



Q1

**Kesko Corporation
Interim report**

January-March 2021
28.4.2021



KESKO CORPORATION INTERIM REPORT 28.4.2021 AT 9.00

Kesko's interim report for 1 Jan. - 31 March 2021: Best Q1 result in Kesko's history

FINANCIAL PERFORMANCE IN BRIEF:

1-3/2021

- Group net sales in January-March €2,539.4 million (€2,540.4 million), an increase of 5.9% in comparable terms; reported net sales flat year-on-year
- Comparable operating profit €116.2 million (€65.1 million), up by €51.5 million when Kesko Senukai is treated as a joint venture also for the comparison period (illustrative comparison figures)
- Operating profit €115.7 million (€65.9 million)
- Comparable earnings per share €0.20 (€0.08)
- Reported Group earnings per share €0.20 (€0.09)

KEY PERFORMANCE INDICATORS

| | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|--|----------|----------|-----------|
| Net sales, € million | 2,539.4 | 2,540.4 | 10,669.2 |
| Operating profit, comparable, € million | 116.2 | 65.1 | 567.8 |
| Operating margin, comparable, % | 4.6 | 2.6 | 5.3 |
| Operating profit, € million | 115.7 | 65.9 | 600.2 |
| Profit before tax, comparable, € million | 99.6 | 32.7 | 481.9 |
| Profit before tax, € million | 99.2 | 33.1 | 527.6 |
| Cash flow from operating activities, € million | 155.1 | 135.7 | 1,152.4 |
| Capital expenditure, € million | 44.2 | 99.0 | 398.4 |
| Earnings per share, €, basic and diluted | 0.20 | 0.09 | 1.09 |
| Earnings per share, comparable, €, basic | 0.20 | 0.08 | 0.97 |

| | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|--|----------|----------|-----------|
| Return on capital employed, comparable, %, rolling 12 months | 13.4 | 9.6 | 12.0 |
| Return on equity, comparable, %, rolling 12 months | 20.0 | 15.0 | 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 data, Kesko Senukai is reported consolidated as a joint venture also for the comparison periods, as this method is used in management reporting.

| Illustrative Group performance indicators | 1-3/2021* | 1-3/2020 | 1-12/2020 |
|---|-----------|----------|-----------|
| Net sales, € million | 2,539.4 | 2,355.6 | 10,242.6 |
| Operating profit, comparable, € million | 116.2 | 64.6 | 553.6 |
| Operating margin, comparable, % | 4.6 | 2.7 | 5.4 |
| Operating profit, € million | 115.7 | 65.5 | 540.0 |

*Reported 1-3/2021

In this interim report, 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 2021

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

Kesko estimates that its comparable operating profit in 2021 will be in the range of €570-670 million. Before, the company estimated that the comparable operating profit would be in the range of €520-620 million. The illustrative comparable operating profit in 2020 was €554 million.

The guidance upgrade is based on better-than-anticipated sales development in all divisions and a more positive outlook for the remainder of the year. Retail sales have continued strong in the grocery trade, while the foodservice business has remained profitable despite the difficult market situation. In the building and technical trade, growth has continued better than anticipated in both B2B and B2C trade. Car trade has also grown compared to last year. At the same time, Kesko has managed to further improve cost efficiency. Expectations for the grocery trade and building and technical trade regarding the remainder of the year are more positive than before.

It is still difficult to anticipate the impacts of the Covid-19 pandemic, and consequently the range for the 2021 comparable operating profit guidance remains wide.

PRESIDENT AND CEO MIKKO HELANDER:

Kesko had another record quarter, posting its all-time best Q1 result. Sales grew in all our divisions. Our net sales increased by 5.9% in comparable terms, totalling €2,539.4 million. Our comparable operating profit totalled €116.2 million, representing an increase of €51.1 million. In addition to sales growth, we have been constantly able to improve our operations and cost efficiency.

On 15 April, we issued a positive profit warning due to strong profit development in the first months of the year and a better-than-anticipated outlook for the remainder of the year. Our strong profit development meant that we were also able to meet the medium-term financial targets that were raised last year.

In the grocery trade, our strength lies in our extensive network of brick-and-mortar stores combined with efficient online sales and our well-functioning retailer business model. Our strategic goal is to constantly improve customer experiences. Retail sales of groceries grew by 6.1% in January-March, and K Group's grocery stores continued to gain market share. Of the sales growth in Q1, 48% came from growth in online grocery, and our online grocery sales grew by more than 300%. Profitability continued to improve in the grocery trade division on the back of sales growth and further improved operational efficiency. We also managed to keep our foodservice business in profit despite the difficult market circumstances.

In the building and technical trade division, we achieved a record result thanks to the execution of our country-specific strategies and increased demand. Net sales for the division were up by 7.7% in comparable terms. Positive development continued for K-Rauta and Onninen in Finland. In Norway, sales and profitability increased in all operations, and in Sweden, K-Rauta and K-Bygg did well in the market. We have been able to ensure good product availability also under exceptional circumstances. We will continue the execution of our growth strategy in the building and technical trade, seeking growth both organically and through acquisitions.

In the car trade division, sales returned to pre-pandemic levels in both new and used car sales. Net sales for the division grew by 16.8%. The positive development was aided by our competitive range and the improved availability of cars. During the reporting period, we updated the strategy for the car trade division, focusing even more on transformation and improving customer experience.

Our growth strategy is working, and sets us up well also for upcoming years. In the grocery trade, we are well-positioned to increase sales further by utilising our strengths. In the building and technical trade, the strong execution of country-specific strategies will support growth and further profitability improvement also going forward. In the car trade, we will continue measures to transform our operations and improve profitability.

Kesko is one of the leading operators in digital trade in Northern Europe, with e-commerce sales of nearly €1.3 billion. We have a strong foothold in online sales to both consumers and B2B customers. Our online stores are growing rapidly, thanks to our functional and successfully executed digital strategy. We estimate that the online grocery market in Finland will grow significantly during this decade. We aim to maintain a clear market-leading position in Finnish online grocery trade also going forward.

The outlook for 2021 is positive. We estimate that Kesko's comparable operating profit in 2021 will be in the range of €570-670 million. It is still difficult to anticipate the impacts of the Covid-19 pandemic, and consequently the range for our 2021 comparable operating profit guidance remains wide.

IMPORTANT EVENTS

POSITIVE PROFIT WARNING ON 15 APRIL 2021

Kesko raised its guidance for its comparable operating profit in 2021. Kesko estimates that its comparable operating profit in 2021 will 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

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

NET SALES AND PROFIT IN JANUARY-MARCH 2021

| 1-3/2021 | Net sales, € million | Change, % | Change, comparable, % | Operating profit, comparable, € million | Change, € million | Change, € million Illustrative comparison figures* |
|---|-------------------------|-------------|-----------------------------|--|----------------------|--|
| Grocery trade | 1,360.6 | +3.0 | +3.0 | 81.1 | +20.8 | +20.8 |
| Building and technical trade, excl. speciality goods trade | 868.5 | +15.8 | +6.5 | 29.8 | +17.1 | +17.1 |
| Speciality goods trade | 55.7 | -15.9 | +28.1 | 4.8 | +7.1 | +7.1 |
| Kesko Senukai | - | -100.0 | - | -3.2 | +0.1 | +0.5 |
| Building and technical trade, total | 924.3 | -7.7 | +7.7 | 31.4 | +24.4 | +24.8 |
| Car trade | 260.1 | +16.8 | +16.8 | 11.2 | +5.1 | +5.1 |
| Common functions and eliminations | -5.6 | +17.5 | +17.6 | -7.5 | +0.9 | +0.9 |
| Total | 2,539.4 | -0.0 | +5.9 | 116.2 | +51.1 | +51.5 |

* Kesko Senukai treated as a joint venture in the illustrative comparison figures

In comparable terms, Group net sales increased by 5.9%. Net sales increased in comparable terms by 5.3% in Finland and by 9.4% elsewhere. The comparable change % has been calculated in local currencies and excluding the impact of Kesko Senukai and acquisitions and divestments completed. Reported Group net sales in January-March were flat year-on-year, impacted by the consolidation of Kesko Senukai as a joint venture in the consolidated financial statements from 1 July 2020 onwards.

