



Q3

**Kesko Corporation  
Interim report**

January-September 2020  
29.10.2020



KESKO CORPORATION INTERIM REPORT 29.10.2020 AT 9.00

## Kesko Q3 2020: Kesko celebrates 80th anniversary with all-time record result

### FINANCIAL PERFORMANCE IN BRIEF, CONTINUING OPERATIONS:

#### 7-9/2020

- Net sales for the Group's continuing operations in July-September totalled €2,651.9 million (€2,803.9 million); in comparable terms net sales increased by 4.6%, reported net sales decreased by 5.4%
- The comparable operating profit totalled €181.8 million (€152.0 million), up by €38.2 million when Kesko Senukai is recognised as a joint venture also for the comparison period (illustrative comparison figures)
- Operating profit totalled €224.6 million (€148.6 million)
- Comparable earnings per share were €0.33 (€0.25)
- Reported earnings per share for continuing operations were €0.48

#### 1-9/2020

- Net sales for the Group's continuing operations in January-September totalled €8,006.9 million (€7,986.1 million); in comparable terms net sales increased by 3.3%, reported net sales were flat year-on-year
- The comparable operating profit totalled €402.1 million (€331.9 million), up by €74.4 million when Kesko Senukai is recognised as a joint venture also for the comparison period (illustrative comparison figures)
- Operating profit totalled €444.6 million (€320.1 million)
- Comparable earnings per share were €0.66 (€0.52)
- Reported earnings per share for continuing operations were €0.81

### KEY PERFORMANCE INDICATORS

	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
<b>Continuing operations</b>					
Net sales, € million	2,651.9	2,803.9	8,006.9	7,986.1	10,720.3
Operating profit, comparable, € million	181.8	152.0	402.1	331.9	461.6
Operating margin, comparable, %	6.9	5.4	5.0	4.2	4.3
Operating profit, € million	224.6	148.6	444.6	320.1	447.8
Profit before tax, comparable, € million	163.6	129.3	331.5	263.1	370.7
Profit before tax, € million	220.0	154.8	389.3	297.6	403.3
Cash flow from operating activities, € million	286.6	191.6	844.0	619.9	893.1
Capital expenditure, € million	174.8	132.2	342.9	602.9	686.1
<b>Earnings per share, €, basic and diluted</b>					
Continuing operations	0.48	0.32	0.81	0.60	0.83
Discontinued operations	-	0.00	-	0.02	0.03
Group, total	0.48	0.31	0.81	0.63	0.86
<b>Earnings per share, comparable, €, basic</b>					
Continuing operations	0.33	0.25	0.66	0.52	0.74

	1-9/2020	1-9/2019	1-12/2019
<b>Continuing operations</b>			
Return on capital employed, comparable, %, rolling 12 months	11.0	9.6	9.6
<b>Group</b>			
Return on equity, comparable, %, rolling 12 months	17.3	14.4	15.1

Kesko reports Kesko Senukai Group, which is part of Kesko's building and technical trade segment and operates in the Baltic countries and Belarus, as a joint venture as of 1 July 2020. Kesko 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 and segment figures 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	7-9/2020*	7-9/2019	1-9/2020	1-9/2019	1-12/2019
<b>Continuing operations</b>					
Net sales, € million	2,651.9	2,568.9	7,580.2	7,352.2	9,862.0
Operating profit, comparable, € million	181.8	143.7	388.0	313.6	434.7
Operating margin, comparable, %	6.9	5.6	5.1	4.3	4.4
Operating profit, € million	176.9	140.3	382.8	301.8	421.0
Profit before tax, comparable, € million	163.6	123.8	327.6	252.6	356.7
Profit before tax, € million	172.3	149.4	337.7	287.3	389.3

\*Reported 7-9/2020

In this interim report release, the comparable change % in net sales has been calculated in local currencies and excluding the impact of Kesko Senukai and acquisitions and divestments completed in 2020 and 2019. The comparable operating profit has been calculated by deducting items affecting comparability from the reported operating profit. The illustrative performance indicators have been calculated for the reporting period 1-9/2020 and the comparison periods as if Kesko Senukai had been consolidated as a joint venture.

## OUTLOOK AND GUIDANCE FOR 2020

Outlook for Kesko Group's continuing operations is given for year 2020, in comparison with year 2019.

Kesko specifies its profit guidance for 2020. The company now estimates that the comparable operating profit for its continuing operations will be in the range of €530-570 million in 2020. Before, the company estimated that the comparable operating profit for continuing operations would be in the range of €510-570 million.

Retail sales in K-food stores have remained strong in the grocery trade. In the building and technical trade, sales remain at a good level in both B2B and B2C trade. The car trade has recovered well from the decline in sales in H1. At the same time, Kesko has managed to improve cost efficiency.

Expectations for the remainder of the year are good in the grocery trade and building and technical trade with, for example, household consumption more focused on domestic purchases than previously estimated.

The outlook is based on the epidemic situation remaining under control in Kesko's operating countries. However, concerns over the expansion of the Covid-19 epidemic and general economic weakening remain high. A worsened epidemic situation would have a negative impact on Kesko's businesses and, for example, Christmas sales.

## PRESIDENT AND CEO MIKKO HELANDER:

The results for the third quarter of 2020 were the best in Kesko's history. Sales grew in all divisions. Net sales grew by 4.6% in comparable terms, totalling €2,651.9 million. The comparable operating profit totalled €181.8 million, representing an increase of €38.2 million when accounting for the change in the consolidation method of Kesko Senukai. Cash flow from operating activities totalled €286.6 million, and grew by €95.0 million. We were also able to meet our long-term financial targets faster than we had anticipated.

Our strategy is working well in the grocery trade, and our market share has continued to strengthen further in both grocery sales and foodservice. Sales to grocery stores rose by 11.4% and K-Citymarket's home and speciality goods trade also grew. Despite the exceptional circumstances, we have managed to offer safe and successful shopping for our customers, complemented by inspiring digital services that make life easier, such as online grocery sales. The positive customer experiences are reflected in the good sales development of all K Group grocery store chains. Kespro managed to clearly grow its market share in a challenging operating environment.

Good performance in all operating countries in the building and technical trade division clearly strengthened our profit performance. Growth in consumer sales remained very strong. Performance was also good in B2B trade, in both building and home improvement trade and Onninen, which increased our market share. In addition to organic growth, we continued to execute our growth strategy with the acquisitions of the Carlsen Fritzøe building and home improvement trade chain in Norway and the Bygg & Interiör business in Sweden. We continue our strategic review of operations in the Baltic States and Belarus.

In the car trade, there was an upturn in demand during the summer for both new and used cars. Net sales for the car trade division grew by 9.6%. Servicing and spare part sales were also good. The positive development in the car trade has been affected by our wider range and improved availability of cars. Demand has especially continued to grow for all-electric cars and rechargeable hybrids.

The Covid-19 epidemic has remained under control in all of Kesko's operating countries. However, concerns over the expansion of the epidemic and general economic weakening remain high. We estimate that the comparable operating profit for Kesko's continuing operations will be in the range of €530-570 million in 2020.

Kesko celebrates its 80th anniversary this year. The company was founded under exceptional circumstances back in October 1940, and since then, Kesko and K Group have grown into a leading retail operator in Northern Europe. I want to thank our customers, K-retailers, all K Group personnel, Kesko's shareholders and all other stakeholders for these past 80 years.

## IMPORTANT EVENTS

### POSITIVE PROFIT WARNING ON 17 SEPTEMBER 2020

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

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

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

### POSITIVE PROFIT WARNING ON 10 JULY 2020

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

**SHARE ISSUE WITHOUT PAYMENT (SHARE SPLIT)**

Kesko's Annual General Meeting on 28 April 2020 resolved that new shares would be issued to the shareholders without payment in proportion to their existing holdings so that three (3) new A shares would be issued for each existing A share, and three (3) new B shares for each existing B share. The new shares were registered in the Finnish Trade Register on 30 April 2020. (Stock exchange releases 28.4.2020 and 30.4.2020)

**PROFIT WARNING ON 18 MARCH 2020**

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

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

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

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

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

## FINANCIAL PERFORMANCE FOR CONTINUING OPERATIONS

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

### NET SALES AND PROFIT FOR JULY-SEPTEMBER 2020

7-9/2020	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million	Change, € million Illustrative comparison figures*
Grocery trade	1,462.1	+4.2	+4.2	108.7	+15.2	+15.2
Building and technical trade, excl. speciality goods trade and Kesko Senukai	895.2	+6.7	+4.5	63.7	+19.5	+19.5
Speciality goods trade	56.0	-47.3	+2.9	3.5	-2.2	-2.2
Kesko Senukai	-	-	-	6.0	-4.3	+4.0
Building and technical trade, total	951.2	-19.4	+4.4	73.2	+12.9	+21.3
Car trade	244.3	+9.6	+9.6	7.4	+2.3	+2.3
Common functions and eliminations	-5.7	(..)	(..)	-7.4	-0.7	-0.7
<b>Total</b>	<b>2,651.9</b>	<b>-5.4</b>	<b>+4.6</b>	<b>181.8</b>	<b>+29.8</b>	<b>+38.2</b>

(...) Change over 100%

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

Despite the Covid-19 epidemic and related restrictions, the net sales for the Group’s continuing operations increased in comparable terms by 4.6% in July-September. Kesko’s businesses and operating countries have been affected by the exceptional situation in different ways. Net sales grew in comparable terms in the grocery trade, building and technical trade, and car trade. The Group’s net sales increased in comparable terms by 5.1% in Finland and by 1.9% elsewhere. The comparable change % has been calculated in local currencies and excluding the impact of Kesko Senukai and acquisitions and divestments completed in 2019 and 2020. The change in the Group’s reported net sales in July-September was -5.4%, negatively impacted by the consolidation of Kesko Senukai as a joint venture in the consolidated financial statements from 1 July 2020 onwards.

In the grocery trade division, net sales grew in all grocery store chains and home and speciality goods in K-Citymarket. The restrictions imposed on restaurants and events due to the Covid-19 epidemic impacted Kespro’s foodservice business, and Kespro’s net sales decreased by 9.5%. However, the growth in grocery sales to K-food stores clearly exceeded the decrease in the net sales for Kespro’s foodservice business.

