January-December 2021

KESKO CORPORATION FINANCIAL STATEMENTS RELEASE

3.2.2022

KESKO CORPORATION JANUARY-DECEMBER FINANCIAL STATEMENTS RELEASE 3.2.2022 AT 8.00

Kesko's financial statements release for 1 Jan.-31 Dec. 2021: The best result in Kesko's history

FINANCIAL PERFORMANCE IN BRIEF:

10-12/2021

- Group net sales in October-December totalled €2,870.3 million (€2,662.3 million), an increase of 7.2% in comparable terms, reported net sales grew by 7.8%
- Comparable operating profit totalled €203.5 million (€165.6 million), comparable operating profit grew by €37.9 million.
- Operating profit totalled €204.9 million (€155.6 million)
- Comparable earnings per share €0.40 (€0.31)
- Reported Group earnings per share €0.41 (€0.29)

1-12/2021

- Group net sales in January-December totalled €11,300.2 million (€10,669.2 million), an increase of 8.2% in comparable terms, reported net sales grew by 5.9%
- Comparable operating profit totalled €775.5 million (€567.8 million), Comparable operating profit grew by €207.7 million.
- Operating profit totalled €775.2 million (€600.2 million)
- Comparable earnings per share €1.43 (€0.97)
- Reported Group earnings per share €1.44 (€1.09)
- Board's dividend proposal €1.06 per share, proposed to be paid in four instalments

KEY PERFORMANCE INDICATORS

	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Net sales, € million	2,870.3	2,662.3	11,300.2	10,669.2
Operating profit, comparable, € million	203.5	165.6	775.5	567.8
Operating margin, comparable, %	7.1	6.2	6.9	5.3
Operating profit, € million	204.9	155.6	775.2	600.2
Profit before tax, comparable, € million	187.9	150.4	710.4	481.9
Profit before tax, € million	189.2	138.4	712.9	527.6
Cash flow from operating activities, € million	269.2	308.4	1,152.0	1,152.4
Capital expenditure, € million	80.6	55.5	276.6	398.4
Earnings per share, €, basic and diluted	0.41	0.29	1.44	1.09
Earnings per share, comparable, €, basic	0.40	0.31	1.43	0.97

	1-12/2021	1-12/2020
Return on capital employed, comparable, %	17.2	12.0
Return on equity, comparable, %	24.1	17.8

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 information, Kesko Senukai is reported as a joint venture also for the comparison periods, as this method is used in management reporting.

Illustrative Group performance indicators	10-12/2021*	10-12/2020	1-12/2021*	1-12/2020
Net sales, € million	2,870.3	2,662.3	11,300.2	10,242.6
Operating profit, comparable, € million	203.5	165.6	775.5	553.6
Operating margin, comparable, %	7.1	6.2	6.9	5.4
Operating profit, € million	204.9	157.2	775.2	540.0

* Reported

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 2020 and 2021. 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 comparison periods as if Kesko Senukai had been consolidated as a joint venture.

OUTLOOK AND GUIDANCE FOR 2022

Kesko Group's outlook is given for the year 2022, in comparison with the year 2021.

Kesko estimates that its comparable operating profit in 2022 will be in the range of €680-800 million. In 2021, Kesko's comparable operating profit totalled €775.5 million.

Overall, the outlook for Kesko's business in 2022 is positive.

Net sales for the grocery trade division are expected to remain at a good level also in 2022. As the pandemic eases, food sales are expected to partly shift from B2C trade to foodservice wholesale. Food price inflation is estimated to support sales growth.

Outlook for the building and technical trade division is also positive. We expect sales to stay at a good level in B2B trade, which now accounts for 75% of the division's sales. Demand in B2C trade is expected to normalise. Price inflation is expected to support growth, but prolonged price inflation would lead to lower construction volumes.

In the car trade division, predictions regarding new car sales are made more difficult by uncertainties related to component supply chains. Delivery issues related to the availability of semiconductors will continue to hinder the car trade division's business also in 2022.

The progress of the pandemic will continue to have an 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 2022. In addition to the Covid-19 pandemic, assessments for outlook and predictions for demand are made more difficult by uncertainties related to overall economic development, inflation, geopolitics, and the availability of goods.

PRESIDENT AND CEO MIKKO HELANDER:

Kesko recorded the best result in the company's history in 2021 and its Q4 result was also record-high.This was the seventh consecutive year that Kesko's annual result improved, and 11th consecutive quarter where profit was up on the comparison period. Our sales and profit have been growing for several years, which is a strong indication that our growth strategy is working and being successfully executed. In 2021, our net sales grew by 8.2% in comparable terms, totalling €11,300 million. Our comparable operating profit amounted to a record €776 million, representing an increase of €208 million. 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 €1.06/share, totalling nearly €421 million, proposed to be paid in four instalments.

We made a record result in the grocery trade division in 2021. We managed to grow sales and improve customer satisfaction and profitability. The division's net sales grew by 3.1%, and its comparable operating profit rose to €443 million. Profitability in grocery trade is among the best in the world, with a comparable operating margin of

7.5%. Net sales and sales continued to grow in both grocery stores and foodservice. Online grocery sales grew by 14.2% despite the strong comparison figures. Our strength in grocery trade lies in our extensive network of physical grocery stores combined with efficient online sales and our foodservice business as well as our well-functioning retailer business model. Our strategic objective is to grow sales and improve customer experiences further.

We also achieved a record result in the building and technical trade division, where sales and profitability improved in all business operations. The success is based on the successful execution of our country-specific strategies, combined with good demand. Strong growth continued, driven in particular by B2B trade. Net sales in 2021 grew by 14.7% and totalled €4,388 million. The comparable operating margin for the division rose to a new level of 7.2%. The growth has been underpinned by the good development of the construction markets and high product price levels. In Finland, performance continued strong for Onninen and K-Rauta. Sales and profitability developed well also in Norway and Sweden, in both technical trade and building and home improvement trade. Profitability was also supported by the changes made in recent years, and the acquisitions completed and their successful integration. In line with our strategy, we have focused on B2B trade, which now accounts for 75% of the division’s sales. International operations account for an increasing share of the division’s net sales, now totalling 46%.

Our transformation process in the car trade division is proceeding well and yielding results. Net sales for the division in 2021 grew by 15.2% and totalled €1,028 million. The division’s profitability improved, and the comparable operating margin rose to 5.1%. All operations within the division – new cars, used cars, and services – were profitable. Measures conducted to restructure operations and improve their efficiency, a competitive range, and the growing demand for new and used cars resulted in growth in sales and profitability. Demand for all-electric cars and rechargeable hybrids grew in particular. The global component shortage limited the availability of new cars.

Overall, the outlook for Kesko's business in 2022 is positive. Kesko estimates that its comparable operating profit in 2022 will be in the range of €680-800 million. We will continue our efforts to grow our sales and improve profitability.

I want to thank all our customers, shareholders, employees, K-retailers and their staff, and our partners for the valuable work you did towards Kesko’s and our shared success in 2021.

IMPORTANT EVENTS

POSITIVE PROFIT WARNING ON 14 OCTOBER 2021

Kesko raised its profit guidance for 2021 on 14 October 2021. Kesko estimated that its comparable operating profit in 2021 would be in the range of €740-800 million. Before, the company estimated that the comparable operating profit would be in the range of €650-750 million. The guidance upgrade was based on better-than-anticipated sales growth and profit development especially in the building and technical trade division, and the division’s more positive outlook for the remainder of the year. In 2020, Kesko’s illustrative comparable operating profit totalled €554 million. (Stock exchange release 14.10.2021)

POSITIVE PROFIT WARNING ON 14 JUNE 2021

Kesko issued a positive profit warning based in particular on stronger-than-anticipated development in building and technical trade, and raised its profit guidance for 2021. Kesko estimated that its comparable operating profit in 2021 would be in the range of €650-750 million. Before, the company estimated that its comparable operating profit would be in the range of €570-670 million. (Stock exchange release 14.6.2021)

UPDATED STRATEGY AND NEW FINANCIAL TARGETS

The Board of Directors of Kesko Corporation confirmed an updated version of the company’s strategy and new medium-term financial targets for the company. Kesko’s growth strategy centres on profitable growth in three selected business divisions: grocery trade, building and technical trade, and car trade. The new medium-term financial targets for profitability are a comparable operating margin of over 6.0% (previously 5.5%) and a comparable return on capital employed of over 14.5% (previously 12.5%). As for financial position, the Group continues to target a maximum interest-bearing net debt/EBITDA of 2.5, excluding the impact of IFRS 16. (Stock exchange release 27.5.2021)

POSITIVE PROFIT WARNING ON 15 APRIL 2021

Kesko raised its guidance for its comparable operating profit in 2021, estimating that its comparable operating profit in 2021 would be in the range of €570-670 million. Before, the company estimated that the comparable operating profit would be in the range of €520-620 million. The guidance upgrade was based on better-than-anticipated sales development in all divisions and a more positive outlook for the remainder of the year. The illustrative comparable operating profit in 2020 was €554 million. (Stock exchange release 15.4.2021)

FINANCIAL PERFORMANCE

NET SALES AND PROFIT OCTOBER-DECEMBER 2021

10-12/2021	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million
Grocery trade	1,556.9	+2.6	+2.6	131.0	+7.9
Building and technical trade excl. speciality goods trade	1,039.8	+20.6	+18.2	62.4	+24.1
Speciality goods trade	61.9	+11.8	+24.4	7.2	+2.7
Kesko Senukai	-	-	-	4.2	+2.7
Building and technical trade, total	1,101.7	+20.1	+18.5	73.8	+29.5
Car trade	218.9	-6.3	-6.3	8.6	+2.4
Common functions and eliminations	-7.1	+16.3	+18.3	-9.9	-1.9
Total	**2,870.3**	**+7.8**	**+7.2**	**203.5**	**+37.9**

Group net sales increased by 7.2% in comparable terms. Net sales grew in comparable terms by 5.5% in Finland and by 16.5% in other operating countries. The comparable change % has been calculated in local currencies and excluding the impact of acquisitions and divestments completed. Reported Group net sales in October-December grew by 7.8%.

In the grocery trade division, sales to K Group grocery store chains decreased by 1.0%. Net sales for Kespro's foodservice business grew by 20.0% and net sales for K-Citymarket's home and speciality goods (non-food) grew by 4.1%. As Covid-19 restrictions were less severe than in the comparison period, consumption was relatively more geared towards foodservice than retail.

Net sales for the building and technical trade division increased by 20.1%, or by 18.5% in comparable terms. Net sales grew in comparable terms in all operating countries. Growth in B2B trade continued strong in all operating countries. The growth was underpinned by stronger-than-anticipated volume development in the construction market and the continued rise in raw material prices. In euro-terms, net sales were positively impacted by the acquisition completed in 2021 and the strengthening of the Swedish krona and Norwegian krone against the euro. The weakening of the Polish zloty against the euro diminished net sales development in Poland in euro terms.

Net sales for the car trade division decreased by 6.3% in October-December. The performance was impacted by the weakened availability of cars.

The Group's comparable operating profit in October-December totalled €203.5 million, an increase of €37.9 million. In addition to net sales growth, profitability improved thanks to better sales margin development and improved cost efficiency. In the grocery trade division, profitability improved in particular thanks to growth in Kespro's foodservice business and K-Citymarket's home and speciality goods (non-food) sales. Net sales and comparable operating profit increased especially in the building and technical trade division, underpinned by a strong market. The changes implemented in the building and technical trade division in recent years have also had a significant positive impact on profitability alongside the acquisitions carried out and their successful integration. Comparable operating profit grew in both building and home improvement trade and Onninen's technical trade in all operating countries. Kesko Senukai had a €4.2 million (€1.5 million) impact on the Group's comparable operating profit. Comparable operating profit for the car trade division grew by €2.4 million. Profit improved thanks to higher sales margins and cost adjustment measures.

