and technical trade, other countries*	1,536.8	1,480.0	3.8	422.9	352.2	20.1
Building and technical trade total	**3,639.5**	**3,472.8**	**4.8**	**917.6**	**827.2**	**10.9**
- of which intersegment trade	-0.7	-0.6	15.7	0.0	-0.2	(..)
Car trade, Finland	892.6	863.9	3.3	233.6	228.5	2.3
Car trade total	**892.6**	**863.9**	**3.3**	**233.6**	**228.5**	**2.3**
- of which intersegment trade	6.7	3.4	95.8	1.7	1.3	23.2
Common functions and eliminations	-21.4	-5.9	(..)	-6.1	-1.9	(..)
Finland total	**8,705.8**	**8,382.0**	**3.9**	**2,239.5**	**2,157.6**	**3.8**
Other countries total*	**1,536.8**	**1,480.0**	**3.8**	**422.9**	**352.2**	**20.1**
Segment information, total	**10,242.6**	**9,862.0**	**3.9**	**2,662.3**	**2,509.8**	**6.1**
Impact of change in Kesko Senukai's consolidation method**	426.6	858.3	-50.3	-	224.4	-
Reported continuing operations	**10,669.2**	**10,720.3**	**-0.5**	**2,662.3**	**2,734.2**	**-2.6**

(..) Change over 100%
* Net sales in countries other than Finland
** Kesko Senukai's net sales, net of Group company net sales from sales of products and services to Kesko Senukai, have been consolidated in the consolidated income statement. The sum is not presented in the segment reporting as net sales due to a different accounting policy.

Operating profit by segment, € million	1-12/2020	1-12/2019	Change	10-12/2020	10-12/2019	Change
Grocery trade	373.7	334.6	39.1	123.0	98.5	24.5
Building and technical trade	177.7	100.7	77.0	32.4	19.7	12.7
Car trade	23.3	25.5	-2.2	6.2	8.0	-1.9
Common functions and eliminations	-34.8	-39.9	5.1	-4.4	-7.1	2.7
Segment information, total	**540.0**	**421.0**	**119.0**	**157.2**	**119.1**	**38.1**
Impact of change in Kesko Senukai's consolidation method*	60.2	26.9	33.4	-1.6	8.6	-10.3
Reported continuing operations	**600.2**	**447.8**	**152.4**	**155.6**	**127.8**	**27.8**

* 100% of the operating profit reported by Kesko Senukai in 1-12/2019 and 1-6/2020 and the realised profit of €46.1 million from the change in consolidation method in 7-12/2020 are consolidated in the operating profit in the consolidated income statement. In segment reporting, the share of joint venture's net profit equivalent to ownership interest has been consolidated in the 1-12/2019 and 1-6/2020 operating profit.

Operating profit by segment, comparable, € million	**1-12/2020**	**1-12/2019**	**Change**	**10-12/2020**	**10-12/2019**	**Change**
Grocery trade	375.2	327.9	47.3	123.2	98.6	24.5
Building and technical trade	187.7	115.9	71.9	44.3	22.3	22.0
Car trade	23.4	26.8	-3.3	6.2	9.0	-2.8
Common functions and eliminations	-32.7	-35.9	3.2	-8.0	-8.9	0.9
Segment information, total	**553.6**	**434.7**	**118.9**	**165.6**	**121.1**	**44.6**
Impact of change in Kesko Senukai's consolidation method*	14.1	26.9	-12.8	-	8.6	-
Reported continuing operations	**567.8**	**461.6**	**106.2**	**165.6**	**129.7**	**35.9**

* 100% of the operating profit reported by Kesko Senukai in 1-12/2019 and 1-6/2020 has been consolidated in the operating profit in the consolidated income statement. In segment reporting, the share of joint venture's net profit equivalent to ownership interest has been consolidated in the 1-12/2019 and 1-6/2020 operating profit.

Operating margin by segment, %, comparable	**1-12/2020**	**1-12/2019**	**Change, pp**	**10-12/2020**	**10-12/2019**	**Change, pp**
Grocery trade	6.5	5.9	0.6	8.1	6.8	1.3
Building and technical trade	5.2	3.3	1.8	4.8	2.7	2.1
Car trade	2.6	3.1	-0.5	2.6	3.9	-1.3
Segment information, total	**5.4**	**4.4**	**1.0**	**6.2**	**4.8**	**1.4**
Impact of change in Kesko Senukai's consolidation method*	0.1	0.1	0.0	-	0.1	-
Reported continuing operations	**5.3**	**4.3**	**1.0**	**6.2**	**4.7**	**1.5**

* The difference between the operating margin in segment reporting and the operating margin calculated based on the consolidated income statement.

EBITDA by segment, comparable, € million	**1-12/2020**	**1-12/2019**	**Change**	**10-12/2020**	**10-12/2019**	**Change**
Grocery trade	657.7	604.4	53.3	194.4	171.4	23.0
Building and technical trade	300.8	226.5	74.3	75.0	49.2	25.7
Car trade	58.6	52.7	5.9	14.6	17.0	-2.4
Common functions and eliminations	5.0	-0.1	5.1	1.6	1.3	-0.1
Segment information, total	**1,022.2**	**883.5**	**138.7**	**285.6**	**238.9**	**46.6**
Impact of change in Kesko Senukai's consolidation method*	35.0	65.4	-30.5	-	19.0	-
Reported continuing operations	**1,057.1**	**948.9**	**108.3**	**285.6**	**258.0**	**27.6**

*100% of the comparable EBITDA reported by Kesko Senukai in 1-12/2019 and 1-6/2020 is consolidated in the comparable EBITDA calculated based on the consolidated income statement EBITDA. In segment reporting, the share of joint venture's net profit equivalent to ownership interest has been consolidated in the 1-12/2019 and 1-6/2020 comparable EBITDA.

The capital employed, comparable return on capital employed (%), and capital expenditure of the reporting segments are presented in accordance with IFRS reporting, with Kesko Senukai consolidated in the consolidated financial statements as a subsidiary until 30 June 2020 and as a joint venture as of 1 July 2020.