In the building and technical trade division, net sales grew in comparable terms in Finland, Sweden and Norway. Net sales grew in both B2C and B2B trade. Net sales were boosted by the acquisitions of Mark & Infra i Sverige AB and Bygg & Interiör in Sweden, completed in April and September 2020, respectively, and the acquisition of Carlsen Fritzøe Handel in Norway, completed in September 2020. The weakening of the Norwegian krone and the Polish zloty against the euro diminished net sales development in Norway and Poland in euro terms.

In the car trade division, net sales increased in July-September as demand strengthened markedly for both new and used cars.

The Group’s comparable operating profit for continuing operations in July-September increased by €29.8 million, or by €38.2 million with Kesko Senukai recognised as a joint venture (illustrative comparison figures). Profitability improved in the grocery trade division due to good retail sales development and improved operational efficiency. In the building and technical trade division, the comparable operating profit for building and home improvement trade grew in Finland, Sweden and Norway. The acquisitions carried out in Norway and Sweden in 2018-2020 accounted for €15.1 million (€9.9 million) of the comparable operating profit. Onninen’s comparable operating profit also clearly strengthened and grew in Finland, Sweden, Norway and Poland. Kesko Senukai, consolidated as

a joint venture, had a €6.0 million impact on the Group's comparable operating profit (€10.3 million, consolidated as a subsidiary). The comparable operating profit for the car trade division grew thanks to strong sales development.

Items affecting comparability, € million	7-9/2020	7-9/2019
<b>Operating profit, comparable</b>	<b>181.8</b>	<b>152.0</b>
Items affecting comparability		
+gains on disposal	-	0.4
-losses on disposal	-0.1	-
+/-structural arrangements	42.8	-3.8
Items affecting comparability, total	42.8	-3.5
<b>Operating profit</b>	<b>224.6</b>	<b>148.6</b>

The most significant items affecting comparability were the positive €47.7 million profit impact of the change in Kesko Senukai's consolidation method, and the negative €2.4 million profit impact of changes in the store network in Sweden. The impacts of Kesko Senukai's consolidation method are detailed on page 33 in the Tables section of this interim report.

In July-September, K Group's (Kesko and chain stores) retail and B2B sales (VAT 0%) totalled €3,660.6 million, up by 4.3% compared to the previous year.

#### Net finance costs, income tax and earnings per share

	7-9/2020	7-9/2019
<b>Continuing operations</b>		
Net finance costs, € million	-19.1	-23.3
Interests on lease liabilities, € million	-19.0	-23.1
Profit before tax, comparable, € million	163.6	129.3
Profit before tax, € million	220.0	154.8
Income tax, € million	-30.2	-25.3
Earnings per share, comparable, €	0.33	0.25
Earnings per share, €	0.48	0.32
<b>Group</b>		
Equity per share, €	5.15	4.92

The net finance costs for the Group's continuing operations were positively impacted by the recovery of valuation losses on investments of liquid assets. A change in the fair value of interest rate derivatives increased finance costs. The share of result of associates, reported under financial items, amounted to €14.4 million (€29.5 million), or €0.9 million (€0.5 million) in comparable terms. The share of result of associates included a €13.6 million profit related to the dissolution of Valluga-sijoitus Oy, recognised as an item affecting comparability. The share of result of associates in the comparison period included sales gains of €29.0 million, recognised as items affecting comparability.

The Group's effective tax rate was 13.7% (16.3%). The Group's effective tax rate decreased due to a positive profit impact of €47.7 million arising from the change in the consolidation method of Kesko Senukai, recognised as an item affecting comparability. The effective tax rate for the comparison period was affected by the share of result of associates.

The comparable profit before tax for the Group's continuing operations grew in July-September thanks to operating profit growth. Earnings per share and comparable earnings per share for the Group's continuing operations grew compared to the year before.

## NET SALES AND PROFIT FOR JANUARY-SEPTEMBER 2020

1-9/2020	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million	Change, € million Illustrative comparison figures*
Grocery trade	4,214.7	+3.4	+3.4	252.0	+22.7	+22.7
Building and technical trade, excl. speciality goods trade	2,562.1	+7.9	+6.3	131.1	+49.8	+49.8
Speciality goods trade	159.8	-41.2	-6.1	2.9	-5.1	-5.1
Kesko Senukai	427.3	-32.7	-	23.6	+1.0	+5.2
Building and technical trade, total	3,148.6	-4.0	+5.6	157.6	+45.7	+49.8
Car trade	658.9	+3.7	-5.2	17.3	-0.5	-0.5
Common functions and eliminations	-15.3	(..)	(..)	-24.7	+2.3	+2.3
<b>Total</b>	<b>8,006.9</b>	<b>+0.3</b>	<b>+3.3</b>	<b>402.1</b>	<b>+70.2</b>	<b>+74.4</b>

(...) Change over 100%

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

Net sales for the Group's continuing operations were flat year-on-year in January-September, but in comparable terms net sales increased by 3.3% despite the Covid-19 epidemic and related restrictions. Kesko's businesses and operating countries have been affected by the exceptional situation in different ways. Net sales grew in the grocery trade division. In the building and technical trade division, net sales decreased by 4.0% compared to the year before, but increased by 5.6% in comparable terms. In the car trade division, net sales increased, but decreased in comparable terms. The Group's net sales increased in comparable terms by 3.2% in Finland, and by 3.8% elsewhere. The comparable change % has been calculated in local currencies and excluding the impact of Kesko Senukai and acquisitions and divestments completed in 2019 and 2020. The change in the Group's reported net sales in January-September was +0.3%, impacted by the consolidation of Kesko Senukai as a joint venture in the consolidated financial statements from 1 July 2020 onwards.

Net sales increased in all grocery store chains, but decreased in Kespro's foodservice business due to the Covid-19 epidemic and related restrictions.

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

In the car trade division, net sales increased due to the acquisitions carried out in 2019, but in comparable terms, net sales decreased. Net sales saw a turnaround and began to grow in the third quarter thanks to strengthened demand.

The comparable operating profit for the Group's continuing operations grew by €70.2 million in January-September, or by €74.4 million with Kesko Senukai recognised as a joint venture (illustrative comparison figures). In the grocery trade division, profitability improved thanks to good grocery sales development in the grocery store chains and cost adjustment measures especially in Kespro's foodservice business and K-Citymarket's home and speciality goods trade. The decrease in Kespro's net sales, resulting from restrictions imposed due to the Covid-19 epidemic, had a weakening impact on Kespro's comparable operating profit for the reporting period. In the building and technical trade division, the comparable operating profit for building and home improvement trade grew in Finland, Sweden and Norway. The acquisitions carried out in Norway and Sweden in 2018-2020 accounted for €24.2 million (€13.0 million) of the comparable operating profit. Onninen's comparable operating profit clearly strengthened and grew in Finland, Sweden and Norway. In the Baltics and Poland, Onninen's comparable operating profit matched the level of the previous year. Kesko Senukai had a €23.3 million impact on the Group's comparable operating profit (€22.6 million, consolidated as a subsidiary). Kesko Senukai has been consolidated as a joint venture as of 1 July 2020. In the car trade division, the comparable operating profit decreased due to weak demand in the first half of the year.

Items affecting comparability, € million	1-9/2020	1-9/2019	1-12/2019
<b>Operating profit, comparable</b>	<b>402.1</b>	<b>331.9</b>	<b>461.6</b>
Items affecting comparability			
+gains on disposal	6.4	1.3	4.6
-losses on disposal	-0.2	-	-0.9
+/-structural arrangements	36.3	-13.2	-17.5
Items affecting comparability, total	42.5	-11.9	-13.8
<b>Operating profit</b>	<b>444.6</b>	<b>320.1</b>	<b>447.8</b>

The most significant items affecting comparability in January-September were the profit impact of €47.7 million resulting from the change in the consolidation method of Kesko Senukai; the €2.4 million negative profit impact of changes in the store site network in Sweden; the €6.4 million sales gain from the divestment of machinery trade operations in the Baltics, completed on 31 March 2020 – all in the building and technical trade division – and the €5.2 million costs related to corporate restructuring in common functions. The most significant items affecting comparability the year before were the €8.1 million costs related to the divestment of Onninen's HEPAC contractor business in the building and technical trade in Sweden; the €3.1 million costs related to acquisitions; and the net €4.6 million items related to the subsidiary consolidation of Kruunuvuoren Satama Oy.

K Group's (Kesko and chain stores) retail and B2B sales (VAT 0%) in January-September totalled €10,415.8 million, representing an increase of 4.0% compared to the previous year. The K-Plussa customer loyalty programme added 89,550 new households in January-September 2020. The number of K-Plussa households stood at 2.5 million at the end of September and there were 3.5 million K-Plussa cardholders in total.

### Net finance costs, income tax and earnings per share

	1-9/2020	1-9/2019	1-12/2019
<b>Continuing operations</b>			
Net finance costs, € million	-71.8	-70.1	-91.4
Interests on lease liabilities, € million	-64.5	-71.9	-95.4
Profit before tax, comparable, € million	331.5	263.1	370.7
Profit before tax, € million	389.3	297.6	403.3
Income tax, € million	-67.6	-54.7	-69.6
Earnings per share, comparable, €	0.66	0.52	0.74
Earnings per share, €	0.81	0.60	0.83
<b>Group</b>			
Equity per share, €	5.15	4.92	5.11

Net finance costs for the Group's continuing operations were up in January-September due to exchange differences and change in the fair value of interest rate derivatives. Of the exchange differences, €-2.8 million was due to exchange rate losses on euro-denominated loan financing in January-June at Kesko Senukai's Belarussian subsidiary OMA, and €-1.9 million due to the weakening of the Norwegian krone, Swedish krona and Polish zloty. The share of result of associates amounted to €16.4 million (€47.6 million), or €1.2 million (€1.2 million) in comparable terms. The share of result of associates included a €13.6 million profit related to the dissolution of Valluga-sijoitus Oy, recognised as an item affecting comparability. In 2019, Kruunuvuoren Satama Oy had a €17.8 million impact on the share of result of associates and a €0.3 million impact on the comparable share of result, taking into account the gains on disposal and impairment charges related to Kruunuvuoren Satama Oy's ownership arrangement, net €+17.4 million. Other associates had a combined impact of €29.9 million on the result of associates in January-September 2019, and the impact on the comparable share of result was €0.9 million excluding the sales gains amounting to €29.0 million included in the share of results of associates and reported as items affecting comparability.

