



January-September 2022

KESKO CORPORATION INTERIM REPORT Q3/2022

27.10.2022

KESKO CORPORATION JANUARY-SEPTEMBER INTERIM REPORT 27.10.2022 AT 8.00

Kesko interim report for 1 Jan.- 30 Sept. 2022: Sales growth improved profit

FINANCIAL PERFORMANCE IN BRIEF:

7-9/2022

- Group net sales in July-September totalled €3,009.8 million (€2,902.4 million), an increase of 3.4% in comparable terms, reported net sales grew by 3.7%
- Comparable operating profit totalled €242.8 million (€236.4 million), up by €6.4 million
- Operating profit totalled €242.4 million (€236.5 million)
- Comparable earnings per share €0.47 (€0.43)
- Reported Group earnings per share €0.47 (€0.43)

1-9/2022

- Group net sales in January-September totalled €8,825.5 million (€8,429.9 million), an increase of 4.5% in comparable terms, reported net sales grew by 4.7%
- Comparable operating profit totalled €622.5 million (€572.0 million), up by €50.5 million
- Operating profit totalled €625.3 million (€570.3 million)
- Comparable earnings per share €1.18 (€1.03)
- Reported Group earnings per share €1.18 (€1.03)

KEY PERFORMANCE INDICATORS

	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Net sales, € million	3,009.8	2,902.4	8,825.5	8,429.9	11,300.2
Operating profit, comparable, € million	242.8	236.4	622.5	572.0	775.5
Operating margin, comparable, %	8.1	8.1	7.1	6.8	6.9
Operating profit, € million	242.4	236.5	625.3	570.3	775.2
Profit before tax, comparable, € million	231.7	219.3	584.7	522.5	710.4
Profit before tax, € million	231.3	220.0	583.9	523.7	712.9
Cash flow from operating activities, € million	318.8	381.2	652.2	882.8	1,152.0
Capital expenditure, € million	89.9	69.1	340.7	196.0	276.6
Earnings per share, €, basic and diluted	0.47	0.43	1.18	1.03	1.44
Earnings per share, comparable, €, basic	0.47	0.43	1.18	1.03	1.43

	1-9/2022	1-9/2021	1-12/2021
Return on capital employed, comparable, %, rolling 12 months	17.6	16.3	17.2
Return on equity, comparable, %, rolling 12 months	25.3	24.3	24.1

In this interim report release, the comparable change % in net sales has been calculated in local currencies and excluding the impact of acquisitions and divestments completed in 2021 and 2022. The comparable operating profit has been calculated by deducting items affecting comparability from the reported operating profit.

GUIDANCE 2022

Kesko Group's guidance 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 €790 – 840 million. Before, the company estimated that the comparable operating profit would be in the range of €750 – 840 million. In 2021, Kesko's comparable operating profit totalled €775.5 million.

OUTLOOK FOR 2023

Kesko's net sales and operating profit are expected to remain at a good level also in 2023 despite the challenges in the company's operating environment.

The grocery trade market is expected to remain stable as a whole, in part supported by price inflation. Kesko is a strong operator in all areas of food trade. Consequently, operating profit is expected to remain at a good level despite rising costs.

The construction market is expected to decrease somewhat compared to 2022. New building construction is expected to decrease, but renovation building and construction related to the green transition are expected to continue to grow. B2B trade accounts for over 80% of the sales for Kesko's building and technical trade division. Good profit levels in building and technical trade are underpinned by the significant share of renovation building and the strong demand for products related to saving energy and the green transition.

In the car trade market, the availability and demand for cars are expected to remain below their long-term average in 2023. Despite the market situation, profitability in Kesko's car trade division is expected to remain at a good level thanks to the transformation and efficiency measures carried out.

PRESIDENT AND CEO MIKKO HELANDER:

Kesko's Q3 result in 2022 was the best quarter result in the company's history. Our quarter-result has now improved on its comparison period for 14 consecutive quarters. Net sales grew by 3.4% in comparable terms, totalling €3,010 million. Our comparable operating profit totalled €243 million, representing an increase of €6.4 million. The results achieved act as strong proof of Kesko's uniqueness as a trading sector operator and the effectiveness of our strategy also in a post-pandemic market.

In food trade, profit improved thanks to good performance in Kespro and our grocery stores. The division's sales continued to grow, and its net sales totalled €1,574 million and operating profit €133.4 million. The operating profit improved thanks to sales growth in both Kespro and the grocery stores. Kespro's performance was particularly strong, with sales growth of over 15%. Consumer online grocery sales also grew by 3.4%. Online growth is also supported by the extensive collaboration we have launched with Wolt. We have focused more on the price-competitiveness of our grocery stores and have ranked well in price comparisons in the media. K Group grocery stores are the only ones on the market that offer both bargains and premium under one roof.

In the building and technical trade division, all businesses delivered good results. Growth continued and profit strengthened in B2B trade. The division's net sales grew by €70 million and totalled €1,203 million. The growth was attributable to good performance in B2B trade. Sales growth was particularly strong in technical wholesale, where volumes grew especially robustly in the heating and energy product categories. In Finland, both Onninen and K-Rauta recorded strong results. In Norway, profitability was good for both Onninen and Byggmakker. The result in Sweden was good thanks to B2B-focused K-Bygg, Onninen and MIAB. B2B trade now accounts for over 80% of the division's sales.

In the car trade division, profitability remained good despite availability issues. Net sales decreased due to issues with new car deliveries. Profitability was at a good level thanks to better sales margins and efficiency measures, and the operating margin stood at 5.5%. The share of electric cars is growing forcefully in passenger car sales. Our K Charge EV charging network is expanding, and charging has more than doubled in a year.

We estimate that the outlook for Kesko's business will be positive also in 2023. All three business divisions are making a good profit. Kesko has an exceptionally strong position in all areas of Finnish food trade, and we are doing well also in a price-driven market. K Group is the leading operator in technical wholesale and building and home improvement trade in Northern Europe, with total retail and B2B sales of over €6.7 billion. The green transition, efforts to improve energy-efficiency, and growing renovation building are set to keep up demand also

going forward. Kesko estimates that its comparable operating profit in 2022 will be in the range of €790 – 840 million. Kesko's net sales and operating profit are expected to remain at a good level also in 2023 despite the challenges in our operating environment.

IMPORTANT EVENTS

POSITIVE PROFIT WARNING 25 APRIL 2022

Kesco raised its profit guidance for 2022 on 25 April 2022, estimating that its comparable operating profit in 2022 will be in the range of €730 – 840 million. Before, the company had estimated that the comparable operating profit would be in the range of €680–800 million.

FINANCIAL PERFORMANCE

NET SALES AND PROFIT JULY-SEPTEMBER 2022

7-9/2022	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million
Grocery trade	1,573.6	+3.9	+3.9	133.4	+11.3
Building and technical trade, excl. speciality goods trade	1,149.7	+6.6	+5.5	95.6	+4.7
Speciality goods trade	53.4	-2.2	+2.3	3.1	-2.0
Kesco Senukai	-	-	-	4.1	-4.4
Building and technical trade, total	1,203.1	+6.2	+5.4	102.8	-1.7
Car trade	242.2	-7.1	-7.1	13.3	-4.9
Common functions and eliminations	-9.1	-	-	-6.7	+1.7
Total	3,009.8	+3.7	+3.4	242.8	+6.4

Group net sales grew by 3.4% in comparable terms. Net sales increased in comparable terms by 3.2% in Finland and by 4.2% in the other operating countries. The comparable change % has been calculated in local currencies and excluding the impact of acquisitions and divestments completed. The Group's reported net sales increased by 3.7% in July-September.

Net sales for the grocery trade division grew by 3.9%. Sales to K Group grocery store chains grew by 1.7%. Net sales for Kespro's foodservice business grew by 15.1% in July-September. Without Covid-19 restrictions, demand was relatively more geared towards foodservice than retail than in the comparison period.

Net sales for the building and technical trade division increased by 6.2%, or by 5.4% in comparable terms. Net sales grew in comparable terms in Finland, Sweden, Poland and the Baltics. In Norway, net sales decreased in comparable terms. Net sales growth continued strong in Onninen's technical wholesale. The growth was underpinned by good volume development as well as rising prices in some product categories. In building and home improvement trade, sales grew in B2B trade but decreased in B2C trade.

Net sales for the car trade division decreased by 7.1% in July-September. The performance was weakened by the availability of cars.

The Group's comparable operating profit in July-September amounted to €242.8 million, representing an increase of €6.4 million. In the grocery trade division, profitability improved in particular thanks to strong growth in Kespro's foodservice business. In the building and technical trade division, profit continued to strengthen in Onninen's technical wholesale. Onninen's comparable operating profit grew in all operating countries. In building and home improvement trade, comparable operating profit decreased in all operating countries. Reduced share of profit from Kesko Senukai had a €4.4 million diminishing effect on the division's comparable operating profit. In the car trade division, comparable operating profit was weakened by the decrease in net sales due to the availability of cars. In addition, comparable operating profit in the comparison period was increased by exceptional items.

Items affecting comparability, € million	7-9/2022	7-9/2021	1-12/2021
Operating profit, comparable	242.8	236.4	775.5
Items affecting comparability			
+gains on disposal	-	+0.9	+1.4
-losses on disposal	+0.0	-	-0.0
-impairment charges	-	-	-5.4
+/-structural arrangements	-0.4	-0.8	+3.7
Items affecting comparability, total	-0.4	+0.1	-0.3
Operating profit	242.4	236.5	775.2

In July-September, K Group's (Kesko and the chain stores) retail and B2B sales (0% VAT) totalled €4,137.5 million, up by 3.5% compared to the previous year.