Capital employed by segment, cumulative average, € million	**1-12/2020**	**1-12/2019**	**Change**	**10-12/2020**	**10-12/2019**	**Change**
Grocery trade	2,223.7	2,261.8	-38.1	2,182.4	2,317.6	-135.2
Building and technical trade	1,804.5	1,923.8	-119.3,	1,675.7	2,024.5	-348.8
Car trade	372.8	280.5	92.3	355.6	368.2	-12.6
Common functions and eliminations	317.4	337.2	-19.8	338.7	353.8	-15.2
Continuing operation, total	**4,718.5**	**4,803.3**	**-84.8**	**4,552.4**	**5,064.1**	**-511.7**

Return on capital employed by segment, %, comparable	**1-12/2020**	**1-12/2019**	**Change, pp**	**10-12/2020**	**10-12/2019**	**Change, pp**
Grocery trade	16.9	14.5	2.4	22.6	17.0	5.5
Building and technical trade	11.2	7.4	3.8	10.6	6.1	4.5
Car trade	6.3	9.5	-3.3	6.9	9.8	-2.9
Continuing operations, total	**12.0**	**9.6**	**2.4**	**14.6**	**10.2**	**4.3**

Capital expenditure by segment, € million	**1-12/2020**	**1-12/2019**	**Change**	**10-12/2020**	**10-12/2019**	**Change**
Grocery trade	125.4	180.8	-55.3	15.6	32.2	-16.6
Building and technical trade	186.3	332.7	-146.5	16.8	18.2	-1.4
Car trade	64.7	131.3	-66.6	17.5	21.6	-4.1
Common functions and eliminations	22.0	41.3	-19.3	5.6	11.3	-5.7
Continuing operations, total	**398.4**	**686.1**	**-287.7**	**55.5**	**83.3**	**-27.7**

Segment information by quarter

Net sales by segment, € million	**1-3/2019**	**4-6/2019**	**7-9/2019**	**10-12/2019**	**1-3/2020**	**4-6/2020**	**7-9/2020**	**10-12/2020**
Grocery trade	1,263.9	1,408.6	1,402.7	1,456.0	1,321.5	1,431.1	1,462.1	1,517.2
Building and technical trade	767.3	933.2	945.1	827.2	816.3	954.4	951.2	917.6
Car trade	200.5	211.9	222.9	228.5	222.6	192.0	244.3	233.6
Common functions and eliminations	-1.2	-1.0	-1.8	-1.9	-4.8	-4.8	-5.7	-6.1
Segment information, total	**2,230.6**	**2,552.7**	**2,568.9**	**2,509.8**	**2,355.6**	**2,572.7**	**2,651.9**	**2,662.3**
Impact of change in Kesko Senukai's consolidation method*	170.3	228.7	235.0	224.4	184.8	241.9	-	-
Reported continuing operations	**2,400.8**	**2,781.4**	**2,803.9**	**2,734.2**	**2,540.4**	**2,814.5**	**2,651.9**	**2,662.3**

* Kesko Senukai's net sales, net of Group company net sales from sales of products and services to Kesko Senukai, have been consolidated in the consolidated income statement. The sum is not presented in the segment reporting as net sales due to a different accounting policy.

Operating profit by segment, € million	**1-3/2019**	**4-6/2019**	**7-9/2019**	**10-12/2019**	**1-3/2020**	**4-6/2020**	**7-9/2020**	**10-12/2020**
Grocery trade	56.8	85.6	93.7	98.5	59.8	82.3	108.6	123.0
Building and technical trade	-3.9	35.4	49.4	19.7	13.0	63.3	69.0	32.4
Car trade	7.6	4.9	4.9	8.0	6.1	3.8	7.3	6.2
Common functions and eliminations	-10.7	-14.3	-7.8	-7.1	-13.5	-8.9	-8.0	-4.4
Segment information, total	**49.9**	**111.6**	**140.3**	**119.1**	**65.5**	**140.4**	**176.9**	**157.2**
Impact of change in Kesko Senukai's consolidation method*	1.7	8.3	8.3	8.6	0.5	13.7	47.7	-1.6
Reported continuing operations	**51.6**	**119.9**	**148.6**	**127.8**	**65.9**	**154.1**	**224.6**	**155.6**

* 100% of the operating profit reported by Kesko Senukai in 1-12/2019 and 1-6/2020 and the realised profit of €46.1 million from the change in consolidation method in 7-12/2020 are consolidated in the operating profit in the consolidated income statement. In segment reporting, the share of joint venture's net profit equivalent to ownership interest has been consolidated in the 1-12/2019 and 1-6/2020 operating profit.

Items in operating profit affecting comparability, € million	**1-3/2019**	**4-6/2019**	**7-9/2019**	**10-12/2019**	**1-3/2020**	**4-6/2020**	**7-9/2020**	**10-12/2020**
Grocery trade	0.0	6.6	0.3	-0.2	-0.5	-0.7	-0.1	-0.2
Building and technical trade	-5.4	-4.7	-2.5	-2.6	6.5	-0.4	-4.1	-11.9
Car trade	-0.1	-0.1	-0.1	-1.0	-	-	-0.1	-
Common functions and eliminations	-0.4	-4.3	-1.0	1.8	-5.1	-0.0	-0.6	3.6
Segment information, total	**-5.8**	**-2.6**	**-3.4**	**-1.9**	**0.8**	**-1.1**	**-4.9**	**-8.4**
Impact of change in Kesko Senukai's consolidation method	-	-	-0.1	-	-	-	47.7	-1.6
Reported continuing operations	**-5.8**	**-2.6**	**-3.5**	**-1.9**	**0.8**	**-1.1**	**42.8**	**-10.1**

Operating profit by segment, comparable, € million	**1-3/2019**	**4-6/2019**	**7-9/2019**	**10-12/2019**	**1-3/2020**	**4-6/2020**	**7-9/2020**	**10-12/2020**
Grocery trade	56.8	79.0	93.5	98.6	60.4	83.0	108.7	123.2
Building and technical trade	1.5	40.1	51.9	22.3	6.5	63.7	73.2	44.3
Car trade	7.7	5.0	5.0	9.0	6.1	3.8	7.4	6.2
Common functions and eliminations	-10.3	-10.0	-6.7	-8.9	-8.4	-8.9	-7.4	-8.0
Segment information, total	**55.7**	**114.2**	**143.7**	**121.1**	**64.6**	**141.5**	**181.8**	**165.6**
Impact of change in Kesko Senukai's consolidation method*	1.7	8.3	8.3	8.6	0.5	13.7	-	-
Reported continuing operations	**57.5**	**122.5**	**152.0**	**129.7**	**65.1**	**155.2**	**181.8**	**165.6**

* 100% of the comparable operating profit reported by Kesko Senukai in 1-12/2019 and 1-6/2020 has been consolidated in the comparable operating profit calculated based on the operating profit in the consolidated income statement. In segment reporting, the share of joint venture's net profit equivalent to ownership interest has been consolidated in the 1-12/2019 and 1-6/2020 comparable operating profit.