The Group's effective tax rate was 17.4% (18.4%). The Group's effective tax rate decreased due to a positive profit impact of €47.7 million arising from the change in the consolidation method of Kesko Senukai, recognised as an item affecting comparability.

The comparable profit before tax for the Group's continuing operations grew in January-September thanks to operating profit growth. Earnings per share and comparable earnings per share for the Group's continuing operations grew compared to the year before.

#### CASH FLOW AND FINANCIAL POSITION

€ million	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
<b>Continuing operations</b>					
Cash flow from operating activities	286.6	191.6	844.0	619.9	893.1
Cash flow from investing activities	-265.4	-126.0	-371.0	-559.2	-620.3
<b>Group</b>					
Cash flow from financing activities	-179.0	-86.9	-423.2	-78.4	-295.4

€ million	30.9.2020	30.9.2019	31.12.2019
<b>Group</b>			
Liquid assets	304.1	171.8	169.0
Interest-bearing liabilities	2,665.5	3,029.2	3,037.3
Lease liabilities	2,014.1	2,392.3	2,422.2
Interest-bearing net debt excl. lease liabilities	347.3	465.1	446.1
Interest-bearing net debt/EBITDA, excl. IFRS 16 impact, rolling 12 months	0.5	1.0	0.9
Gearing, %	115.6	138.8	134.0
Equity ratio, %	30.8	29.6	31.2

In July-September, the cash flow from operating activities for the Group's continuing operations totalled €286.6 million (€191.6 million). Cash flow increased due to operating profit growth and improved capital efficiency. The cash flow from operating activities for discontinued operations in the comparison period totalled €-0.8 million. The Group's cash flow from operating activities totalled €286.6 million (€190.7 million).

The cash flow from investing activities for the Group's continuing operations in July-September totalled €-265.4 million (€-126.0 million), which included €135.8 million in acquisitions, and a negative €92.7 million impact of the change in Kesko Senukai's consolidation method, with Kesko Senukai's cash and cash equivalents no longer recognised in the consolidated statement of financial position.

In January-September, the cash flow from operating activities for the Group's continuing operations totalled €844.0 million (€619.9 million). The cash flow from operating activities for continuing operations in the comparison period included a €48.3 million return of surplus assets paid by Kesko Pension Fund, the dividend payment and repayment of equity by Kruunuvuoren Satama Oy in May 2019 totalling €44.1 million, and the €9.2 million dividend paid by the associate Valluga-sijoitus Oy, meaning that operatively, cash flow from operating activities increased by €329.3 million. Cash flow from operating activities increased due to operating profit growth and improved capital efficiency. The cash flow from operating activities for discontinued operations in the comparison period totalled €3.4 million. The Group's cash flow from operating activities totalled €844.0 million (€623.3 million).

The cash flow from investing activities for the Group's continuing operations in January-September totalled €-371.0 million (€-559.2 million), which included €146.0 in acquisitions, a negative €92.7 million impact of the change in Kesko Senukai's consolidation method, and a positive €19.6 million cash flow impact of the divestment of Baltic machinery trade operations. The acquisition of the store property of K-Citymarket in Järvenpää, previously leased by Kesko, is reported under cash flow from financing activities. The cash flow from investing activities for the comparison period included acquisitions totalling €280.7 million and Kruunuvuoren Satama Oy's ownership arrangement, which had a negative €84.6 million impact.

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

## CAPITAL EXPENDITURE

€ million	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
<b>Capital expenditure, continuing operations</b>	<b>174.8</b>	<b>132.2</b>	<b>342.9</b>	<b>602.9</b>	<b>686.1</b>
Store sites	15.4	40.7	109.0	195.4	227.7
Acquisitions	135.9	45.0	146.7	290.3	290.5
IT	4.8	5.5	20.0	22.0	33.9
Other investments	18.7	41.1	67.2	95.2	134.0

Capital expenditure in store sites decreased in July-September by €25.3 million compared to the year before.

Capital expenditure in store sites in January-September was increased in part by the acquisition of the store property of K-Citymarket in Järvenpää in the first quarter. Kruunuvuoren Satama Oy's ownership arrangement had a €85.7 million impact on capital expenditure in store sites in the comparison period.

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

## PERSONNEL

	1-9/2020	1-9/2019	1-12/2019
<b>Average number of personnel converted into full-time employees, continuing operations</b>	<b>18,658</b>	<b>20,717</b>	<b>20,846</b>
<b>Personnel at the end of the reporting period</b>	<b>30.9.2020</b>	<b>30.9.2019</b>	<b>31.12.2019</b>
Finland	12,388	12,356	12,657
Other countries	4,958	12,161	12,511
Total	17,346	24,806	25,168

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

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

## SEGMENTS

### SEASONAL NATURE OF OPERATIONS

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

### GROCERY TRADE

#### July-September 2020

	7-9/2020	7-9/2019
Net sales, € million	1,462.1	1,402.7
Operating profit, comparable, € million	108.7	93.5
Operating margin, comparable, %	7.4	6.7
Return on capital employed, comparable, %, rolling 12 months	15.5	14.2
Capital expenditure, € million	17.3	30.0
Personnel, average	6,310	6,202

Net sales, € million	7-9/2020	7-9/2019	Change, %	Change, comparable, %
Sales to K-food stores				
K-Citymarket, food	312.6	280.6	11.4	11.4
K-Supermarket	380.4	356.8	6.6	6.6
K-Market	371.2	348.2	6.6	6.6
K-Citymarket, non-food	147.0	143.0	2.8	2.8
Kespro	224.4	247.9	-9.5	-9.5
Others	26.6	26.1	1.9	1.9
<b>Total</b>	<b>1,462.1</b>	<b>1,402.7</b>	<b>4.2</b>	<b>4.2</b>

Net sales for the grocery trade totalled €1,462.1 million (€1,402.7 million) in July-September, up by 4.2%. Net sales grew in all grocery store chains and home and speciality goods in K-Citymarket. The restrictions imposed on restaurants and events due to the Covid-19 epidemic impacted Kespro's foodservice business, and Kespro's net sales decreased by 9.5%. However, the growth in grocery sales to K-food stores clearly exceeded the decrease in the net sales for Kespro's foodservice business.

The total grocery market in Finland (incl. VAT) is estimated to have grown by approximately 7.0% in July-September (Finnish Grocery Trade Association PTY) and retail prices are estimated to have risen by some 2.0% (incl. VAT, PTY's price development estimate). K Group's grocery sales grew by 7.2% (incl. VAT), thus exceeding the market growth. K Group's sales grew in all grocery store chains. Online sales of groceries grew by 270%, and accounted for approximately 2.2% 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 nine during the reporting period.

The comparable operating profit for the grocery trade in July-September totalled €108.7 million (€93.5 million), up by €15.2 million. Profitability improved due to good retail sales development and improved operational efficiency. Operating profit for the grocery trade totalled €108.6 million (€93.7 million). Items affecting comparability totalled €-0.1 million (€0.3 million).

Capital expenditure for the grocery trade totalled €17.3 million (€30.0 million), of which €14.2 million (€23.9 million) was in store sites.

Three new K-Market stores opened in July-September (one replacement new building). Remodelling and extensions were made in five stores.

The most significant store sites under construction are K-Supermarket stores in the centre of Jyväskylä and at Vaajakoski, Tampere and Lahti.

### January-September 2020

	1-9/2020	1-9/2019	1-12/2019
Net sales, € million	4,214.7	4,075.2	5,531.2
Operating profit, comparable, € million	252.0	229.3	327.9
Operating margin, comparable, %	6.0	5.6	5.9
Return on capital employed, comparable, %, rolling 12 months	15.5	14.2	14.5
Capital expenditure, € million	109.9	148.6	180.8
Personnel, average	6,148	6,099	6,063

Net sales, € million	1-9/2020	1-9/2019	Change, %	Change, comparable, %	1-12/2019
Sales to K-food stores					
K-Citymarket, food	943.0	837.5	12.6	12.6	1,150.4
K-Supermarket	1,147.8	1,049.6	9.4	9.4	1,417.0
K-Market	1,071.9	999.0	7.3	7.3	1,336.3
K-Citymarket, non-food	403.4	408.4	-1.2	-1.2	584.6
Kespro	582.3	701.5	-17.0	-17.0	944.9
Others	66.3	79.1	-16.2	-16.2	98.0
<b>Total</b>	<b>4,214.7</b>	<b>4,075.2</b>	<b>3.4</b>	<b>3.4</b>	<b>5,531.2</b>

Net sales for the grocery trade in January-September amounted to €4,214.7 million (€4,075.2 million), an increase of 3.4%. Net sales increased in all grocery store chains, but decreased in K-Citymarket's home and speciality goods trade and Kespro's foodservice business due to the Covid-19 epidemic and related restrictions.

The total grocery market in Finland (incl. VAT) is estimated to have grown by approximately 8.3% in January-September (Finnish Grocery Trade Association PTY) and retail prices are estimated to have risen by some 2.0% (incl. VAT, PTY's price development estimate). K Group's grocery sales grew by 9.2% (incl. VAT), thus exceeding the market growth. K Group's sales grew in all grocery store chains. Online sales of groceries grew by 383%, and accounted for approximately 2.7% 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 228. At the end of reporting period, 456 grocery stores offered online sales services.

The comparable operating profit for the grocery trade in January-September totalled €252.0 million (€229.3 million), up by €22.7 million. Profitability improved thanks to good grocery sales development in the grocery store chains and cost adjustment measures especially in Kespro's foodservice business and K-Citymarket's home and speciality goods trade. The decrease in Kespro's net sales, resulting from restrictions imposed due to the Covid-19 epidemic, had a weakening impact on Kespro's comparable operating profit for the reporting period. Operating profit for the grocery trade totalled €250.7 million (€236.1 million). Items affecting comparability totalled €-1.3 million (€6.9 million).