Net finance costs, income tax and earnings per share

	7-9/2022	7-9/2021
Net finance costs, € million	-11.6	-17.5
Interests on lease liabilities, € million	-17.2	-17.5
Profit before tax, comparable, € million	231.7	219.3
Profit before tax, € million	231.3	220.0
Income tax, € million	-45.7	-49.8
Earnings per share, comparable, €	0.47	0.43
Earnings per share, €	0.47	0.43
Equity per share, €	6.61	5.90

The Group's net finance costs in July-September were impacted by the positive change in the fair value of interest rate derivatives. The share of result of associates amounted to €0.5 million (€1.0 million, or €0.4 million in comparable terms).

The Group's comparable profit before tax grew in July-September due to operating profit growth and a reduction in net finance costs relative to the comparison period. The Group's effective tax rate was 19.8% (22.6%).

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

NET SALES AND PROFIT JANUARY-SEPTEMBER 2022

1-9/2022	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million
Grocery trade	4,506.8	+3.6	+3.6	337.6	+25.7
Building and technical trade, excl. speciality goods trade	3,508.5	+12.3	+11.3	253.1	+40.1
Speciality goods trade	153.9	-4.9	+3.8	10.9	-3.1
Kesko Senukai	-	-	-	9.8	-7.5
Building and technical trade, total	3,662.4	+11.5	+11.0	273.8	+29.6
Car trade	679.5	-16.0	-16.0	36.1	-7.5
Common functions and eliminations	-23.1	-	-	-25.0	+2.8
Total	8,825.5	+4.7	+4.5	622.5	+50.5

Group net sales increased by 4.5% in comparable terms. Net sales increased in comparable terms by 3.5% in Finland and by 9.2% in the other operating countries. The comparable change % has been calculated in local currencies and

excluding the impact of acquisitions and divestments completed. The Group's reported net sales increased by 4.7% in January-September.

Net sales for the grocery trade division grew by 3.6%. Sales to K Group grocery store chains grew by 0.3%. Net sales for Kespro's foodservice business grew by 23.2% in January-September. As Covid-19 restrictions were less severe than in the comparison period, demand was relatively more geared towards foodservice than retail.

Net sales for the building and technical trade division increased by 11.5%, or by 11.0% in comparable terms. Net sales grew in comparable terms in all operating countries. Net sales growth continued strong in Onninen's technical wholesale. The growth was underpinned by good volume development as well as rising prices in some product categories. In building and home improvement trade, sales grew in B2B trade but decreased in B2C trade.

Net sales for the car trade division decreased by 16.0% in January-September due to the poor availability of cars.

The Group's comparable operating profit in January-September amounted to €622.5 million, representing an increase of €50.5 million. In the grocery trade division, profitability improved in particular thanks to strong growth in Kespro's foodservice business. In the building and technical trade division, profit continued to strengthen in Onninen's technical wholesale. Onninen's comparable operating profit grew in all operating countries. In building and home improvement trade, comparable operating profit grew in Finland and decreased in Sweden and Norway. In the car trade division, comparable operating profit was weakened by the decrease in net sales due to car availability.

Items affecting comparability, € million	1-9/2022	1-9/2021	1-12/2021
Operating profit, comparable	622.5	572.0	775.5
Items affecting comparability			
+gains on disposal	+0.0	+1.4	+1.4
-losses on disposal	-0.1	-0.0	-0.0
-impairment charges	-	-	-5.4
+/-structural arrangements	+2.9	-3.1	+3.7
Items affecting comparability, total	+2.8	-1.7	-0.3
Operating profit	625.3	570.3	775.2

K Group's (Kesko and the chain stores) retail and B2B sales (0% VAT) in January-September totalled €11,867.8 million, representing an increase of 4.2% compared to the previous year. During the 12-month period that ended in September 2022, 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

	1-9/2022	1-9/2021	1-12/2021
Net finance costs, € million	-40.7	-52.2	-68.2
Interests on lease liabilities, € million	-51.4	-54.1	-71.3
Profit before tax, comparable, € million	584.7	522.5	710.4
Profit before tax, € million	583.9	523.7	712.9
Income tax, € million	-115.6	-113.5	-141.1
Earnings per share, comparable, €	1.18	1.03	1.43
Earnings per share, €	1.18	1.03	1.44
Equity per share, €	6.61	5.90	6.37

The Group's net finance costs in January-September were impacted by the positive change in the fair value of interest rate derivatives and a decrease in interest expenses on lease liabilities. The share of result of associates amounted to €-0.7 million (€5.6 million, or €1.6 million in comparable terms).

The Group's comparable profit before tax in January-September 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 19.8% (21.7%).

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

CASH FLOW AND FINANCIAL POSITION

€ million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Cash flow from operating activities	318.8	381.2	652.2	882.8	1,152.0
Cash flow from investing activities	-92.7	-109.3	-265.0	-207.6	-292.3
Cash flow from financing activities	-250.6	-155.8	-454.3	-499.7	-834.4

€ million	30.9.2022	30.9.2021	31.12.2021
Liquid assets	313.4	527.7	387.7
Interest-bearing liabilities	2,429.1	2,435.7	2,295.1
Lease liabilities	1,948.6	1,953.9	1,928.6
Interest-bearing net debt excl. lease liabilities	167.1	-46.0	-21.3
Interest-bearing net debt/EBITDA, excl. IFRS 16 impact, rolling 12 months	0.2	-0.1	0.0
Gearing, %	80.6	81.5	75.4
Equity ratio, %	35.1	33.1	36.6

The Group's cash flow from operating activities in July-September totalled €318.8 million (€381.2 million). The cash flow was weakened by growth in working capital.

The Group's cash flow from investing activities in July-September totalled €-92.7 million (€-109.3 million).

The Group's cash flow from operating activities in January-September totalled €652.2 million (€882.8 million). The cash flow was weakened by growth in working capital. In addition, the cash flow from operating activities for the comparison period included a €38.6 million return of surplus assets paid by Kesko Pension Fund.

The Group's cash flow from investing activities in January-September totalled €-265.0 million (€-207.6 million). The cash flow from investing activities included a positive item of €24.1 million from the redemption of money market funds, included in the Group's liquid assets. In the comparison period, the cash flow from investing activities included a negative item of €45.0 million in investment of Group liquid assets in money market funds.

CAPITAL EXPENDITURE

€ million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Capital expenditure	89.9	69.1	340.7	196.0	276.6
Store sites	53.2	27.4	209.5	76.2	129.0
Acquisitions	12.9	11.0	45.3	13.9	13.8
IT	7.7	8.7	31.3	25.9	42.2
Other investments	16.0	22.0	54.6	79.9	91.6

Capital expenditure in store sites increased by €25.8 million in July-September from the comparison period. In January-September, capital expenditure in store sites increased by €133.3 million from the comparison period. Capital expenditure in store sites included the property of K-Citymarket Turtola in Tampere, €40.3 million: the ownership of the property was transferred to the Group as a result of a return of surplus assets by Kesko Pension Fund in March. The investment did not have a cash flow impact.

Capital expenditure included the acquisitions of the Swedish Kungälvs Trävaruaktiebolag, Föllinge Såg AB and Djurbergs Järnhandel Aktiebolag, and the Norwegian Seljord Elektriske AS.

PERSONNEL

	1-9/2022	1-9/2021	1-12/2021
Average number of personnel converted into full-time employees	14,652	14,269	14,232
Personnel at the end of the reporting period	30.9.2022	30.9.2021	31.12.2021
Finland	12,576	12,266	12,442
Other countries	5,209	5,141	4,960
Total	17,785	17,407	17,402

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

July-September 2022

	7-9/2022	7-9/2021	1-12/2021
Net sales, € million	1,573.6	1,515.3	5,909.0
Operating profit, comparable, € million	133.4	122.2	442.9
Operating margin, comparable, %	8.5	8.1	7.5
Return on capital employed, comparable, %, rolling 12 months	20.5	20.2	20.6
Capital expenditure, € million	48.3	34.1	122.8
Personnel, average	6,400	6,280	6,126

Net sales, € million	7-9/2022	7-9/2021	Change, %	Change, comparable, %	1-12/2021
Sales to K-food stores	1,109.4	1,091.2	+1.7	+1.7	4,333.2
K-Citymarket, non-food	147.9	151.9	-2.7	-2.7	618.6
Kespro	282.8	245.8	+15.1	+15.1	862.7
Others	33.5	26.3	+27.1	+27.1	94.5
Total	1,573.6	1,515.3	+3.9	+3.9	5,909.0

Net sales for the grocery trade division totalled €1,573.6 million (€1,515.3 million) in July-September, up by 3.9%. Sales to K Group grocery store chains grew by 1.7%. K-Citymarket's home and speciality goods (non-food) net sales decreased by 2.7%. Net sales for Kespro's foodservice business grew by 15.1% in July-September. Without Covid-19 restrictions, 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 5.0% in July-September (Finnish Grocery Trade Association PTY) due to strong price inflation, and retail prices are estimated to have risen by some 11.2% (incl. VAT, Kesko's own estimate). K Group's grocery sales grew by 0.9% (incl. VAT). Online grocery sales grew by 3.4%, and accounted for approximately 2.6% of K Group's grocery sales (incl. VAT). The number of K Group grocery stores offering online grocery services totalled 590 at the end of September. The total market for the foodservice business is estimated to have grown by 11.4% in July-September (Finnish Grocery Trade Association PTY).