Operating margin by segment, %, comparable	**1-3/2019**	**4-6/2019**	**7-9/2019**	**10-12/2019**	**1-3/2020**	**4-6/2020**	**7-9/2020**	**10-12/2020**
Grocery trade	4.5	5.6	6.7	6.8	4.6	5.8	7.4	8.1
Building and technical trade	0.2	4.3	5.5	2.7	0.8	6.7	7.7	4.8
Car trade	3.8	2.4	2.3	3.9	2.7	2.0	3.0	2.6
Segment information, total	**2.5**	**4.5**	**5.6**	**4.8**	**2.7**	**5.5**	**6.9**	**6.2**
Impact of change in Kesko Senukai's consolidation method*	0.1	0.1	0.2	0.1	0.2	0.0	-	-
Reported continuing operations	**2.4**	**4.4**	**5.4**	**4.7**	**2.6**	**5.5**	**6.9**	**6.2**

* The difference between the operating margin in segment reporting and the operating margin calculated based on the consolidated income statement.

EBITDA by segment, comparable, € million	**1-3/2019**	**4-6/2019**	**7-9/2019**	**10-12/2019**	**1-3/2020**	**4-6/2020**	**7-9/2020**	**10-12/2020**
Grocery trade	123.9	147.3	161.8	171.4	129.2	154.2	179.9	194.4
Building and technical trade	28.8	68.5	79.9	49.2	34.7	90.1	101.1	75.0
Car trade	12.4	10.5	12.7	17.0	14.7	12.7	16.6	14.6
Common functions and eliminations	-2.6	-1.9	3.1	1.3	0.6	1.1	1.8	1.6
Segment information, total	**162.5**	**224.5**	**257.5**	**238.9**	**179.2**	**258.0**	**299.4**	**285.6**
Impact of change in Kesko Senukai's consolidation method*	10.8	17.7	17.9	19.0	11.3	23.7	-	-
Reported continuing operations	**173.4**	**242.2**	**275.4**	**258.0**	**190.5**	**281.8**	**299.4**	**285.6**

*100% of the comparable EBITDA reported by Kesko Senukai in 1-12/2019 and 1-6/2020 has been consolidated in the comparable EBITDA calculated based on the consolidated income statement EBITDA. In segment reporting, share of joint venture's net profit equivalent to ownership interest has been consolidated in the 1-12/2019 and 1-6/2020 comparable EBITDA.

Operating profit by segment excluding the impact of IFRS 16, comparable, € million	**1-3/2019**	**4-6/2019**	**7-9/2019**	**10-12/2019**	**1-3/2020**	**4-6/2020**	**7-9/2020**	**10-12/2020**
Grocery trade	41.3	63.5	77.7	83.1	45.3	68.4	93.9	108.7
Building and technical trade	-3.2	35.4	47.7	17.5	2.8	60.5	68.8	39.5
Car trade	7.5	4.8	4.7	8.7	5.8	3.5	7.1	6.6
Common functions and eliminations	-10.4	-10.3	-7.2	-9.2	-8.7	-9.2	-7.9	-8.4
Segment information, total	**35.3**	**93.5**	**122.9**	**100.0**	**45.2**	**123.1**	**161.8**	**146.4**
Impact of change in Kesko Senukai's consolidation method*	-0.3	6.2	6.3	6.6	-1.2	10.6	-	-
Reported continuing operations	**34.9**	**99.7**	**129.3**	**106.6**	**44.0**	**133.8**	**161.8**	**146.4**

* 100% of the comparable operating profit excluding the impact of IFRS 16 reported by Kesko Senukai in 1-12/2019 and 1-6/2020 has been consolidated in the comparable operating profit excluding the impact of IFRS 16 calculated based on the operating profit in the consolidated income statement. In segment reporting, the share of joint venture's net profit equivalent to ownership interest has been consolidated in the 1-12/2019 and 1-6/2020 comparable operating profit excluding the impact of IFRS 16.

EBITDA by segment excluding the impact of IFRS 16, comparable, € million	**1-3/2019**	**4-6/2019**	**7-9/2019**	**10-12/2019**	**1-3/2020**	**4-6/2020**	**7-9/2020**	**10-12/2020**
Grocery trade	57.8	81.3	96.7	103.0	63.6	87.9	113.6	130.3
Building and technical trade	3.6	42.2	55.2	23.9	9.8	67.6	75.9	47.5
Car trade	11.3	9.2	10.0	14.2	11.7	9.9	13.9	12.6
Common functions and eliminations	-3.2	-3.0	0.9	-0.9	-1.2	-0.8	-0.1	-0.3
Segment information, total	**69.6**	**129.7**	**162.9**	**140.2**	**83.8**	**164.7**	**203.2**	**190.1**
Impact of change in Kesko Senukai's consolidation method*	1.5	8.3	8.4	8.9	1.2	13.0	-	-
Reported continuing operations	**71.1**	**138.0**	**171.4**	**149.1**	**85.0**	**177.7**	**203.2**	**190.1**

*100% of the comparable EBITDA excluding the impact of IFRS 16 reported by Kesko Senukai in 1-12/2019 and 1-6/2020 has been consolidated in the comparable EBITDA excluding the impact of IFRS 16 calculated based on the consolidated income statement EBITDA. In segment reporting, the share of joint venture's net profit equivalent to ownership interest has been consolidated in the 1-12/2019 and 1-6/2020 comparable EBITDA excluding the impact of IFRS 16.