Capital expenditure for the grocery trade totalled €109.9 million (€148.6 million), of which €95.6 million (€136.5 million) was in store sites. Kruunuvooren Satama Oy's ownership arrangement had a €63.1 million impact on capital expenditure in store sites in the comparison period.

Seven new K-Market stores opened in January-September (four replacement new buildings). Remodelling and extensions were made in 33 stores.

Number of stores	9/2020	9/2019	12/2019
K-Citymarket	81	81	81
K-Supermarket	239	243	243
K-Market	770	780	777
Neste K	72	73	73
Others	72	78	78
Total	1,234	1,257	1,252

In addition, 456 K-food stores offer online grocery sales services to their customers.

## BUILDING AND TECHNICAL TRADE

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

### July-September 2020

	7-9/2020	7-9/2019
<b>Net sales, € million</b>	951.2	945.1
Building and technical trade, excl. speciality goods trade and Kesko Senukai	895.2	839.0
Building & home improvement trade	487.4	438.9
Onninen	419.3	414.1
Speciality goods trade	56.0	106.1
<b>Operating profit, comparable, € million</b>	73.2	51.9
Building and technical trade, excl. speciality goods trade and Kesko Senukai	63.7	44.2
Building & home improvement trade	38.4	24.2
Onninen	25.7	20.0
Speciality goods trade	3.5	5.8
Kesko Senukai	6.0	2.0
<b>Operating margin, comparable, %</b>	7.7	5.5
Building and technical trade, excl. speciality goods trade and Kesko Senukai	7.1	5.3
Building & home improvement trade	7.9	5.5
Onninen	6.1	4.8
Speciality goods trade	6.3	5.4
	<b>7-9/2020</b>	<b>7-9/2019</b>
Return on capital employed, comparable, %, rolling 12 months	10.0	7.6
Capital expenditure, € million	139.9	32.7
Personnel, average	5,747	12,784

Net sales, € million	7-9/2020	7-9/2019	Change, %	Change, comparable, %
Building and home improvement trade, Finland	250.1	234.0	+6.9	+6.7
K-Rauta, Sweden	50.7	43.1	+17.7	+14.4
K-Bygg, Sweden	60.6	54.4	+11.4	+9.2
Byggmakker and Carlsen Fritzøe, Norway	126.8	108.1	+17.3	+4.9
<b>Building and home improvement trade, total</b>	<b>487.4</b>	<b>438.9</b>	<b>+11.1</b>	<b>+6.8</b>
Onninen, Finland	259.3	245.5	+5.6	+5.6
Onninen and MIAB, Sweden*	25.0	25.4	-1.5	-20.2
Onninen, Norway	53.0	56.6	-6.4	+1.3
Onninen, Baltics	20.8	23.8	-12.4	-12.4
Onninen, Poland	61.9	63.7	-2.7	+0.0
<b>Onninen, total*</b>	<b>419.3</b>	<b>414.1</b>	<b>+1.3</b>	<b>+2.9</b>
<b>Building and technical trade, excl. speciality goods trade, total</b>	<b>895.2</b>	<b>839.0</b>	<b>+6.7</b>	<b>+4.5</b>
Leisure trade, Finland	56.0	54.4	+2.9	+2.9
Machinery trade	-	51.7	-100.0	-
<b>Speciality goods trade, total</b>	<b>56.0</b>	<b>106.1</b>	<b>-47.3</b>	<b>+2.9</b>
<b>Total</b>	<b>951.2</b>	<b>945.1</b>	<b>+0.6</b>	<b>+4.4</b>

(...) Change over 100%

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

Net sales for the building and technical trade in July-September totalled €951.2 million (€945.1 million). Reported net sales were at last year's level, while in comparable terms, net sales grew by 4.4%. Net sales grew in comparable terms in Finland, Sweden and Norway. Net sales in Sweden were boosted by the acquisition of K-Bygg in 2019 and the acquisition of Bygg & Interiör completed in September 2020. In Norway, net sales were boosted by the acquisition of Carlsen Fritzøe Handel, completed in September 2020. The weakening of the Norwegian krone and the Polish zloty against the euro diminished net sales development in Norway and Poland in euro terms. Net sales in Poland decreased compared to the year before, but remained flat in comparable terms. The comparable change % has been calculated in local currencies and excluding the impact of Kesko Senukai and the acquisitions and divestments completed in 2019 and 2020. The exceptional circumstances related to the Covid-19 epidemic have impacted the businesses and operating countries in different ways from March onwards.

In Finland, net sales for the building and technical trade in July-September totalled €554.2 million (€524.5 million), up by 5.7%. In comparable terms, net sales increased by 6.2% in Finland. Net sales from international operations totalled €397.0 million in July-September (€420.6 million), down by 5.6%. In comparable terms, net sales from international operations grew by 1.9%.

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

Onninen's net sales grew in comparable terms in Finland and Norway, and decreased in Sweden and the Baltics. In Poland, comparable net sales were at the same level as the year before.

In the speciality goods leisure trade, net sales increased.

The comparable operating profit for the building and technical trade totalled €73.2 million (€51.9 million) in July-September, up by €21.3 million year-on-year. Comparable operating profit grew in the building and home improvement trade in Finland, Sweden and Norway. The acquisitions carried out in Norway and Sweden in 2018-2020 accounted for €15.1 million (€9.9 million) of the comparable operating profit. Onninen's comparable operating profit grew in Finland, Sweden, Norway and Poland. In the Baltics, Onninen's comparable operating profit remained at level of the previous year.

Operating profit for the building and technical trade totalled €69.0 million (€49.4 million). Items affecting comparability totalled €-4.1 million (€-2.5 million). The most significant item affecting comparability in the reporting period was the €2.4 million negative profit impact of changes in the store site network in Sweden.

Capital expenditure for the building and technical trade totalled €139.9 million (€32.7 million) in July-September. Capital expenditure included €135.9 million in acquisitions.

One new Onninen Express store opened in Riihimäki, Finland and one store in Poland (replacement new building) in July-September.

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

### January-September 2020

	1-9/2020	1-9/2019	1-12/2019
<b>Net sales, € million</b>	2,721.9	2,645.6	3,472.8
Building and technical trade, excl. speciality goods trade and Kesko Senukai	2,562.1	2,374.0	3,126.1
Building & home improvement trade	1,387.5	1,218.9	1,589.0
Onninen	1,208.6	1,189.3	1,587.7
Speciality goods trade	159.8	271.7	346.7
<b>Operating profit, comparable, € million</b>	143.4	93.6	115.9
Building and technical trade, excl. speciality goods trade and Kesko Senukai	131.1	81.3	98.5
Building & home improvement trade	79.9	45.2	48.6
Onninen	52.3	36.1	50.0
Speciality goods trade	2.9	8.0	9.5
Kesko Senukai	9.5	4.3	7.8
<b>Operating margin, comparable, %</b>	5.3	3.5	3.3
Building and technical trade, excl. speciality goods trade and Kesko Senukai	5.1	3.4	3.2
Building & home improvement trade	5.8	3.7	3.1
Onninen	4.3	3.0	3.2
Speciality goods trade	1.8	2.9	2.7
	<b>1-9/2020</b>	<b>1-9/2019</b>	<b>1-12/2019</b>
Return on capital employed, comparable, %, rolling 12 months	10.0	7.6	7.4
Capital expenditure, € million	169.5	314.6	332.7
Personnel, average	10,385	12,503	12,630

Net sales, € million	1-9/2020	1-9/2019	Change, %	Change, comparable, %	1-12/2019
Building and home improvement trade, Finland	764.0	707.5	+8.0	+7.8	908.4
K-Rauta, Sweden	145.1	129.7	+11.8	+11.7	163.7
K-Bygg, Sweden	166.5	83.2	(..)	+9.1	132.8
Byggmakker and Carlsen Fritzøe, Norway	314.6	300.5	+4.7	+6.4	386.9
<b>Building and home improvement trade, total</b>	<b>1,387.5</b>	<b>1,218.9</b>	<b>+13.8</b>	<b>+8.0</b>	<b>1,589.0</b>
Onninen, Finland	741.2	682.8	+8.6	+8.6	909.6
Onninen and MIAB, Sweden*	77.9	95.4	-18.3	-4.2	121.2
Onninen, Norway	163.0	177.9	-8.4	+0.4	237.8
Onninen, Baltics	58.4	62.2	-6.0	-6.0	85.2
Onninen, Poland	170.3	173.5	-1.8	+0.9	237.2
<b>Onninen, total*</b>	<b>1,208.6</b>	<b>1,189.3</b>	<b>+1.6</b>	<b>+5.7</b>	<b>1,587.7</b>
<b>Building and technical trade, excl. speciality goods trade, total</b>	<b>2,562.1</b>	<b>2,374.0</b>	<b>+7.9</b>	<b>+6.3</b>	<b>3,126.1</b>
Leisure trade, Finland	137.1	145.9	-6.1	-6.1	203.7
Machinery trade	22.8	125.8	-81.9	-	143.0
<b>Speciality goods trade, total</b>	<b>159.8</b>	<b>271.7</b>	<b>-41.2</b>	<b>-6.1</b>	<b>346.7</b>
<b>Total</b>	<b>2,721.9</b>	<b>2,645.6</b>	<b>+2.9</b>	<b>+5.6</b>	<b>3,472.8</b>

(...) Change over 100%

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

Net sales for the building and technical trade in January-September totalled €2,721.9 million (€2,645.6 million). Net sales increased by 2.9%, or by 5.6% in comparable terms. Net sales grew in comparable terms in Finland, Sweden, Norway and Poland. In the Baltics, net sales decreased. The weakening of the Norwegian krone and the Polish zloty against the euro diminished net sales development in Norway and Poland in euro terms. The comparable change % has been calculated in local currencies and excluding the impact of Kesko Senukai and the acquisitions and divestments completed in 2019 and 2020. The exceptional circumstances related to the Covid-19 epidemic have impacted the businesses and operating countries in different ways from March onwards.