Items affecting comparability, € million	**10-12/2021**	**10-12/2020**
Operating profit, comparable	**203.5**	**165.6**
Items affecting comparability		
+gains on disposal	-	+3.5
-losses on disposal	-	-0.1
-impairment charges	-5.4	-
+/-structural arrangements	+6.7	-13.5
Items affecting comparability, total	+1.3	-10.1
Operating profit	**204.9**	**155.6**

The most significant items affecting comparability were a €6.5 million sales gain on real estate in the building and technical trade division, included in the share of result of joint ventures, and the €4.3 million costs and impairment charges related to the restructuring of the car trade division. The most significant items affecting comparability in the comparison period were the €10.4 million costs related to the discontinuation of the Kookenkä and The Athlete's Foot chains in leisure trade.

K Group's (Kesko and the chain stores) retail and B2B sales (VAT 0%) in October-December totalled €3,857.0 million, representing a growth of 8.0% compared to the previous year.

Net finance costs, income tax and earnings per share

	10-12/2021	**10-12/2020**
Net finance costs, € million	-16.0	-15.0
Interests on lease liabilities, € million	-17.1	-18.8
Profit before tax, comparable, € million	187.9	150.4
Profit before tax, € million	189.2	138.4
Income tax, € million	-27.6	-24.7
Earnings per share, comparable, €	0.40	0.31
Earnings per share, €	0.41	0.29
Equity per share, €	6.37	5.52

The development of the Group's net finance costs in October-December was impacted by the decrease in interest expenses for lease liabilities. The share of result of associates was €0.4 million (€-2.2 million), or €0.4 million (€0.3 million) in comparable terms excluding items affecting comparability included in the share of result of associates.

The Group's comparable profit before tax 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 14.6% (17.9%). The Group's effective tax rate was impacted by tax-exempt sales gains in both the reporting and the comparison period.

The Group's earnings per share and comparable earnings per share grew compared to the year before.

NET SALES AND PROFIT JANUARY-DECEMBER 2021

1-12/2021	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million	Change, € million Illustrative comparison figures*
Grocery trade	5,909.0	+3.1	+3.1	442.9	+67.8	+67.8
Building and technical trade excl. speciality goods trade	4,164.0	+21.6	+14.3	275.4	+106.0	+106.0
Speciality goods trade	223.7	+4.0	+23.8	21.2	+13.8	+13.8
Kesko Senukai	-	-	-	21.5	-3.7	+10.5
Building and technical trade, total	4,387.7	+7.9	+14.7	318.0	+116.1	+130.3
Car trade	1,028.3	+15.2	+15.2	52.2	+28.8	+28.8
Common functions and eliminations	-24.8	+15.9	+17.7	-37.7	-5.0	-5.0
Total	**11,300.2**	**+5.9**	**+8.2**	**775.5**	**+207.7**	**+221.9**

* Change to illustrative Group comparison figures is presented alongside the reported performance indicators 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.

Group net sales increased by 8.2% in comparable terms. Net sales grew in comparable terms by 6.9% in Finland and by 16.0% in other operating countries. The comparable change % has been calculated in local currencies and excluding the impact of Kesko Senukai and acquisitions and divestments completed. The Group’s reported net sales in January-December grew by 5.9%.

In the grocery trade division, sales to K Group’s grocery store chains grew, as did the net sales of K-Citymarket’s home and speciality goods (non-food) trade and Kespro.

In the building and technical trade division, net sales grew in comparable terms in all operating countries. Net sales grew in comparable terms in building and home improvement trade, Onninen’s technical trade, and speciality goods trade. Reported net sales for the building and technical trade division increased by 7.9%. Reported net sales were negatively impacted by the change in the consolidation method of Kesko Senukai, and positively impacted by the acquisitions carried out in 2020 and 2021 and the strengthening of the Swedish krona and the Norwegian krone against the euro.

In the car trade division, net sales were positively impacted by an increase in the demand for brands imported by Kesko and growth in market share.

The Group's comparable operating profit in January-December totalled €775.5 million, an increase of €207.7 million. In addition to net sales growth, profitability improved thanks to better sales margin development and improved cost efficiency. In the grocery trade division, profitability improved for the grocery store chains, Kespro, and K-Citymarket’s home and speciality goods (non-food) trade, impacted by sales growth and improved cost ratio. In the building and technical trade division, there was marked growth in both net sales and comparable operating profit. Comparable operating profit grew in both building and home improvement trade and Onninen’s technical trade in all operating countries. Kesko Senukai had a €21.5 million impact on the Group’s comparable operating profit (€25.3 million, consolidated as a subsidiary in 1-6/2020 and as a joint venture in 7-12/2020). Kesko Senukai has been consolidated as a joint venture from 1 July 2020 onwards. In the car trade division, comparable operating profit grew thanks to growth in sales and sales margin and cost adjustment measures.

Items affecting comparability, € million	**1-12/2021**	**1-12/2020**
Operating profit, comparable	**775.5**	**567.8**
Items affecting comparability		
+gains on disposal	+1.4	+9.8
-losses on disposal	-0.0	-0.2
-impairment charges	-5.4	-
+/-structural arrangements	+3.7	+22.8
Items affecting comparability, total	-0.3	+32.4
Operating profit	**775.2**	**600.2**

The most significant items affecting comparability were the €0.9 million sales gains from grocery trade properties, the €6.5 million sales gain on real estate in the building and technical trade division, included in the share of result of joint ventures, and the €6.1 million costs and impairment charges related to the restructuring of the car trade division. The most significant items affecting comparability in the comparison period 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 Kookenkä and The Athlete's Foot chains in leisure trade.

K Group's (Kesko and the chain stores) retail and B2B sales (0% VAT) in January-December totalled €15,213.1 million, representing a growth of 8.8% compared to the previous year. During the 12-month period that ended in December, the number of Finnish households belonging to the K-Plussa loyalty scheme and using the Plussa network totalled 2.4 million, with 3.3 million customers using their K-Plussa card.

Net finance costs, income tax and earnings per share

	1-12/2021	**1-12/2020**
Net finance costs, € million	-68.2	-86.8
Interests on lease liabilities, € million	-71.3	-83.3
Profit before tax, comparable, € million	710.4	481.9
Profit before tax, € million	712.9	527.6
Income tax, € million	-141.1	-92.3
Earnings per share, comparable, €	1.43	0.97
Earnings per share, €	1.44	1.09
Equity per share, €	6.37	5.52

The development of the Group's net finance costs in January-December was impacted by the decrease in interest expenses for lease liabilities. The decline in lease liabilities was impacted by the change in Kesko Senukai's consolidation method as of 1 July 2020. In the comparison period, net finance costs were increased by foreign exchange differences and a change in the fair value of interest rate derivatives. Of the foreign exchange differences in the comparison period, €-2.8 million was due to exchange rate losses on euro-denominated loan financing of Kesko Senukai's Belarussian subsidiary OMA, and €-1.7 million due to the weakening of the Norwegian krone, the Swedish krona and the Polish zloty. The share of result of associates amounted to €5.9 million (€14.3 million), or €2.0 million (€1.5 million) in comparable terms. In the comparison period, 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.

The Group's comparable profit before tax 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 19.8% (17.5%). The Group's effective tax rate was lowered by the combined share of result of associates and joint ventures of €33.9 million. In the comparison period, the most significant items having a decreasing impact on the Group's effective tax rate were 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 earnings per share and comparable earnings per share grew compared to the year before.

CASH FLOW AND FINANCIAL POSITION

€ million	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Cash flow from operating activities	269.2	308.4	1,152.0	1,152.4
Cash flow from investing activities	-84.7	-42.8	-292.3	-421.3
Cash flow from financing activities	-334.7	-264.3	-834.4	-600.0

€ million	31.12.2021	31.12.2020
Liquid assets	387.7	306.0
Interest-bearing liabilities	2,295.1	2,616.3
Lease liabilities	1,928.6	2,025.0
Interest-bearing net debt excl. lease liabilities	-21.3	285.3
Interest-bearing net debt/EBITDA, excl. IFRS 16 impact, rolling 12 months	0.0	0.4
Gearing, %	75.4	105.5
Equity ratio, %	36.6	33.1

In October-December, the Group's cash flow from operating activities totalled €269.2 million (€308.4 million). Growth in EBITDA had a positive impact on the cash flow, and higher taxes paid compared to the year before had a negative €36.5 million impact.

The Group's cash flow from investing activities in October-December totalled €-84.7 million (€-42.8 million).

In January-December, the Group's cash flow from operating activities totalled €1,152.0 million (€1,152.4 million). Growth in EBITDA and a €38.6 million return of surplus assets paid by Kesko Pension Fund had a positive impact on the cash flow, while higher taxes of €83.2 million paid compared to the year before had a negative impact. In the comparison period, Kesko Senukai had a positive impact of €86.5 million on cash flow from operating activities.

The Group's cash flow from investing activities in January-December totalled €-292.3 million (€-421.3 million). Cash flow from investing activities included €55.9 million in investments of Group liquid assets in money market funds, which are reported under other financial assets in the consolidated statement of financial position. In the comparison period, the cash flow from investing activities 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.

CAPITAL EXPENDITURE

€ million	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Capital expenditure	80.6	55.5	276.6	398.4
Store sites	52.8	16.8	129.0	125.8
Acquisitions	-0.1	12.4	13.8	159.1
IT	16.3	5.6	42.2	25.6
Other investments	11.7	20.7	91.6	87.9

Capital expenditure in store sites increased by €36.0 million in October-December from the comparison period. In January-December, capital expenditure in store sites increased by €3.2 million compared to the year before. In the comparison period, capital expenditure in store sites in January-December was increased by the acquisition of the property of K-Citymarket in Järvenpää.

Acquisitions comprise Byggarnas Partner i Sverige AB in Sweden. In the comparison period, acquisitions comprised Mark & Infra i Sverige AB (MIAB) and Bygg & Interiör in Sweden and Carlsen Fritzøe Handel and Flokkmann in Norway.

PERSONNEL

	1-12/2021	1-12/2020
Average number of personnel converted into full-time employees	14,232	17,629
Personnel at the end of the reporting period	**31.12.2021**	**31.12.2020**
Finland	12,442	12,647
Other countries	4,960	5,003
Total	17,402	17,650

The change in the consolidation method of Kesko Senukai as of 1 July 2020 had an impact on the number of Group employees outside Finland. The impact is reflected on the average number of personnel in 1-12/2020 compared to 1-12/2021.

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.

GROCERY TRADE

October-December 2021

	10-12/2021	10-12/2020
Net sales, € million	1,556.9	1,517.2
Operating profit, comparable, € million	131.0	123.2
Operating margin, comparable, %	8.4	8.1
Return on capital employed, comparable, %, rolling 12 months	20.6	16.9
Capital expenditure, € million	46.1	15.6
Personnel, average	6,098	6,346

Net sales, € million	10-12/2021	10-12/2020	Change, %	Change, comparable, %
Sales to K-food stores				
K-Citymarket, food	348.3	348.7	-0.1	-0.1
K-Supermarket	395.4	401.8	-1.6	-1.6
K-Market	358.8	363.0	-1.1	-1.1
K-Citymarket, non-food	189.5	182.1	+4.1	+4.1
Kespro	239.4	199.5	+20.0	+20.0
Others	25.4	22.2	+14.6	+14.6
Total	**1,556.9**	**1,517.2**	**+2.6**	**+2.6**

Net sales for the grocery trade division totalled €1,556.9 million (€1,517.2 million) in October-December, up by 2.6%. Sales to K Group grocery store chains decreased by 1.0%. Net sales for K-Citymarket's home and speciality goods (non-food) trade grew by 4.1%. Net sales for Kespro's foodservice business grew by 20.0%. As Covid-19 restrictions were less severe than in the comparison period, consumption was relatively more geared towards foodservice than retail.