Acquisitions

Carlsen Fritzøe Handel AS and Flokkmann

Kesko's subsidiary Byggmakker Handel AS acquired the entire capital stock of the Norwegian building and home improvement trade company Carlsen Fritzøe Handel AS on 1 September 2020. The preliminary consideration paid was €127.6 million, and the amount of cash and cash equivalents obtained was €0.1 million. The amount of consideration paid will be specified during 2021. Carlsen Fritzøe Handel AS recorded net sales of some €201 million in 2019. The acquisition strengthens Kesko's position in the Oslo fjord region, where the Carlsen Fritzøe Handel network of 25 stores complements Kesko's existing Byggmakker store network.

On 1 October 2020, Kesko's subsidiary Byggmakker Nord AS acquired the entire capital stock of both Reidar Flokkmanns Eftf AS, which is part of the Norwegian Byggmakker chain, and the store property Arn Eiendom AS (together Flokkmann). The preliminary consideration paid was €10.4 million, and the amount of cash and cash equivalents obtained was €0.8 million. The amount of consideration paid will be specified during 2021.

According to a preliminary acquisition cost calculation concerning Carlsen Fritzøe Handel AS, assets acquired for Kesko Group amounted to €156.2 million and liabilities assumed to €129.2 million. The fair value of the intangible assets acquired (including customer relationships and trademark) at the date of acquisition totalled €8.8 million. The €103.7 million goodwill arising from the acquisition reflects the synergies expected to be achieved in sales, purchasing, selections, logistics and operational efficiency. The goodwill is not tax deductible. The Group income statement includes €1.3 million in acquisition-related costs under "Other operating expenses", presented as items affecting comparability. According to a preliminary acquisition cost calculation for Flokkmann, assets acquired for Kesko Group amounted to €7.7 million and liabilities assumed to €2.1 million. The Group income statement includes minor acquisition-related costs for Flokkmann under "Other operating expenses", presented as items affecting comparability.

Carlsen Fritzøe Handel AS had a €77.9 million impact on net sales for September-December. The impact on the profit for September-December was €5.0 million. If the acquisition had taken place on 1 January 2020, according to management estimates, the impact on Group net sales would have been approximately €226.9 million. The impact on profit would have been €15.1 million. In determining the net sales and profit, the management estimates that recorded fair values would have been the same on the date of acquisition had the acquisition taken place on 1 January 2020. Flokkmann's impact on Group net sales and profit was minor.

Mark & Infra i Sverige AB and Bygg & Interiör

Kesko's Swedish subsidiary Fresks Försäjlning AB acquired the Bygg & Interiör building and home improvement trade stores for professional builders in Sweden on 1 September 2020. On 1 April 2020, Kesko's Swedish subsidiary Kesko AB acquired the Swedish Mark & Infra i Sverige AB (MIAB), a company specialising in the sales of water and sewage products. The combined consideration paid for the acquisitions completed in Sweden was €21.6 million, and the amount of cash and cash equivalents obtained was €0.1 million.

According to preliminary acquisition cost calculations concerning Bygg & Interiör and Mark & Infra, assets acquired for Kesko Group amounted to €16.8 million and liabilities assumed to €10.2 million. The goodwill is not tax deductible. The Group income statement includes minor acquisition-related costs under "Other operating expenses", presented as items affecting comparability. The impact of the acquired businesses on the Group's net sales and operating profit was minor.

The acquisitions completed in Sweden complement Kesko's K-Bygg chain for professional builders in the Mälaren Valley region as well as Onninen's technical wholesale offering for Infra customers in Sweden.

The table below provides a summary of the consideration paid, the values of assets acquired and liabilities assumed by Kesko Group at the date of acquisition, and the cash flow impact of the acquisitions.

€ million	Carlsen Fritzøe Handel AS and Flokkmann	Mark & Infra i Sverige AB and Bygg & Interiör
Debt-free acquisition price	**141.0**	**22.5**
Fair values of assets acquired and liabilities assumed at the date of acquisition		
Intangible assets	8.8	2.0
Property, plant and equipment, right-of-use assets and investments	96.7	3.6
Inventories	25.2	4.3
Receivables	31.4	6.9
Deferred tax liabilities	0.8	-
Cash and cash equivalents	0.9	0.1
Total assets	**163.9**	**16.8**
Trade payables, other liabilities, provisions, lease liabilities	129.2	9.4
Deferred tax liabilities	2.0	0.8
Total liabilities	**131.3**	**10.2**
Total net assets acquired	**32.6**	**6.6**
Goodwill	**108.8**	**16.0**
Cash flow impact of acquisition		
Consideration paid	-138.1	-21.6
Cash and cash equivalents acquired	0.9	0.1
Unpaid share	0.0	2.8
Cash flow impact of acquisition	**-137.2**	**-18.7**

Impairment testing for goodwill and intangible assets

Intangible assets with indefinite useful lives are tested annually for possible impairment and whenever there is an indication of impairment.

The recoverable amount of a cash-generating unit's business is determined based on value-in-use calculations in impairment testing. In the calculations, forecast cash flows are based on financial plans approved by management, covering a period of three years. The plans are based on external sources concerning projections for total market growth, weighted with the cash-generating unit's own business' share of the market in question. Profitability trends, including changes in store site network, product and service selection, pricing and movements in operating costs, are based on management-approved plans. The discount rate used is the weighted average cost of capital (WACC) after tax, specified for each division and country and adjusted for tax effect in connection with the test. The WACC formula inputs are risk-free rate of return, market risk premium, industry-specific beta factor, target capital structure, borrowing cost and country risks.

There were no impairment charges recognised on goodwill or intangible assets in the financial years 2019 and 2020.

The key variables used in impairment testing are the growth percentage, EBITDA margin and discount rate after the forecast period. The plans are based on external sources concerning projections for total market growth, weighted with the cash-generating unit's own business' share of the market in question.

The most sensitive to movements in assumptions is the goodwill impairment test for K-Bygg. K-Bygg's net sales in 2020 totalled €228.4 million, and the comparable change in net sales (calculated in local currency and excluding the impact of acquisitions and divestments) was 9.6%. During the forecast period, the range for change in K-Bygg's net sales is 3.2-9.0%; the highest growth rate is explained by the acquisitions completed in September

2020. The growth forecast for K-Bygg's net sales for the period following the forecast period is 2%. By the end of the forecast period, K-Bygg's EBITDA margin is expected to have grown by 0.1 percentage points from the EBITDA margin achieved in 2020. Impairment would be recognised if the post-forecast period EBITDA margin would decrease by more than 1.5 percentage points, if the post-forecast period growth percentage would be below 0.7%, or if the pre-tax discount rate was above 8.0%. In K-Bygg's impairment test, the recoverable amount exceeded the carrying amount of the assets tested by €81.5 million (31 Dec. 2019: €204.3 million).