The comparable operating profit for the grocery trade division in July-September totalled €133.4 million (€122.2 million), up by €11.3 million. Profitability improved in particular thanks to strong growth in Kespro's foodservice business. Operating profit for the grocery trade division totalled €133.4 million (€123.0 million). Items affecting comparability in the comparison period totalled €0.9 million.

Capital expenditure for the grocery trade division in July-September totalled €48.3 million (€34.1 million), of which €42.5 million (€22.9 million) was in store sites.

January-September 2022

	1-9/2022	1-9/2021	1-12/2021
Net sales, € million	4,506.8	4,352.2	5,909.0
Operating profit, comparable, € million	337.6	311.9	442.9
Operating margin, comparable, %	7.5	7.2	7.5
Return on capital employed, comparable, %, rolling 12 months	20.5	20.2	20.6
Capital expenditure, € million	203.9	76.7	122.8
Personnel, average	6,329	6,135	6,126

Net sales, € million	1-9/2022	1-9/2021	Change, %	Change, comparable, %	1-12/2021
Sales to K-food stores	3,239.2	3,230.7	+0.3	+0.3	4,333.2
K-Citymarket, non-food	418.3	429.1	-2.5	-2.5	618.6
Kespro	767.8	623.2	+23.2	+23.2	862.7
Others	81.5	69.1	+17.8	+17.8	94.5
Total	4,506.8	4,352.2	+3.6	+3.6	5,909.0

Net sales for the grocery trade division totalled €4,506.8 million (€4,352.2 million) in January-September, up by 3.6%. Sales to K Group grocery store chains grew by 0.3%. Net sales for Kespro's foodservice business grew by 23.2% in January-September. 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 2.4% in January-September (Finnish Grocery Trade Association PTY) and retail prices are estimated to have risen by some 7.2% (incl. VAT, Kesko's own estimate). K Group's grocery sales decreased by 0.6% (incl. VAT). Online grocery sales decreased by 4.9%, 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 grocery services. The number of K Group stores offering online grocery services was 590 at the end of the reporting period, up by 93 year-on-year. The total market for the foodservice business is estimated to have grown by 18.1% in January-September (Finnish Grocery Trade Association PTY).

The comparable operating profit for the grocery trade division in January-September totalled €337.6 million (€311.9 million), up by €25.7 million. Profitability improved in particular thanks to strong growth in Kespro's foodservice business. Operating profit for the grocery trade division totalled €338.7 million (€312.9 million). Items affecting comparability totalled €1.1 million (€0.9 million).

Capital expenditure for the grocery trade division in January-September totalled €203.9 million (€76.7 million). Capital expenditure in store sites totalled €184.5 million (€59.7 million). Capital expenditure in store sites included the property for K-Citymarket Turtola in Tampere, €40.3 million: the ownership of the property was transferred to the Group as a result of a return of surplus assets by Kesko Pension Fund. The investment did not have a cash flow impact.

BUILDING AND TECHNICAL TRADE

July-September 2022

	7-9/2022	7-9/2021	1-12/2021
Net sales, € million	1,203.1	1,132.7	4,387.7
Building and technical trade, excl. speciality goods trade and Kesko Senukai	1,149.7	1,078.0	4,164.0
Building & home improvement trade	576.5	583.4	2,292.3
Onninen	591.9	510.1	1,930.3
Speciality goods trade	53.4	54.7	223.7
Operating profit, comparable, € million	102.8	104.5	318.0
Building and technical trade, excl. speciality goods trade and Kesko Senukai	95.6	90.9	275.4
Building & home improvement trade	41.6	50.4	154.2
Onninen	52.5	40.8	122.3
Speciality goods trade	3.1	5.1	21.2
Kesko Senukai	4.1	8.5	21.5
Operating margin, comparable, %	8.5	9.2	7.2
Building and technical trade, excl. speciality goods trade and Kesko Senukai	8.3	8.4	6.6
Building & home improvement trade	7.2	8.6	6.7
Onninen	8.9	8.0	6.3
Speciality goods trade	5.8	9.3	9.5
	7-9/2022	7-9/2021	1-12/2021
Return on capital employed, comparable, %, rolling 12 months	20.1	17.2	19.0
Capital expenditure, € million	24.3	13.7	43.1
Personnel, average	6,236	5,997	5,977

Net sales, € million	7-9/2022	7-9/2021	Change, %	Change, comparable, %	1-12/2021
Building and home improvement trade, Finland	262.6	271.7	-3.3	-3.3	1,078.5
K-Rauta, Sweden	51.7	51.9	-0.2	+3.9	200.6
K-Bygg, Sweden	88.5	76.2	+16.1	+0.2	294.6
Byggmakker, Norway	174.1	184.3	-5.5	-8.6	721.0
Building and home improvement trade, total	576.5	583.4	-1.2	-3.9	2,292.3
Onninen, Finland	351.4	302.5	+16.2	+16.2	1,121.0
Onninen and MIAB, Sweden	33.4	30.0	+11.3	+16.1	118.7
Onninen, Norway	82.0	70.3	+16.7	+14.7	296.1
Onninen, Baltics	36.1	26.3	+37.2	+37.2	94.8
Onninen, Poland	90.3	81.9	+10.2	+14.5	303.3
Onninen, total	591.9	510.1	+16.0	+16.7	1,930.3
Building and technical trade, excl. speciality goods trade, total	1,149.7	1,078.0	+6.6	+5.5	4,164.0
Sports trade, Finland	53.4	53.4	+0.0	+2.3	215.5
Speciality goods trade, total	53.4	54.7	-2.2	+2.3	223.7
Total	1,203.1	1,132.7	+6.2	+5.4	4,387.7

Net sales for the building and technical trade division increased by 6.2%, or by 5.4% in comparable terms. Net sales grew in comparable terms in Finland, Sweden, Poland and the Baltics. Net sales in Norway decreased in comparable terms. Net sales growth continued strong in Onninen's technical wholesale. The growth was underpinned by good volume development and rising prices in some product categories. In building and home

improvement trade, sales grew in B2B trade but decreased in B2C trade. Net sales development in euro terms was increased by the strengthening of the Norwegian krone against the euro, and decreased by the weakening of the Swedish krona and the Polish złoty against the euro.

In Finland, net sales for the building and technical trade division in July-September totalled €651.5 million (€614.9 million), up by 5.9%. In comparable terms, net sales in Finland increased by 6.4%. Net sales from international operations totalled €551.6 million (€517.7 million) in July-September, up by 6.5%. In comparable terms, net sales from international operations grew by 4.2%.

Net sales for building and home improvement trade grew in comparable terms in Sweden and decreased in Finland and Norway. Net sales for Onninen's technical wholesale increased in comparable terms by 16.7% and grew in all operating countries. Sports trade net sales in speciality goods trade increased by 2.3% in comparable terms. Reported net sales for speciality goods trade decreased due to the discontinuation of the KooKenkä and The Athlete's Foot chains in 2021.

The comparable operating profit for the building and technical trade division totalled €102.8 million (€104.5 million) in July-September, down by €1.7 million year-on-year. Profit in Onninen's technical wholesale continued to strengthen. Onninen's comparable operating profit grew in all operating countries. In building and home improvement trade, comparable operating profit decreased in all operating countries. Reduced share of profit from Kesko Senukai had a €4.4 million diminishing effect on the division's comparable operating profit. In speciality goods trade, comparable operating profit decreased.

Operating profit for the building and technical trade division totalled €102.5 million (€104.3 million). Items affecting comparability totalled €-0.3 million (€-0.2 million).

Capital expenditure for the building and technical trade division totalled €24.3 million (€13.7 million) in July-September. Capital expenditure included the acquisitions of Föllinge Såg AB and Djurbergs Järnhandel Aktiebolag in Sweden.

January-September 2022

	1-9/2022	1-9/2021	1-12/2021
Net sales, € million	3,662.4	3,286.1	4,387.7
Building and technical trade, excl. speciality goods trade and Kesko Senukai	3,508.5	3,124.3	4,164.0
Building & home improvement trade	1,857.2	1,762.3	2,292.3
Onninen	1,705.6	1,405.1	1,930.3
Speciality goods trade	153.9	161.8	223.7
Operating profit, comparable, € million	273.8	244.2	318.0
Building and technical trade, excl. speciality goods trade and Kesko Senukai	253.1	213.0	275.4
Building & home improvement trade	115.3	126.0	154.2
Onninen	136.3	87.9	122.3
Speciality goods trade	10.9	14.0	21.2
Kesko Senukai	9.8	17.2	21.5
Operating margin, comparable, %	7.5	7.4	7.2
Building and technical trade, excl. speciality goods trade and Kesko Senukai	7.2	6.8	6.6
Building & home improvement trade	6.2	7.1	6.7
Onninen	8.0	6.3	6.3
Speciality goods trade	7.1	8.6	9.5
	1-9/2022	1-9/2021	1-12/2021
Return on capital employed, comparable, %, rolling 12 months	20.1	17.2	19.0
Capital expenditure, € million	77.2	32.0	43.1
Personnel, average	6,141	5,993	5,977

Net sales, € million	1-9/2022	1-9/2021	Change, %	Change, comparable, %	1-12/2021
Building and home improvement trade, Finland	894.8	839.3	+6.6	+6.8	1,078.5
K-Rauta, Sweden	154.2	158.9	-3.0	+0.6	200.6
K-Bygg, Sweden	264.1	218.0	+21.2	+6.1	294.6
Byggmakker, Norway	546.1	547.9	-0.3	-2.8	721.0
Building and home improvement trade, total	1,857.2	1,762.3	+5.4	+3.2	2,292.3
Onninen, Finland	988.8	822.9	+20.2	+20.2	1,121.0
Onninen and MIAB, Sweden	109.9	88.9	+23.7	+28.2	118.7
Onninen, Norway	251.8	210.2	+19.8	+18.1	296.1
Onninen, Baltics	97.2	67.3	+44.5	+44.5	94.8
Onninen, Poland	261.9	218.2	+20.0	+23.3	303.3
Onninen, total	1,705.6	1,405.1	+21.4	+22.0	1,930.3
Building and technical trade, excl. speciality goods trade, total	3,508.5	3,124.3	+12.3	+11.3	4,164.0
Sports trade, Finland	153.9	153.7	+0.2	+3.8	215.5
Speciality goods trade, total	153.9	161.8	-4.9	+3.8	223.7
Total	3,662.4	3,286.1	+11.5	+11.0	4,387.7

Net sales for the building and technical trade division increased by 11.5%, or by 11.0% in comparable terms. Net sales grew in comparable terms in all operating countries. Net sales growth continued strong in Onninen's technical wholesale. The growth was underpinned by good volume development and rising prices in some product categories. In building and home improvement trade, sales grew in B2B trade but decreased in B2C trade. Net sales development in euro terms was increased by the strengthening of the Norwegian krone against the euro, and decreased by the weakening of the Swedish krona and the Polish złoty against the euro.