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

Net sales for the building and technical trade division grew in comparable terms in Finland, Sweden, Norway and Poland. Net sales grew in comparable terms in building and home improvement trade, Onninen's technical trade, and speciality goods trade. The reported net sales for the building and technical trade decreased by 7.7% due to the change in Kesko Senukai's consolidation method. Reported net sales were positively impacted by the acquisitions carried out in 2020 and the strengthening of the Swedish krona and the Norwegian krone against the euro.

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

The Group's comparable operating profit grew by €51.1 million in January-March. Growth totalled €51.5 million when Kesko Senukai is treated as a joint venture also for the comparison period (illustrative comparison figures). In addition to net sales growth, profitability improved thanks to better sales margin development and further improvement in cost efficiency. Net sales development in January-March was also positively affected by the Covid-19 pandemic and resulting changes in consumer behaviour. Profitability in the grocery trade division improved due to good retail sales development, improved operational efficiency, and wholesale for Easter taking place in Q1. In the building and technical trade division, there was marked growth in both net sales and comparable operating profit. Comparable operating profit grew in the building and home improvement trade in Finland, Sweden and Norway and in Onninen's technical trade in Finland, Sweden, Norway and Poland. Kesko Senukai had a negative €3.2 million impact on the Group's comparable operating profit (€-3.3 million, consolidated as a subsidiary). Kesko Senukai has been consolidated as a joint venture from 1 July 2020 onwards. In the car trade division, comparable operating profit rose due to growth in net sales.

| Items affecting comparability, € million | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|--|----------|----------|-----------|
| Operating profit, comparable | 116.2 | 65.1 | 567.8 |
| Items affecting comparability | | | |
| +gains on disposal | 0.5 | 6.4 | 9.8 |
| -losses on disposal | -0.0 | -0.0 | -0.2 |
| +/-structural arrangements | -0.9 | -5.5 | 22.8 |
| Items affecting comparability, total | -0.4 | 0.8 | 32.4 |
| Operating profit | 115.7 | 65.9 | 600.2 |

In the comparison period, the most significant items affecting comparability were the €6.4 million sales gain from the divestment of machinery trade operations in the Baltics in the building and technical trade division, completed on 31 March 2020, and the €5.2 million costs related to corporate restructuring in common functions.

K Group's (Kesko and the chain stores) retail and B2B sales (0% VAT) in January-March totalled €3,268.2 million, representing a growth of 4.8% compared to the previous year. The K-Plussa customer loyalty programme added 20,978 new households in January-March 2021. The number of K-Plussa households stood at 2.5 million at the end of March, with 3.5 million K-Plussa cardholders in total.

Net finance costs, income tax and earnings per share

| | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|---|----------|----------|-----------|
| Net finance costs, € million | -16.3 | -32.3 | -86.8 |
| Interests on lease liabilities, € million | -18.6 | -23.1 | -83.3 |
| Profit before tax, comparable, € million | 99.6 | 32.7 | 481.9 |
| Profit before tax, € million | 99.2 | 33.1 | 527.6 |
| Income tax, € million | -20.8 | -6.4 | -92.3 |
| Earnings per share, comparable, € | 0.20 | 0.08 | 0.97 |
| Earnings per share, € | 0.20 | 0.09 | 1.09 |
| Equity per share, € | 5.78 | 5.02 | 5.52 |

The decrease in the Group's net finance costs in January-March was impacted by the decrease in interest expenses due to a decline in lease liabilities. The decline in lease liabilities was especially impacted by the change in Kesko Senukai's consolidation method as of 1 July 2020. Net finance costs were also decreased by positive foreign exchange differences and changes in the fair value of interest rate derivatives. In the comparison period, the uncertainty caused by the Covid-19 pandemic resulted in exchange rate losses of €6.0 million in net finance costs. Of the foreign exchange differences in the comparison period, €-4.6 million was due to exchange rate losses on euro-denominated loan financing of Kesko Senukai's Belarussian subsidiary OMA. The share of result of associates amounted to €-0.3 million (€-0.6 million), or €-0.3 million (€-0.2 million) in comparable terms.

The Group's comparable profit before tax in January-March grew thanks to operating profit growth and a reduction in net finance costs compared to the year before. The Group's effective tax rate was 21.0% (19.5%). The Group's effective tax rate rose due to the negative share of result of Kesko Senukai, consolidated as a joint venture as of 1 July 2020. In the comparison period, Kesko Senukai was consolidated as a subsidiary.

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

CASH FLOW AND FINANCIAL POSITION

| € million | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|-------------------------------------|----------|----------|-----------|
| Cash flow from operating activities | 155.1 | 135.7 | 1 152.4 |
| Cash flow from investing activities | -37.4 | -55.1 | -421.3 |
| Cash flow from financing activities | -108.0 | -0.6 | -600.0 |

| € million | 31.3.2021 | 31.3.2020 | 31.12.2020 |
|---|-----------|-----------|------------|
| Liquid assets | 316.3 | 265.4 | 306.0 |
| Interest-bearing liabilities | 2,554.2 | 3,085.2 | 2,616.3 |
| Lease liabilities | 1,988.8 | 2,337.4 | 2,025.0 |
| Interest-bearing net debt excl. lease liabilities | 249.1 | 482.4 | 285.3 |
| Interest-bearing net debt/EBITDA, excl. IFRS 16 impact, rolling 12 months | 0.3 | 0.9 | 0.4 |
| Gearing, % | 97.5 | 134.9 | 105.5 |
| Equity ratio, % | 34.0 | 30.0 | 33.1 |

The Group's cash flow from operating activities totalled €155.1 million (€135.7 million) in January-March. EBITDA growth and a €38.6 million return of surplus assets paid by Kesko Pension Fund had an increasing impact on cash flow, while income taxes on cash basis, which were higher than in the comparison period, had a decreasing impact.

The Group's cash flow from investing activities was a negative €37.4 million (€-55.1 million) in January-March. In the comparison period, cash flow from investing activities was improved by the positive cash flow impact of €19.6 million derived from the divestment of the Baltic machinery trade operations.

CAPITAL EXPENDITURE

| € million | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|---------------------|----------|----------|-----------|
| Capital expenditure | 44.2 | 99.0 | 398.4 |
| Store sites | 15.2 | 63.2 | 125.8 |
| Acquisitions | 1.2 | - | 159.1 |
| IT | 6.3 | 5.6 | 25.6 |
| Other investments | 21.4 | 30.2 | 87.9 |

Capital expenditure in store sites decreased by €48.0 million compared to the year before in January-March. In the comparison period, capital expenditure in store sites was increased by the acquisition of the property of K-Citymarket in Järvenpää.

PERSONNEL

| | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|--|-----------|-----------|------------|
| Average number of personnel converted into full-time employees | 13,932 | 20,936 | 17,629 |
| Personnel at the end of the reporting period | 31.3.2021 | 31.3.2020 | 31.12.2020 |
| Finland | 12,207 | 12,449 | 12,647 |
| Other countries | 4,913 | 11,892 | 5,003 |
| Total | 17,120 | 24,341 | 17,650 |

The change in the consolidation method of Kesko Senukai as of 1 July 2020 had a marked impact on the number of Group employees outside Finland.

SEGMENTS

SEASONAL NATURE OF OPERATIONS

The Group's operating activities are affected by seasonal fluctuations. The net sales and 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

January-March 2021

| | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|--|----------|----------|-----------|
| Net sales, € million | 1,360.6 | 1,321.5 | 5,732.0 |
| Operating profit, comparable, € million | 81.1 | 60.4 | 375.2 |
| Operating margin, comparable, % | 6.0 | 4.6 | 6.5 |
| Return on capital employed, comparable, %, rolling 12 months | 18.0 | 14.6 | 16.9 |
| Capital expenditure, € million | 14.7 | 62.7 | 125.4 |
| Personnel, average | 5,872 | 5,948 | 6,197 |

| Net sales, € million | 1-3/2021 | 1-3/2020 | Change, % | Change, comparable, % | 1-12/2020 |
|------------------------|----------------|----------------|-------------|-----------------------|----------------|
| Sales to K-food stores | | | | | |
| K-Citymarket, food | 325.0 | 293.0 | +10.9 | +10.9 | 1,291.7 |
| K-Supermarket | 374.3 | 357.5 | +4.7 | +4.7 | 1,549.6 |
| K-Market | 339.0 | 320.3 | +5.8 | +5.8 | 1,434.9 |
| K-Citymarket, non-food | 132.0 | 122.7 | +7.6 | +7.6 | 585.5 |
| Kespro | 169.8 | 208.9 | -18.7 | -18.7 | 784.1 |
| Others | 20.7 | 19.1 | +8.5 | +8.5 | 86.1 |
| Total | 1,360.6 | 1,321.5 | +3.0 | +3.0 | 5,732.0 |

Net sales for the grocery trade in January-March amounted to €1,360.6 million (€1,321.5 million), an increase of 3.0%. Net sales grew in all grocery store chains and home and speciality goods trade in K-Citymarket. Net sales decreased in Kespro's foodservice business due to the Covid-19 pandemic and related restrictions.