In Finland, net sales for the building and technical trade in January-September totalled €1,608.0 million (€1,517.8 million), up by 5.9%. In comparable terms, net sales in Finland increased by 6.8%. Net sales from international operations totalled €1,113.9 million in January-September (€1,127.8 million), down by 1.2%. In comparable terms, net sales from international operations grew by 3.8%.

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

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

In the speciality goods trade, net sales in the leisure trade were down due to mild winter weather and a decline in customer visits due to the Covid-19 epidemic.

The comparable operating profit for the building and technical trade totalled €143.4 million (€93.6 million) in January-September, up by €49.8 million year-on-year. The comparable operating profit for the building and home improvement trade was up by €35.1 million, and grew in Finland, Sweden and Norway. The acquisitions carried out in Norway and Sweden in 2018-2020 accounted for €24.2 million (€13.0 million) of the comparable operating profit. Onninen's comparable operating profit grew in Finland, Sweden and Norway. In the Baltics and Poland, Onninen's comparable operating profit matched the level of the previous year.

Operating profit for the building and technical trade totalled €145.3 million (€81.0 million). Items affecting comparability totalled €1.9 million (€-12.6 million). The most significant items affecting comparability were the €2.4 million negative profit impact of changes to the store site network in Sweden, and the €6.4 million sales gain on the divestment of machinery trade operations in the Baltics, completed on 31 March 2020. The most

significant items affecting comparability in the comparison period were the €8.1 million costs related to the divestment of Onninen's HEPAC contractor business in Sweden.

Capital expenditure for the building and technical trade in January-September totalled €169.5 million (€314.6 million). Capital expenditure included €146.7 million (€232.8 million) in acquisitions.

Kesko reports Kesko Senukai Group, which is part of the building and technical trade segment and operates in the Baltic countries and Belarus, as a joint venture on one line in the consolidated income statement and balance sheet as of 1 July 2020. Kesko Senukai Group was reported as a subsidiary until 30 June 2020. The table below shows Kesko Senukai's financials for the reporting period and comparison periods and the share of result of joint ventures consolidated in Kesko's consolidated financial statements (7-9/2020) and reported in the illustrative comparison figures (1-9/2020, 1-12/2019, 1-9/2019, 7-9/2019).

Kesko Senukai financials, € million	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Net sales	250.8	235.4	678.1	635.2	860.1
Operating profit	18.8	10.2	36.4	22.5	34.6
Operating profit, comparable	18.8	10.3	36.4	22.6	34.7
Net profit for the period	11.9	3.9	18.9	8.5	15.9
Kesko Group's share of result of joint ventures	6.0	2.0	9.5	4.3	7.8
			<b>30.9.2020</b>	<b>30.9.2019</b>	<b>31.12.2019</b>
Assets			813.9	717.5	721.2
Liabilities			613.2	543.1	529.2
Equity			200.7	174.4	191.9

The figures include Kesko Senukai's business and real estate companies.

Number of stores	9/2020	9/2019	12/2019
<b>Building and technical trade</b>			
K-Rauta, Finland	132	132	131
K-Rauta, Sweden	18	18	18
K-Bygg, Sweden	36	33	34
Byggmakker and Carlsen Fritzøe, Norway	86	63	63
Onninen, Finland	57	56	57
Onninen and MIAB, Sweden	3	-	-
Onninen, Norway	18	19	18
Onninen, Baltics	17	17	17
Onninen, Poland	36	36	36
<b>Speciality goods trade</b>			
Intersport, Finland	53	53	54
Budget Sport	10	10	10
The Athlete's Foot	9	8	9
Kookenkä	32	33	34
Total	507	478	481

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

## CAR TRADE

### July-September 2020

	7-9/2020	7-9/2019
Net sales, € million	244.3	222.9
Operating profit, comparable, € million	7.4	5.0
Operating margin, comparable, %	3.0	2.3
Return on capital employed, comparable, %, rolling 12 months	7.1	10.9
Capital expenditure, € million	14.1	61.0
Personnel, average	1,282	1,423

Net sales, € million	7-9/2020	7-9/2019	Change, %	Change, comparable, %
Car trade	244.3	222.9	+9.6	+9.6

Net sales for the car trade in July-September totalled €244.3 million (€222.9 million), an increase of 9.6% on the previous year. Net sales increased as demand strengthened markedly for both new and used cars.

The combined market performance of first registrations of passenger cars and vans was -7.5% (-0.9%) in July-September. 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 16.3% (16.5%) in July-September.

The comparable operating profit for the car trade in July-September totalled €7.4 million (€5.0 million). Operating profit for the car trade in July-September totalled €7.3 million (€4.9 million).

Capital expenditure for the car trade totalled €14.1 million (€61.0 million). Capital expenditure for the comparison period contained acquisitions totalling €46.1 million.

### January-September 2020

	1-9/2020	1-9/2019	1-12/2019
Net sales, € million	658.9	635.4	863.9
Operating profit, comparable, € million	17.3	17.8	26.8
Operating margin, comparable, %	2.6	2.8	3.1
Return on capital employed, comparable, %, rolling 12 months	7.1	10.9	9.5
Capital expenditure, € million	47.2	109.7	131.3
Personnel, average	1,281	1,127	1,179

Net sales, € million	1-9/2020	1-9/2019	Change, %	Change, comparable, %	1-12/2019
Car trade	658.9	635.4	+3.7	-5.2	863.9

Net sales for the car trade in January-September totalled €658.9 million (€635.4 million). In comparable terms, net sales decreased by 5.2% in January-September. The comparable change % has been calculated excluding the impact of acquisitions completed in 2019. The Covid-19 epidemic weakened customer demand for both new and used cars in the first half of the year. Net sales saw a turnaround and began to grow in the third quarter thanks to strengthened demand.

The combined market performance of first registrations of passenger cars and vans was -17.4% (-9.5%) in January-September. 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 16.5% (17.1%) in January-September.

The comparable operating profit for the car trade in January-September totalled €17.3 million (€17.8 million). Operating profit for the car trade in January-September totalled €17.2 million (€17.5 million).

Capital expenditure for the car trade totalled €47.2 million (€109.7 million). Capital expenditure for the comparison period contained the acquisitions of Huittisten Laatuauto and the Volkswagen, Audi and SEAT businesses of LänsiAuto and Laakkonen Group, in total €57.5 million.

Number of stores	9/2020	9/2019	12/2019
K-Auto	42	41	42
AutoCarrera	4	3	3
Total	46	44	45

## CHANGES IN GROUP COMPOSITION

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

On 2 September 2020, Kesko acquired the Swedish Bygg & Interiör building and home improvement trade stores. The acquisition complements Kesko's growing K-Bygg chain for professional builders in the Mälaren Valley region of Sweden.

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

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

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

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

In 2019, Byggmakker Sør AS assumed ownership of the building and home improvement stores and store properties of the Norwegian Sørbo on 31 January 2019. K-Caara assumed ownership of car trade businesses acquired from Huittisten Laatuauto and LänsiAuto on 1 March 2019. K-rauta AB assumed ownership of the Swedish building and home improvement group Fresks on 17 May 2019. The divestment of Onninen AB's HEPAC contractor business was completed on 15 May 2019. K-Caara assumed ownership of the Volkswagen, Audi and SEAT businesses acquired from Laakkonen Group on 1 July 2019. The Finnish agricultural machinery trade operations were divested on 1 August 2019.

## SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of September 2020, 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. In the second quarter, the number of shares in Kesko Corporation increased following the resolution of the 28 April 2020 Annual General Meeting to carry out a share issue without payment (share split) (stock exchange releases on 28 April 2020 and 30 April 2020). On 30 September 2020, Kesko Corporation held 3,339,862 of its own B shares as treasury shares. These treasury shares accounted for 1.22% of the total number of B shares, 0.83% of the total number of shares, and 0.22% of the votes attached to all shares in the company. The total number of votes attached to all shares was 1,542,611,260. Each A share carries ten (10) votes and each B share one (1) vote. The company cannot vote with own shares held by it as treasury shares and no dividend is paid on them. At the end of September 2020, Kesko Corporation's share capital was €197,282,584.

The price of a Kesko A share quoted on Nasdaq Helsinki was €58.80 at the end of 2019 (€14.70 with the share split), and €21.20 at the end of September 2020, representing an increase of 44.22%. Correspondingly, the price of a B share was €63.08 at the end of 2019 (€15.77 with the share split), and €21.88 at the end of September 2020, representing an increase of 38.74%. In January-September 2020, the highest A share price was €21.55 and the lowest €10.40. The highest B share price was €22.30 and the lowest €10.41. The Nasdaq Helsinki All-Share

index (OMX Helsinki) was up by 1.3% and the weighted OMX Helsinki Cap index down by 0.3% in January-September 2020. The Retail Sector Index was up by 21.85%.

The market capitalisation of the A shares was €2,691.3 million at the end of September 2020. The market capitalisation of the B shares was €5,903.0 million, excluding the shares held by the parent company. The combined market capitalisation of the A and B shares was €8,594.3 million, up by €2,479.6 million from the end of 2019.

In January-September, a total of 7.8 million A shares were traded on Nasdaq Helsinki (calculated with the post-split number of shares). The exchange value of the A shares was €120.1 million. Meanwhile, 161.6 million B shares were traded (calculated with the post-split number of shares), with an exchange value of €2,608.2 million. Nasdaq Helsinki accounted for over 90% of the trading of Kesko's A shares in January-September, and over 70% of the trading on B shares. Kesko shares were also traded on multilateral trading facilities, the most significant of which was Cboe (source: Euroland).

At the end of September 2020, the number of shareholders was 52,274, which is 11,099 more than at the end of 2019. At the end of September, foreign ownership of all shares was 36.65%, and foreign ownership of B shares 52.66%.

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

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

## KEY EVENTS DURING THE REPORTING PERIOD

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Annual General Meeting of Kesko Corporation on 28 April 2020 adopted the financial statements and consolidated financial statements for 2019. The Annual General Meeting resolved to distribute a dividend of €2.52 per share on shares held outside the Company, to be paid in two instalments. The record date of the first dividend instalment of €1.28 per share was 30 April 2020 and pay date 8 May 2020. The record date of the second dividend instalment of €0.31 per share was 1 October 2020 and pay date 8 October 2020.