In Finland, net sales for the building and technical trade division in January-September totalled €1,990.5 million (€1,785.5 million), up by 11.5%. In comparable terms, net sales in Finland increased by 12.4%. Net sales from international operations totalled €1,671.8 million (€1,500.6 million) in January-September, up by 11.4%. In comparable terms, net sales from international operations grew by 9.2%.

Net sales for building and home improvement trade grew in Finland and Sweden and decreased in Norway. Net sales for Onninen's technical wholesale grew in all operating countries. Sports trade net sales in speciality goods trade grew by 3.8% in comparable terms. Reported net sales for speciality goods trade decreased due to the discontinuation of the KooKenkä and The Athlete's Foot chains in 2021.

The comparable operating profit for the building and technical trade division totalled €273.8 million (€244.2 million) in January-September, up by €29.6 million year-on-year. Profit continued to strengthen in Onninen's technical wholesale. Onninen's comparable operating profit grew in all operating countries. In building and home improvement trade, comparable operating profit grew in Finland and decreased in Sweden and Norway. In the building and technical trade division, the changes implemented in recent years have had a significant positive impact on profitability alongside acquisitions carried out and their successful integration. The comparable operating profit for speciality goods trade decreased.

Operating profit for the building and technical trade division totalled €275.7 million (€243.5 million). Items affecting comparability totalled €1.9 million (€-0.7 million).

Capital expenditure for the building and technical trade division totalled €77.2 million (€32.0 million) in January-September. Capital expenditure included the acquisitions of the Swedish Kungälvs Trävaruaktiebolag, Föllinge Såg AB and Djurbergs Järnhandel Aktiebolag, and the Norwegian Seljord Elektriske AS.

CAR TRADE**July-September 2022**

	7-9/2022	7-9/2021	1-12/2021
Net sales, € million	242.2	260.7	1,028.3
Operating profit, comparable, € million	13.3	18.2	52.2
Operating margin, comparable, %	5.5	7.0	5.1
Return on capital employed, comparable, %, rolling 12 months	12.3	13.3	14.0
Capital expenditure, € million	9.6	13.5	71.2
Personnel, average	1,274	1,213	1,225

Net sales, € million	7-9/2022	7-9/2021	Change, %	Change, comparable, %	1-12/2021
Car trade	242.2	260.7	-7.1	-7.1	1,028.3

Net sales for the car trade division decreased by 7.1% in July-September. The performance was weakened by the availability of cars.

The combined market performance of first registrations of passenger cars and vans was -9.0% in July-September. 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 division was 15.1% (16.9%) in July-September.

The comparable operating profit for the car trade division in July-September totalled €13.3 million (€18.2 million), down by €4.9 million. The comparable operating profit was weakened by the decrease in net sales due to the availability of cars. In addition, the comparable operating profit in the comparison period was increased by exceptional items. Operating profit for the car trade division in July-September totalled €13.3 million (€17.7 million). Items affecting comparability in the comparison period amounted to €-0.5 million.

Capital expenditure for the car trade division in July-September totalled €9.6 million (€13.5 million).

January-September 2022

	1-9/2022	1-9/2021	1-12/2021
Net sales, € million	679.5	809.4	1,028.3
Operating profit, comparable, € million	36.1	43.7	52.2
Operating margin, comparable, %	5.3	5.4	5.1
Return on capital employed, comparable, %, rolling 12 months	12.3	13.3	14.0
Capital expenditure, € million	31.6	62.5	71.2
Personnel, average	1,220	1,245	1,225

Net sales, € million	1-9/2022	1-9/2021	Change, %	Change, comparable, %	1-12/2021
Car trade	679.5	809.4	-16.0	-16.0	1,028.3

Net sales for the car trade division decreased in January-September by 16.0% due to the poor availability of cars.

The combined market performance of first registrations of passenger cars and vans was -19.1% in January-September. 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 division was 14.1% (18.0%) in January-September.

The comparable operating profit for the car trade division in January-September totalled €36.1 million (€43.7 million). The comparable operating profit was weakened by the decrease in net sales due to car availability. Operating profit for the car trade division in January-September totalled €36.1 million (€41.9 million). Items affecting comparability in the comparison period amounted to €-1.7 million.

Capital expenditure for the car trade division totalled €31.6 million (€62.5 million).

CHANGES IN GROUP COMPOSITION

Kesko acquired Kungälvs Trävaruaktiebolag in Sweden on 1 March 2022, Seljord Elektriske AS in Norway on 1 June 2022, and Föllinge Såg AB and Djurbergs Järnhandel Aktiebolag in Sweden on 1 September 2022.

SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of September 2022, 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 30 September 2022, Kesko Corporation held 2,621,861 of its own B shares as treasury shares.

These treasury shares accounted for 0.96% of the total number of B shares, 0.66% of the total number of shares, and 0.17% of 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 September 2022, Kesko Corporation's share capital totalled €197,282,584.

The price of a Kesko A share quoted on Nasdaq Helsinki was €27.15 at the end of 2021, and €18.42 at the end of September 2022, representing a decrease of 32.15%. Correspondingly, the price of a B share was €29.34 at the end of 2021, and €19.15 at the end of September 2022, representing a decrease of 34.73%. In January-September 2022, the highest price for an A share was €27.30 and the lowest €17.70. The highest price for a B share was €29.65 and the lowest €18.49. The Nasdaq Helsinki All-Share index (OMX Helsinki) was down by 22.8% and the weighted OMX Helsinki Cap index by 24.2% in January-September 2022. The Retail Sector Index was down by 43.0%.

At the end of September 2022, the market capitalisation of the A shares was €2,338 million. The market capitalisation of the B shares was €5,180 million, excluding the shares held by the parent company. The combined market capitalisation of the A and B shares was €7,519 million, down by €3,855 million from the end of 2021.

In January-September, a total of 5.9 million A shares were traded on Nasdaq Helsinki. The exchange value of the A shares was €131.6 million. Meanwhile, 108.7 million B shares were traded, with an exchange value of €2,618 million. Nasdaq Helsinki accounted for over 95% of the trading on Kesko's A and B shares. Kesko shares were also traded on multilateral trading facilities, the most significant of which was Turquoise (source: Euroland).

At the end of September 2022, the number of registered shareholders was 78,811, the highest figure in the company's history. At the end of September, foreign ownership of all shares was 39.4% and foreign ownership of B shares 56.76%. According to the Finnish Foundation for Share Promotion, Kesko gained the most private shareholders out of all Finnish listed companies in July-September: the number rose by 4,608, or by 6.6% (Euroclear statistics).

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-September 2022, Kesko Corporation transferred 343,604 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, while 1,719 B shares were returned to the company without consideration based on the same terms and conditions. Kesko issued related stock exchange releases on 8 July 2022, 20 May 2022, 18 March 2022, 15 March 2022 and 17 February 2022. Kesko issued a stock exchange release on 3 February 2022 regarding the most recent share-based commitment and incentive plans. Kesko Corporation also transferred a total of 4,918 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 2 May 2022.

Kesko's Annual General Meeting of 7 April 2022 authorised the Board to decide on the issuance of a maximum of 33,000,000 new B series shares or B shares held by the company as treasury shares, and on the repurchase of a maximum of 16,000,000 of the company's own B shares. The authorisations are valid until 30 June 2023. The authorisations were communicated in a stock exchange release on 7 April 2022.

KEY EVENTS DURING THE REPORTING PERIOD

On 4 March 2022, Kesko published its 2021 financial statements, Report by the Board of Directors, Corporate Governance Statement, Remuneration Report for Governing Bodies, and the 'Kesko's direction' section of its Annual Report. The 2021 Sustainability Report and Data Balance Sheet report were published on 11 March 2022. (Stock exchange release 4.3.2022, investor news 11.3.2022)

Kesko's Board of Directors approved a new sustainability strategy for the company, setting clear sustainability targets for the operations of Kesko and its three divisions. The focus areas of the strategy are climate and nature, value chain sustainability, responsibility for people, and good governance. (Investor news 21.3.2022)

Kesko Corporation's Annual General Meeting was held on Thursday, 7 April 2022, at Kesko Corporation's headquarters K-Kampus, with special arrangements in place and 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 based on the temporary legislative act 375/2021 in place. Read more in the section: Resolutions of the Annual General Meeting 2022 (Stock exchange releases 11.2.2022 and 7.4.2022)

Kesko issued a positive profit warning and raised its profit guidance for 2022 on 25 April 2022, estimating that its comparable operating profit in 2022 would be in the range of €730 – 840 million. Before, the company estimated that the comparable operating profit would be in the range of €680–800 million. (Stock exchange release 25.4.2022)

The acquisitions of the Swedish building and home improvement companies Föllinge Såg AB and Djurbergs Järnhandel Aktiebolag were completed in September, and the acquisition of the Swedish XL-BYGG Bergslagen in October. These acquisitions complement Kesko's growing K-Bygg chain, which serves professional builders.