The total grocery market in Finland (incl. VAT) is estimated to have grown by approximately 5.8% in January-March (Finnish Grocery Trade Association PTY) and retail prices are estimated to have risen by some 1.4% (incl. VAT, PTY's price development estimate). K Group's grocery sales grew by 6.1% (incl. VAT), thus exceeding the market growth. K Group's sales grew in all grocery store chains. Online sales of groceries grew by 306%, and accounted for approximately 4.1% of K Group's grocery sales (incl. VAT). All K Group grocery store chains offer

online grocery sales services. The number of K-food stores offering online grocery sales services grew by 18 to 487 during the reporting period.

The comparable operating profit for the grocery trade in January-March totalled €81.1 million (€60.4 million), up by €20.8 million. Profitability improved due to good retail sales development, improved operational efficiency, and wholesale for Easter taking place in Q1. Operating profit for the grocery trade totalled €81.1 million (€59.8 million). Items affecting comparability in the comparison period totalled €-0.5 million.

Capital expenditure for the grocery trade totalled €14.7 million (€62.7 million), of which €12.7 million (€55.6 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 the building and technical trade in segment information. Due to the change in consolidation method, the Group changed the internal reporting to its highest operative decision-maker, i.e. the Group Management Board. Consequently, Kesko Senukai has been reported in the segment figures and the 1-12/2020 and 1-3/2020 income statement figures for the building and technical trade as if it had been consolidated on one line before operating profit in accordance with ownership interest, as opposed to the subsidiary consolidation method used up until 30 June 2020. Such a change has not been made to internally reported balance sheet figures or personnel numbers.

January-March 2021

| | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|--|----------|----------|-----------|
| Net sales, € million | 924.3 | 816.3 | 3,639.5 |
| Building and technical trade, excl. speciality goods trade and Kesko Senukai | 868.5 | 750.1 | 3,424.3 |
| Building and home improvement trade | 479.7 | 377.4 | 1,845.8 |
| Onninen | 401.9 | 391.4 | 1,625.5 |
| Speciality goods trade | 55.7 | 66.3 | 215.2 |
| Operating profit, comparable, € million | 31.4 | 6.5 | 187.7 |
| Building and technical trade, excl. speciality goods trade and Kesko Senukai | 29.8 | 12.6 | 169.4 |
| Building and home improvement trade | 13.5 | 2.0 | 99.5 |
| Onninen | 16.6 | 10.7 | 70.7 |
| Speciality goods trade | 4.8 | -2.3 | 7.4 |
| Kesko Senukai | -3.2 | -3.8 | 11.0 |
| Operating margin, comparable, % | 3.4 | 0.8 | 5.2 |
| Building and technical trade, excl. speciality goods trade and Kesko Senukai | 3.4 | 1.7 | 4.9 |
| Building and home improvement trade | 2.8 | 0.5 | 5.4 |
| Onninen | 4.1 | 2.7 | 4.4 |
| Speciality goods trade | 8.7 | -3.5 | 3.4 |
| | 1-3/2021 | 1-3/2020 | 1-12/2020 |
| Return on capital employed, comparable, %, rolling 12 months | 13.1 | 7.4 | 11.2 |
| Capital expenditure, € million | 5.5 | 10.9 | 186.3 |
| Personnel, average | 5,963 | 12,850 | 9,308 |

| Net sales, € million | 1-3/2021 | 1-3/2020 | Change, % | Change, comparable, % | 1-12/2020 |
|--|--------------|--------------|--------------|-----------------------|----------------|
| Building and home improvement trade, Finland | 240.7 | 222.8 | +8.0 | +7.4 | 971.6 |
| K-Rauta, Sweden | 37.4 | 32.3 | +15.8 | +9.8 | 186.1 |
| K-Bygg, Sweden | 55.4 | 42.5 | +30.2 | +15.7 | 228.4 |
| Byggmakker, Norway | 146.6 | 80.5 | +82.2 | +12.7 | 463.0 |
| Building and home improvement trade, total | 479.7 | 377.4 | +27.1 | +9.8 | 1,845.8 |
| Onninen, Finland | 233.8 | 228.9 | +2.1 | +2.1 | 985.2 |
| Onninen and MIAB, Sweden* | 21.3 | 29.5 | -27.6 | -27.5 | 101.5 |
| Onninen, Norway | 67.5 | 58.2 | +15.9 | +13.7 | 227.6 |
| Onninen, Baltics | 18.5 | 18.8 | -1.5 | -1.5 | 80.1 |
| Onninen, Poland | 61.5 | 56.7 | +8.5 | +14.1 | 234.1 |
| Onninen, total* | 401.9 | 391.4 | +2.7 | +3.8 | 1,625.5 |
| Building and technical trade, excl. speciality goods trade, total | 868.5 | 750.1 | +15.8 | +6.5 | 3,424.3 |
| Leisure trade, Finland | 55.7 | 43.5 | +28.1 | +28.1 | 192.4 |
| Machinery trade | - | 22.8 | -100.0 | - | 22.8 |
| Speciality goods trade, total | 55.7 | 66.3 | -15.9 | +28.1 | 215.2 |
| Total | 924.3 | 816.3 | +13.2 | +7.7 | 3,639.5 |

* Onninen's comparable change in net sales in Sweden calculated minus internal net sales in Sweden to K-Rauta in the comparison period.

Net sales for the building and technical trade increased by 13.2%, or by 7.7% in comparable terms. Net sales grew in comparable terms in Finland, Sweden, Norway and Poland. In the Baltics, net sales decreased slightly. In euro terms, net sales were positively affected by the strengthening of the Swedish krona and the Norwegian krone against the euro. The weakening of the Polish zloty against the euro diminished net sales development in Poland in euro terms. The comparable change % has been calculated in local currencies and excluding the impact of Kesko Senukai and the acquisitions and divestments completed in 2020 and 2021.

In Finland, net sales for the building and technical trade in January-March totalled €518.6 million (€485.0 million), up by 6.9%. In comparable terms, net sales in Finland increased by 6.7%. Net sales from international operations totalled €405.7 (€331.4 million) million in January-March, up by 22.4%. In comparable terms, net sales from international operations grew by 9.4%.

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

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

In the speciality goods trade leisure trade, net sales increased.

The comparable operating profit for the building and technical trade totalled €31.4 million (€6.5 million) in January-March, up by €24.8 million year-on-year. In addition to net sales growth, profitability improved thanks to better sales margin development and further improvement in cost efficiency. The comparable operating profit for the building and home improvement trade was up by €11.5 million, and grew in Finland, Sweden and Norway. The acquisitions carried out in Norway and Sweden in 2018-2020 accounted for €1.9 million (€-3.0 million) of the comparable operating profit. Onninen's comparable operating profit grew by €5.9 million. Onninen's profitability improved in Finland, Sweden, Norway and Poland. In the Baltics, Onninen's comparable operating profit remained at level of the previous year. Comparable operating profit grew clearly in the speciality goods trade leisure trade.

Operating profit for the building and technical trade totalled €31.0 million (€13.0 million). Items affecting comparability totalled €-0.4 million (€6.5 million). In the comparison period, the most significant item affecting comparability was the €6.4 million sales gain from the divestment of machinery trade operations in the Baltics, completed on 31 March 2020.

Capital expenditure for the building and technical trade totalled €5.5 million (€10.9 million) in January-March.