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

## SUSTAINABILITY

K Group began deliveries with two all-electric trucks in the greater Helsinki region. The move is part of logistics efforts to ensure K Group becomes carbon neutral by 2025.

Solar power plants were built on the rooftops of K-Citymarket Mäntsälä, K-Citymarket Rusko in Oulu and Kesko's logistics terminal in Oulu. By the end of the year, K Group will have 42 solar power plants with a combined power of some 13.5 MWp and electricity production capacity of some 11.4 GWh.

A new feature was introduced to the K-Ostokset service, showing customers nutritional information based on their purchase data. Customers can compare their consumption with national nutrition recommendations, and set goals such as reducing their consumption of salt or buying more fish.

K Group launched a collaboration with a juice maker to turn discarded fruit, vegetable and berries from K Group's central warehouse into juice that can be sold in K-food stores.

## RISK MANAGEMENT

The impacts of Covid-19 on Kesko's operations in all operating countries from March onwards represent a material change to the risks described in Kesko's 2019 Report by the Board of Directors and financial statements. The key risks related to the virus concern the health and safety of personnel and customers. In the latter half of the year, the biggest risk related to the coronavirus is the second wave of the epidemic in Kesko's operating countries and the resulting impacts on Kesko's operations.

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

The risks and uncertainties related to economic development are described in more detail in the outlook section of this release.

Helsinki, 28 October 2020  
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, telephone +358 105 322 113, Hanna Jaakkola, Vice President, Investor Relations, telephone +358 105 323 540, and Eva Kaukinen, Vice President, Group Controller, telephone +358 105 322 338. A Finnish-language webcast of the interim report briefing can be viewed at 11.00 am (EET) at [www.kesko.fi](http://www.kesko.fi). An English-language audio conference on the interim report briefing will be held today at 12.30 noon (EET). The audio conference login is available on Kesko's website at [www.kesko.fi](http://www.kesko.fi).

Kesko Corporation's January-December 2020 financial statements release will be published on 3 February 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](http://www.kesko.fi).

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## DISTRIBUTION

Nasdaq Helsinki Ltd  
Main news media  
[www.kesko.fi](http://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 2019. This interim report is unaudited.

Consolidated income statement (€ million), condensed							
	1-9/2020	1-9/2019	Change, %	7-9/2020	7-9/2019	Change, %	1-12/2019
<b>Continuing operations</b>							
Net sales	8,006.9	7,986.1	0.3	2,651.9	2,803.9	-5.4	10,720.3
Cost of goods sold	-6,890.5	-6,874.0	0.2	-2,283.1	-2,402.2	-5.0	-9,190.6
<b>Gross profit</b>	<b>1,116.4</b>	<b>1,112.1</b>	<b>0.4</b>	<b>368.8</b>	<b>401.7</b>	<b>-8.2</b>	<b>1,529.7</b>
Other operating income	693.1	602.9	15.0	264.1	204.6	29.1	823.1
Employee benefit expense	-556.2	-568.1	-2.1	-165.2	-182.8	-9.7	-775.4
Depreciation, amortisation and impairment charges	-126.4	-118.1	7.0	-41.7	-41.7	0.1	-161.5
Depreciation and impairment charges for right-of-use assets	-244.4	-239.7	2.0	-77.8	-83.1	-6.4	-325.0
Other operating expenses	-443.8	-469.0	-5.4	-129.6	-150.1	-13.7	-643.0
Share of result of joint ventures	6.0	-	-	6.0	-	-	-
<b>Operating profit</b>	<b>444.6</b>	<b>320.1</b>	<b>38.9</b>	<b>224.6</b>	<b>148.6</b>	<b>51.2</b>	<b>447.8</b>
Interest income and other finance income	7.3	10.4	-29.8	2.2	3.1	-28.6	14.0
Interest expense and other finance costs	-9.7	-8.6	12.8	-2.0	-2.7	-25.6	-9.1
Interest expense for lease liabilities	-64.5	-71.9	-10.2	-19.0	-23.1	-17.8	-95.4
Foreign exchange differences	-4.8	0.1	(..)	-0.3	-0.6	-45.2	-0.8
Share of result of associates	16.4	47.6	-65.5	14.4	29.5	-51.0	46.8
<b>Profit before tax</b>	<b>389.3</b>	<b>297.6</b>	<b>30.8</b>	<b>220.0</b>	<b>154.8</b>	<b>42.1</b>	<b>403.3</b>
Income tax	-67.6	-54.7	23.5	-30.2	-25.3	19.3	-69.6
Net profit for the period from continuing operations	321.7	242.9	32.4	189.8	129.5	46.5	333.6
<b>Discontinued operations</b>							
Net profit for the period from discontinued operations	-	9.5	-	-	-1.0	-	11.6
<b>Net profit for the period</b>	<b>321.7</b>	<b>252.4</b>	<b>27.4</b>	<b>189.8</b>	<b>128.6</b>	<b>47.6</b>	<b>345.2</b>
Attributable to							
Owners of the parent	319.7	248.2	28.8	189.8	124.8	52.1	339.2
Non-controlling interests	2.0	4.2	-53.3	-	3.7	-	6.0
<b>Earnings per share (€) for profit attributable to owners of the parent</b>							
Basic and diluted, continuing operations	0.81	0.60	33.8	0.48	0.32	50.8	0.83
Basic and diluted, discontinued operations	-	0.02	-	-	-0.00	-	0.03
Basic and diluted, Group total	0.81	0.63	28.7	0.48	0.31	51.9	0.86

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

<b>Consolidated statement of comprehensive income (€ million)</b>							
	1-9/2020	1-9/2019	Change, %	7-9/2020	7-9/2019	Change, %	1-12/2019
Net profit for the period	321.7	252.4	27.4	189.8	128.6	47.6	345.2
Continuing operations							
<b>Items that will not be reclassified subsequently to profit or loss</b>							
Actuarial gains/losses	-4.9	19.9	(..)	2.1	6.9	-69.3	-3.6
<b>Items that may be reclassified subsequently to profit or loss</b>							
Currency translation differences related to a foreign operation	-33.4	-0.9	(..)	-7.4	-6.4	16,1	3.8
Cash flow hedge revaluation	-3.7	-1.0	(..)	0.3	-0.6	(..)	-1.0
Other items	-0.3	-0.3	-2.6	-	-	-	-0.3
Total other comprehensive income for the period, net of tax	-42.3	17.8	(..)	-5.0	0.0	(..)	-1.2
<b>Total comprehensive income for the period</b>	<b>279.5</b>	<b>270.3</b>	<b>3.4</b>	<b>184.8</b>	<b>128.5</b>	<b>43.8</b>	<b>344.1</b>
Attributable to							
Owners of the parent	281.6	263.4	6.9	184.8	123.9	49.1	336.7
Non-controlling interests	-2.2	6.9	(..)	-	4.6	-	7.4

(..) Change over 100 %

<b>Consolidated statement of financial position (€ million), condensed</b>				
	30.9.2020	30.9.2019	Change, %	31.12.2019
<b>ASSETS</b>				
Non-current assets				
Property, plant and equipment	1,453.5	1,449.0	0.3	1,487.9
Right-of-use assets	1,808.5	2,166.2	-16.5	2,191.3
Intangible assets	742.6	680.5	9.1	684.6
Shares in associates and joint ventures and other financial assets	227.6	108.8	(..)	78.4
Loans and other receivables	80.2	66.8	20.0	67.5
Pension assets	83.1	123.5	-32.7	93.2
<b>Total</b>	<b>4,395.6</b>	<b>4,594.8</b>	<b>-4.3</b>	<b>4,602.9</b>
Current assets				
Inventories	838.4	1,006.6	-16.7	1,037.7
Trade receivables	878.0	923.9	-5.0	804.7
Other receivables	237.2	207.6	14.3	223.2
Financial assets at fair value through profit or loss	99.8	10.1	(..)	10.1
Financial assets at amortised cost	31.5	32.1	-2.0	34.5
Cash and cash equivalents	172.8	129.6	33.4	124.4
<b>Total</b>	<b>2,257.7</b>	<b>2,309.8</b>	<b>-2.3</b>	<b>2,234.5</b>
Non-current assets held for sale	0.5	83.3	-99.5	61.9
<b>Total assets</b>	<b>6,653.7</b>	<b>6,987.9</b>	<b>-4.8</b>	<b>6,899.3</b>

	30.9.2020	30.9.2019	Change, %	31.12.2019
<b>EQUITY AND LIABILITIES</b>				
Equity	2,042.0	1,951.1	4.7	2,025.8
Non-controlling interests	-	107.7	-	115.0
Total equity	2,042.0	2,058.8	-0.8	2,140.8
Non-current liabilities				
Interest-bearing liabilities	418.5	180.6	(..)	477.3
Lease liabilities	1,719.1	2,074.4	-17.1	2,039.0
Non-interest-bearing liabilities	29.7	28.9	2.8	29.8
Deferred tax liabilities	12.0	17.0	-29.4	6.8
Pension obligations	0.4	0.4	9.2	0.4
Provisions	20.1	25.4	-20.8	19.7
Total	2,199.8	2,326.7	-5.5	2,573.0
Current liabilities				
Interest-bearing liabilities	232.9	456.2	-49.0	137.8
Lease liabilities	295.0	317.9	-7.2	383.2
Trade payables	1,160.2	1,098.6	2.0	1,029.9
Other non-interest-bearing liabilities	709.2	695.3	2.0	607.3
Provisions	14.7	15.9	-7.6	16.4
Total	2,411.9	2,583.9	-6.7	2,174.7
Liabilities related to non-current assets held for sale	-	18.6	-	10.9
<b>Total equity and liabilities</b>	<b>6,653.7</b>	<b>6,987.9</b>	<b>-4.8</b>	<b>6,899.3</b>