The total retail grocery market in Finland (incl. VAT) is estimated to have grown by approximately 1.0% in October-December (Finnish Grocery Trade Association PTY) and retail prices are estimated to have risen by some 2.1% (incl. VAT, PTY). K Group's grocery sales grew by 0.1% (incl. VAT). Online grocery sales decreased by 11.5%, and accounted for approximately 3.1% of K Group's grocery sales (incl. VAT). Online grocery sales have risen clearly above pre-pandemic levels. All K Group grocery store chains offer online sales services. The number of K Group stores offering online grocery services was 517 at the end of the reporting period. The total market for the foodservice business is estimated to have grown by 16.2% in October-December (PTY).

Comparable operating profit for the grocery trade division totalled €131.0 million (€123.2 million) in October-December, up by €7.9 million. Profitability improved in particular thanks to growth in Kespro's foodservice business and K-Citymarket's home and speciality goods (non-food) sales. Operating profit for the grocery trade division totalled €131.0 million (€123.0 million). Items affecting comparability in the comparison period totalled €-0.2 million.

Capital expenditure for the grocery trade division in October-December totalled €46.1 million (€15.6 million), of which €41.5 million (€14.1 million) was in store sites.

January-December 2021

	1-12/2021	1-12/2020
Net sales, € million	5,909.0	5,732.0
Operating profit, comparable, € million	442.9	375.2
Operating margin, comparable, %	7.5	6.5
Return on capital employed, comparable, %	20.6	16.9
Capital expenditure, € million	122.8	125.4
Personnel, average	6,126	6,197

Net sales, € million	**1-12/2021**	**1-12/2020**	**Change, %**	**Change, comparable, %**
Sales to K-food stores				
K-Citymarket, food	1,318.6	1,291.7	+2.1	+2.1
K-Supermarket	1,557.4	1,549.6	+0.5	+0.5
K-Market	1,457.2	1,434.9	+1.6	+1.6
K-Citymarket, non-food	618.6	585.5	+5.7	+5.7
Kespro	862.7	784.1	+10.0	+10.0
Others	94.5	86.1	+9.8	+9.8
Total	**5,909.0**	**5,732.0**	**+3.1**	**+3.1**

Net sales for the grocery trade division in January-December amounted to €5,909.0 million (€5,732.0 million), an increase of 3.1%. Sales to K Group grocery store chains grew by 1.3%. Net sales for K-Citymarket's home and speciality goods (non-food) grew by 5.7%.

The total retail grocery market in Finland (incl. VAT) is estimated to have grown by approximately 3.0% in January-December (Finnish Grocery Trade Association PTY) and retail prices are estimated to have risen by some 1.6% (incl. VAT, PTY). K Group's grocery sales grew by 2.4% (incl. VAT). K Group's sales grew in all chains. Online sales of groceries grew by 14.2%, and accounted for approximately 3.2% of K Group's grocery sales (incl. VAT). Net sales for Kespro's foodservice business grew by 10.0%. The total market for the foodservice business is estimated to have grown by 6.8% in January-December (PTY).

Comparable operating profit for the grocery trade division in January-December totalled €442.9 million (€375.2 million), up by €67.8 million. Profitability improved for the grocery store chains, Kespro and K-Citymarket's home and speciality goods (non-food) trade, impacted by sales growth and improved cost ratio. Operating profit for the grocery trade division totalled €443.9 million (€373.7 million). Items affecting comparability totalled €0.9 million (€-1.5 million).

Capital expenditure for the grocery trade division in January-December totalled €122.8 million (€125.4 million), of which €101.2 million (€109.7 million) was in store sites. Capital expenditure for the comparison period was increased by the acquisition of the property of K-Citymarket in Järvenpää.

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 building and technical trade in segment information. Due to the change in consolidation method, in 2020 the Group changed the internal reporting to its chief operating decision maker, i.e. the Group Management Board. Consequently, Kesko Senukai has been reported in the income statement figures for the building and technical trade segment information for 1-12/2020 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 up until 30 June 2020. Such a change has not been made to internally reported balance sheet figures or personnel numbers.

October-December 2021

	10-12/2021	10-12/2020
Net sales, € million	1,101.7	917.6
Building and technical trade excl. speciality goods trade and Kesko Senukai	1,039.8	862.3
Building & home improvement trade	530.0	458.3
Onninen	525.2	416.9
Speciality goods trade	61.9	55.3
Operating profit, comparable, € million	73.8	44.3
Building and technical trade excl. speciality goods trade and Kesko Senukai	62.4	38.3
Building & home improvement trade	28.3	19.5
Onninen	34.4	18.5
Speciality goods trade	7.2	4.5
Kesko Senukai	4.2	1.5
Operating margin, comparable, %	6.7	4.8
Building and technical trade excl. speciality goods trade and Kesko Senukai	6.0	4.4
Building & home improvement trade	5.3	4.3
Onninen	6.6	4.4
Speciality goods trade	11.7	8.2
	10-12/2021	**10-12/2020**
Return on capital employed, comparable, %, rolling 12 months	19.0	11.2
Capital expenditure, € million	11.0	16.8
Personnel, average	5,927	6,072

Net sales, € million	10-12/2021	10-12/2020	Change, %	Change, comparable, %
Building and home improvement trade, Finland	239.2	207.7	+15.2	+16.3
K-Rauta, Sweden	41.7	41.0	+1.7	+0.7
K-Bygg, Sweden	76.6	61.9	+23.7	+13.4
Byggmakker, Norway	173.1	148.4	+16.6	+8.1
Building and home improvement trade, total	530.0	458.3	+15.6	+11.9
Onninen, Finland	298.1	244.1	+22.1	+22.1
Onninen and MIAB, Sweden	29.8	23.6	+26.1	+24.7
Onninen, Norway	85.9	64.7	+32.8	+23.6
Onninen, Baltics	27.5	21.6	+27.0	+27.0
Onninen, Poland	85.0	63.8	+33.4	+36.7
Onninen, total	525.2	416.9	+26.0	+25.0
Building and technical trade excl. speciality goods trade, total	1,039.8	862.3	+20.6	+18.2
Leisure trade, Finland	61.9	55.3	+11.8	+24.4
Speciality goods trade, total	61.9	55.3	+11.8	+24.4
Total	**1,101.7**	**917.6**	**+20.1**	**+18.5**

Net sales for the building and technical trade division increased by 20.1%, or by 18.5% in comparable terms. Net sales grew in comparable terms in all operating countries. Growth in B2B trade continued strong in all operating countries. Growth has been underpinned by stronger-than-anticipated volume development in the construction market and continued rise in raw material prices. Raw material prices have risen the most in building materials such as wood products, metals and plastic products. In euro-terms, net sales were positively impacted by the acquisition completed in 2021 and the strengthening of the Swedish krona and Norwegian krone against the euro. The weakening of the Polish zloty against the euro diminished net sales development in Poland in euro terms.

In Finland, net sales for the building and technical trade division in October-December totalled €585.9 million (€494.7 million), up by 18.4%. In comparable terms, net sales in Finland increased by 20.2%. Net sales from international operations totalled €515.8 million (€422.9 million) in October-December, up by 22.0%. In comparable terms, net sales from international operations grew by 16.5%.

Net sales for the building and home improvement trade and Onninen's technical trade grew in all operating countries. Net sales for sports trade in speciality goods trade increased by 24.4% in comparable terms. Reported net sales for leisure trade decreased due to the discontinuation of the KooKenkä and The Athlete's Foot chains.

Comparable operating profit for the building and technical trade division in October-December totalled €73.8 million (€44.3 million), up by €29.5 million on the comparison period. Net sales and comparable operating profit for the division grew underpinned by a strong market. The changes implemented in recent years have had a significant positive impact on the division's profitability alongside acquisitions carried out and their successful integration. Comparable operating profit for building and home improvement trade increased by €8.7 million, and grew in all operating countries. Carlsen Fritzøe, acquired in September 2020, accounted for €9.3 million (€5.3 million) of the comparable operating profit. Onninen's profitability improved in all operating countries. In speciality goods trade, comparable operating profit for leisure trade grew.

Operating profit for the building and technical trade division totalled €79.6 million (€32.4 million). Items affecting comparability totalled €5.8 million (€-11.9 million). The most significant item affecting comparability was the €6.5 million sales gain on real estate included in the share of result of joint ventures. The most significant items affecting comparability in the comparison period were the €10.4 million costs related to the discontinuation of the Kookenkä and The Athlete's Foot chains in leisure trade.

Capital expenditure for the building and technical trade division in October-December totalled €11.0 million (€16.8 million). Capital expenditure for the comparison period included €12.4 million in acquisitions.

January-December 2021

	1-12/2021	1-12/2020
Net sales, € million	4,387.7	3,639.5
Building and technical trade excl. speciality goods trade and Kesko Senukai	4,164.0	3,424.3
Building & home improvement trade	2,292.3	1,845.8
Onninen	1,930.3	1,625.5
Speciality goods trade	223.7	215.2
Operating profit, comparable, € million	318.0	187.7
Building and technical trade excl. speciality goods trade and Kesko Senukai	275.4	169.4
Building & home improvement trade	154.2	99.5
Onninen	122.3	70.7
Speciality goods trade	21.2	7.4
Kesko Senukai	21.5	11.0
Operating margin, comparable, %	7.2	5.2
Building and technical trade excl. speciality goods trade and Kesko Senukai	6.6	4.9
Building & home improvement trade	6.7	5.4
Onninen	6.3	4.4
Speciality goods trade	9.5	3.4
	1-12/2021	**1-12/2020**
Return on capital employed, comparable, %	19.0	11.2
Capital expenditure, € million	43.1	186.3
Personnel, average	5,977	9,308

Net sales, € million	1-12/2021	1-12/2020	Change, %	Change, comparable, %
Building and home improvement trade, Finland	1,078.5	971.6	+11.0	+11.9
K-Rauta, Sweden	200.6	186.1	+7.8	+4.3
K-Bygg, Sweden	294.6	228.4	+28.9	+17.0
Byggmakker, Norway	721.0	463.0	+55.7	+10.2
Building and home improvement trade, total	2,292.3	1,845.8	+24.2	+11.4
Onninen, Finland	1,121.0	985.2	+13.8	+13.8
Onninen and MIAB, Sweden	118.7	101.5	+16.9	+8.3
Onninen, Norway	296.1	227.6	+30.1	+23.3
Onninen, Baltics	94.8	80.1	+18.4	+18.4
Onninen, Poland	303.3	234.1	+29.5	+33.1
Onninen, total	1,930.3	1,625.5	+18.7	+17.8
Building and technical trade excl. speciality goods trade, total	4,164.0	3,424.3	+21.6	+14.3
Leisure trade, Finland	223.7	192.4	+16.3	+23.8
Machinery trade	-	22.8	-	-
Speciality goods trade, total	223.7	215.2	+4.0	+23.8
Total	**4,387.7**	**3,639.5**	**+20.6**	**+14.7**

Net sales for the building and technical trade division increased by 20.6%, or by 14.7% in comparable terms. Net sales grew in comparable terms in all operating countries. In euro-terms, net sales were positively impacted by the acquisitions completed in 2020 and 2021 and the strengthening of the Swedish krona and Norwegian krone against the euro. The weakening of the Polish zloty against the euro diminished net sales development in Poland in euro terms.