CAR TRADE

January-March 2021

| | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|--|----------|----------|-----------|
| Net sales, € million | 260.1 | 222.6 | 892.6 |
| Operating profit, comparable, € million | 11.2 | 6.1 | 23.4 |
| Operating margin, comparable, % | 4.3 | 2.7 | 2.6 |
| Return on capital employed, comparable, %, rolling 12 months | 7.7 | 7.7 | 6.3 |
| Capital expenditure, € million | 17.8 | 19.7 | 64.7 |
| Personnel, average | 1,243 | 1,292 | 1,283 |

| Net sales, € million | 1-3/2021 | 1-3/2020 | Change, % | Change, comparable, % | 1-12/2020 |
|----------------------|----------|----------|-----------|-----------------------|-----------|
| Car trade | 260.1 | 222.6 | +16.8 | +16.8 | 892.6 |

Net sales for the car trade increased by 16.8% in January-March, 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 -0.6% (-4.1%) in January-March. The combined market share of the Volkswagen, Audi, SEAT, Porsche and Bentley passenger cars and Volkswagen and MAN vans imported by the car trade division was 16.9% (16.0%) in January-March.

The comparable operating profit for the car trade in January-March totalled €11.2 million (€6.1 million). Comparable operating profit increased thanks to growth in net sales. Operating profit for the car trade in January-March totalled €11.2 million (€6.1 million).

Capital expenditure for the car trade totalled €17.8 million (€19.7 million).

CHANGES IN GROUP COMPOSITION

No significant changes were made to the Group composition during the reporting period.

SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of March 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 March 2021, Kesko Corporation held 2,969,806 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 March 2021, Kesko Corporation's share capital totalled €197,282,584.

The price of a Kesko A share quoted on Nasdaq Helsinki was €20.00 at the end of 2020, and €23.85 at the end of March 2021, representing an increase of 19.3%. Correspondingly, the price of a B share was €21.04 at the end of 2020, and €26.08 at the end of March 2021, representing an increase of 24.0%. In January-March 2021, the highest A share price was €24.10 and the lowest €19.82. The highest B share price was €26.12 and the lowest €20.70. The Nasdaq Helsinki All-Share index (OMX Helsinki) was up by 5.2% and the weighted OMX Helsinki Cap index by 7.7% in January-March 2021. The Retail Sector Index was up by 13.8%.

At the end of March 2021, the market capitalisation of the A shares was €3,028 million. The market capitalisation of the B shares was €7,046 million, excluding the shares held by the parent company. The combined market capitalisation of the A and B shares was €10,074 million, an increase of €1,858 million from the end of 2020.

In January-March, a total of 1.7 million A shares were traded on Nasdaq Helsinki. The exchange value of the A shares was €36.1 million. Meanwhile, 48.7 million B shares were traded, with an exchange value of €1,084.1 million. Nasdaq Helsinki accounted for over 90% of the trading on Kesko's A and B shares in January-March. Kesko shares were also traded on multilateral trading facilities, the most significant of which was Cboe (source: Euroland).

At the end of March 2021, the number of registered shareholders was 59,847, which is 2,715 more than at the end of 2020. At the end of March, foreign ownership of all shares was 37.58%, and foreign ownership of B shares 54.07%.

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-March 2021, Kesko Corporation transferred 376,328 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. 6,272 B shares were returned to the company without consideration based on the same terms and conditions. Kesko issued related stock exchange releases on 19 March 2021, 25 March 2021 and 9 February 2021. Kesko issued a stock exchange release on 3 February 2021 regarding the most recent share-based commitment and incentive plans.

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 Corporate Responsibility 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)

KEY EVENTS AFTER THE REPORTING PERIOD

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 prevent the spread of the Covid-19 pandemic, Kesko's Board of Directors decided to have exceptional meeting procedures in place, based on the temporary legislative act 677/2020. 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. Kesko estimates that its comparable operating profit in 2021 will 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)

In April 2021, the Finnish Tax Administration issued to Kesko Corporation a decision on debiting of tax related to the tax audit regarding the deduction of withholding tax on dividends paid abroad in 2015 and 2016. The amount

of withholding tax to be debited, including punitive tax increases and penalty charges, is €1.8 million. Kesko Corporation will appeal the decision.

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 will be 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 is 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. The Annual General Meeting 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 Chair of the Audit Committee, 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 are 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. APA Jukka Vattulainen will be 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

Kesko ranked 87th on the Global 100 Most Sustainable Corporations in the World list, making it the most sustainable trading sector company in the world.

Kesko published its updated materiality assessment. The most significant changes compared with the previous materiality assessment were the increased importance of climate change, sustainable products and biodiversity.

K Group is strengthening its biodiversity work and preparing division-specific goals to promote biodiversity. The objective is to prevent loss of biodiversity in K Group's own operations and value chain.

K Group will be a main sponsor for the Football Association of Finland in between 2021 and 2024.

K Group and EnerKey are piloting the use of artificial intelligence to identify opportunities to save energy at K-food stores.

RISK MANAGEMENT

No material changes took place during the first three months of 2021 in the risks described in Kesko's 2020 Report by the Board of Directors and financial statements.

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

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

Helsinki, 27 April 2021
Kesko Corporation
Board of Directors

The information in this interim report 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. A Finnish-language webcast of the results briefing can be viewed on 28 April 2021 at 11.00 am (EET/EST) at www.kesko.fi. An English-language audio conference on the interim report briefing will be held at 12.30 pm (EET/EST). The audio conference login is available on Kesko's website at www.kesko.fi.



Kesko Corporation's half year financial report for January-June 2021 will be published on 23 July 2021. In addition, Kesko Group's sales figures are published monthly. News releases and other company information are available on Kesko's website at www.kesko.fi.

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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 | | | |
|---|--------------|-------------|--------------|
| | 1-3/2021 | 1-3/2020 | 1-12/2020 |
| Net sales | 2,539.4 | 2,540.4 | 10,669.2 |
| Material and services | -2,271.2 | -2,257.4 | -9,148.3 |
| Change in inventory | 80.2 | 64.7 | -6.9 |
| Other operating income | 218.3 | 205.8 | 930.9 |
| Employee benefit expense | -185.5 | -197.0 | -750.7 |
| Depreciation, amortisation and impairment charges | -41.0 | -40.9 | -170.2 |
| Depreciation and impairment charges for right-of-use assets | -76.6 | -83.9 | -325.8 |
| Other operating expenses | -144.7 | -165.8 | -605.5 |
| Share of result of joint ventures | -3.2 | - | 7.5 |
| Operating profit | 115.7 | 65.9 | 600.2 |
| Interest income and other finance income | 2.3 | 2.3 | 11.7 |
| Interest expense and other finance costs | -0.5 | -5.6 | -10.5 |
| Interest expense for lease liabilities | -18.6 | -23.1 | -83.3 |
| Foreign exchange differences | 0.5 | -6.0 | -4.7 |
| Share of result of associates | -0.3 | -0.6 | 14.3 |
| Profit before tax | 99.2 | 33.1 | 527.6 |
| Income tax | -20.8 | -6.4 | -92.3 |
| Net profit for the period | 78.4 | 26.6 | 435.3 |
| Attributable to | | | |
| Owners of the parent | 78.4 | 34.6 | 433.4 |
| Non-controlling interests | - | -8.0 | 2.0 |
| Earnings per share (€) for profit attributable to owners of the parent | | | |
| Basic and diluted | 0.20 | 0.09 | 1.09 |

| Consolidated statement of comprehensive income (€ million) | | | |
|---|--------------|--------------|--------------|
| | 1-3/2021 | 1-3/2020 | 1-12/2020 |
| Net profit for the period | 78.4 | 26.6 | 435.3 |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Actuarial gains/losses | 17.3 | -0.7 | 0.8 |
| Items that may be reclassified subsequently to profit or loss | | | |
| Currency translation differences related to a foreign operation | 8.8 | -47.1 | -2.8 |
| Cash flow hedge revaluation | 0.8 | -6.3 | -2.7 |
| Other items | - | - | -0.3 |
| Total other comprehensive income for the period, net of tax | 26.9 | -54.0 | -4.9 |
| Total comprehensive income for the period | 105.2 | -27.4 | 430.5 |
| Attributable to | | | |
| Owners of the parent | 105.2 | -14.2 | 432.6 |
| Non-controlling interests | - | -13.2 | -2.2 |

| Consolidated statement of financial position (€ million), condensed | | | |
|---|----------------|----------------|----------------|
| | 31.3.2021 | 31.3.2020 | 31.12.2020 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 1,453.4 | 1,530.1 | 1,450.8 |
| Right-of-use assets | 1,785.0 | 2,116.9 | 1,819.0 |
| Goodwill | 579.0 | 455.4 | 572.1 |
| Intangible assets | 202.3 | 197.1 | 205.2 |
| Shares in associates and joint ventures | 195.4 | 57.0 | 199.1 |
| Other investments | 22.7 | 20.5 | 22.7 |
| Loans and other receivables | 73.2 | 67.9 | 75.3 |
| Pension assets | 71.1 | 91.3 | 89.6 |
| Total | 4,382.1 | 4,536.2 | 4,433.8 |
| Current assets | | | |
| Inventories | 938.4 | 1,083.6 | 836.9 |
| Trade receivables | 924.2 | 877.0 | 776.5 |
| Other receivables | 226.9 | 225.2 | 278.8 |
| Other financial assets* | 52.1 | 62.3 | 51.7 |
| Cash and cash equivalents* | 264.3 | 203.1 | 254.3 |
| Total | 2,405.9 | 2,451.2 | 2,198.2 |
| Non-current assets held for sale | 0.5 | 0.5 | 9.9 |
| Total assets | 6,788.4 | 6,987.8 | 6,641.9 |