The sensitivity of Byggmakker's goodwill impairment test has reduced by the increase in the share of own retailing following the acquisition of Carlsen Fritzøe, which has increased the profitability of the cash-generating unit.

During the financial year, an impairment test concerning goodwill for the car trade was conducted because due to increased economic uncertainty caused by the Covid-19 pandemic, projections for the car trade market had not materialised. According to the annual impairment testing conducted at the end of the financial year, sensitivity to movements in assumptions used in the testing had decreased, primarily due to the improved market situation in the car trade in the latter half of the financial year. According to the impairment test, the recoverable amount on 31 December 2020 exceeded the carrying amount of the assets tested by €202.8 million, versus €74.7 million in the impairment test on 30 June 2020.

With regard to the other cash generating units, according to management estimates, a foreseeable change in any key variable would not create a situation in which the unit's recoverable amount would be lower than its carrying amount.

Change in tangible and intangible assets (€ million)

	31.12.2020	31.12.2019
Opening net carrying amount	**2,172.6**	**1,688.5**
Depreciation, amortisation and impairment charges	-170.2	-161.5
Investments in tangible and intangible assets	219.1	534.9
Acquisitions	158.2	146.2
Change in Kesko Senukai's consolidation method	-126.7	-
Deductions	-21.2	-33.9
Transfers to non-current assets held for sale and between items	-1.1	-6.2
Exchange differences	-2.4	4.3
Closing net carrying amount	**2,228.2**	**2,172.6**

Right-of-use assets (€ million)

	31.12.2020	31.12.2019
Opening net carrying amount	**2,191.3**	**2,057.0**
Depreciation, amortisation and impairment charges	-327.5	-334.9
Net increases	158.8	427.4
Acquisitions	94.8	35.8
Change in Kesko Senukai's consolidation method	-298.4	-
Transfers between items	2.4	5.3
Exchange differences	-2.5	0.8
Closing net carrying amount	**1,819.0**	**2,191.3**

The net increase in right-of-use assets includes a €-33.8 million transfer to tangible assets due to the use of a lease purchase option.

Related party transactions (€ million)

The Group's related parties include its management (the Board of Directors, the Managing Director and the Group Management Board) and the companies controlled by them, their family members and companies controlled by the family members, the Group's subsidiaries, associates and joint ventures as well as Kesko Pension Fund.

The following transactions were carried out with related parties:		
	1-12/2020	**1-12/2019**
Sales of goods and services	107.1	97.1
Purchases of goods and services	8.7	8.0
Other operating income	17.6	16.2
Other operating expenses	4.7	4.1
Finance income and costs	6.6	5.6
	31.12.2020	**31.12.2019**
Receivables	92.0	67.6
Liabilities	20.3	13.8
Items related to leases	**31.12.2020**	**31.12.2019**
Cash flow from leases	-48.9	-53.0
Lease liabilities	347.2	369.8

Financial risks

Due to increased economic uncertainty caused by the Covid-19 pandemic the Group has updated information related to liquidity risk and credit and counterparty risk management from the information given in the financial statements on 31 Dec. 2019.

Liquidity risk

Liquidity risk management aims to maintain sufficient liquid assets and credit facilities in order to ensure the ongoing availability of sufficient financial resources for the Group's operating activities.

The Group's liquidity remained strong despite the economic uncertainty caused by the Covid-19 pandemic. On 31 December 2020, the Group had liquid assets of €306.0 million (€169.0 million). Interest-bearing liabilities on 31 December 2020 totalled €2,616.3 million (€3,037.3 million), of which lease liabilities accounted for €2,025.0 million (€2,422.2 million). Interest-bearing net debt excluding lease liabilities totalled €285.3 million (€446.1 million).

On 31 December 2020, the Group's financial resources available included €300 million in committed long-term credit facilities and €506 million in uncommitted commercial paper programmes.

Credit and counterparty risk, trade receivables

Business entities are responsible for the management of the credit risk associated with amounts due from customers. Due to the Covid-19 pandemic, the Group's credit policy was tightened in March 2020 by specifying the terms and conditions of credit sale and collateral requirements and by tightening the decision-making authorisations for credit facilities. Efficiency was raised in credit control to identify customers with risk and to ensure that credit decisions are based on up-to-date information on a customer's solvency and any changes in solvency. The amount of credit losses remained moderate in January-December despite the pandemic. Increased economic uncertainty has been taken into account in the measurement of trade receivables by increasing the amount of credit losses recognised. The Group's trade receivables are from a large number of individual customers, and balance sheet receivables do not contain significant risk concentrations. In Finland, the main part of the Group's business activities is carried out in cooperation with retailers. According to retailer agreements, retailers shall arrange overdraft facilities to be held as collateral for their trade payables by the relevant Kesko subsidiary. The seasonality of businesses impacts the amount of trade receivables in the consolidated statement of financial position.

Ageing analysis of trade receivables (€ million)		
	31.12.2020	**31.12.2019**
Trade receivables fully performing	721.7	712.1
1–7 days past due trade receivables	22.3	31.4
8–30 days past due trade receivables	13.6	30.4
31–60 days past due trade receivables	4.4	8.9
over 60 days past due trade receivables	14.5	21.8
Total	**776.5**	**804.7**

Trade receivables include impairment charges totalling €21.5 million (31 Dec. 2019: €23.7 million). The aggregate amount of credit losses and impairments recognised in the profit for the period was €6.1 million (1-12/2019: €3.6 million).

Fair value hierarchy of financial assets and liabilities (€ million)

	Level 1	**Level 2**	**Level 3**	**31.12.2020**
Financial assets at fair value through profit or loss		**119.8**	**22.7**	**142.5**
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		2.0		2.0
Derivative financial liabilities		14.9		14.9
	Level 1	**Level 2**	**Level 3**	**31.12.2019**
Financial assets at fair value through profit or loss		**10.1**	**20.6**	**30.6**
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		1.3		1.3
Derivative financial liabilities		6.8		6.8

Level 1 instruments are traded in active markets and their fair values are directly based on quoted market prices. The fair values of level 2 instruments are derived from market data. The fair values of level 3 instruments are not based on observable market data.