A change in Kesko's Group Management Board: Chief Digital Officer (CDO) Anni Ronkainen announced she would be leaving Kesko. Ronkainen had been the CDO and member of Group Management Board since April 2015. She stepped down on 30 September 2022. (Stock exchange release 4.8.2022)

Kesko announced it would invest over €300 million to build an 82,000 square metre logistics centre for Onninen and K-Auto in Hyvinkää, Finland. The project will be completed in stages between 2025 and 2030. (Investor news 23.9.2022)

RESOLUTIONS OF THE ANNUAL GENERAL MEETING 2022

The Annual General Meeting of Kesko Corporation on 7 April 2022 adopted the company's financial statements for 2021. The Annual General Meeting resolved to distribute a dividend of €1.06 per share on shares held outside the company. The dividend shall be paid in four instalments. The record date of the first dividend instalment of €0.27/share was 11 April 2022 and the pay date 20 April 2022. The record date of the second dividend instalment of €0.26/share was 22 June 2022 and the pay date 29 June 2022. The record date of the third dividend instalment of €0.27/share was 13 September 2022 and the pay date 20 September 2022. The record date of the fourth dividend instalment of €0.26/share is 13 December 2022 and the pay date 20 December 2022. The Board was 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. The remaining distributable assets will remain in equity.

The resolutions of the Annual General Meeting were communicated in more detail in a stock exchange release on 7 April 2022.

SUSTAINABILITY

The sustainability strategy published in spring 2022 sets clear sustainability targets for the operations of Kesko and its three divisions. The focus areas of the strategy are climate and nature, value chain sustainability, people, and good governance.

Progress is measured with sustainability indices and assessments, including the Dow Jones Sustainability Indices, MSCI ESG, Sustainalytics, and CDP.

KEY TOPICS IN Q3:

The Kesko Sustainability Hour investor event held in August focused on sustainability themes. Members of Group Management Board explained how the updated sustainability strategy is reflected in Kesko's business operations, and how sustainability can also create cost savings and new business opportunities.

Kesko mapped out proactive measures to reduce electricity use in its stores, offices and warehouses to reduce peaks in electricity consumption and help prevent potential electricity shortages in Finland this winter. The measures could help temporarily save electricity by as much as 20%.

Charging of electric vehicles at Kesko's K Charge stations was record high this summer and more than doubled in July compared to the year before. Volkswagen was the most registered brand of all-electric passenger cars in Finland in January-July, and demand for electric cars now exceeds that of traditional models in K-Auto stores.

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 loss 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 its strategy, vision and value and its risk tolerance and risk bearing capacity. The risk tolerance and risk bearing capacity are assessed and tested at regular intervals based on selected 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.

The most significant changes in risks are related to Russia's growing aggression in Ukraine and Europe, cyber security, a potential inflationary spiral, the availability and price of energy, weak consumer and business confidence, rising interest rates and tightened financing, lower investment levels, and a global slowdown in growth.

The most significant risks for the Group continue to be a weakening in demand in building and technical trade, and tightening price competition in grocery trade. In car trade, the biggest risks are related to the availability of cars and spare parts. New risks include potential power outages this winter, and the impact of inflation on expenses.

Helsinki, 26 October 2022

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. An English-language audio conference on the results briefing will be held on 27 October 2022 at 9.00 am (EET/EEST). The audio conference login is available on Kesko's website at www.kesko.fi. A Finnish-language webcast of the interim report briefing can be viewed at 11.30 am (EET/EEST) at www.kesko.fi.

Kesko will host a Capital Markets Day on 7 December 2022 from 2 to 4 pm (EET/EEST). Additional information can be found at kesko.fi/en/investor. Kesko's 2022 January-December financial statements release will be published on 2 February 2023. In addition, Kesko Group's sales figures are published monthly. News releases and other company information are available on Kesko's website at www.kesko.fi.

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TABLES SECTION

Accounting policies

The interim report has been prepared in accordance with the same accounting principles as the annual financial statements for 2021.

Consolidated income statement (€ million), condensed					
	1-9/2022	1-9/2021	7-9/2022	7-9/2021	1-12/2021
Net sales	8,825.5	8,429.9	3,009.8	2,902.4	11,300.2
Material and services	-7,732.8	-7,237.7	-2,600.5	-2,448.1	-9,695.3
Change in inventory	202.1	14.3	33.7	-33.3	43.1
Other operating income	749.1	699.3	256.5	236.2	957.3
Employee benefit expense	-581.2	-563.0	-181.1	-174.9	-764.0
Depreciation, amortisation and impairment charges	-124.3	-127.9	-42.3	-43.9	-176.8
Depreciation and impairment charges for right-of-use assets	-240.6	-231.7	-82.3	-77.6	-310.3
Other operating expenses	-485.0	-430.2	-155.5	-132.8	-607.2
Share of result of joint ventures	12.4	17.2	4.1	8.5	28.0
Operating profit	625.3	570.3	242.4	236.5	775.2
Interest income and other finance income	9.5	6.6	3.9	1.8	12.5
Interest expense and other finance costs*	3.6	-4.0	2.8	-1.3	-8.6
Interest expense for lease liabilities	-51.4	-54.1	-17.2	-17.5	-71.3
Foreign exchange differences	-2.4	-0.5	-1.1	-0.6	-0.8
Share of result of associates	-0.7	5.6	0.5	1.0	5.9
Profit before tax	583.9	523.7	231.3	220.0	712.9
Income tax	-115.6	-113.5	-45.7	-49.8	-141.1
Net profit for the period	468.3	410.2	185.6	170.2	571.8
Attributable to					
Owners of the parent	468.3	410.2	185.6	170.2	571.8
Earnings per share (€) for profit attributable to owners of the parent					
Basic and diluted	1.18	1.03	0.47	0.43	1.44

* The positive change in fair value of interest rate derivatives is recorded in the line item for interest expenses and other finance costs.

Consolidated statement of comprehensive income (€ million)					
	1-9/2022	1-9/2021	7-9/2022	7-9/2021	1-12/2021
Net profit for the period	468.3	410.2	185.6	170.2	571.8
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains and losses	33.6	25.5	49.3	-2.5	40.0
Items that may be reclassified subsequently to profit or loss					
Currency translation differences related to a foreign operation	-42.5	5.5	-16.3	-2.0	9.8
Share of other comprehensive income of associates and joint ventures	2.5	-0.7	1.5	-0.7	-0.5
Cash flow hedge revaluation	48.7	7.6	11.3	4.9	11.1
Total other comprehensive income for the period, net of tax	42.2	37.8	45.8	-0.2	60.4
Total comprehensive income for the period	510.5	448.0	231.4	169.9	632.1
Attributable to					
Owners of the parent	510.5	448.0	231.4	169.9	632.1

Consolidated statement of financial position (€ million), condensed			
	30.9.2022	30.9.2021	31.12.2021
ASSETS			
Non-current assets			
Property, plant and equipment	1,683.8	1,509.7	1,537.6
Right-of-use assets	1,764.0	1,755.9	1,735.0
Goodwill	597.4	585.3	588.8
Intangible assets	188.5	188.7	190.1
Shares in associates and joint ventures	238.6	220.7	234.6
Other investments	13.0	15.5	15.5
Loans and other receivables	107.3	74.5	73.7
Pension assets	90.7	77.4	94.7
Total	4,683.4	4,427.7	4,470.1
Current assets			
Inventories	1,090.0	870.7	894.3
Trade receivables	1,078.6	1,004.4	909.2
Other receivables	338.4	269.9	304.1
Other financial assets	81.1	97.7	107.9
Cash and cash equivalents	232.4	430.0	279.8
Total	2,820.4	2,672.7	2,495.4
Non-current assets held for sale	0.5	0.5	0.5
Total assets	7,504.3	7,100.8	6,966.0

	30.9.2022	30.9.2021	31.12.2021
EQUITY AND LIABILITIES			
Equity	2,625.3	2,341.6	2,529.5
Non-current liabilities			
Interest-bearing liabilities	247.5	318.5	206.4
Lease liabilities	1,621.6	1,636.5	1,610.7
Non-interest-bearing liabilities	24.4	25.2	25.2
Deferred tax liabilities	58.2	29.7	37.9
Provisions	12.2	17.3	15.4
Total	1,963.8	2,027.2	1,895.6
Current liabilities			
Interest-bearing liabilities	233.1	163.2	160.1
Lease liabilities	327.0	317.4	317.9
Trade payables	1,543.9	1,405.3	1,332.6
Other non-interest-bearing liabilities	798.7	829.0	716.0
Provisions	12.5	17.0	14.3
Total	2,915.2	2,732.0	2,540.9
Total equity and liabilities	7,504.3	7,100.8	6,966.0

Consolidated statement of changes in equity (€ million)