* The change in the accounting policy regarding the classification of cash and cash equivalents is detailed on page 19.

| | 31.3.2021 | 31.3.2020 | 31.12.2020 |
|---|----------------|----------------|----------------|
| EQUITY AND LIABILITIES | | | |
| Equity | 2,295.4 | 1,992.4 | 2,189.3 |
| Non-controlling interests | - | 97.6 | - |
| Total equity | 2,295.4 | 2,090.0 | 2,189.3 |
| | | | |
| Non-current liabilities | | | |
| Interest-bearing liabilities | 402.7 | 471.4 | 408.7 |
| Lease liabilities | 1,674.3 | 2,015.3 | 1,712.3 |
| Non-interest-bearing liabilities | 29.2 | 33.2 | 29.5 |
| Deferred tax liabilities | 18.8 | 6.8 | 16.4 |
| Pension obligations | 0.4 | 0.4 | 0.4 |
| Provisions | 19.7 | 19.6 | 20.3 |
| Total | 2,145.1 | 2,546.7 | 2,187.7 |
| | | | |
| Current liabilities | | | |
| Interest-bearing liabilities | 162.7 | 276.4 | 182.6 |
| Lease liabilities | 314.5 | 322.1 | 312.7 |
| Trade payables | 1,265.5 | 1,192.7 | 1,091.3 |
| Other non-interest-bearing liabilities | 589.0 | 545.5 | 658.4 |
| Provisions | 16.2 | 14.4 | 17.7 |
| Total | 2,347.9 | 2,351.1 | 2,262.6 |
| Liabilities related to non-current assets held for sale | - | - | 2.3 |
| | | | |
| Total equity and liabilities | 6,788.4 | 6,987.8 | 6,641.9 |

| Consolidated statement of changes in equity (€ million) | | | | | | | |
|--|---------------|----------|----------------------------------|----------------------|-----------------|-------------------|---------|
| | Share capital | Reserves | Currency translation differences | 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 | | | | | 0.9 | | 0.9 |
| Transactions with owners, total | | | | | 0.9 | | 0.9 |
| Comprehensive income | | | | | | | |
| Profit for the period | | | | | | 78.4 | 78.4 |
| Items that will not be reclassified subsequently to profit or loss | | | | | | | |
| Actuarial gains/losses | | | | | | 21.6 | 21.6 |
| Items that may be reclassified subsequently to profit or loss | | | | | | | |
| Translation differences on foreign operations | | | 8.8 | | | | 8.8 |
| Cash flow hedge revaluation | | | | 1.0 | | | 1.0 |
| Tax related to comprehensive income | | | | -0.2 | | -4.3 | -4.5 |
| Total comprehensive income for the period | | | 8.8 | 0.8 | | 95.7 | 105.2 |
| Balance at 31.3.2021 | 197.3 | 464.7 | -11.2 | -1.3 | -30.5 | 1,676.4 | 2,295.4 |

| | Share capital | Reserves | Currency translation differences | 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 | | | | | 1.2 | | | 1.2 |
| Disposal of subsidiaries | | -0.0 | 0.2 | | | -21.2 | -4.1 | -25.3 |
| Other changes | | 0.0 | | | | 0.7 | | 0.7 |
| Transactions with owners, total | | -0.0 | 0.2 | | 1.2 | -20.5 | -4.1 | -23.4 |
| Comprehensive income | | | | | | | | |
| Profit for the period | | | | | | 34.6 | -8.0 | 26.6 |
| 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 | | | -41.8 | | | -0.0 | -5.2 | -47.1 |
| Cash flow hedge revaluation | | | | -7.8 | | | | -7.8 |
| Tax related to comprehensive income | | | | 1.6 | | 0.2 | | 1.7 |
| Total comprehensive income for the period | | | -41.8 | -6.3 | | 33.9 | -13.2 | -27.4 |
| Balance at 31.3.2020 | 197.3 | 464.8 | -63.0 | -5.6 | -34.2 | 1,433.2 | 97.6 | 2,090.0 |

| Consolidated statement of cash flows (€ million), condensed | | | |
|--|-----------------|-----------------|------------------|
| | 1-3/2021 | 1-3/2020 | 1-12/2020 |
| Cash flows from operating activities | | | |
| Profit before tax | 99.2 | 33.1 | 527.6 |
| Depreciation according to plan | 41.0 | 40.9 | 170.2 |
| Depreciation and impairment for right-of-use assets | 76.6 | 83.9 | 325.8 |
| Finance income and costs | -2.3 | 9.2 | 3.5 |
| Interest expense for lease liabilities | 18.6 | 23.1 | 83.3 |
| Other adjustments | 42.0 | -4.1 | -54.3 |
| Change in working capital | | | |
| Current non-interest-bearing receivables, increase (-)/decrease (+) | -85.0 | -97.6 | -64.3 |
| Inventories, increase (-)/decrease (+) | -99.1 | -79.9 | 5.5 |
| Current non-interest-bearing liabilities, increase (+)/decrease(-) | 119.7 | 163.3 | 287.9 |
| Financial items and tax | -55.5 | -36.2 | -132.9 |
| Net cash from operating activities, total | 155.1 | 135.7 | 1,152.4 |
| Cash flows from investing activities | | | |
| Investing activities | -42.9 | -56.7 | -359.6 |
| Proceeds from sale of tangible and intangible assets | 2.9 | 2.0 | 16.4 |
| Proceeds from sale of subsidiaries and business operations, net cash deducted | 2.8 | 19.6 | -73.2 |
| Increase (-)/decrease (+) in loan receivables and other financial assets | -0.2 | -19.9 | -4.9 |
| Net cash used in investing activities, total | -37.4 | -55.1 | -421.3 |
| Cash flows from financing activities | | | |
| Interest-bearing liabilities, increase (+)/decrease (-) | -25.6 | 135.0 | 18.9 |
| Payments for lease liabilities | -79.5 | -122.8 | -363.3 |
| Current interest-bearing receivables, increase (-)/ decrease (+) | -0.2 | 0.2 | -0.9 |
| Dividends paid | - | - | -249.9 |
| Other items | -2.7 | -13.1 | -4.7 |
| Net cash used in financing activities, total | -108.0 | -0.6 | -600.0 |
| Change in cash and cash equivalents | 9.7 | 80.0 | 131.2 |
| Cash and cash equivalents at 1 Jan. | 254.3 | 124.4 | 124.4 |
| Exchange differences and cash and cash equivalents related to assets held for sale | 0.2 | -1.3 | -1.2 |
| Cash and cash equivalents at 31 Mar. | 264.3 | 203.1 | 254.3 |

| Cash flow from leases (€ million) | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|--|-----------------|-----------------|------------------|
| Interest expense for lease liabilities | -18.6 | -23.1 | -83.3 |
| Decrease in lease liabilities | -79.5 | -86.0 | -363.3 |
| Total | -98.1 | -109.1 | -446.7 |

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 1 on the hierarchy of financial assets at fair value presented in the table on page 25.