Personnel, average and at 31.12.

Personnel average by segment	**1-12/2020**	**1-12/2019**	**Change**
Grocery trade	6,197	6,063	134
Building and technical trade	9,308	12,630	-3,322
Car trade	1,283	1,179	104
Common functions	841	975	-134
Continuing operations, total	17,629	20,846	-3,217

Personnel at 31.12.*by segment	**2020**	**2019**	**Change**
Grocery trade	8,286	8,086	200
Building and technical trade	7,193	14,743	-7,550
Car trade	1,310	1,337	-27
Common functions	861	1,002	-141
Continuing operations, total	17,650	25,168	-7,518

* Total number including part-time employees

Group's commitments (€ million)

	31.12.2020	**31.12.2019**	**Change, %**
Own commitments	311.9	438.1	-28.9
For others	-	26.7	-
Lease liabilities for leases not recognised in the balance sheet	96.7	101.6	-4.8
Liabilities arising from derivative instruments (€ million)			
			Fair value
Values of underlying instruments at	**31.12.2020**	**31.12.2019**	**31.12.2020**
Interest rate derivatives			
Interest rate swaps	420.0	340.0	-5.8
Currency derivatives			
Forward and future contracts	206.2	154.4	-5.6
Commodity derivatives			
Electricity futures	20.4	15.7	-1.5

Lease liabilities not recognised in the balance sheet include primarily the nominal amount of liability for agreements that will enter into force in the future.

Calculation of performance indicators

Kesko uses alternative performance measures to reflect business performance and profitability. These indicators should be examined together with the IFRS-compliant performance indicators.

Change in comparable net sales is used to reflect changes in the Group's business volume between periods. The indicator reflects the change in net sales excluding the impact of acquisitions and divestments, in local currencies. The comparable net sales have been calculated by including in the net sales the business operations that have been part of Kesko Group in both the reporting period as well as the comparison period. Other structural arrangements related to acquisitions and divestments have been adjusted in the same manner as acquisitions.

Performance indicators reflecting comparable profit and profitability are used to improve the comparability of operational performance between periods. Gains and losses on disposal of real estate, shares and business operations, impairment charges and significant restructuring costs are identified as items affecting comparability. Gains on disposal have been presented within other operating income, and losses on disposal within other operating expenses in the income statement.

Alternative performance measures that have been adjusted for the impact of IFRS 16 are used to illustrate continuity in business profitability and financial position and the achievement of certain financial targets. The EBITDA excluding the impact of IFRS 16 corresponds to EBITDA before the adoption of IFRS 16, and the interest-bearing net debt excluding lease liabilities correspond to interest-bearing net debt before the adoption of the standard. These restated indicators are included as components in the Group's financial targets' performance indicators.

In addition, the financial performance indicators required by the Decree of the Ministry of Finance on obligation of securities issuers to disclose periodic information have been presented as alternative performance measures. The management uses these indicators to monitor and analyse business performance, profitability and financial position.

Operating profit, comparable	Operating profit +/– items affecting comparability
Items affecting comparability	– gains on disposal + losses on disposal + impairment charges +/- structural arrangements
Return on capital employed*, %	Operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed*, %, comparable	Comparable operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period
Return on equity*, %	(Profit/loss before tax - Income tax) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity*, %. comparable	(Profit/loss adjusted for items affecting comparability before tax - Income tax adjusted for the tax effect of items affecting comparability) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Equity ratio, %	Shareholders' equity x 100 / (Total assets – Advances received)
Gearing, %	Interest-bearing net liabilities x 100 / Shareholders' equity

Interest-bearing net debt	Interest-bearing liabilities + Lease liabilities – Current financial assets at fair value through profit or loss – Current financial assets at amortised cost – Cash and cash equivalents
Interest-bearing net debt excluding lease liabilities	Interest-bearing net debt – Lease liabilities
EBITDA	Operating profit + Depreciation and amortisation + Impairments
EBITDA excluding the impact of IFRS 16	EBITDA – Rents for right-of-use assets
Interest-bearing net debt excluding lease liabilities / EBITDA excluding the impact of IFRS 16	Interest-bearing net debt excluding lease liabilities / EBITDA excluding the impact of IFRS 16
Capital expenditure	Includes investments in tangible and intangible assets, subsidiary shares, shares in associates and joint ventures and other shares. Additions of right-of-use assets for leases in the consolidated statement of financial position are not capital expenditure. Redemption of a leased property (right-of-use asset) is reported as capital expenditure.
Earnings/share, basic **	(Profit/loss - Non-controlling interests) / Average number of shares
Earnings/share, diluted **	(Profit – Non-controlling interest) / Average diluted number of shares
Earnings/share, basic, comparable **	(Profit/loss adjusted for items affecting comparability - Non-controlling interests adjusted for items affecting comparability) / Average number of shares
Equity/share **	Equity attributable to owners of the parent / Basic number of shares at the balance sheet date
Cash flow from operating activities/share **	Cash flow from operating activities / Average number of shares

* Indicators for return on capital have been annualised.

** Kesko Corporations 's Annual General Meeting on 28 April 2020 decided on a share issue without payment (share split) in which three (3) new A shares were issued for each existing A share, and three (3) new B shares for each existing B share. The share-specific indicators have been calculated using the post-share split number of shares. Share-specific indicators for the comparison periods have been adjusted to correspond to the post-share split number of shares.