	Share capital	Reserves	Currency translation differences	Revaluation reserve	Treasury shares	Retained earnings	Total
Balance at 1.1.2022	197.3	464.7	-10.2	9.1	-30.3	1,898.9	2,529.5
Share-based payments					0.5		0.5
Dividends						-421.3	-421.3
Other changes						6.1	6.1
Transactions with owners, total					0.5	-415.2	-414.7
Comprehensive income							
Profit for the period						468.3	468.3
Actuarial gains and losses						33.6	33.6
Translation differences on foreign operations			-42.5				-42.5
Share of other comprehensive income of associates and joint ventures						2.5	2.5
Cash flow hedge revaluation				48.7			48.7
Total other comprehensive income for the period, net of tax			-42.5	48.7		36.1	42.2
Total comprehensive income for the period			-42.5	48.7		504.3	510.5
Balance at 30.9.2022	197.3	464.7	-52.8	57.8	-29.8	1,988.0	2,625.3

	Share capital	Reserves	Currency translation differences	Revaluation 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					-0.2		-0.2
Dividends						-297.8	-297.8
Other changes						2.4	2.4
Transactions with owners, total					-0.2	-295.4	-295.6
Comprehensive income							
Profit for the period						410.2	410.2
Actuarial gains and losses						31.8	31.8
Translation differences on foreign operations			5.5				5.5
Share of other comprehensive income of associates and joint ventures						-0.7	-0.7
Cash flow hedge revaluation				9.5			9.5
Tax related to other comprehensive income					-1.9		-8.3
Total comprehensive income for the period			5.5	7.6		434.9	448.0
Balance at 30.9.2021	197.3	464.7	-14.5	5.6	-31.6	1,720.2	2,341.6

Consolidated statement of cash flows (€ million), condensed					
	1-9/2022	1-9/2021	7-9/2022	7-9/2021	1-12/2021
Cash flows from operating activities					
Profit before tax	583.9	523.7	231.3	220.0	712.9
Depreciation according to plan	124.3	127.9	42.3	43.9	171.4
Depreciation and impairment for right-of-use assets	240.6	231.7	82.3	77.6	310.3
Finance income and costs	-10.7	-2.0	-5.6	0.0	-3.1
Interest expense for lease liabilities	51.4	54.1	17.2	17.5	71.3
Other adjustments	-9.0	17.9	-4.4	-8.3	9.0
Change in working capital					
Current non-interest-bearing receivables, increase (-)/decrease (+)	-170.1	-204.4	118.1	87.3	-146.8
Inventories, increase (-)/decrease (+)	-206.2	-30.6	-29.1	35.6	-53.2
Current non-interest-bearing liabilities, increase (+)/decrease(-)	204.7	303.8	-67.1	-40.5	283.7
Financial items and tax	-156.6	-139.3	-66.2	-51.9	-203.4
Net cash from operating activities, total	652.2	882.8	318.8	381.2	1,152.0
Cash flows from investing activities					
Investing activities	-301.9	-175.8	-102.7	-69.0	-252.7
Proceeds from sale of tangible and intangible assets	10.6	11.0	3.6	4.7	13.5
Proceeds from sale of subsidiaries and business operations, net cash deducted	2.2	2.8	-0.0	-	2.8
Other financial assets, increase (-)/decrease (+)	24.1	-45.7	6.5	-45.0	-55.9
Net cash used in investing activities, total	-265.0	-207.6	-92.7	-109.3	-292.3
Cash flows from financing activities					
Interest-bearing liabilities, increase (+)/decrease (-)	115.5	-107.9	-62.2	-78.5	-223.4
Repayments of lease liabilities	-248.7	-240.1	-83.1	-80.4	-323.2
Current interest-bearing receivables, increase (-)/ decrease (+)	1.4	1.5	-0.1	0.0	10.7
Dividends paid	-302.3	-150.9	-106.9	-	-297.8
Other items	-0.2	-2.3	1.7	3.1	-0.7
Net cash used in financing activities, total	-434.3	-499.7	-250.6	-155.8	-834.4
Change in cash and cash equivalents	-47.0	175.5	-24.5	116.1	25.2
Cash and cash equivalents at 1 January	279.8	254.3	257.0	313.9	254.3
Exchange differences and change in value of cash and cash equivalents	-0.4	0.2	-0.1	0.0	0.2
Cash and cash equivalents at 30 September	232.4	430.0	232.4	430.0	279.8

Cash flow from leases (€ million)	1-9/2022	1-9/2021	7-9/2022	7-9/2021	1-12/2021
Interest expense for lease liabilities	-51.4	-54.1	-17.2	-17.5	-71.3
Repayments of lease liabilities	-248.7	-240.1	-83.1	-80.4	-323.2
Lease payments in the income statement	-5.2	-6.0	-1.8	-1.4	-7.6
Total	-305.3	-300.3	-102.1	-99.3	-402.1

Group's performance indicators	1-9/2022	1-9/2021	7-9/2022	7-9/2021	1-12/2021
Net sales, € million	8,825.5	8,429.9	3,009.8	2,902.4	11,300.2
Operating profit, € million	625.3	570.3	242.4	236.5	775.2
Operating margin, %	7.1	6.8	8.1	8.1	6.9
Operating profit, comparable, € million	622.5	572.0	242.8	236.4	775.5
Operating margin, comparable, %	7.1	6.8	8.1	8.1	6.9
Profit before tax, € million	583.9	523.7	231.3	220.0	712.9
Profit before tax, comparable, € million	584.7	522.5	231.7	219.3	710.4
Earnings per share, basic and diluted, €	1.18	1.03	0.47	0.43	1.44
Earnings per share, comparable, basic and diluted, €	1.18	1.03	0.47	0.43	1.43
Return on capital employed, %	17.5	16.8	19.9	21.3	17.2
Return on capital employed, %, rolling 12 months	17.7	16.0	-	-	17.2
Return on capital employed, comparable, %	17.4	16.9	19.9	21.2	17.2
Return on capital employed, comparable, %, rolling 12 months	17.6	16.3	-	-	17.2
Capital expenditure, € million	340.7	196.0	89.9	69.1	276.6
Cash flow from operating activities, € million	652.2	882.8	318.8	381.2	1,152.0
Cash flow from investing activities, € million	-265.0	-207.6	-92.7	-109.3	-292.3
Cash flow from operating activities/share, €	1.64	2.22	0.80	0.96	2.90
Return on equity, %	24.2	24.1	29.6	30.2	24.2
Return on equity, %, rolling 12 months	25.4	23.9	-	-	24.2
Return on equity, comparable, %	24.3	24.1	29.6	30.1	24.1
Return on equity, comparable, %, rolling 12 months	25.3	24.3	-	-	24.1
Equity ratio, %	35.1	33.1	35.1	33.1	36.6
Equity per share, €	6.61	5.90	6.61	5.90	6.37
Interest-bearing net debt/EBITDA excluding the impact of IFRS 16, rolling 12 months	0.2	-0.1	-	-	0.0
Interest-bearing net debt, € million	2,115.7	1,907.9	2,115.7	1,907.9	1,907.3
Interest-bearing net debt excluding lease liabilities, € million	167.1	-46.0	167.1	-46.0	-21.3
Diluted number of shares, average for the reporting period, 1,000 pcs	397,413	397,006	397,413	397,006	397,033
Personnel, average	14,652	14,269	14,879	14,422	14,232

Segment information

Net sales by segment, € million	1-9/2022	1-9/2021	7-9/2022	7-9/2021	1-12/2021	Rolling 12 mo 9/2022
Grocery trade, Finland	4,506.8	4,352.2	1,573.6	1,515.3	5,909.0	6,063.7
Grocery trade total	4,506.8	4,352.2	1,573.6	1,515.3	5,909.0	6,063.7
- of which intersegment trade	17.2	12.7	6.7	4.3	17.8	22.3
Building and technical trade, Finland	1,990.5	1,785.5	651.5	614.9	2,371.4	2,576.4
Building and technical trade, other countries*	1,671.8	1,500.6	551.6	517.7	2,016.4	2,187.6
Building and technical trade total	3,662.4	3,286.1	1,203.1	1,132.7	4,387.7	4,764.0
- of which intersegment trade	-0.2	-0.1	0.1	0.3	-0.2	-0.3
Car trade, Finland	679.5	809.4	242.2	260.7	1,028.3	898.4
Car trade total	679.5	809.4	242.2	260.7	1,028.3	898.4
- of which intersegment trade	6.0	5.1	2.5	1.8	6.7	7.6
Common functions and eliminations	-23.1	-17.7	-9.1	-6.2	-24.8	-30.2
Finland total	7,153.7	6,929.3	2,458.2	2,384.7	9,283.9	9,508.3
Other countries total*	1,671.8	1,500.6	551.6	517.7	2,016.4	2,187.6
Group total	8,825.5	8,429.9	3,009.8	2,902.4	11,300.2	11,695.9

* Net sales in countries other than Finland

Operating profit by segment, € million	1-9/2022	1-9/2021	7-9/2022	7-9/2021	1-12/2021	Rolling 12 mo 9/2022
Grocery trade	338.7	312.9	133.4	123.0	443.9	469.7
Building and technical trade	275.7	243.5	102.5	104.3	323.1	355.3
Car trade	36.1	41.9	13.3	17.7	46.2	40.4
Common functions and eliminations	-25.2	-28.0	-6.8	-8.6	-38.0	-35.2
Group total	625.3	570.3	242.4	236.5	775.2	830.2