(..) Change over 100 %

Consolidated statement of changes in equity (€ million)								
	Share capital	Reserves	Currency translation differences	Re-valuation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total
<b>Balance at 1.1.2020</b>	<b>197.3</b>	<b>464.8</b>	<b>-21.3</b>	<b>0.6</b>	<b>-35.4</b>	<b>1,419.8</b>	<b>115.0</b>	<b>2,140.8</b>
Share-based payments					3.8			3.8
Dividends						-249.9		-249.9
Increase in share capital							1.2	1.2
Disposal of subsidiaries		-0.0				-21.2	-4.1	-25.4
Change in Kesko Senukai's consolidation method		-0.1					-109.9	-110.0
Other changes		0.0				2.1		2.1
Transactions with owners, total		-0.2			3.8	-269.1	-112.8	-378.3
<b>Comprehensive income</b>								
Profit for the period						319.7	2.0	321.7
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						-6.2		-6.2
Items that may be reclassified subsequently to profit or loss								
Translation differences on foreign operations			-29.3			0.1	-4.1	-33.4
Cash flow hedge revaluation				-4.6				-4.6
Tax related to comprehensive income				0.9		1.2		2.1
Other changes						-0.3		-0.3
Total comprehensive income for the period			-29.3	-3.7		314.6	-2.2	279.5
<b>Balance at 30.9.2020</b>	<b>197.3</b>	<b>464.7</b>	<b>-50.6</b>	<b>-3.0</b>	<b>-31.6</b>	<b>1,465.3</b>	<b>0.0</b>	<b>2,042.0</b>

	Share capital	Reserves	Currency translation differences	Re-valuation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total
<b>Balance at 1.1.2019</b>	<b>197.3</b>	<b>464.7</b>	<b>-23.7</b>	<b>1.7</b>	<b>-36.9</b>	<b>1,311.0</b>	<b>107.0</b>	<b>2,021.1</b>
Share-based payments					1.4			1.4
Dividends						-231.9	-6.2	-238.1
Other changes						4.1	0.0	4.1
Transactions with owners, total					1.4	-227.8	-6.2	-232.6
<b>Comprehensive income</b>								
Profit for the period, continuing operations						238.7	4.2	242.9
Profit for the period, discontinued operations						9.5		9.5
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						24.9		24.9
Items that may be reclassified subsequently to profit or loss								
Translation differences on foreign operations			-3.4			-0.0	2.7	-0.8
Cash flow hedge revaluation				-1.2				-1.2
Tax related to comprehensive income				0.2		-5.0		-4.7
Total comprehensive income for the period			-3.4	-1.0		267.8	6.9	270.3
<b>Balance at 30.9.2019</b>	<b>197.3</b>	<b>464.7</b>	<b>-27.1</b>	<b>0.7</b>	<b>-35.5</b>	<b>1,351.0</b>	<b>107.7</b>	<b>2,058.8</b>

<b>Consolidated statement of cash flows (€ million), condensed</b>							
	1-9/2020	1-9/2019	Change, %	7-9/2020	7-9/2019	Change, %	1-12/2019
<b>Cash flows from operating activities</b>							
Profit before tax, continuing operations	389.3	297.6	30.8	220.0	154.8	42.1	403.3
Depreciation according to plan	126.4	118.1	7.0	41.7	41.7	0.1	161.5
Depreciation and impairment for right-of-use assets	244.4	239.7	2.0	77.8	83.1	-6.4	325.0
Finance income and costs	7.3	-1.8	(..)	0.1	0.2	-42.5	-4.1
Interest expense for lease liabilities	64.5	71.9	-10.2	19.0	23.1	-17.8	95.4
Other adjustments	-64.6	-0.1	(..)	-65.4	-29.0	(..)	0.3
Change in working capital							
Current non-interest-bearing receivables, increase (-)/decrease (+)	-134.7	-97.5	38.1	37.2	78.3	-52.5	26.3
Inventories, increase (-)/decrease (+)	2.4	-24.9	(..)	10.3	11.6	-11.4	-47.8
Current non-interest-bearing liabilities, increase (+)/decrease(-)	315.6	90.9	(..)	-16.5	-137.5	-88.0	33.1

Financial items and tax	-106.6	-74.0	44.0	-37.6	-34.7	8.4	-100.0
Net cash from operating activities, continuing operations	844.0	619.9	36.2	286.6	191.6	49.6	893.1
Net cash from operating activities, discontinued operations	-	3.4	-	-	-0.8	-	3.5
<b>Net cash from operating activities, total</b>	<b>844.0</b>	<b>623.3</b>	<b>35.4</b>	<b>286.6</b>	<b>190.7</b>	<b>50.3</b>	<b>896.6</b>
<b>Cash flows from investing activities</b>							
Investing activities	-306.8	-583.7	-47.4	-177.3	-144.6	22.6	-658.3
Proceeds from sale of tangible and intangible assets	7.3	19.3	-62.4	3.0	13.6	-77.8	34.4
Proceeds from sale of subsidiaries, net cash deducted	-73.2	-	-	-92.7	-	-	-
Increase in non-current receivables	1.7	5.2	-66.5	1.6	5.0	-67.1	3.6
Net cash used in investing activities, continuing operations	-371.0	-559.2	-33.7	-265.4	-126.0	(..)	-620.3
Net cash used in investing activities, discontinued operations	-	3.5	-	-	0.1	-	3.5
<b>Net cash used in investing activities, total</b>	<b>-371.0</b>	<b>-555.7</b>	<b>-33.2</b>	<b>-265.4</b>	<b>-125.9</b>	<b>(..)</b>	<b>-616.8</b>
<b>Cash flows from financing activities</b>							
Interest-bearing liabilities, increase (+)/decrease (-)	78.5	225.9	-65.3	-100.1	4.7	(..)	209.1
Lease liabilities, increase (+)/decrease (-)	-282.7	-243.0	16.4	-77.1	-82.0	-5.9	-330.9
Current interest-bearing receivables, increase (-)/ decrease (+)	-1.0	1.0	(..)	-1.7	0.0	(..)	-0.4
Dividends paid	-127.0	-122.2	3.9	-	-6.2	-	-238.2
Increase in share capital	-	-	-	-	-	-	6.4
Short-term money market investments, increase (-)/decrease (+)	-87.5	67.2	(..)	-0.2	7.2	(..)	64.6
Other items	-3.5	-7.4	-52.9	0.0	-10.6	(..)	-6.2
Net cash used in financing activities, continuing operations	-423.2	-78.4	(..)	-179.0	-86.9	(..)	-295.4
<b>Net cash used in financing activities, total</b>	<b>-423.2</b>	<b>-78.4</b>	<b>(..)</b>	<b>-179.0</b>	<b>-86.9</b>	<b>(..)</b>	<b>-295.4</b>
<b>Change in cash and cash equivalents</b>	<b>49.8</b>	<b>-10.7</b>	<b>(..)</b>	<b>-157.8</b>	<b>-22.0</b>	<b>(..)</b>	<b>-15.6</b>
Cash and cash equivalents at 1 Jan., continuing operations	124.4	139.2	-10.6	331.0	151.4	(..)	139.2
Cash and cash equivalents at 1 Jan., discontinued operations	-	0.4	-	-	0.0	-	0.4
Exchange differences and cash and cash equivalents related to assets held for sale	-1.4	0.7	(..)	-0.4	0.1	(..)	0.4
Cash and cash equivalents at 30 Sep., continuing operations	172.8	129.6	33.4	172.8	129.6	33.4	124.4

(..) Change over 100%

Cash flow from leases (€ million)	1-9/2020	1-9/2019	Change, %	7-9/2020	7-9/2019	Change, %	1-12/2019
Interest expense for lease liabilities	-64.5	-71.8	-10.2	-19.0	-23.1	-17.8	-95.4
Decrease in lease liabilities	-244.5	-242.9	0.7	-76.8	-83.1	-7.6	-328.3
<b>Total</b>	<b>-309.1</b>	<b>-314.7</b>	<b>-1.8</b>	<b>-95.8</b>	<b>-106.2</b>	<b>-9.8</b>	<b>-423.7</b>

Group's performance indicators	1-9/2020	1-9/2019	Change, pp	1-12/2019
<b>Continuing operations</b>				
Return on capital employed, %	12.4	9.0	3.4	9.3
Return on capital employed, %, rolling 12 mo	11.8	9.1	2.8	9.3
Return on capital employed, comparable, %	11.2	9.4	1.9	9.6
Return on capital employed, comparable, %, rolling 12 mo	11.0	9.6	1.4	9.6
			Change, %	
Capital expenditure, € million	342.9	602.9	-43.1	686.1
Capital expenditure, % of net sales	4.3	7.5	-43.3	6.4
Cash flow from operating activities, € million	844.0	619.9	36.2	893.1
Cash flow from investing activities, € million	-371.0	-559.2	-33.7	-620.3
Cash flow from operating activities/share, €	2.13	1.56	36.0	2.25
<b>Group</b>				
Return on equity, %	20.5	16.5	4.0	16.6
Return on equity, %, rolling 12 mo	20.2	15.2	5.0	16.6
Return on equity, comparable, %	16.7	14.4	2.3	15.1
Return on equity, comparable, %, rolling 12 mo	17.3	14.4	2.9	15.1
Equity ratio, %	30.8	29.6	1.2	31.2
Gearing, %	115.6	138.8	-23.1	134.0
Interest-bearing net debt/EBITDA excluding the impact of IFRS 16, rolling 12 mo	0.5	1.0	-0.4	0.9
Equity per share, €	5.15	4.92	4.6	5.11
Interest-bearing net debt, € million	2,361.4	2,857.4	-17.4	2,868.4
Interest-bearing net debt excluding lease liabilities, € million	347.3	465.1	-25.3	446.1
Diluted number of shares, average for the reporting period, 1,000 pcs	396,635	396,277	0.1	396,296
Personnel, average, continuing operations	18,658	20,717	-9.9	20,846
<b>Earnings per share, basic and diluted, €</b>				
Continuing operations	0.81	0.60	33.8	0.83
Discontinued operations	-	0.02	-	0.03
Group total	0.81	0.63	28.7	0.86
<b>Earnings per share, comparable, basic, €</b>				
Continuing operations	0.66	0.52	26.6	0.74

(..) Change over 100%

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

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

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

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

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

After re-examining the conditions for subsidiary consolidation, Kesko has deemed that it no longer exercises the type of control referred to in IFRS 10 over Kesko Senukai. Consequently, Kesko decided to classify Kesko Senukai as a joint venture. Due to the change in classification, from 1 July 2020 onwards Kesko Senukai is consolidated as a joint venture on one line "Share of result of joint ventures" before operating profit in Kesko's consolidated income statement, instead of the previous line-by-line subsidiary consolidation. In the consolidated statement of financial position, the change in classification means that the share of Kesko Senukai's net assets is presented on one line "Shares in associates and joint ventures" instead of the previous line-by-line consolidation of assets and liabilities.