Reconciliation of performance indicators to IFRS financial statements

€ million	**1-3/ 2019**	**4-6/ 2019**	**7-9/ 2019**	**10-12/ 2019**	**1-3/ 2020**	**4-6/ 2020**	**7-9/ 2020**	**10-12/ 2020**	**1-12/ 2020**	**1-12/ 2019**
Continuing operations										
Items affecting comparability										
Gains on disposal	0.0	1.0	0.4	3.3	6.4	-	-	3.5	9.8	4.6
Losses on disposal	-0.0	-	-	-0.9	-0.0	-	-0.1	-0.1	-0.2	-0.9
Impairment charges	-	-	0.0	-	-	-	-	-	-	-
Structural arrangements	-5.8	-3.5	-3.8	-4.3	-5.5	-1.1	42.8	-13.5	22.8	-17.5
Items in operating profit affecting comparability	**-5.8**	**-2.6**	**-3.5**	**-1.9**	**0.8**	**-1.1**	**42.8**	**-10.1**	**32.4**	**-13.8**
Items in financial items affecting comparability	-	17.4	29.0	-0.1	-0.4	2.1	13.6	-1.9	13.4	46.3
Items in income taxes affecting comparability	0.1	-1.5	0.5	1.3	1.1	0.2	0.9	2.0	4.1	0.4
Total items affecting comparability	**-5.8**	**13.4**	**26.0**	**-0.7**	**1.5**	**1.2**	**57.2**	**-10.0**	**49.9**	**32.9**
Items in EBITDA affecting comparability	**-5.6**	**-5.4**	**-2.0**	**-1.5**	**0.2**	**-1.1**	**44.8**	**-4.8**	**39.1**	**-14.5**
Operating profit, comparable										
Operating profit	51.6	119.9	148.6	127.8	65.9	154.1	224.6	155.6	600.2	447.8
Net of										
Items in operating profit affecting comparability	-5.8	-2.6	-3.5	-1.9	0.8	-1.1	42.8	-10.1	32.4	-13.8
Operating profit, comparable	**57.5**	**122.5**	**152.0**	**129.7**	**65.1**	**155.2**	**181.8**	**165.6**	**567.8**	**461.6**
Operating profit excluding the impact of IFRS 16, comparable										
Operating profit, comparable	57.5	122.5	152.0	129.7	65.1	155.2	181.8	165.6	567.8	461.6
Net of										
Rents for right-of-use assets	-102.3	-104.2	-104.0	-108.6	-105.4	-104.1	-96.1	-95.4	-401.0	-419.1
Plus										
Depreciation and impairment charges for right-of-use assets	79.7	81.4	81.3	85.8	84.4	82.7	76.1	76.2	319.4	328.2
Operating profit excluding the impact of IFRS 16, comparable	**34.9**	**99.7**	**129.3**	**106.6**	**44.0**	**133.8**	**161.8**	**146.4**	**486.0**	**370.5**
EBITDA										
Operating profit	51.6	119.9	148.6	127.8	65.9	154.1	224.6	155.6	600.2	447.8
Plus										
Depreciation and impairment charges	35.3	41.1	41.7	43.4	40.9	43.8	41.7	43.8	170.2	161.5
Depreciation and impairment charges for right-of-use assets	80.8	75.8	83.1	85.4	83.9	82.7	77.8	81.4	325.8	325.0

EBITDA	**167.8**	**236.8**	**273.3**	**256.5**	**190.7**	**280.6**	**344.2**	**280.7**	**1,096.2**	**934.4**
EBITDA, comparable										
EBITDA	167.8	236.8	273.3	256.5	190.7	280.6	344.2	280.7	1,096.2	934.4
Net of										
Items in EBITDA affecting comparability	-5.6	-5.4	-2.0	-1.5	0.2	-1.1	44.8	-4.8	39.1	-14.5
EBITDA, comparable	**173.4**	**242.2**	**275.4**	**258.0**	**190.5**	**281.8**	**299.4**	**285.6**	**1,057.1**	**948.9**
EBITDA excluding the impact of IFRS 16										
EBITDA	167.8	236.8	273.3	256.5	190.7	280.6	344.2	280.7	1,096.2	934.4
Net of										
Rents for right-of-use assets	-102.5	-105.7	-106.0	-110.4	-105.3	-104.0	-97.8	-100.9	-408.0	-424.6
EBITDA excluding the impact of IFRS 16	**65.2**	**131.1**	**167.4**	**145.8**	**85.4**	**176.5**	**239.0**	**179.8**	**680.7**	**509.6**
EBITDA excluding the impact of IFRS 16, comparable										
EBITDA, comparable	173.4	242.2	275.4	258.0	190.5	281.8	299.4	285.6	1,057.1	948.9
Net of										
Rents for right-of-use assets	-102.3	-104.2	-104.0	-108.6	-105.4	-104.1	-96.1	-95.4	-401.0	-419.1
EBITDA excluding the impact of IFRS 16, comparable	**71.1**	**138.0**	**171.4**	**149.1**	**85.0**	**177.7**	**203.2**	**190.1**	**656.0**	**529.6**
Profit before tax, comparable										
Profit before tax	28.8	114.1	154.8	105.7	33.1	136.2	220.0	138.4	527.6	403.3
Net of										
Items in operating profit affecting comparability	-5.8	-2.6	-3.5	-1.9	0.8	-1.1	42.8	-10.1	32.4	-13.8
Items in financial items affecting comparability	-	17.4	29.0	-0.1	-0.4	2.1	13.6	-1.9	13.4	46.3
Profit before tax, comparable	**34.6**	**99.2**	**129.3**	**107.7**	**32.7**	**135.2**	**163.6**	**150.4**	**481.9**	**370.7**
Net profit, comparable										
Profit before tax. comparable	34.6	99.2	129.3	107.7	32.7	135.2	163.6	150.4	481.9	370.7
Net of										
Income tax	6.1	23.3	25.3	14.9	6.4	31.0	30.2	24.7	92.3	69.6
Items in income tax affecting comparability	0.1	-1.5	0.5	1.3	1.1	0.2	0.9	2.0	4.1	0.4
Net profit, comparable	**28.4**	**77.3**	**103.5**	**91.4**	**25.2**	**104.1**	**132.6**	**123.6**	**385.5**	**300.7**
Net profit attributable to owners of the parent, comparable										
Net profit, comparable	28.4	77.3	103.5	91.4	25.2	104.1	132.6	123.6	385.5	300.7
Net of										
Net profit attributable to non-controlling interests	-4.7	5.2	3.7	1.8	-8.0	9.9	-	-	2.0	6.0