In Finland, net sales for the building and technical trade division in January-December totalled €2,371.4 million (€2,102.7 million), up by 12.8%. In comparable terms, net sales in Finland increased by 13.8%. Net sales from international operations totalled €2,016.4 million (€1,536.8 million) in January-December, up by 31.2%. In comparable terms, net sales from international operations grew by 16.0%.

Net sales for building and home improvement trade and Onninen grew in all operating countries. In the speciality goods leisure trade, net sales increased clearly.

Comparable operating profit for the building and technical trade division totalled €318.0 million (€187.7 million) in January-December, up by €130.3 million on the comparison period. There was marked growth in both net sales and comparable operating profit. Comparable operating profit for building and home improvement trade grew by €54.8 million, growing in Finland, Sweden and Norway. Carlsen Fritzøe, acquired in September 2020, accounted for €30.1 million (€7.5 million) of the comparable operating profit. Onninen's profitability improved in all operating countries. Comparable operating profit grew clearly in leisure trade in speciality goods trade.

Comparable operating profit for the building and technical trade division totalled €180.7 million (€126.5 million) in Finland, €30.5 million (€15.4 million) in Sweden, and €70.4 million (€29.5 million) in Norway.

Operating profit for the building and technical trade division totalled €323.1 million (€177.7 million). Items affecting comparability totalled €5.0 million (€-10.0 million). The most significant item affecting comparability was the €6.5 million sales gain on real estate included in the share of result of joint ventures. The most significant items affecting comparability in the comparison period were the €10.4 million costs related to the discontinuation of the Kookenkä and The Athlete's Foot chains in 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.

Capital expenditure for the building and technical trade division in January-December totalled €43.1 million (€186.3 million). Capital expenditure for the comparison period included €159.1 million in acquisitions.

Kesko has reported 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 as of 1 July 2020 and reported in segment information and the illustrative comparison figures as of 1 January 2020.

Kesko Senukai financials, € million	**10-12/2021**	**10-12/2020**	**1-12/2021**	**1-12/2020**
Net sales	290.4	243.6	1,091.4	921.7
Operating profit	28.0	22.9	80.2	59.3
Operating profit, comparable	14.2	22.9	66.3	59.3
Net profit for the period	22.1	11.8	56.0	30.7
Net profit for the period, comparable	9.0	11.8	42.9	30.7
Kesko Group's share of result of joint ventures	10.7	1.5	28.0	11.0
Kesko Group's share of result of joint ventures, comparable	4.2	1.5	21.5	11.0
			31.12.2021	**31.12.2020**
Assets			856.6	760.8
Liabilities			570.8	549.4
Equity			285.6	211.4

The figures include Kesko Senukai's business and real estate companies. A €4.4 million profit impact from fair value allocation has been deducted from Kesko Group's share of result of joint ventures for the comparison periods 10-12/2020 and 1-12/2020.

CAR TRADE

October-December 2021

	10-12/2021	10-12/2020
Net sales, € million	218.9	233.6
Operating profit, comparable, € million	8.6	6.2
Operating margin, comparable, %	3.9	2.6
Return on capital employed, comparable, %, rolling 12 months	14.0	6.3
Capital expenditure, € million	8.7	17.5
Personnel, average	1,166	1,289

Net sales, € million	10-12/2021	10-12/2020	Change, %	Change, comparable, %
Car trade	218.9	233.6	-6.3	-6.3

Net sales for the car trade division decreased by 6.3% in October-December. The performance was impacted by the weakened availability of cars.

The combined market performance of first registrations of passenger cars and vans was -15.5% in October-December. The combined market share of the Volkswagen, Audi, SEAT, CUPRA, Porsche and Bentley passenger cars and Volkswagen and MAN vans imported by Kesko's car trade was 14.7% (17.9%) in October-December.

Comparable operating profit for the car trade division in October-December totalled €8.6 million (€6.2 million). Comparable operating profit grew by €2.4 million. Profit improved thanks to higher sales margins and cost savings. Operating profit for the car trade division in October-December totalled €4.3 million (€6.2 million). Items affecting comparability consisted of expenses and impairment charges of €4.3 million (€0.0 million) related to division restructuring.

Capital expenditure for the car trade division in October-December totalled €8.7 million (€17.5 million).

January-December 2021

	1-12/2021	1-12/2020
Net sales, € million	1,028.3	892.6
Operating profit, comparable, € million	52.2	23.4
Operating margin, comparable, %	5.1	2.6
Return on capital employed, comparable, %	14.0	6.3
Capital expenditure, € million	71.2	64.7
Personnel, average	1,225	1,283

Net sales, € million	1-12/2021	1-12/2020	Change, %	Change, comparable, %
Car trade	1,028.3	892.6	+15.2	+15.2

Net sales for the car trade division increased by 15.2% in January-December, positively impacted by an increase in the demand for brands imported by Kesko and growth in market share.

The combined market performance of first registrations of passenger cars and vans was 1.3% in January-December. The combined market share of the Volkswagen, Audi, SEAT, CUPRA, Porsche and Bentley passenger cars and Volkswagen and MAN vans imported by Kesko's car trade was 17.3% (16.9%) in January-December.

Comparable operating profit for the car trade division in January-December totalled €52.2 million (€23.4 million). The division's comparable operating profit grew by €28.8 million, thanks to growth in sales and sales margins and cost savings. Operating profit for the car trade division in January-December totalled €46.2 million (€23.3 million). Items affecting comparability consisted of €6.1 million expenses and impairment charges related to division restructuring (€-0.1 million).

Capital expenditure for the car trade division totalled €71.2 million (€64.7 million).

CHANGES IN GROUP COMPOSITION

Kesko acquired Byggarnas Partner, a company that serves professional builders in Sweden. The acquisition further strengthens Kesko's position in the Swedish building and home improvement trade market, especially in the Stockholm area. (Investor news release 23.7.2021)

Kesko Group's structure in Norway was simplified by merging Byggmakker Sør AS and Byggmakker Nord AS with their parent company Byggmakker Handel AS. The merger does not affect Byggmakker's operations in Norway.

SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of December 2021, the total number of shares in Kesko Corporation 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. On 31 December 2021, Kesko Corporation held 2,968,664 of its own B shares as treasury shares.

These treasury shares accounted for 1.09% of the total number of B shares, 0.74% of the total number of shares, and 0.19% 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 2021, Kesko Corporation's share capital was €197,282,584.

The price of a Kesko A share quoted on Nasdaq Helsinki was €20.00 at the end of 2020, and €27.15 at the end of 2021, representing an increase of 35.75%. Correspondingly, the price of a B share was €21.04 at the end of 2020, and €29.34 at the end of 2021, representing an increase of 39.45%. In January-December 2021, the highest A share price was €34.20 and the lowest €19.82. The highest B share price was €37.72 and the lowest €20.70. The Nasdaq Helsinki All-Share index (OMX Helsinki) was up by 18.3% and the weighted OMX Helsinki Cap index by 21.4% in January-December 2021. The Retail Sector Index was up by 23.8%.

At the end of 2021, the market capitalisation of the A shares was €3,447 million. The market capitalisation of the B shares was €7,927 million, excluding the shares held by the parent company. The combined market capitalisation of the A and B shares was €11,373 million, an increase of €3,158 million from the end of 2020.

In January-December, a total of 8.4 million A shares were traded on Nasdaq Helsinki. The exchange value of the A shares was €226.0 million. Meanwhile, 165.2 million B shares were traded, with an exchange value of €4,579.6 million. Nasdaq Helsinki accounted for over 95% of the trading on Kesko's A and B shares in January-December 2021. Kesko shares were also traded on multilateral trading facilities, the most significant of which was Turquoise (source: Euroland).

At the end of 2021, the number of registered shareholders was 65,417. This is the highest figure in the company's history, and represents an increase of 8,285 shareholders compared to the end of 2020. At the end of December, foreign ownership of all shares was 40.27%, and foreign ownership of B shares 57.89%.

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 2021, Kesko Corporation transferred 378,476 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. 12,100 B shares were returned to the company without consideration based on the same terms and conditions. Kesko issued related stock exchange releases on 19.3.2021, 25.3.2021, 29.4.2021 and 9.2.2021, 17.9.2021 and 2.11.2021. Kesko issued a stock exchange release on 3 February 2021 regarding the most recent share-based commitment and incentive plans. Kesko Corporation also transferred a total of 4,822 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 29 April 2021.

Kesko's Annual General Meeting of 12 April 2021 authorised the Board to decide on the issuance 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 2022. The authorisation was communicated in a stock exchange release on 12 April 2021.

KEY EVENTS DURING THE REPORTING PERIOD

Riikka Joukio, M.Sc. (Tech.), eMBA, was appointed Executive Vice President in charge of sustainability and public affairs, and a member of Kesko's Group Management Board. Joukio assumed her position on 12 April 2021. (Stock exchange release 11.1.2021)

On 19 March 2021, Kesko published its 2020 Annual Report in Finnish and in English. The report contains the 2020 financial statements, Report by the Board of Directors, Corporate Governance Statement, and Remuneration Report for Governing Bodies, as well sections on Kesko's direction and sustainability. (Stock exchange release 19.3.2021)

Matti Virtanen, M.Sc. (Tech.), was appointed as President of Kesko's car trade division and a member of Group Management Board as of 9 April 2021. (Stock exchange release 9.4.2021)

The Board of Directors of Kesko Corporation and the company's President and CEO Mikko Helander agreed to amend Helander's managing director's contract so that Helander will continue to act as President and CEO for the time being. According to the previous contract, Helander would have retired in June 2023 when he turns 63. Helander has acted as the President and CEO of Kesko since 2015. (Stock exchange release 12.4.2021)

Kesko Corporation's Annual General Meeting was held on Monday 12 April 2021. The meeting was held at Kesko Corporation's K-Kampus headquarters without any shareholders or their representatives present. To limit the spread of the Covid-19 pandemic, Kesko's Board of Directors decided to have exceptional meeting procedures based on the temporary legislative act 677/2020 in place. Read more in the section: Resolutions of the 2021 Annual General Meeting and decisions of the Board's organisational meeting. (Stock exchange releases 15.3.2021 and 12.4.2021)

Positive profit warning: Kesko raised its guidance for its comparable operating profit in 2021, estimating that its comparable operating profit in 2021 would be in the range of €570-670 million. Before, the company estimated that the comparable operating profit would be in the range of €520-620 million. The guidance upgrade was based on better-than-anticipated sales development in all divisions and a more positive outlook for the remainder of the year. The illustrative comparable operating profit in 2020 was €554 million. (Stock exchange release 15.4.2021)

The Board of Directors of Kesko Corporation confirmed an updated version of the company's strategy and new medium-term financial targets for the company. Kesko's growth strategy centres on profitable growth in three selected business divisions: grocery trade, building and technical trade, and car trade. The new medium-term financial targets for profitability are a comparable operating margin of over 6.0% (previously 5.5%) and a comparable return on capital employed of over 14.5% (previously 12.5%). As for financial position, the Group continues to target a maximum interest-bearing net debt/EBITDA of 2.5, excluding the impact of IFRS 16. (Stock exchange release 27.5.2021)

Kesko issued a positive profit warning based in particular on stronger-than-anticipated development in building and technical trade, and raised its profit guidance for 2021. Kesko estimated that its comparable operating profit in 2021 would be in the range of €650-750 million. Before, the company estimated that its comparable operating profit would be in the range of €570-670 million. (Stock exchange release 14.6.2021)