Operating profit by segment, comparable, € million	1-9/2022	1-9/2021	7-9/2022	7-9/2021	1-12/2021	Rolling 12 mo 9/2022
Grocery trade	337.6	311.9	133.4	122.2	442.9	468.6
Building and technical trade	273.8	244.2	102.8	104.5	318.0	347.6
Car trade	36.1	43.7	13.3	18.2	52.2	44.7
Common functions and eliminations	-25.0	-27.8	-6.7	-8.5	-37.7	-34.9
Group total	622.5	572.0	242.8	236.4	775.5	826.0

Operating margin by segment, %, comparable	1-9/2022	1-9/2021	7-9/2022	7-9/2021	1-12/2021	Rolling 12 mo 9/2022
Grocery trade	7.5	7.2	8.5	8.1	7.5	7.7
Building and technical trade	7.5	7.4	8.5	9.2	7.2	7.3
Car trade	5.3	5.4	5.5	7.0	5.1	5.0
Group total	7.1	6.8	8.1	8.1	6.9	7.1

EBITDA by segment, comparable, € million	1-9/2022	1-9/2021	7-9/2022	7-9/2021	1-12/2021	Rolling 12 mo 9/2022
Grocery trade	559.9	523.2	209.2	193.6	728.3	765.0
Building and technical trade	364.7	334.5	133.9	133.9	438.3	468.5
Car trade	63.3	72.3	22.3	28.1	90.2	81.3
Common functions and eliminations	1.0	1.3	1.9	1.9	0.7	0.4
Group total	989.0	931.3	367.4	357.4	1,257.6	1,315.2

Operating profit by segment excluding the impact of IFRS 16, comparable, € million	1-9/2022	1-9/2021	7-9/2022	7-9/2021	1-12/2021	Rolling 12 mo 9/2022
Grocery trade	296.7	268.4	119.9	108.4	385.2	413.5
Building and technical trade	259.3	230.8	97.9	100.0	300.5	328.9
Car trade	35.3	43.0	13.0	17.9	51.3	43.6
Common functions and eliminations	-25.8	-28.8	-7.1	-8.8	-38.9	-35.9
Group total	565.4	513.4	223.8	217.5	698.0	750.0

Capital employed by segment, cumulative average, € million	1-9/2022	1-9/2021	7-9/2022	7-9/2021	1-12/2021	Rolling 12 mo 9/2022
Grocery trade	2,320.8	2,144.0	2,416.1	2,131.0	2,145.6	2,281.4
Building and technical trade	1,753.6	1,677.4	1,761.2	1,635.5	1,673.5	1,731.1
Car trade	372.3	382.3	390.7	368.5	374.4	363.9
Common functions and eliminations	314.2	316.8	308.8	315.8	315.5	313.7
Group total	4,760.8	4,520.5	4,876.9	4,450.7	4,508.9	4,690.1

Return on capital employed by segment, %, comparable	1-9/2022	1-9/2021	7-9/2022	7-9/2021	1-12/2021	Rolling 12 mo 9/2022
Grocery trade	19.4	19.4	22.1	22.9	20.6	20.5
Building and technical trade	20.8	19.4	23.3	25.6	19.0	20.1
Car trade	12.9	15.2	13.6	19.8	14.0	12.3
Group total	17.4	16.9	19.9	21.2	17.2	17.6

Capital expenditure by segment, € million	1-9/2022	1-9/2021	7-9/2022	7-9/2021	1-12/2021	Rolling 12 mo 9/2022
Grocery trade	203.9	76.7	48.3	34.1	122.8	250.0
Building and technical trade	77.2	32.0	24.3	13.7	43.1	88.2
Car trade	31.6	62.5	9.6	13.5	71.2	40.3
Common functions and eliminations	28.0	24.7	7.6	7.9	39.6	42.8
Group total	340.7	196.0	89.9	69.1	276.6	421.3

Change in tangible and intangible assets (€ million)

	30.9.2022	30.9.2021
Opening net carrying amount	2,316.5	2,228.2
Depreciation, amortisation and impairment charges	-124.2	-127.9
Investments in tangible and intangible assets	294.8	183.8
Deductions	-13.6	-14.4
Acquisitions	28.2	11.2
Transfers to non-current assets held for sale and between items	-0.1	-2.2
Exchange differences	-31.9	5.0
Closing net carrying amount	2,469.8	2,283.7

Right-of-use assets (€ million)

	30.9.2022	30.9.2021
Opening net carrying amount	1,735.0	1,819.0
Depreciation, amortisation and impairment charges	-242.2	-232.2
Net increases	270.8	164.4
Acquisitions	13.9	1.1
Exchange differences	-13.6	3.6
Closing net carrying amount	1,764.0	1,755.9

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:	1-9/2022	1-9/2021
Sales of goods and services	78.3	79.8
Purchases of goods and services	-10.8	-9.6
Other operating income	15.2	14.0
Other operating expenses	-2.9	-3.3
Finance income and costs	4.2	4.7
	30.9.2022	30.9.2021
Receivables	83.7	92.4
Liabilities	22.6	7.4
Items related to leases	30.9.2022	30.9.2021
Cash flow from leases	-31.5	-34.3
Lease liabilities	280.6	299.2

Kesko Pension Fund paid in total €42.9 million in return of surplus assets to Finnish Group companies in March 2022. The return of surplus assets included the property of K-Citymarket Turtola in Tampere, €40.3 million. The ownership of the property was transferred to Kesko Corporation. The joint venture UAB Kesko Senukai distributed €9.9 million as dividends to Kesko Corporation in May 2022. The joint venture UAB KS Holding decided in September 2022 to distribute €6.0 million as dividend.

Credit and counterparty risk, ageing analysis of trade receivables

Ageing analysis of trade receivables (€ million)	30.9.2022	30.9.2021
Trade receivables fully performing	1,022.3	958.3
1–7 days past due trade receivables	23.1	18.9
8–30 days past due trade receivables	14.9	10.7
31–60 days past due trade receivables	5.6	4.7
over 60 days past due trade receivables	12.8	11.9
Total	1,078.6	1,004.4

Trade receivables include impairment charges totalling €19.0 million (30 September 2021: €19.4 million).

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

30.9.2022 Balance, € million	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets								
Other investments	13.0			13.0	13.0			13.0
Loans and receivables		67.9		67.9	67.9			
Other non-current receivables, derivatives	11.2		26.3	37.5	37.5		37.5	
Current financial assets								
Trade receivables		1,078.6		1,078.6	1,078.6			
Other receivables		285.7		285.7	285.7			
Other receivables, derivatives	6.1		46.6	52.7	52.7		52.7	
Other financial assets	32.2	48.9		81.1	81.1		32.2	
Cash and cash equivalents		232.4		232.4	232.4			
Total financial assets	62.5	1,713.4	72.9	1,848.8	1,848.8		122.4	13.0
Non-current financial liabilities								
Non-current interest-bearing liabilities		247.5		247.5	246.8			
Non-current lease liabilities		1,621.6		1,621.6	1,621.6			
Non-current non-interest-bearing liabilities		24.1		24.1	24.1			
Non-current non-interest-bearing liabilities, derivatives			0.1	0.1	0.1		0.1	
Current financial liabilities								
Current interest-bearing liabilities		233.1		233.1	232.9			
Current lease liabilities		327.0		327.0	327.0			
Trade payables		1,543.9		1,543.9	1,543.9			
Other non-interest-bearing liabilities		738.0		738.0	738.0			
Other non-interest-bearing liabilities, derivatives	0.1		0.6	0.7	0.7		0.7	
Total financial liabilities	0.1	4,735.1	0.7	4,735.8	4,734.9		0.7	

30.9.2021 Balance, € million	Fair value through profit or loss	Amortised cost	Fair value through other 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		71.1		71.1	71.1			
Other non-current receivables, derivatives			3.2	3.2	3.2		3.2	
Current financial assets								
Trade receivables		1,004.4		1,004.4	1,004.4			
Other receivables		264.0		264.0	264.0			
Other receivables, derivatives			5.9	5.9	5.9		5.9	
Other financial assets	55.2	42.6		97.7	97.7	55.2		
Cash and cash equivalents	50.0	380.1		430.0	430.0	50.0		
Total financial assets	120.7	1,762.1	9.1	1,891.8	1,891.8	105.1	9.1	15.5
Non-current financial liabilities								
Non-current interest- bearing liabilities		318.5		318.5	318.5			
Non-current lease liabilities		1,636.5		1,636.5	1,636.5			
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		163.2		163.2	163.2			
Current lease liabilities		317.3		317.4	317.4			
Trade payables		1,405.3		1,405.3	1,405.3			
Other non-interest-bearing liabilities		741.8		741.8	741.8			
Other non-interest-bearing liabilities, derivatives	3.9		0.0	3.9	3.9		3.9	
Total financial liabilities	3.9	4,607.5	0.0	4,611.4	4,611.4	4.0		

Loans and receivables do not include deferred tax assets of €1.9 million (€0.3 million). Income tax liabilities of €24.8 million (€53.2 million) and prepayments received of €35.2 million (€30.1 million) are not categorised as financial liabilities and are not included in the table above.

Personnel, average and at 30.9.