Items in net profit attributable to non-controlling interests affecting comparability	**33.2**	**72.1**	**99.8**	**89.7**	**33.1**	**94.2**	**132.6**	**123.6**	**383.5**	**294.7**
Net profit attributable to owners of the parent, comparable										
Earnings per share, comparable, €										
Net profit attributable to the owners of the parent, comparable	33.2	72.1	99.8	89.7	33.1	94.2	132.6	123.6	383.5	294.7
Average number of shares, basic, 1,000 pcs	396,108	396,236	396,277	396,296	396,432	396,583	396,635	396,661	396,661	396,296
Earnings per share, comparable, €	**0.08**	**0.18**	**0.25**	**0.23**	**0.08**	**0.24**	**0.33**	**0.31**	**0.97**	**0.74**
Return on capital employed, %										
Operating profit	51.6	119.9	148.6	127.8	65.9	154.1	224.6	155.6	600.2	447.8
Capital employed, average	4,537.4	4,673.8	4,956.6	5,064.1	5,015.1	4,810.5	4,521.0	4,552.4	4,718.5	4,803.3
Return on capital employed, %	**4.6**	**10.3**	**12.0**	**10.1**	**5.3**	**12.8**	**19.9**	**13.7**	**12.7**	**9.3**
Return on capital employed, comparable, %										
Operating profit, comparable	57.5	122.5	152.0	129.7	65.1	155.2	181.8	165.6	567.8	461.6
Capital employed, average	4,537.4	4,673.8	4,956.6	5,064.1	5,015.1	4,810.5	4,521.0	4,552.4	4,718.5	4,803.3
Return on capital employed, comparable, %	**5.1**	**10.5**	**12.3**	**10.2**	**5.2**	**12.9**	**16.1**	**14.6**	**12.0**	**9.6**
Group										
Return on equity, %										
Net profit	22.2	101.7	128.6	92.8	26.6	105.3	189.8	113.6	435.3	345.2
Equity, average	2,042.7	2,000.3	1,997.6	2,099.8	2,115.4	2,027.7	2,003.6	2,115.6	2,165.0	2,080.9
Return on equity, %	**4.3**	**20.3**	**25.7**	**17.7**	**5.0**	**20.8**	**37.9**	**21.5**	**20.1**	**16.6**
Return on equity, comparable, %										
Net profit, comparable	27.6	88.6	103.5	93.5	25.2	104.1	132.6	123.6	385.5	313.2
Equity, average	2,042.7	2,000.3	1,997.6	2,099.8	2,115.4	2,027.7	2,003.6	2,115.6	2,165.0	2,080.9
Return on equity, comparable, %	**5.4**	**17.7**	**20.7**	**17.8**	**4.8**	**20.5**	**26.5**	**23.4**	**17.8**	**15.1**
Equity ratio, %										
Shareholders' equity	2,064.4	1,936.3	2,058.8	2,140.8	2,090.0	1,965.3	2,042.0	2,189.3	2,189.3	2,140.8
Total assets	6,523.8	6,985.0	6,987.9	6,899.3	6,987.8	7,119.2	6,653.7	6,641.9	6,641.9	6,899.3
Advances received	35.4	37.0	24.4	34.6	28.5	29.3	21.9	32.8	32.8	34.6
Equity ratio, %	**31.8**	**27.9**	**29.6**	**31.2**	**30.0**	**27.4**	**30.8**	**33.1**	**33.1**	**31.2**

K Group's retail and B2B sales, VAT 0% (preliminary data)

Kesko and K-retailers together form K Group. The table below depicts K Group's retail and B2B sales by chain, comprising the combined retail and B2B sales of Kesko's own retailing and B2B trade and retailer-owned chain stores.

	1.1.-31.12.2020		1.10.-31.12.2020	
K Group's retail and B2B sales	**€ million**	**Change, %*)**	**€ million**	**Change, %*)**
K Group's grocery trade				
K-Citymarket, food	1,934.5	13.0	518.0	12.4
K-Citymarket, non-food	587.7	0.2	182.8	3.5
K-Supermarket	2,235.2	9.0	572.2	9.6
K-Market	2,001.0	7.4	496.6	8.3
Neste K	114.6	-12.4	28.1	-11.5
Others	46.3	6.2	10.9	-1.0
Retail sales, total	**6,919.2**	**8.3**	**1,808.6**	**8.9**
Kespro	783.9	-17.0	196.6	-19.0
Grocery trade, total	**7,703.1**	**5.1**	**2,005.2**	**5.3**
K Group's building and technical trade				
K-Rauta, Finland	1,172.3	9.0	254.0	6.2
K-Rauta B2B Service, Finland	249.1	-2.5	59.1	-6.9
Onninen, Finland	961.4	8.2	237.3	6.9
Leisure trade, Finland	264.2	-5.9	81.1	5.3
Finland, total	**2,647.1**	**5.9**	**631.5**	**5.0**
K-Rauta, Sweden	186.3	14.1	41.0	21.6
K-Bygg, Sweden	240.9	10.8	62.8	17.5
Onninen and Mark & Infra i Sverige, Sweden	108.3	-0.8	23.7	-3.9
Byggmakker and Carlsen Fritzøe, Norway	717.2	1.0	176.5	4.2
Onninen, Norway	243.6	-3.9	69.2	8.0
Onninen, Baltic countries	79.9	-5.7	21.6	-5.8
Onninen, Poland	235.1	-1.3	64.0	0.0
Other countries, total	**1,811.4**	**2.0**	**458.9**	**6.1**
Kesko Senukai	922.4	6.9	244.5	10.5
Building and technical trade, total	**5,380.8**	**4.7**	**1,334.9**	**6.4**
K Group's car trade				
K-Caara	624.1	1.3	161.9	9.1
K-Auto, import	217.7	-18.8	58.5	-5.1
AutoCarrera	62.8	30.7	13.3	-30.0
Car trade, total	**904.6**	**-2.9**	**233.6**	**2.1**
Finland, total	**11,254.7**	**4.6**	**2,870.3**	**5.0**
Other countries, total	**2,733.7**	**3.6**	**703.4**	**7.6**
Retail and B2B sales, total	**13,988.5**	**4.4**	**3,573.7**	**5.5**

*) The Change, % compared to the year before has been calculated to illustrate a situation in which the car trade acquisitions completed in July 2019, the acquisition of Fresks and the divestment of Onninen AB's HEPAC contractor business in May 2019, the divestment of the Finnish agricultural machinery trade operations completed in August 2019, the divestment of the Baltic machinery trade operations completed in March 2020, and the acquisition of Mark & Infra i Sverige AB completed in April 2020, and the acquisitions of Carlsen Fritzøe Handel AS and Bygg & Interiör completed in September 2020, had been completed on 1 January 2019.