Kesko acquired Byggarnas Partner, a company that serves professional builders in Sweden. The acquisition further strengthens Kesko's position in the Swedish building and home improvement trade market, especially in the Stockholm area. (Investor news release 23.7.2021)

Kesko Corporation issued a positive profit warning and provided preliminary information on its third-quarter net sales and comparable operating profit. Kesko estimated that its comparable operating profit in 2021 would be in the range of €740-800 million. Before, the company estimated that the comparable operating profit would be in the range of €650-750 million. The guidance upgrade was based on better-than-anticipated sales growth and profit development especially in the building and technical trade division, and the division's more positive outlook for the remainder of the year. (Stock exchange release 14.10.2021)

K Group will be investing tens of millions of euros in upcoming years in automating the collection of online grocery orders. The objective is to improve customer experience further while ensuring more efficient processes and an even stronger market-leading position in online grocery. The first partially-automated collection system in a grocery store in Finland will be located in K-Citymarket Ruoholahti. The store's central location in Helsinki translates into large customer volumes for online grocery that make utilising automation sensible. The system is expected to be ready in H1/2022. (Investor news release 22.6.2021, press release 25.10.2021)

Kesko will acquire Kungälvs Trävaruaktiebolag, a company that serves professional builders in Sweden. The acquisition will strengthen Kesko's position in the Swedish building and home improvement market in the Gothenburg region. (Investor news release 8.12.2021)

RESOLUTIONS OF THE 2021 ANNUAL GENERAL MEETING AND DECISIONS OF THE BOARD'S ORGANISATIONAL MEETING

The Annual General Meeting of Kesko Corporation on 12 April 2021 adopted the financial statements for 2020. The Annual General Meeting resolved to distribute a dividend of €0.75 per share on shares held outside the company. The dividend was paid in two instalments. The record date of the first dividend instalment of €0.38/share was 14 April 2021 and the pay date 21 April 2021. The record date of the second dividend instalment of €0.37/share was 1 October 2021 and the pay date 8 October 2021.

The Annual General Meeting discharged the Board members and the Managing Director from liability for the financial year 2020, and approved the Remuneration Report for Governing Bodies for 2020. The resolution concerning the Remuneration Report is advisory in nature.

The Annual General Meeting resolved the following regarding Board members' fees and the basis for reimbursement of their expenses in 2021-2022:

- Board Chair, an annual fee of €102,000
- Board Deputy Chair, an annual fee of €63,000
- Board member, an annual fee of €47,500
- Board member who is the Audit Committee Chair, an annual fee of €63,000
- A meeting fee of €600/meeting for a Board meeting and its Committee's meeting. A meeting fee of €1,200/Board meeting for the Board Chair. However, a meeting fee of €1,200/Committee meeting is to be paid to a Committee Chair who is not the Chair or Deputy Chair of the Board. The meeting fees are to be paid in cash.
- Daily allowances and the reimbursements of travel expenses are paid to the Board members in accordance with the general travel rules of Kesko.

The aforementioned annual fees will be made in Kesko Corporation's B shares and in cash, with approximately 30% of the fees paid in shares. After the transfer of shares, the remaining amount will be paid in cash. The company will acquire the shares or transfer shares held by the company as treasury shares in the name and on behalf of the Board members. The company is responsible for the costs arising from the acquisition of the shares. The shares were to be acquired or transferred to the Board members on the first working day to follow the publication of the interim report for the first quarter of 2021. A Board member cannot transfer shares obtained in this manner until either three years have passed from the day the member has received the shares or their membership on the Board has ended, whichever comes first.

The Annual General Meeting resolved that the number of Board members be seven for the three-year term of office provided in the company's Articles of Association, ending at the close of the 2024 Annual General Meeting. The Annual General Meeting re-elected Esa Kiiskinen, Peter Fagernäs, Jannica Fagerholm, Piia Karhu and Toni Pokela as members of the company's Board of Directors, and elected Jussi Perälä and Timo Ritakallio as new members of the Board. In its organisational meeting held after the Annual General Meeting, the Board of Directors of Kesko Corporation elected Esa Kiiskinen as its Chair and Peter Fagernäs as its Deputy Chair. The Board elected Jannica Fagerholm as Chair, Timo Ritakallio as Deputy Chair, and Piia Karhu as a member of the Audit Committee, and Esa Kiiskinen as Chair, Peter Fagernäs as Deputy Chair, and Timo Ritakallio as a member of the Remuneration Committee.

The Annual General Meeting resolved that the Auditor's fee and the reimbursement 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 Auditor, with APA Jukka Vattulainen as the auditor with principal responsibility.

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 2022.

The Annual General Meeting resolved 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 2022, and to decide on the donation recipients, purposes of use, and other terms and conditions of the donations.

SUSTAINABILITY

For the second consecutive year, Kesko made the CDP 'Climate Change A list' for leading companies on environmental transparency and action. We aim to reach carbon neutrality by 2025 and to cut emissions from our own operations and transports down to zero by 2030. In addition to emissions from our own operations, our biggest climate impact comes from emissions from the value chain products, which is why we are extending emissions reduction targets to the whole value chain. Our objective is to have science-based reduction targets set for two-thirds of Kesko's direct supplier emissions by 2025.

The international Science Based Targets initiative (SBTi) approved Kesko's new climate objectives with which Kesko commits to the most ambitious target of limiting global warming to 1.5 degrees Celsius. Key measures to achieve these emission reduction targets include using 100% renewable energy, improving energy efficiency, and switching to biofuels in transports in Finland. Key tools in improving store energy efficiency include modernising refrigerating equipment and lighting, our award-winning heat recycling system, and innovations such as utilising artificial intelligence in analysing a store's energy consumption.

Kesko was once again included in the esteemed Dow Jones Sustainability Index the DJSI World. Kesko's sustainability was assessed on criteria such as supply chain transparency and sustainable selections and personnel responsibility. New criteria this year included biodiversity and food waste.

K Group and its customers collected a record €1 million to the Finnish Cancer Foundation in the annual Pink Ribbon (Roosa nauha) campaign.

Kesko's 2020 Annual Report was named winner of the new 'Biodiversity' category in the annual Finnish sustainability reporting competition.

In an effort to promote the transparency of our supply chains, we added the Mywear cotton T-shirt sold in K-Citymarkets to the 'Tracing our products' website.

RISK MANAGEMENT

The objective of risk management is to support Kesko in achieving targets and implementing strategy. Risk management in Kesko Group is an essential part of internal control and guided by the risk management policy approved by Kesko's Board of Directors. The policy defines the purpose and principles of Kesko Group's risk management, as well as the related steering model and responsibilities. In the management of financial risks, the Group's treasury policy, approved by Kesko's Board of Directors, is observed. The management of business operations and common functions are responsible for the execution of risk management. Strategic risks at Kesko Group are identified and assessed as part of the strategy process. Risks related to climate change are assessed applying the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In assessing climate risks, the Group utilises selected scenarios for the future that enable identifying and assessing transitional and physical risks and opportunities significant for the strategy. The likelihood and impact of strategic risks is assessed not only for the strategy period but also in the medium term (3-5 years) and long term (over 5 years). Operational and financial risks related to achieving strategic targets are assessed in the short term (1-2 years), using damage scenarios, simulation and stress testing. The purpose of risk management is to ensure 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.

Kesko's risk appetite is driven by strategy, vision, values, risk tolerance and risk bearing capacity. Risk tolerance and risk bearing capacity are assessed and tested at regular intervals based on selected key financial figures and indicators and loss scenarios. Kesko's risk appetite is divided into three categories depending on the risk assessed. Risk appetite is considered low in cases where it does not involve significant financial or business opportunities (e.g. risks related to personnel and customer safety). Risk appetite is considered moderate with risks where the Group is able to optimise the cost-efficiency of risk management (e.g. property risk and business disruption risks). High risk appetite is limited to risks that also involve significant opportunities. Risk appetite is also materially impacted by the likelihood of realisation and related financial impacts.

The Group's 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 Audit Committee reporting. 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.

SIGNIFICANT RISKS AND UNCERTAINTIES

Impact of prolonged inflation and rising interest rates on costs and consumer behaviour (growing short-term and medium-term risk)

The rise in energy and raw material prices is reflected in rising production chain costs, impacting the purchase costs and prices of products. If prolonged, inflation will result in rising overall cost levels and wages. Rising interest rates would impact consumer purchasing power and consumer behaviour, thus leading to even tighter price competition.

The Covid-19 pandemic (short-term risk)

The continuation of the Covid-19 pandemic and changes in infection rates continue to pose risks on business continuity, personnel health, and global supply chains. 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. The pandemic will also result in further disruptions in global supply chains, creating challenges for product availability and delivery times. Significant changes in the prices of some product categories pose challenges for inventory management and product pricing.

Cybercrime (short-term risk)

Growing professional cybercrime has increased the risk on business continuity and loss of critical information. Targets of cyber-attacks may include, for example, data systems critical for business continuity, or personal data. Cyber-attacks may result in disruptions in sales, loss of customer trust, or fines imposed by authorities.

Employee retention and availability (growing medium-term and long-term risk)

The implementation of strategies and the achievement of targets require competent and motivated personnel. The Covid-19 pandemic has made the workforce more mobile and lowered the threshold of changing jobs. Challenges related to the availability of skilled personnel in logistics and retail are also more pronounced.

Climate change (growing medium-term and long-term risk)

The medium-term and long-term risks for Kesko caused by climate change are assessed based on selected scenarios, and are mainly 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 in the whole supply chain.

Geopolitical risk (growing short-term and medium-term risk)

Heightened tensions in European security and tightening of military and economic rivalry between superpowers could have a significant impact on the global economy and business environment.

Product safety (short-term risk)

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.

Legislation and agreements (growing medium-term risk)

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, as well as 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 (medium-term and long-term risk)

In terms of 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 plots. 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 (growing medium-term and long-term risk)

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 financial damage. Challenges in Kesko’s corporate responsibility work include communicating responsibility principles to customers and ensuring responsibility in the supply chain of products.

Reporting to market (short-term risk)

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 loss of investor and other stakeholder trust and in possible sanctions. Significant business arrangements, tight disclosure schedules and the dependency on information systems pose challenges for the accuracy of financial information.

Risks of damage (short-term risk)

Accidents, natural phenomena and epidemics can cause significant damage to people, property or business. In addition, risks of damage may cause unpreventable business interruptions.

PROPOSAL FOR PROFIT DISTRIBUTION

The Board of Directors of Kesko Corporation proposes to the Annual General Meeting to be held on 7 April 2022 that a dividend of €1.06 per share be paid for the year 2021 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 four instalments.

The first instalment of €0.27 per share is to be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment’s record date 11 April 2022. The Board proposes that the dividend instalment pay date be 20 April 2022.

The second instalment of €0.26 per share is to be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment’s record date 22 June 2022. The Board proposes that the dividend instalment pay date be 29 June 2022.

The third instalment of €0.27 per share is to be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment’s record date 13 September 2022. The Board proposes that the dividend instalment pay date be 20 September 2022.

The fourth instalment of €0.26 per share is to be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment’s record date 13 December 2022. The Board proposes that the dividend instalment pay date be 20 December 2022. The Board proposes it be authorised to decide, if necessary, on new dividend payment record dates and pay dates for the second, third and/or fourth instalments, 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 2022, a total of 397,110,344 shares were held outside the company, and the corresponding total amount of dividends was €420,936,964.64.

The distributable assets of Kesko Corporation total €1,502,200,136.91, of which profit for the financial year is €354,650,052.25.