Following the reclassification, the presentation of change in financial assets at fair value through profit or loss in the consolidated statement of cash flows was changed so that changes in these financial instruments are presented under cash flow from investing activities instead of cash flow 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 was made on 31 March 2021 in the consolidated statement of financial position and in 1-3/2021 in the consolidated statement of cash flows and 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 | 31.3.2021 | 31.3.2020 | 31.12.2020 |
| Cash and cash equivalents, reported | 264.3 | 203.1 | 154.5 |
| Effect of reclassification | - | - | +99.9 |
| Cash and cash equivalents, reclassified | 264.3 | 203.1 | 254.3 |
| | | | |
| In the consolidated statement of cash flows | 1-3/2021 | 1-3/2020 | 1-12/2020 |
| Net cash used in investing activities, reported | -37.4 | -35.1 | -413.7 |
| Effect of reclassification | - | -20.0 | -7.6 |
| Net cash used in investing activities, reclassified | -37.4 | -55.1 | -421.3 |
| Net cash used in financing activities, reported | -108.0 | -20.6 | -707.5 |
| Effect of reclassification | - | +20.0 | +107.5 |
| Net cash used in financing activities, reclassified | -108.0 | -0.6 | -600.0 |

| Group's performance indicators | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|--|-----------------|-----------------|------------------|
| | | | |
| Net sales, € million | 2,539.4 | 2,540.4 | 10,669.2 |
| Operating profit, € million | 115.7 | 65.9 | 600.2 |
| Operating margin, % | 4.6 | 2.6 | 5.6 |
| Operating profit, comparable, € million | 116.2 | 65.1 | 567.8 |
| Operating margin, comparable, % | 4.6 | 2.6 | 5.3 |
| Profit before tax, € million | 99.2 | 33.1 | 527.6 |
| Profit before tax, comparable, € million | 99.6 | 32.7 | 481.9 |
| Earnings per share, basic and diluted, € | 0.20 | 0.09 | 1.09 |
| Earnings per share, comparable, basic and diluted, € | 0.20 | 0.08 | 0.97 |
| | | | |
| Return on capital employed, % | 10.2 | 5.3 | 12.7 |
| Return on capital employed, %, rolling 12 months | 14.1 | 9.4 | 12.7 |
| Return on capital employed, comparable, % | 10.2 | 5.2 | 12.0 |
| Return on capital employed, comparable, %, rolling 12 months | 13.4 | 9.6 | 12.0 |

| | | | |
|---|---------|---------|---------|
| Capital expenditure, € million | 44.2 | 99.0 | 398.4 |
| Cash flow from operating activities, € million | 155.1 | 135.7 | 1,152.4 |
| Cash flow from investing activities, € million | -37.4 | -55.1 | -421.3 |
| Cash flow from operating activities/share, € | 0.39 | 0.34 | 2.91 |
| Return on equity, % | 14.0 | 5.0 | 20.1 |
| Return on equity, %, rolling 12 months | 22.2 | 16.8 | 20.1 |
| Return on equity, comparable, % | 14.1 | 4.8 | 17.8 |
| Return on equity, comparable, %, rolling 12 months | 20.0 | 15.0 | 17.8 |
| Equity ratio, % | 34.0 | 30.0 | 33.1 |
| Equity per share, € | 5.78 | 5.02 | 5.52 |
| Interest-bearing net debt/EBITDA excluding the impact of IFRS 16, rolling 12 months | 0.3 | 0.9 | 0.4 |
| Interest-bearing net debt, € million | 2,237.8 | 2,819.8 | 2,310.3 |
| Interest-bearing net debt excluding lease liabilities, € million | 249.1 | 482.4 | 285.3 |
| Diluted number of shares, average for the reporting period, 1,000 pcs | 396,785 | 396,432 | 396,661 |
| Personnel, average | 13,932 | 20,936 | 17,629 |

Segment information

The change in Kesko Senukai's consolidation method from a subsidiary to a joint venture as of 1 July 2020 has impacted the performance indicators for the building and technical trade in segment information. Due to the change in consolidation method, the Group changed the internal reporting to its highest operative decision-maker, i.e. the Group Management Board. Consequently, Kesko Senukai has been reported in the segment figures and the 1-12/2020 and 1-3/2020 income statement figures for the building and technical trade as if it had been consolidated on one line before operating profit in accordance with ownership interest, as opposed to the subsidiary consolidation method used 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 | 1-3/2021 | 1-3/2020 | 1-12/2020 | Rolling mo 3/2021 |
|--|----------------|----------------|----------------|----------------------|
| Grocery trade, Finland | 1,360.6 | 1,321.5 | 5,732.0 | 5,771.1 |
| Grocery trade total | 1,360.6 | 1,321.5 | 5,732.0 | 5,771.1 |
| - of which intersegment trade | 4.4 | 3.7 | 15.3 | 16.0 |
| Building and technical trade, Finland | 518.6 | 485.0 | 2,102.7 | 2,136.3 |
| Building and technical trade, other countries* | 405.7 | 331.4 | 1,536.8 | 1,611.1 |
| Building and technical trade total | 924.3 | 816.3 | 3,639.5 | 3,747.4 |
| - of which intersegment trade | -0.3 | -0.2 | -0.7 | -0.8 |
| Car trade, Finland | 260.1 | 222.6 | 892.6 | 930.0 |
| Car trade total | 260.1 | 222.6 | 892.6 | 930.0 |
| - of which intersegment trade | 1.5 | 1.4 | 6.7 | 6.8 |
| Common functions and eliminations | -5.6 | -4.8 | -21.4 | -22.3 |
| Finland total | 2,133.7 | 2,024.3 | 8,705.8 | 8,815.2 |
| Other countries total* | 405.7 | 331.4 | 1,536.8 | 1,611.1 |

| | | | | |
|--|----------------|----------------|-----------------|-----------------|
| Segment information, total | 2,539.4 | 2,355.6 | 10,242.6 | 10,426.3 |
| Impact of change in Kesko Senukai's consolidation method** | - | 184.8 | 426.6 | 241.9 |
| Reported group | 2,539.4 | 2,540.4 | 10,669.2 | 10,668.2 |

* 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 | 1-3/2021 | 1-3/2020 | 1-12/2020 | Rolling mo 3/2021 |
|---|-----------------|-----------------|------------------|------------------------------|
| Grocery trade | 81.1 | 59.8 | 373.7 | 395.0 |
| Building and technical trade | 31.0 | 13.0 | 177.7 | 195.7 |
| Car trade | 11.2 | 6.1 | 23.3 | 28.4 |
| Common functions and eliminations | -7.6 | -13.5 | -34.8 | -28.9 |
| Segment information, total | 115.7 | 65.5 | 540.0 | 590.3 |
| Impact of change in Kesko Senukai's consolidation method* | - | 0.5 | 60.2 | 59.8 |
| Reported group | 115.7 | 65.9 | 600.2 | 650.0 |

* 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 | 1-3/2021 | 1-3/2020 | 1-12/2020 | Rolling mo 3/2021 |
|---|-----------------|-----------------|------------------|------------------------------|
| Grocery trade | 81.1 | 60.4 | 375.2 | 396.0 |
| Building and technical trade | 31.4 | 6.5 | 187.7 | 212.5 |
| Car trade | 11.2 | 6.1 | 23.4 | 28.5 |
| Common functions and eliminations | -7.5 | -8.4 | -32.7 | -31.8 |
| Segment information, total | 116.2 | 64.6 | 553.6 | 605.2 |
| Impact of change in Kesko Senukai's consolidation method* | - | 0.5 | 14.1 | 13.7 |
| Reported group | 116.2 | 65.1 | 567.8 | 618.8 |

* 100% of the 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 | 1-3/2021 | 1-3/2020 | 1-12/2020 | Rolling mo 3/2021 |
|---|-----------------|-----------------|------------------|------------------------------|
| Grocery trade | 6.0 | 4.6 | 6.5 | 6.9 |
| Building and technical trade | 3.4 | 0.8 | 5.2 | 5.7 |
| Car trade | 4.3 | 2.7 | 2.6 | 3.1 |
| Segment information, total | 4.6 | 2.7 | 5.4 | 5.8 |
| Impact of change in Kesko Senukai's consolidation method* | - | 0.2 | 0.1 | 0.0 |
| Reported group | 4.6 | 2.6 | 5.3 | 5.8 |

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

| EBITDA by segment, comparable, € million | 1-3/2021 | 1-3/2020 | 1-12/2020 | Rolling mo 3/2021 |
|---|--------------|--------------|----------------|-------------------|
| Grocery trade | 150.1 | 129.2 | 657.7 | 678.6 |
| Building and technical trade | 61.8 | 34.7 | 300.8 | 327.9 |
| Car trade | 20.4 | 14.7 | 58.6 | 64.3 |
| Common functions and eliminations | 1.5 | 0.6 | 5.0 | 5.9 |
| Segment information, total | 233.7 | 179.2 | 1,022.2 | 1,076.7 |
| Impact of change in Kesko Senukai's consolidation method* | - | 11.3 | 35.0 | 23.7 |
| Reported group | 233.7 | 190.5 | 1,057.1 | 1,100.4 |

*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.