Personnel average by segment	1-9/2022	1-9/2021	Change
Grocery trade	6,329	6,135	194
Building and technical trade	6,141	5,993	148
Car trade	1,220	1,245	-25
Common functions	962	896	66
Group total	14,652	14,269	383

Personnel at 30.9.*by segment	2022	2021	Change
Grocery trade	8,232	8,142	90
Building and technical trade	7,264	7,103	161
Car trade	1,283	1,186	97
Common functions	1,006	976	30
Group total	17,785	17,407	378

* Total number including part-time employees

Group's commitments (€ million)

	30.9.2022	30.9.2021
Own commitments	319,8	309,7
For others	-	-
Lease commitments related to leases not yet commenced	91.7	69.4
Liabilities arising from derivative instruments (€ million)		
		Fair value
Values of underlying instruments at	30.9.2022	30.9.2021
Interest rate derivatives		
Interest rate swaps	330.0	420.0
Currency derivatives		
Forward and future contracts	161.9	200.6
Commodity derivatives		
Electricity futures	100.7	14.9
		72.3

The lease commitments are for leases not commenced on 30 September 2022 to which the Group is committed.

Legal disputes and possible legal proceedings

Group companies act as plaintiffs, defendants or parties to certain legal proceedings, disputes or investigations related to the Group's business operations. Although according to Kesko's management's estimate, the outcome of pending disputes and legal and authority proceedings is unlikely to have any material impact on the Group's financial position, the outcome of disputes and legal and authority proceedings is difficult to predict.

Investigation by the Finnish Competition and Consumer Authority regarding Onninen Oy – The Finnish Competition and Consumer Authority has been investigating Kesko Group company Onninen's suspected violation of competition law for almost 10 years, and finally decided on 8 September 2022 to take the matter to the Market Court. The investigation has concerned a wide range of companies operating in the HPAC infra plastic pipe product market in Finland. The FCCA proposes a penalty payment of €16 million for Onninen for the alleged infringement. The suspected violation concerns almost in its entirety a period of time before Kesko acquired the capital stock of Onninen from Onvest Oy on 1 June 2016. Consequences resulting to Onninen from the investigation were addressed in the acquisition terms and conditions. Onninen denies the FCCA claims of suspected violation of competition law as unfounded. Kesko is not suspected of participation in the alleged infringement.

Legal proceedings concerning UAB Kesko Senukai Lithuania – Kesko has disclosed, for example in its financial statements for 2021, that it was party to two legal proceedings concerning the shareholder agreement of Kesko's joint venture UAB Kesko Senukai Lithuania and the disagreements concerning the management and development of the company and its subsidiary. The other parties to these legal proceedings have included, for example, the minority shareholders of UAB Kesko Senukai Lithuania. Both legal proceedings have ended. The minority shareholders have started a new legal proceeding against Kesko concerning the shareholder agreement of UAB Kesko Senukai Lithuania.

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	Operating profit for the preceding 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
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 capital employed*, %, comparable, rolling 12 months	Comparable operating profit for the preceding 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
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*, %, rolling 12 months	(Profit/loss for the preceding 12 months before tax - Income tax for the preceding 12 months) x 100 / Shareholders' equity on average for 12 months
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
Return on equity*, %, comparable, rolling 12 months	(Profit/loss adjusted for items affecting comparability before tax for the preceding 12 months - Income tax adjusted for the tax effect of items affecting comparability for the preceding 12 months) x 100 / Shareholders' equity on average for 12 months
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 from lease agreements
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	1-9/2022	1-9/2021	7-9/2022	7-9/2021	1-12/2021
Items affecting comparability					
Gains on disposal	0.0	1.4	-	0.9	1.4
Losses on disposal	-0.1	-0.0	0.0	-	-0.0
Impairment charges	-	-	-	-	-5.4
Structural arrangements	2.9	-3.1	-0.4	-0.8	3.7
Items in operating profit affecting comparability	2.8	-1.7	-0.4	0.1	-0.3
Items in financial items affecting comparability	-3.6	2.9	-0.0	0.6	2.9
Items in income taxes affecting comparability	-0.2	0.1	0.0	0.0	1.0
Total items affecting comparability	-1.0	1.3	-0.4	0.7	3.5
Items in EBITDA affecting comparability	1.2	-1.5	-0.4	0.5	4.7
Operating profit, comparable					
Operating profit	625.3	570.3	242.4	236.5	775.2
Net of					
Items in operating profit affecting comparability	2.8	-1.7	-0.4	0.1	-0.3
Operating profit, comparable	622.5	572.0	242.8	236.4	775.5
EBITDA					
Operating profit	625.3	570.3	242.4	236.5	775.2
Plus					
Depreciation and impairment charges	124.3	127.9	42.3	43.9	176.8
Depreciation and impairment charges for right-of-use assets	240.6	231.7	82.3	77.6	310.3
EBITDA	990.2	929.9	367.0	357.9	1 262.2
EBITDA excluding the impact of IFRS 16					
EBITDA	990.2	929.9	367.0	357.9	1 262.2
Net of					
Rents from lease agreements	-299.1	-290.6	-101.2	-96.5	-388.3
EBITDA excluding the impact of IFRS 16	691.0	639.2	265.8	261.5	873.8
Profit before tax, comparable					
Profit before tax	583.9	523.7	231.3	220.0	712.9
Net of					
Items in operating profit affecting comparability	2.8	-1.7	-0.4	0.1	-0.3
Items in financial items affecting comparability	-3.6	2.9	-0.0	0.6	2.9
Profit before tax, comparable	584.7	522.5	231.7	219.3	710.4
Net profit, comparable					
Profit before tax, comparable	584.7	522.5	231.7	219.3	710.4
Net of					
Income tax	115.6	113.5	45.7	49.8	141.1
Items in income tax affecting comparability	-0.2	0.1	0.0	0.0	1.0
Net profit, comparable	469.3	408.8	185.9	169.5	568.2

Net profit attributable to owners of the parent, comparable					
Net profit, comparable	469.3	408.8	185.9	169.5	568.2
Net profit attributable to owners of the parent, comparable	469.3	408.8	185.9	169.5	568.2
Earnings per share, comparable, €					
Net profit attributable to the owners of the parent, comparable	469.3	408.8	185.9	169.5	568.2
Average number of shares, basic, 1,000 pcs	397,413	397,006	397,413	397,006	397,033
Earnings per share, comparable, €	1.18	1.03	0.47	0.43	1.43
Return on capital employed, %					
Operating profit	625.3	570.3	242.4	236.5	775.2
Capital employed, average	4,760.8	4,520.5	4,876.9	4,450.7	4,508.9
Return on capital employed, %	17.5	16.8	19.9	21.3	17.2
Return on capital employed, comparable, %					
Operating profit, comparable	622.5	572.0	242.8	236.4	775.5
Capital employed, average	4,760.8	4,520.5	4,876.9	4,450.7	4,508.9
Return on capital employed, comparable, %	17.4	16.9	19.9	21.2	17.2
Return on equity, %					
Net profit	468.3	410.2	185.6	170.2	571.8
Equity, average	2,577.4	2,265.4	2,508.5	2,255.9	2,359.4
Return on equity, %	24.2	24.1	29.6	30.2	24.2
Return on equity, comparable, %					
Net profit, comparable	469.3	408.8	185.9	169.5	568.2
Equity, average	2,577.4	2,265.4	2,508.5	2,255.9	2,359.4
Return on equity, comparable, %	24.3	24.1	29.6	30.1	24.1
Equity ratio, %					
Shareholders' equity	2,625.3	2,341.6	2,625.3	2,341.6	2,529.5
Total assets	7,504.3	7,100.8	7,504.3	7,100.8	6,966.0
Advances received	35.2	30.1	35.2	30.1	46.2
Equity ratio, %	35.1	33.1	35.1	33.1	36.6

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.-30.9.2022		1.7.-30.9.2022	
	€ million	Change, %^{*)}	€ million	Change, %^{*)}
K Group's grocery trade				
K-food stores	4,817.7	-0.5	1,661.9	1.0
K-Citymarket, non-food	420.2	-2.5	148.6	-2.6
Kespro	786.8	23.9	290.0	15.7
Grocery trade, total	6,024.7	2.0	2,100.4	2.5
K Group's building and technical trade				
K-Rauta, Finland	1,015.8	1.6	361.8	-1.6
K-Rauta B2B Service, Finland	253.9	23.0	86.2	10.9
Onninen, Finland	965.9	20.1	344.0	16.3
Leisure trade, Finland	198.0	-2.2	63.6	-2.7
Finland, total	2,433.7	10.0	855.6	6.1
K-Rauta, Sweden	154.6	-3.0	51.9	-0.3
K-Bygg, Sweden	285.8	8.2	93.4	4.0
Onninen and Mark & Infra i Sverige, Sweden	106.9	21.6	32.4	9.0
Byggmakker, Norway	631.5	-0.5	210.9	-3.4
Onninen, Norway	271.8	21.2	88.7	18.8
Onninen, Baltic countries	97.1	44.4	36.1	37.3
Onninen, Poland	262.5	20.0	90.5	10.1
Other countries, total	1,810.1	9.3	604.0	5.4
Kesco Senukai	914.6	14.2	333.4	7.0
Building and technical trade, total	5,158.4	10.4	1,792.9	6.0
K Group's car trade				
Car trade, total	684.6	-16.1	244.1	-4.7
Finland, total	9,143.0	2.3	3,200.1	2.8
Other countries, total	2,724.7	10.9	937.4	6.0
Retail and B2B sales, total	11,867.8	4.2	4,137.5	3.5

^{*)} The Change, % compared to the year before has been calculated to illustrate a situation in which the acquisition of Byggarnas Partner i Sverige AB in September 2021, the acquisition of Kungälvs Trävaruaktiebolag in March 2022, the acquisition of Seljord Elektriske AS in Norway in June 2022, and the acquisitions of Föllinge Såg AB and Djurbergs Järnhandel Aktiebolag in Sweden in September 2022, had been completed on 1 January 2021.