ANNUAL GENERAL MEETING

The Board of Directors has decided that the company’s Annual General Meeting will be held on 7 April 2022 at 1.00 pm (EET). Kesko Corporation will publish a notice of the General Meeting at a later date.

ANNUAL REPORT 2021, CORPORATE GOVERNANCE STATEMENT, AND REMUNERATION REPORT FOR GOVERNING BODIES

Kesko will publish its 2021 Annual Report, including a strategy review, the Report by the Board of Directors and financial statements for 2021, the Corporate Governance Statement, and the Remuneration Report for Governing Bodies, in week 10 at the latest on the company’s website at www.kesko.fi. Key indicators for sustainability reporting (GRI) will be published in week 10.

Helsinki, 2 February 2022
Kesko Corporation
Board of Directors

The information in the financial statements release is unaudited.

Further information is available from Jukka Erlund, Executive Vice President, Chief Financial Officer, tel. +358 105 322 113, Hanna Jaakkola, Vice President, Investor Relations, tel. +358 105 323 540, and Eva Kaukinen, Vice President, Group Controller, tel. +358 105 322 338. An English-language audio conference on the results briefing will be held on 3 February 2022 at 9.00 am (Finnish time). The audio conference login is available on Kesko's website at www.kesko.fi. A Finnish-language webcast of the results briefing can be viewed at 11.30 am (EET) at www.kesko.fi.

Kesko Corporation's interim report for January-March 2022 will be published on 29 April 2022. 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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DISTRIBUTION
Nasdaq Helsinki Ltd
Main news media
www.kesko.fi

TABLES SECTION

Accounting policies

This interim report has been prepared in accordance with IAS 34. The interim report has been prepared in accordance with the same accounting principles as the annual financial statements for 2020, with the exception of the reclassification of cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows, as detailed below.

Consolidated income statement (€ million), condensed				
	1-12/2021	**1-12/2020**	**10-12/2021**	**10-12/2020**
Net sales	11,300.2	10,669.2	2,870.3	2,662.3
Material and services	-9,695.3	-9,148.3	-2,457.6	-2,289.5
Change in inventory	43.1	-6.9	28.8	24.7
Other operating income	957.3	930.9	258.0	237.9
Employee benefit expense	-764.0	-750.7	-201.0	-194.5
Depreciation, amortisation and impairment charges	-176.8	-170.2	-48.9	-43.8
Depreciation and impairment charges for right-of-use assets	-310.3	-325.8	-78.6	-81.4
Other operating expenses	-607.2	-605.5	-176.9	-161.7
Share of result of joint ventures	28.0	7.5	10.7	1.5
Operating profit	**775.2**	**600.2**	**204.9**	**155.6**
Interest income and other finance income	12.5	12.4	2.6	4.7
Interest expense and other finance costs	-8.6	-11.2	-1.2	-1.0
Interest expense for lease liabilities	-71.3	-83.3	-17.1	-18.8
Foreign exchange differences	-0.8	-4.7	-0.3	0.1
Share of result of associates	5.9	14.3	0.4	-2.2
Profit before tax	**712.9**	**527.6**	**189.2**	**138.4**
Income tax	-141.1	-92.3	-27.6	-24.7
Net profit for the period	**571.8**	**435.3**	**161.6**	**113.6**
Attributable to				
Owners of the parent	571.8	433.4	161.6	113.6
Non-controlling interests	-	2.0	-	-
Earnings per share (€) for profit attributable to owners of the parent				
Basic and diluted	1.44	1.09	0.41	0.29

Consolidated statement of comprehensive income (€ million)				
	1-12/2021	**1-12/2020**	**10-12/2021**	**10-12/2020**
Net profit for the period	571.8	435.3	161.6	113.6
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains and losses	40.0	0.8	14.5	5.8
Items that may be reclassified subsequently to profit or loss				
Currency translation differences related to a foreign operation	9.8	-2.8	5.0	30.6
Share of other comprehensive income of associates and joint ventures	-0.5	-	-0.5	-
Cash flow hedge revaluation	11.1	-2.7	3.6	1.0
Other items	-	-0.3	-	0.0
Total other comprehensive income for the period, net of tax	60.4	-4.9	22.5	37.4
Total comprehensive income for the period	**632.1**	**430.5**	**184.1**	**151.0**
Attributable to				
Owners of the parent	632.1	432.6	184.1	151.0
Non-controlling interests	-	-2.2	-	-

Consolidated statement of financial position (€ million), condensed		
	31.12.2021	**31.12.2020**
ASSETS		
Non-current assets		
Property, plant and equipment	1,537.6	1,450.8
Right-of-use assets	1,735.0	1,819.0
Goodwill	588.8	572.1
Intangible assets	190.1	205.2
Shares in associates and joint ventures	234.6	199.1
Other investments	15.5	22.7
Loans and other receivables	73.7	75.3
Pension assets	94.7	89.6
Total	4,470.1	4,433.8
Current assets		
Inventories	894.3	836.9
Trade receivables	909.2	776.5
Other receivables	304.1	278.8
Other financial assets*	107.9	51.7
Cash and cash equivalents*	279.8	254.3
Total	2,495.4	2,198.2
Non-current assets held for sale	0.5	9.9
Total assets	**6,966.0**	**6,641.9**

* The change in the accounting policy regarding the classification of cash and cash equivalents is detailed on page 31.

	31.12.2021	31.12.2020
EQUITY AND LIABILITIES		
Equity	2,529.5	2,189.3
Non-current liabilities		
Interest-bearing liabilities	206.4	408.7
Lease liabilities	1,610.7	1,712.3
Non-interest-bearing liabilities	24.8	29.5
Deferred tax liabilities	37.9	16.4
Pension obligations	0.4	0.4
Provisions	15.4	20.3
Total	1,895.6	2,187.7
Current liabilities		
Interest-bearing liabilities	160.1	182.6
Lease liabilities	317.9	312.7
Trade payables	1,332.6	1,091.3
Other non-interest-bearing liabilities	716.0	658.4
Provisions	14.3	17.7
Total	2,540.9	2,262.6
Liabilities related to non-current assets held for sale	-	2.3
Total equity and liabilities	**6,966.0**	**6,641.9**

Consolidated statement of changes in equity (€ million)							
	Share capital	**Reserves**	**Currency translation differ-ences**	**Re-valuation reserve**	**Treasury shares**	**Retained earnings**	**Total**
Balance at 1.1.2021	**197.3**	**464.7**	**-20.0**	**-2.0**	**-31.4**	**1,580.7**	**2,189.3**
Share-based payments					1.1		1.1
Dividends						-297.8	-297.8
Other changes		0.0				4.7	4.7
Transactions with owners, total		0.0			1.1	-293.1	-291.9
Comprehensive income							
Profit for the period						571.8	571.8
Items that will not be reclassified subsequently to profit or loss							
Actuarial gains/losses						40.0	40.0
Items that may be reclassified subsequently to profit or loss							
Translation differences on foreign operations			9.8				9.8
Share of other comprehensive income of associates and joint ventures						-0.5	-0.5
Cash flow hedge revaluation				11.1			11.1
Total comprehensive income for the period			9.8	11.1		611.2	632.1
Balance at 31.12.2021	**197.3**	**464.7**	**-10.2**	**9.1**	**-30.3**	**1,898.9**	**2,529.5**

	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	0.0		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						0.8		0.8
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				-2.7				-2.7
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**

Consolidated statement of cash flows (€ million), condensed				
	1-12/2021	**1-12/2020**	**10-12/2021**	**10-12/2020**
Cash flows from operating activities				
Profit before tax	712.9	527.6	189.2	138.4
Depreciation according to plan	171.4	170.2	43.5	43.8
Depreciation and impairment for right-of-use assets	310.3	325.8	78.6	81.4
Finance income and costs	-3.1	3.5	-1.1	-3.8
Interest expense for lease liabilities	71.3	83.3	17.1	18.8
Other adjustments	9.0	-54.3	-8.9	10.3
Change in working capital				
Current non-interest-bearing receivables, increase (-)/decrease (+)	-146.8	-64.3	57.5	70.4
Inventories, increase (-)/decrease (+)	-53.2	5.5	-22.7	3.1
Current non-interest-bearing liabilities, increase (+)/decrease(-)	283.7	287.9	-20.0	-27.7
Financial items and tax	-203.4	-132.9	-64.1	-26.3
Net cash from operating activities, total	**1,152.0**	**1,152.4**	**269.2**	**308.4**
Cash flows from investing activities				
Investing activities	-252.7	-359.6	-77.0	-52.8
Proceeds from sale of tangible and intangible assets	13.5	16.4	2.5	9.1
Proceeds from sale of subsidiaries and business operations, net cash deducted	2.8	-73.2	-	-
Loan receivables and other financial assets, increase (-)/decrease (+)	-55.9	-4.9	-10.2	0.9
Net cash used in investing activities, total	**-292.3**	**-421.3**	**-84.7**	**-42.8**
Cash flows from financing activities				
Interest-bearing liabilities, increase (+)/decrease (-)	-223.4	18.9	-115.5	-59.6
Repayments of lease liabilities	-323.2	-363.3	-83.1	-80.6
Current interest-bearing receivables, increase (-)/ decrease (+)	10.7	-0.9	9.1	0.1
Dividends paid	-297.8	-249.9	-146.9	-123.0
Other items	-0.7	-4.7	1.6	-1.2
Net cash used in financing activities, total	**-834.4**	**-600.0**	**-334.7**	**-264.3**
Change in cash and cash equivalents	**25.2**	**131.2**	**-150.2**	**1.4**
Cash and cash equivalents at 1 January	254.3	124.4	430.0	252.7
Exchange differences and change in value of cash and cash equivalents	0.2	-1.2	0.0	0.3
Cash and cash equivalents at 31 December	279.8	254.3	279.8	254.3

Cash flow from leases (€ million)	**1-12/2021**	**1-12/2020**	**10-12/2021**	**10-12/2020**
Interest expense for lease liabilities	-71.3	-83.3	-17.1	-18.8
Repayments of lease liabilities	-323.2	-363.3	-83.1	-80.6
Lease payments in the income statement	-7.6	-8.2	-1.6	-1.5
Total	**-402.1**	**-454.8**	**-101.8**	**-100.9**

Change in accounting policy

The classification of cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows has been changed. Some of the assets previously reported in the consolidated statement of financial position under current assets on line "Financial assets at fair value through profit or loss" are now classified in the consolidated statement of financial position and the consolidated statement of cash flows on line ”Cash and cash equivalents”. On 31 December 2020, the reclassified assets totalled €99.9 million. The cash and cash equivalents subject to reclassification are investments in money market funds with an investment horizon of less than three months. The Group makes short-term investments with extra liquidity in money market funds as an alternative to bank deposits. The risk profile of these fund investments is very low, and in terms of liquidity and return, they correspond to bank deposits. Assets reclassified as cash and cash equivalents belong to level 2 on the hierarchy of financial assets at fair value presented in the table on page 37.

Following the reclassification, presentation of those financial assets at fair value through profit or loss that are not classified as cash and cash equivalents in the new classification was changed in the consolidated statements of cash flows so that the changes in those financial instruments are presented under cash flows from investing activities instead of cash flows from financing activities.

The balance sheet lines ”Financial assets at fair value through profit or loss” and ”Financial assets at amortised cost”, previously reported under current assets, have also been combined on the balance sheet line ”Other financial assets.” The reclassification has been made to the consolidated statement of financial position and the consolidated statement of cash flows for the comparison periods. The management sees that the reclassification enables better and more meaningful information and corresponds to operational liquidity management.