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 | 1-3/2021 | 1-3/2020 | 1-12/2020 | Rolling mo 3/2021 |
|--|----------------|----------------|----------------|-------------------|
| Grocery trade | 2,152.0 | 2,264.8 | 2,223.7 | 2,194.8 |
| Building and technical trade | 1,695.8 | 2,019.9 | 1,804.5 | 1,725.1 |
| Car trade | 382.6 | 392.6 | 372.8 | 371.1 |
| Common functions and eliminations | 320.3 | 337.6 | 317.4 | 315.0 |
| Group total | 4,550.6 | 5,015.1 | 4,718.5 | 4,606.0 |

| Return on capital employed by segment, %, comparable | 1-3/2021 | 1-3/2020 | 1-12/2020 | Rolling mo 3/2021 |
|--|-------------|------------|-------------|-------------------|
| Grocery trade | 15.1 | 10.7 | 16.9 | 18.0 |
| Building and technical trade | 7.4 | 1.4 | 11.2 | 13.1 |
| Car trade | 11.7 | 6.2 | 6.3 | 7.7 |
| Group total | 10.2 | 5.2 | 12.0 | 13.4 |

| Capital expenditure by segment, € million | 1-3/2021 | 1-3/2020 | 1-12/2020 | Rolling mo 3/2021 |
|---|-------------|-------------|--------------|-------------------|
| Grocery trade | 14.7 | 62.7 | 125.4 | 77.4 |
| Building and technical trade | 5.5 | 10.9 | 186.3 | 180.9 |
| Car trade | 17.8 | 19.7 | 64.7 | 62.7 |
| Common functions and eliminations | 6.3 | 5.8 | 22.0 | 22.6 |
| Group total | 44.2 | 99.0 | 398.4 | 343.6 |

Change in tangible and intangible assets (€ million)

| | 31.3.2021 | 31.3.2020 |
|---|----------------|----------------|
| Opening net carrying amount | 2,228.2 | 2,172.6 |
| Depreciation, amortisation and impairment charges | -41.0 | -40.9 |
| Investments in tangible and intangible assets | 45.8 | 96.1 |
| Deductions | -4.6 | -3.0 |
| Transfers to non-current assets held for sale and between items | -1.9 | -0.3 |
| Exchange differences | 8.2 | -41.8 |
| Closing net carrying amount | 2,234.7 | 2,182.7 |

Right-of-use assets (€ million)

| | 31.3.2021 | 31.3.2020 |
|---|----------------|----------------|
| Opening net carrying amount | 1,819.0 | 2,191.3 |
| Depreciation, amortisation and impairment charges | -76.6 | -84.1 |
| Net increases | 36.8 | 30.8 |
| Exchange differences | 5.7 | -21.1 |
| Closing net carrying amount | 1,785.0 | 2,116.9 |

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

Related party transactions (€ million)

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

| The following transactions were carried out with related parties: | 1-3/2021 | 1-3/2020 |
|--|------------------|------------------|
| Sales of goods and services | 27.0 | 23.0 |
| Purchases of goods and services | -1.9 | -1.4 |
| Other operating income | 4.4 | 3.9 |
| Other operating expenses | -1.1 | -0.5 |
| Finance income and costs | 1.5 | 1.4 |
| | | |
| | 31.3.2021 | 31.3.2020 |
| Receivables | 97.5 | 71.3 |
| Liabilities | 9.7 | 20.9 |
| | | |
| Items related to leases | 31.3.2021 | 31.3.2020 |
| Cash flow from leases | -12.4 | -12.2 |
| Lease liabilities | 338.4 | 374.7 |

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) | 31.3.2021 | 31.12.2020 |
|--|--------------|--------------|
| Trade receivables fully performing | 882.7 | 721.7 |
| 1-7 days past due trade receivables | 15.6 | 22.3 |
| 8-30 days past due trade receivables | 8.9 | 13.6 |
| 31-60 days past due trade receivables | 3.0 | 4.4 |
| over 60 days past due trade receivables | 13.9 | 14.5 |
| Total | 924.2 | 776.5 |

Trade receivables include impairment charges totalling €21.1 million (31 December 2020: €21.5 million).

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

| | Level 1 | Level 2 | Level 3 | 31.3.2021 |
|--|--------------|---------|-------------|--------------|
| Financial assets at fair value through profit or loss | 119.8 | | 22.7 | 142.5 |
| Derivative financial instruments at fair value through profit or loss | | | | |
| Derivative financial assets | | 1.9 | | 1.9 |
| Derivative financial liabilities | | 10.4 | | 10.4 |

| | Level 1 | Level 2 | Level 3 | 31.3.2020 |
|--|-------------|---------|-------------|-------------|
| Financial assets at fair value through profit or loss | 29.5 | | 20.5 | 50.0 |
| Derivative financial instruments at fair value through profit or loss | | | | |
| Derivative financial assets | | 10.8 | | 10.8 |
| Derivative financial liabilities | | 12.3 | | 12.3 |

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

Personnel, average and at 31.3.

| Personnel average by segment | 1-3/2021 | 1-3/2020 | Change |
|------------------------------|----------|----------|--------|
| Grocery trade | 5,872 | 5,948 | -76 |
| Building and technical trade | 5,963 | 12,850 | -6,887 |
| Car trade | 1,243 | 1,292 | -49 |
| Common functions | 854 | 846 | 8 |
| Group total | 13,932 | 20,936 | -7,004 |

| Personnel at 31.3.*by segment | 2021 | 2020 | Change |
|-------------------------------|--------|--------|--------|
| Grocery trade | 7,944 | 7,934 | 10 |
| Building and technical trade | 6,962 | 14,155 | -7,193 |
| Car trade | 1,301 | 1,345 | -44 |
| Common functions | 913 | 907 | 6 |
| Group total | 17,120 | 24,341 | -7,221 |

* Total number including part-time employees

Group's commitments (€ million)

| | 31.3.2021 | 31.3.2020 | |
|--|------------------|------------------|-------------------|
| Own commitments | 311.1 | 418.5 | |
| For others | - | 3.0 | |
| Lease liabilities for leases not recognised in the balance sheet | 70.8 | 84.0 | |
| Liabilities arising from derivative instruments (€ million) | | | |
| | | | Fair value |
| Values of underlying instruments at | 31.3.2021 | 31.3.2020 | 31.3.2021 |
| Interest rate derivatives | | | |
| Interest rate swaps | 420.0 | 420.0 | -4.5 |
| Currency derivatives | | | |
| Forward and future contracts | 164.6 | 203.7 | -2.4 |
| Commodity derivatives | | | |
| Electricity futures | 19.2 | 12.3 | -1.5 |