Effect of reclassification of cash and cash equivalents		
Consolidated statement of financial position	**31.12.2021**	**31.12.2020**
Cash and cash equivalents, reported	279.8	154.5
Effect of reclassification	-	+99.9
Cash and cash equivalents, reclassified	**279.8**	**254.3**
In the consolidated statement of cash flows	**1-12/2021**	**1-12/2020**
Net cash used in investing activities, reported	-292.3	-413.7
Effect of reclassification	-	-7.6
Net cash used in investing activities, reclassified	-292.3	-421.3
Net cash used in financing activities, reported	-834.4	-707.5
Effect of reclassification	-	+107.5
Net cash used in financing activities, reclassified	-834.4	-600.0

Group's performance indicators	1-12/2021	1-12/2020	10-12/2021	10-12/2020
Net sales, € million	11,300.2	10,669.2	2,870.3	2,662.3
Operating profit, € million	775.2	600.2	204.9	155.6
Operating margin, %	6.9	5.6	7.1	5.8
Operating profit, comparable, € million	775.5	567.8	203.5	165.6
Operating margin, comparable, %	6.9	5.3	7.1	6.2
Profit before tax, € million	712.9	527.6	189.2	138.4
Profit before tax, comparable, € million	710.4	481.9	187.9	150.4
Earnings per share, basic and diluted, €	1.44	1.09	0.41	0.29
Earnings per share, comparable, basic and diluted, €	1.43	0.97	0.40	0.31
Return on capital employed, %	17.2	12.7	18.4	13.7
Return on capital employed, comparable, %	17.2	12.0	18.2	14.6
Capital expenditure, € million	276.6	398.4	80.6	55.5
Cash flow from operating activities, € million	1,152.0	1,152.4	269.2	308.4
Cash flow from investing activities, € million	-292.3	-421.3	-84.7	-42.8
Cash flow from operating activities/share, €	2.90	2.91	0.68	0.78
Return on equity, %	24.2	20.1	26.5	21.5
Return on equity, comparable, %	24.1	17.8	26.2	23.4
Equity ratio, %	36.6	33.1	36.6	33.1
Equity per share, €	6.37	5.52	6.37	5.52
Interest-bearing net debt/EBITDA excluding the impact of IFRS 16, rolling 12 months	0.0	0.4	-	-
Interest-bearing net debt, € million	1,907.3	2,310.3	1,907.3	2,310.3
Interest-bearing net debt excluding lease liabilities, € million	-21.3	285.3	-21.3	285.3
Diluted number of shares, average for the reporting period, 1,000 pcs	397,033	396,661	397,033	396,661
Personnel, average	14,232	17,629	14,122	14,538

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 chief operating decision maker, i.e. the Group Management Board. Consequently, Kesko Senukai has been reported in the income statement figures for the building and technical trade segment information for 1-12/2020 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 up until 30 June 2020. Such a change has not been made to internally reported balance sheet figures or personnel numbers.

Net sales by segment, € million	**1-12/2021**	**1-12/2020**	**10-12/2021**	**10-12/2020**
Grocery trade, Finland	5,909.0	5,732.0	1,556.9	1,517.2
Grocery trade total	**5,909.0**	**5,732.0**	**1,556.9**	**1,517.2**
- of which intersegment trade	17.8	15.3	5.1	3.9
Building and technical trade, Finland	2,371.4	2,102.7	585.9	494.7
Building and technical trade, other countries*	2,016.4	1,536.8	515.8	422.9
Building and technical trade total	**4,387.7**	**3,639.5**	**1,101.7**	**917.6**
- of which intersegment trade	-0.2	-0.7	-0.1	0.0
Car trade, Finland	1,028.3	892.6	218.9	233.6
Car trade total	**1,028.3**	**892.6**	**218.9**	**233.6**
- of which intersegment trade	6.7	6.7	1.6	1.7
Common functions and eliminations	-24.8	-21.4	-7.1	-6.1
Finland total	**9,283.9**	**8,705.8**	**2,354.5**	**2,239.5**
Other countries total*	**2,016.4**	**1,536.8**	**515.8**	**422.9**
Segment information, total	**11,300.2**	**10,242.6**	**2,870.3**	**2,662.3**
Impact of change in Kesko Senukai's consolidation method**	-	426.6	-	-
Reported group	**11,300.2**	**10,669.2**	**2,870.3**	**2,662.3**

* 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	**1-12/2021**	**1-12/2020**	**10-12/2021**	**10-12/2020**
Grocery trade	443.9	373.7	131.0	123.0
Building and technical trade	323.1	177.7	79.6	32.4
Car trade	46.2	23.3	4.3	6.2
Common functions and eliminations	-38.0	-34.8	-10.0	-4.4
Segment information, total	**775.2**	**540.0**	**204.9**	**157.2**
Impact of change in Kesko Senukai's consolidation method*	-	60.2	-	-1.6
Reported group	**775.2**	**600.2**	**204.9**	**155.6**

* 100% of the operating profit reported by Kesko Senukai 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 comparison period 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 1-12/2020 operating profit.

Operating profit by segment, comparable, € million	1-12/2021	1-12/2020	10-12/2021	10-12/2020
Grocery trade	442.9	375.2	131.0	123.2
Building and technical trade	318.0	187.7	73.8	44.3
Car trade	52.2	23.4	8.6	6.2
Common functions and eliminations	-37.7	-32.7	-9.9	-8.0
Segment information, total	**775.5**	**553.6**	**203.5**	**165.6**
Impact of change in Kesko Senukai's consolidation method*	-	14.1	-	-
Reported group	**775.5**	**567.8**	**203.5**	**165.6**

* 100% of the comparable operating profit reported by Kesko Senukai in 1-6/2020 has been consolidated in the comparison period 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 1-12/2020 operating profit.

Operating margin by segment, %, comparable	1-12/2021	1-12/2020	10-12/2021	10-12/2020
Grocery trade	7.5	6.5	8.4	8.1
Building and technical trade	7.2	5.2	6.7	4.8
Car trade	5.1	2.6	3.9	2.6
Segment information, total	**6.9**	**5.4**	**7.1**	**6.2**
Impact of change in Kesko Senukai's consolidation method*	-	0.1	-	-
Reported group	**6.9**	**5.3**	**7.1**	**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	1-12/2021	1-12/2020	10-12/2021	10-12/2020
Grocery trade	728.3	657.7	205.1	194.4
Building and technical trade	438.3	300.8	103.8	75.0
Car trade	90.2	58.6	17.9	14.6
Common functions and eliminations	0.7	5.0	-0.6	1.6
Segment information, total	**1,257.6**	**1,022.2**	**326.2**	**285.6**
Impact of change in Kesko Senukai's consolidation method*	-	35.0	-	-
Reported group	**1,257.6**	**1,057.1**	**326.2**	**285.6**

*100% of the comparable EBITDA reported by Kesko Senukai in 1-6/2020 is consolidated in the comparison period 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 1-12/2020 comparable EBITDA.

Operating profit by segment excluding the impact of IFRS 16, comparable, € million	1-12/2021	1-12/2020	10-12/2021	10-12/2020
Grocery trade	385.2	316.2	116.8	108.7
Building and technical trade	300.5	171.5	69.6	39.5
Car trade	51.3	23.0	8.3	6.6
Common functions and eliminations	-38.9	-34.3	-10.1	-8.4
Segment information, total	**698.0**	**476.5**	**184.6**	**146.4**
Impact of change in Kesko Senukai's consolidation method*	-	9.5	-	-
Reported group	**698.0**	**486.0**	**184.6**	**146.4**

* 100% of the comparable operating profit excluding the impact of IFRS 16 reported by Kesko Senukai in 1-6/2020 has been consolidated in the comparison period operating profit excluding the impact of IFRS 16 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 1-12/2020 comparable operating profit excluding the impact of IFRS 16.

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	**1-12/2021**	**1-12/2020**	**10-12/2021**	**10-12/2020**
Grocery trade	2,145.6	2,223.7	2,152.8	2,182.4
Building and technical trade	1,673.5	1,804.5	1,653.3	1,675.7
Car trade	374.4	372.8	340.5	355.6
Common functions and eliminations	315.5	317.4	318.6	338.7
Group total	**4,508.9**	**4,718.5**	**4,465.2**	**4,552.4**

Return on capital employed by segment, %, comparable	**1-12/2021**	**1-12/2020**	**10-12/2021**	**10-12/2020**
Grocery trade	20.6	16.9	24.3	22.6
Building and technical trade	19.0	11.2	17.9	10.6
Car trade	14.0	6.3	10.1	6.9
Group total	**17.2**	**12.0**	**18.2**	**14.6**

Capital expenditure by segment, € million	**1-12/2021**	**1-12/2020**	**10-12/2021**	**10-12/2020**
Grocery trade	122.8	125.4	46.1	15.6
Building and technical trade	43.1	186.3	11.0	16.8
Car trade	71.2	64.7	8.7	17.5
Common functions and eliminations	39.6	22.0	14.8	5.6
Group total	**276.6**	**398.4**	**80.6**	**55.5**

Change in tangible and intangible assets (€ million)

	31.12.2021	**31.12.2020**
Opening net carrying amount	**2,228.2**	**2,172.6**
Depreciation, amortisation and impairment charges	-176.8	-170.2
Investments in tangible and intangible assets	264.4	219.1
Change in Kesko Senukai's consolidation method	-	-126.7
Deductions	-18.1	-21.2
Acquisitions	12.8	158.2
Transfers to non-current assets held for sale and between items	-2.2	-1.1
Exchange differences	8.2	-2.4
Closing net carrying amount	**2,316.5**	**2,228.2**

Right-of-use assets (€ million)

	31.12.2021	31.12.2020
Opening net carrying amount	**1,819.0**	**2,191.3**
Depreciation, amortisation and impairment charges	-309.8	-327.5
Net increases	218.9	158.8
Acquisitions	1.2	94.8
Change in Kesko Senukai's consolidation method	-	-298.4
Transfers between items	-	2.4
Exchange differences	5.7	-2.5
Closing net carrying amount	**1,735.0**	**1,819.0**

The net increase in right-of-use assets in 2020 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:	**1-12/2021**	**1-12/2020**
Sales of goods and services	107.9	107.1
Purchases of goods and services	-13.6	-8.7
Other operating income	18.6	17.6
Other operating expenses	-4.1	-4.8
Finance income and costs	6.3	6.6
	31.12.2021	31.12.2020
Receivables	85.1	92.0
Liabilities	21.0	20.3
Items related to leases	31.12.2021	31.12.2020
Cash flow from leases	-45.2	-48.9
Lease liabilities	291.5	347.2

Kesko Pension Fund paid in total €38.6 million in return of surplus assets to Finnish Group companies in March 2021.

Credit and counterparty risk, ageing analysis of trade receivables

Ageing analysis of trade receivables (€ million)	**31.12.2021**	**31.12.2020**
Trade receivables fully performing	853.7	721.7
1–7 days past due trade receivables	21.9	22.3
8–30 days past due trade receivables	17.5	13.6
31–60 days past due trade receivables	3.9	4.4
over 60 days past due trade receivables	12.2	14.5
Total	**909.2**	**776.5**

Trade receivables include impairment charges totalling €19.6 million (31 December 2020: €21.5 million).