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

Calculation of performance indicators

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

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

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

Alternative performance measures that have been adjusted for the impact of IFRS 16 are used to 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*, %, rolling 12 months | $\text{Operating profit for the preceding 12 months} \times 100 / (\text{Non-current assets} + \text{Inventories} + \text{Receivables} + \text{Other current assets} - \text{Non-interest-bearing liabilities})$ on average for 12 months |
| Return on capital employed*, %, comparable | $\text{Comparable operating profit} \times 100 / (\text{Non-current assets} + \text{Inventories} + \text{Receivables} + \text{Other current assets} - \text{Non-interest-bearing liabilities})$ on average for the reporting period |
| Return on capital employed*, %, comparable, rolling 12 months | $\text{Comparable operating profit for the preceding 12 months} \times 100 / (\text{Non-current assets} + \text{Inventories} + \text{Receivables} + \text{Other current assets} - \text{Non-interest-bearing liabilities})$ on average for 12 months |
| Return on equity*, % | $(\text{Profit/loss before tax} - \text{Income tax}) \times 100 / \text{Shareholders' equity}$, average of the beginning and end of the reporting period |
| Return on equity*, %, rolling 12 months | $(\text{Profit/loss for the preceding 12 months before tax} - \text{Income tax for the preceding 12 months}) \times 100 / \text{Shareholders' equity}$ on average for 12 months |
| Return on equity*, %, comparable | $(\text{Profit/loss adjusted for items affecting comparability before tax} - \text{Income tax adjusted for the tax effect of items affecting comparability}) \times 100 / \text{Shareholders' equity}$, average of the beginning and end of the reporting period |
| Return on equity*, %, comparable, rolling 12 months | $(\text{Profit/loss adjusted for items affecting comparability before tax for the preceding 12 months} - \text{Income tax adjusted for the tax effect of items affecting comparability for the preceding 12 months}) \times 100 / \text{Shareholders' equity}$ on average for 12 months |
| Equity ratio, % | $\text{Shareholders' equity} \times 100 / (\text{Total assets} - \text{Advances received})$ |
| Interest-bearing net debt | $\text{Interest-bearing liabilities} + \text{Lease liabilities} - \text{Current other financial assets} - \text{Cash and cash equivalents}$ |
| Interest-bearing net debt excluding lease liabilities | $\text{Interest-bearing net debt} - \text{Lease liabilities}$ |
| EBITDA | $\text{Operating profit} + \text{Depreciation and amortisation} + \text{Impairments}$ |
| EBITDA excluding the impact of IFRS 16 | $\text{EBITDA} - \text{Rents for right-of-use assets}$ |
| Interest-bearing net debt excluding lease liabilities / EBITDA excluding the impact of IFRS 16 | $\text{Interest-bearing net debt excluding lease liabilities} / \text{EBITDA excluding the impact of IFRS 16}$ |



| | |
|---|--|
| 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 | 1-3/ 2020 | 1-12/ 2020 | 1-3/ 2021 |
|---|--------------|----------------|--------------|
| Items affecting comparability | | | |
| Gains on disposal | 6.4 | 9.8 | 0.5 |
| Losses on disposal | -0.0 | -0.2 | -0.0 |
| Structural arrangements | -5.5 | 22.8 | -0.9 |
| Items in operating profit affecting comparability | 0.8 | 32.4 | -0.4 |
| Items in financial items affecting comparability | -0.4 | 13.4 | - |
| Items in income taxes affecting comparability | 1.1 | 4.1 | -0.1 |
| Total items affecting comparability | 1.5 | 49.9 | -0.5 |
| Items in EBITDA affecting comparability | 0.2 | 39.1 | -0.4 |
| Operating profit, comparable | | | |
| Operating profit | 65.9 | 600.2 | 115.7 |
| Net of | | | |
| Items in operating profit affecting comparability | 0.8 | 32.4 | -0.4 |
| Operating profit, comparable | 65.1 | 567.8 | 116.2 |
| EBITDA | | | |
| Operating profit | 65.9 | 600.2 | 115.7 |
| Plus | | | |
| Depreciation and impairment charges | 40.9 | 170.2 | 41.0 |
| Depreciation and impairment charges for right-of-use assets | 83.9 | 325.8 | 76.6 |
| EBITDA | 190.7 | 1,096.2 | 233.3 |
| EBITDA excluding the impact of IFRS 16 | | | |
| EBITDA | 190.7 | 1,096.2 | 233.3 |
| Net of | | | |
| Rents for right-of-use assets | -105.3 | -408.0 | -96.7 |
| EBITDA excluding the impact of IFRS 16 | 85.4 | 680.7 | 136.6 |
| Profit before tax, comparable | | | |
| Profit before tax | 33.1 | 527.6 | 99.2 |
| Net of | | | |
| Items in operating profit affecting comparability | 0.8 | 32.4 | -0.4 |
| Items in financial items affecting comparability | -0.4 | 13.4 | - |
| Profit before tax, comparable | 32.7 | 481.9 | 99.6 |
| Net profit, comparable | | | |
| Profit before tax, comparable | 32.7 | 481.9 | 99.6 |
| Net of | | | |
| Income tax | 6.4 | 92.3 | 20.8 |
| Items in income tax affecting comparability | 1.1 | 4.1 | -0.1 |

| | | | |
|--|-------------|--------------|-------------|
| Net profit, comparable | 25.2 | 385.5 | 78.8 |
| | | | |
| Net profit attributable to owners of the parent, comparable | | | |
| Net profit, comparable | 25.2 | 385.5 | 78.8 |
| Net of | | | |
| Net profit attributable to non-controlling interests | -8.0 | 2.0 | - |
| Net profit attributable to owners of the parent, comparable | 33.1 | 383.5 | 78.8 |
| | | | |
| Earnings per share, comparable, € | | | |
| Net profit attributable to the owners of the parent, comparable | 33.1 | 383.5 | 78.8 |
| Average number of shares, basic, 1,000 pcs | 396,432 | 396,661 | 396,785 |
| Earnings per share, comparable, € | 0.08 | 0.97 | 0.20 |
| | | | |
| Return on capital employed, % | | | |
| Operating profit | 65.9 | 600.2 | 115.7 |
| Capital employed, average | 5,015.1 | 4,718.5 | 4,550.6 |
| Return on capital employed, % | 5.3 | 12.7 | 10.2 |
| | | | |
| Return on capital employed, comparable, % | | | |
| Operating profit, comparable | 65.1 | 567.8 | 116.2 |
| Capital employed, average | 5,015.1 | 4,718.5 | 4,550.6 |
| Return on capital employed, comparable, % | 5.2 | 12.0 | 10.2 |
| | | | |
| Return on equity, % | | | |
| Net profit | 26.6 | 435.3 | 78.4 |
| Equity, average | 2,115.4 | 2,165.0 | 2,242.3 |
| Return on equity, % | 5.0 | 20.1 | 14.0 |
| | | | |
| Return on equity, comparable, % | | | |
| Net profit, comparable | 25.2 | 385.5 | 78.8 |
| Equity, average | 2,115.4 | 2,165.0 | 2,242.3 |
| Return on equity, comparable, % | 4.8 | 17.8 | 14.1 |
| | | | |
| Equity ratio, % | | | |
| Shareholders' equity | 2,090.0 | 2,189.3 | 2,295.4 |
| Total assets | 6,987.8 | 6,641.9 | 6,788.4 |
| Advances received | 28.5 | 32.8 | 35.4 |
| Equity ratio, % | 30.0 | 33.1 | 34.0 |

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.

| K Group's retail and B2B sales | 1.1.-31.3.2021 | |
|---|----------------|-------------------------|
| | € million | Change, % ^{*)} |
| K Group's grocery trade | | |
| K-Citymarket, food | 483.2 | 11.2 |
| K-Citymarket, non-food | 132.5 | 7.6 |
| K-Supermarket | 534.2 | 3.5 |
| K-Market | 470.0 | 3.8 |
| Neste K | 25.5 | -12.8 |
| Others | 9.7 | 6.1 |
| Retail sales, total | 1,655.1 | 5.8 |
| Kespro | 163.4 | -22.5 |
| Grocery trade, total | 1,818.5 | 2.4 |
| K Group's building and technical trade | | |
| K-Rauta, Finland | 210.4 | 1.4 |
| K-Rauta B2B Service, Finland | 56.0 | -8.5 |
| Onninen, Finland | 228.3 | 2.1 |
| Leisure trade, Finland | 77.1 | 47.3 |
| Finland, total | 571.8 | 5.0 |
| K-Rauta, Sweden | 37.5 | 16.9 |
| K-Bygg, Sweden | 56.1 | 22.2 |
| Onninen and Mark & Infra i Sverige, Sweden | 21.2 | -21.2 |
| Byggmakker, Norway | 163.5 | 12.5 |
| Onninen, Norway | 71.9 | 15.3 |
| Onninen, Baltic countries | 18.5 | -1.2 |
| Onninen, Poland | 61.7 | 8.4 |
| Other countries, total | 430.4 | 10.9 |
| Kesko Senukai | 183.0 | -0.5 |
| Building and technical trade, total | 1,185.2 | 6.1 |
| K Group's car trade | | |
| K-Caara | 181.3 | 19.0 |
| K-Auto, import | 70.9 | 11.3 |
| AutoCarrera | 12.3 | 14.1 |
| Car trade, total | 264.4 | 16.6 |
| | | |
| Finland, total | 2,654.8 | 4.2 |
| Other countries, total | 613.4 | 7.2 |
| Retail and B2B sales, total | 3,268.2 | 4.8 |

^{*)} 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, and the acquisitions of Carlsen Fritzøe Handel AS and Bygg & Interiör completed in September 2020, had been completed on 1 January 2020.