Financial assets and liabilities by category and fair value hierarchy (€ million)

31.12.2021 Balance, € million	Fair value through profit or loss	Amortised cost	Fair value in comprehensive income	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets								
Other investments	15.5			15.5	15.5			15.5
Loans and receivables		68.9		68.9	68.9			
Other non-current receivables, derivatives			3.6	3.6	3.6		3.6	
Current financial assets								
Trade receivables		909.2		909.2	909.2			
Other receivables		294.4		294.4	294.4			
Other receivables, derivatives	1.7		7.9	9.6	9.6		9.6	
Other financial assets	55.2	52.7		107.9	108.0		55.2	
Cash and cash equivalents	50.0	229.9		279.8	279.8		50.0	
Total financial assets	**122.3**	**1,555.1**	**11.6**	**1,689.0**	**1,689.1**		**118.4**	**15.5**
Non-current financial liabilities								
Non-current interest-bearing liabilities		206.4		206.4	207.3			
Non-current lease liabilities		1,610.7		1,610.7	1,610.7			
Non-current non-interest-bearing liabilities		24.8		24.8	24.8			
Non-current non-interest-bearing liabilities, derivatives			0.0	0.0	0.0		0.0	
Current financial liabilities								
Current interest-bearing liabilities		160.1		160.1	160.1			
Current lease liabilities		317.9		317.9	317.9			
Trade payables		1,332.6		1,332.6	1,332.6			
Other non-interest-bearing liabilities		637.5		637.5	637.5			
Other non-interest-bearing liabilities, derivatives	3.2		0.2	3.4	3.4		3.4	
Total financial liabilities	**3.2**	**4,290.0**	**0.2**	**4,293.4**	**4,294.4**		**3.4**	

31.12.2020 Balance, € million	Fair value through profit or loss	Amortised cost	Fair value comprehensive income	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets								
Other investments	22.7			22.7	22.7			22.7
Loans and receivables		72.4		72.4	72.4			
Other non-current receivables, derivatives			1.4	1.4	1.4		1.4	
Current financial assets								
Trade receivables		776.5		776.5	776.5			
Other receivables		276.6		276.6	276.6			
Other receivables, derivatives	0.3		0.3	0.6	0.6		0.6	
Other financial assets	20.0	31.7		51.7	51.8		20.0	
Cash and cash equivalents	99.9	154.5		254.3	254.3		99.9	
Total financial assets	**142.9**	**1,311.7**	**1.7**	**1,456.2**	**1,456.3**		**121.8**	**22.7**
Non-current financial liabilities								
Non-current interest-bearing liabilities		408.7		408.7	410.3			
Non-current lease liabilities		1,712.3		1,712.3	1,712.3			
Non-current non-interest-bearing liabilities		27.6		27.6	27.6			
Non-current non-interest-bearing liabilities, derivatives			1.9	1.9	1.9		1.9	
Current financial liabilities								
Current interest-bearing liabilities		182.6		182.6	182.6			
Current lease liabilities		312.7		312.7	312.7			
Trade payables		1,091.3		1,091.3	1,091.3			
Other non-interest-bearing liabilities		577.2		577.2	577.2			
Other non-interest-bearing liabilities, derivatives	10.8		2.3	13.0	13.0		13.0	
Total financial liabilities	**10.8**	**4,312.4**	**4.2**	**4,327.4**	**4,328.9**		**14.9**	

Loans and receivables do not include deferred tax assets of €1.1 million (€1.5 million) and income tax receivables €0.1 million (€1.6 million) . Income tax liabilities of €28.9 million (€35.2 million) and prepayments received of €46.2 million (€33.0 million) are not categorised as financial liabilities and are not included in the table above.

Personnel, average and at 31.12.

Personnel average by segment	1-12/2021	1-12/2020	Change
Grocery trade	6,126	6,197	-71
Building and technical trade	5,977	9,308	-3,331
Car trade	1,225	1,283	-58
Common functions	905	841	64
Group total	**14,232**	**17,629**	**-3,397**

Personnel at 31.12.*by segment	2021	2020	Change
Grocery trade	8,303	8,286	17
Building and technical trade	6,940	7,193	-253
Car trade	1,164	1,310	-146
Common functions	995	861	134
Group total	**17,402**	**17,650**	**-248**

* Total number including part-time employees

Group's commitments (€ million)

	31.12.2021	31.12.2020
Own commitments	308.0	311.9
For others	-	-
Lease liabilities for leases not recognised in the balance sheet	127.9	96.7

Liabilities arising from derivative instruments (€ million)			
			Fair value
Values of underlying instruments at	31.12.2021	31.12.2020	31.12.2021
Interest rate derivatives			
Interest rate swaps	420.0	420.0	-2.1
Currency derivatives			
Forward and future contracts	204.6	206.2	0.6
Commodity derivatives			
Electricity futures	35.2	20.4	11.3

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 monitor 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 target "interest-bearing net debt excluding lease liabilities divided by EBITDA excluding the impact of IFRS 16".

In addition, financial performance indicators for the Group 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)
Interest-bearing net debt	Interest-bearing liabilities + Lease liabilities – Current other financial assets – 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	Performance indicator 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.

Reconciliation of performance indicators to IFRS financial statements

€ million	**1-12/ 2021**	**1-12/ 2020**	**10-12/ 2021**	**10-12/ 2020**
Items affecting comparability				
Gains on disposal	1.4	9.8	-	3.5
Losses on disposal	-0.0	-0.2	-	-0.1
Impairment charges	-5.4		-5.4	-
Structural arrangements	3.7	22.8	6.7	-13.5
Items in operating profit affecting comparability	**-0.3**	**32.4**	**1.3**	**-10.1**
Items in financial items affecting comparability	2.9	13.4	0.0	-1.9
Items in income taxes affecting comparability	1.0	4.1	0.9	2.0
Total items affecting comparability	**3.5**	**49.9**	**2.3**	**-10.0**
Items in EBITDA affecting comparability	**4.7**	**39.1**	**6.1**	**-4.8**
Operating profit, comparable				
Operating profit	775.2	600.2	204.9	155.6
Net of				
Items in operating profit affecting comparability	-0.3	32.4	1.3	-10.1
Operating profit, comparable	**775.5**	**567.8**	**203.5**	**165.6**
EBITDA				
Operating profit	775.2	600.2	204.9	155.6
Plus				
Depreciation and impairment charges	176.8	170.2	48.9	43.8
Depreciation and impairment charges for right-of-use assets	310.3	325.8	78.6	81.4
EBITDA	**1,262.2**	**1,096.2**	**332.4**	**280.7**
EBITDA excluding the impact of IFRS 16				
EBITDA	1,262.2	1,096.2	332.4	280.7
Net of				
Rents for right-of-use assets	-388.3	-408.0	-97.7	-100.9
EBITDA excluding the impact of IFRS 16	**873.8**	**680.7**	**234.6**	**179.8**
Profit before tax, comparable				
Profit before tax	712.9	527.6	189.2	138.4
Net of				
Items in operating profit affecting comparability	-0.3	32.4	1.3	-10.1
Items in financial items affecting comparability	2.9	13.4	0.0	-1.9
Profit before tax, comparable	**710.4**	**481.9**	**187.9**	**150.4**
Net profit, comparable				
Profit before tax, comparable	710.4	481.9	187.9	150.4
Net of				
Income tax	141.1	92.3	27.6	24.7

Items in income tax affecting comparability	1.0	4.1	0.9	2.0
Net profit, comparable	**568.2**	**385.5**	**159.4**	**123.6**
Net profit attributable to owners of the parent, comparable				
Net profit, comparable	568.2	385.5	159.4	123.6
Net of				
Net profit attributable to non-controlling interests	-	2.0	-	-
Net profit attributable to owners of the parent, comparable	**568.2**	**383.5**	**159.4**	**123.6**
Earnings per share, comparable, €				
Net profit attributable to the owners of the parent, comparable	568.2	383.5	159.4	123.6
Average number of shares, basic, 1.000 pcs	397,033	396,661	397,003	396,661
Earnings per share, comparable, €	**1.43**	**0.97**	**0.40**	**0.31**
Return on capital employed, %				
Operating profit	775.2	600.2	204.9	155.6
Capital employed, average	4,508.9	4,718.5	4,465.2	4,552.4
Return on capital employed, %	**17.2**	**12.7**	**18.4**	**13.7**
Return on capital employed, comparable, %				
Operating profit, comparable	775.5	567.8	203.5	165.6
Capital employed, average	4,508.9	4,718.5	4,465.2	4,552.4
Return on capital employed, comparable, %	**17.2**	**12.0**	**18.2**	**14.6**
Return on equity, %				
Net profit	571.8	435.3	161.6	113.6
Equity, average	2,359.4	2,165.0	2,435.5	2,115.6
Return on equity, %	**24.2**	**20.1**	**26.5**	**21.5**
Return on equity, comparable, %				
Net profit, comparable	568.2	385.5	159.4	123.6
Equity, average	2,359.4	2,165.0	2,435.5	2,115.6
Return on equity, comparable, %	**24.1**	**17.8**	**26.2**	**23.4**
Equity ratio, %				
Shareholders' equity	2,529.5	2,189.3	2,529.5	2,189.3
Total assets	6,966.0	6,641.9	6,966.0	6,641.9
Advances received	46.2	32.8	46.2	32.8
Equity ratio, %	**36.6**	**33.1**	**36.6**	**33.1**

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.-31.12.2021		1.10.-31.12.2021	
K Group's retail and B2B sales	**€ million**	**Change, %*)**	**€ million**	**Change, %*)**
K Group's grocery trade				
K-Citymarket, food	2,007.4	3.8	524.8	1.3
K-Citymarket, non-food	621.1	5.7	190.3	4.1
K-Supermarket	2,265.2	1.3	570.1	-0.4
K-Market	2,033.8	1.6	493.2	-0.7
Neste K	114.7	0.1	28.2	0.5
Others	45.9	-0.8	9.5	-13.5
Retail sales, total	**7,088.0**	**2.4**	**1,816.1**	**0.4**
Kespro	866.7	9.9	240.2	21.2
Grocery trade, total	**7,954.6**	**3.2**	**2,056.3**	**2.5**
K Group’s building and technical trade				
K-Rauta, Finland	1,276.3	8.9	276.7	8.9
K-Rauta B2B Service, Finland	281.7	13.1	75.3	27.5
Onninen, Finland	1,096.9	14.1	292.4	23.2
Leisure trade, Finland	285.4	21.8	82.8	14.2
Finland, total	**2,940.2**	**12.3**	**727.2**	**16.7**
K-Rauta, Sweden	201.2	8.0	41.8	2.1
K-Bygg, Sweden	312.8	20.2	78.2	15.7
Onninen and Mark & Infra i Sverige, Sweden	117.1	8.1	29.2	22.9
Byggmakker, Norway	842.5	17.5	207.5	17.6
Onninen, Norway	315.7	29.6	91.5	32.2
Onninen, Baltic countries	94.8	18.5	27.5	27.3
Onninen, Poland	304.1	29.3	85.2	33.1
Other countries, total	**2,188.1**	**19.5**	**560.9**	**21.0**
Kesko Senukai	1,092.3	18.4	291.1	19.1
Building and technical trade, total	**6,220.6**	**15.8**	**1,579.2**	**18.6**
K Group's car trade				
K-Auto, retail	705.6	13.1	149.8	-7.5
K-Auto, import	268.0	23.1	56.6	-3.2
AutoCarrera	64.1	2.1	15.0	12.9
Car trade, total	**1,037.7**	**14.7**	**221.4**	**-5.3**
	.			
Finland, total	**11,932.6**	**6.3**	**3,004.9**	**4.9**
Other countries, total	**3,280.4**	**19.2**	**852.0**	**20.3**
Retail and B2B sales, total	**15,213.0**	**8.8**	**3,856.9**	**8.0**

*) The Change, % compared to the year before has been calculated to illustrate a situation in which 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, the acquisitions of Carlsen Fritzøe Handel AS and Bygg & Interiör completed in September 2020, and the acquisition of Byggarnas Partner i Sverige AB completed in September 2021, had been completed on 1 January 2020.