As a result of the change in classification, the assets, liabilities, share of non-controlling interests, and accumulated currency translation differences consolidated in the consolidated statement of financial position, are no longer recognised on the balance sheet, and the share of joint venture is recognised at fair value on the balance sheet. As a result, a profit of €47.7 million was recorded under Other operating income in the consolidated income statement, which arose when the share of joint venture related to Kesko Senukai was measured at fair value. A negative item of €92.7 million was recorded under Cash flow from investing activities in the consolidated statement of cash flows, corresponding to the amount of Kesko Senukai's cash and cash equivalents on the balance sheet of 30 June 2020 before the end of the subsidiary consolidation. The €109.9 million non-controlling interest in Kesko Senukai, included in equity in the consolidated statement of financial position, is no longer recognised in the consolidated statement of financial position.

The fair value of the share of joint venture has been determined using the discounted cash flow method. Cash flows have been determined using country-specific projections on construction, consumer demand, GDP, and inflation. In the DCF model the average nominal annual net sales growth for the forecast period is 3.7% and the EBITDA ratio (excluding IFRS 16 impact) range is 3.7%-4.4%. Cash flows have been discounted using the weighted average cost of capital in Kesko Senukai's operating countries, which was 10.3%. The discount rate has been determined taking into account the weak liquidity of the unlisted share holding by raising the discount rate.

Due to the change in classification, as of 1 July 2020 Kesko Senukai is consolidated as a joint venture on one line "Share of result of joint ventures" before operating profit in Kesko's consolidated income statement, instead of the previous line-by-line subsidiary consolidation. In the consolidated statement of financial position, the change in classification means that the share of Kesko Senukai's net assets is presented on one line "Shares in associates and joint ventures" instead of the previous line-by-line consolidation of assets and liabilities.

Calculation of impacts of the change in Kesko Senukai's classification, € million	1.7.2020
Kesko Senukai's net assets in the consolidated statement of financial position	-184.9
Carrying amount of non-controlling interests	109.9
Fair value of ownership interest in joint venture	127.7
Translation differences in comprehensive income	-5.0
<b>Profit recognised in income statement for measurement at fair value</b>	<b>47.7</b>

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

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

## Segment information

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

Net sales by segment, € million	1-9/2020	1-9/2019	Change, %	7-9/2020	7-9/2019	Change, %	1-12/2019	Rolling 12 mo 9/2020
Grocery trade, Finland	4,214.7	4,075.2	3.4	1,462.1	1,402.7	4.2	5,531.2	5,670.7
<b>Grocery trade total</b>	<b>4,214.7</b>	<b>4,075.2</b>	<b>3.4</b>	<b>1,462.1</b>	<b>1,402.7</b>	<b>4.2</b>	<b>5,531.2</b>	<b>5,670.7</b>
- of which intersegment trade	11.4	7.8	45.7	3.9	2.8	38.6	10.2	13.7
Building and technical trade, Finland	1,608.0	1,517.8	5.9	554.2	524.5	5.7	1,992.8	2,083.0
Building and technical trade, other countries*	1,113.9	1,127.8	-1.2	397.0	420.6	-5.6	1,480.0	1,466.1
<b>Building and technical trade total</b>	<b>2,721.9</b>	<b>2,645.6</b>	<b>2.9</b>	<b>951.2</b>	<b>945.1</b>	<b>0.6</b>	<b>3,472.8</b>	<b>3,549.1</b>
- of which intersegment trade	-0.7	-0.4	78.5	-0.2	-0.1	64.1	-0.6	-1.0
Car trade, Finland	658.9	635.4	3.7	244.3	222.9	9.6	863.9	887.4
<b>Car trade total</b>	<b>658.9</b>	<b>635.4</b>	<b>3.7</b>	<b>244.3</b>	<b>222.9</b>	<b>9.6</b>	<b>863.9</b>	<b>887.4</b>
- of which intersegment trade	5.1	2.1	(..)	2.2	1.0	(..)	3.4	6.4
Common functions and eliminations	-15.3	-4.0	(..)	-5.7	-1.8	(..)	-5.9	-17.2
<b>Finland total</b>	<b>6,466.3</b>	<b>6,224.4</b>	<b>3.9</b>	<b>2,255.0</b>	<b>2,148.3</b>	<b>5.0</b>	<b>8,382.0</b>	<b>8,623.9</b>
<b>Other countries total*</b>	<b>1,113.9</b>	<b>1,127.8</b>	<b>-1.2</b>	<b>397.0</b>	<b>420.6</b>	<b>-5.6</b>	<b>1,480.0</b>	<b>1,466.1</b>
<b>Segment information, total</b>	<b>7,580.2</b>	<b>7,352.1</b>	<b>3.1</b>	<b>2,651.9</b>	<b>2,568.9</b>	<b>3.2</b>	<b>9,862.0</b>	<b>10,090.0</b>
Impact of change in Kesko Senukai's consolidation method**	426.7	633.9	-32.7	-	235.0	-	858.3	651.1
<b>Reported continuing operations</b>	<b>8,006.9</b>	<b>7,986.1</b>	<b>0.3</b>	<b>2,651.9</b>	<b>2,803.9</b>	<b>-5.4</b>	<b>10,720.3</b>	<b>10,741.1</b>

(..) Change over 100%

\* Net sales in countries other than Finland

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

Operating profit by segment, € million	1-9/2020	1-9/2019	Change	7-9/2020	7-9/2019	Change	1-12/2019	Rolling 12 mo 9/2020
Grocery trade	250.7	236.1	14.6	108.6	93.7	14.8	334.6	349.2
Building and technical trade	145.3	81.0	64.4	69.0	49.4	19.6	100.7	165.1
Car trade	17.2	17.5	-0.3	7.3	4.9	2.3	25.5	25.2
Common functions and eliminations	-30.4	-32.8	2.4	-8.0	-7.8	-0.2	-39.9	-37.5
<b>Segment information, total</b>	<b>382.8</b>	<b>301.8</b>	<b>81.0</b>	<b>176.9</b>	<b>140.3</b>	<b>36.6</b>	<b>421.0</b>	<b>501.9</b>
Impact of change in Kesko Senukai's consolidation method*	61.9	18.2	43.6	47.7	8.3	39.5	26.9	70.5
<b>Reported continuing operations</b>	<b>444.6</b>	<b>320.1</b>	<b>124.6</b>	<b>224.6</b>	<b>148.6</b>	<b>76.1</b>	<b>447.8</b>	<b>572.4</b>

\* 100% of the operating profit reported by Kesko Senukai in 1-12/2019 and 1-6/2020 and the realised profit of €47.7 million from the change in consolidation method in 7-9/2020 are consolidated in the operating profit in the consolidated income statement. In segment reporting, the share of joint venture's net profit equivalent to ownership interest has been consolidated in the 1-12/2019 and 1-6/2020 operating profit.

Operating profit by segment, comparable, € million	1-9/2020	1-9/2019	Change	7-9/2020	7-9/2019	Change	1-12/2019	Rolling 12 mo 9/2020
Grocery trade	252.0	229.3	22.7	108.7	93.5	15.2	327.9	350.6
Building and technical trade	143.4	93.6	49.8	73.2	51.9	21.3	115.9	165.7
Car trade	17.3	17.8	-0.5	7.4	5.0	2.3	26.8	26.3
Common functions and eliminations	-24.7	-27.0	2.3	-7.4	-6.7	-0.7	-35.9	-33.6
<b>Segment information, total</b>	<b>388.0</b>	<b>313.6</b>	<b>74.4</b>	<b>181.8</b>	<b>143.7</b>	<b>38.2</b>	<b>434.7</b>	<b>509.1</b>
Impact of change in Kesko Senukai's consolidation method*	14.1	18.3	-4.2	-	8.3	-8.3	26.9	22.8
<b>Reported continuing operations</b>	<b>402.1</b>	<b>331.9</b>	<b>70.2</b>	<b>181.8</b>	<b>152.0</b>	<b>29.8</b>	<b>461.6</b>	<b>531.8</b>

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

Operating margin by segment, %, comparable	1-9/2020	1-9/2019	Change, PP	7-9/2020	7-9/2019	Change, PP	1-12/2019	Rolling 12 mo 9/2020
Grocery trade	6.0	5.6	0.4	7.4	6.7	0.8	5.9	6.2
Building and technical trade	5.3	3.5	1.7	7.7	5.5	2.2	3.3	4.7
Car trade	2.6	2.8	-0.2	3.0	2.3	0.8	3.1	3.0
<b>Segment information, total</b>	<b>5.1</b>	<b>4.3</b>	<b>0.9</b>	<b>6.9</b>	<b>5.6</b>	<b>1.3</b>	<b>4.4</b>	<b>5.0</b>
Impact of change in Kesko Senukai's consolidation method*	0.1	0.1	0.0	-	0.2	-	0.1	0.1
<b>Reported continuing operations</b>	<b>5.0</b>	<b>4.2</b>	<b>0.9</b>	<b>6.9</b>	<b>5.4</b>	<b>1.4</b>	<b>4.3</b>	<b>5.0</b>

\* 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	1-9/2020	1-9/2019	Change	7-9/2020	7-9/2019	Change	1-12/2019	Rolling 12 mo 9/2020
Grocery trade	463.3	433.0	30.3	179.9	161.8	18.1	604.4	634.7
Building and technical trade	225.9	177.3	48.6	101.1	79.9	21.2	226.5	275.1
Car trade	44.0	35.7	8.3	16.6	12.7	3.9	52.7	61.0
Common functions and eliminations	3.5	-1.4	4.8	1.8	3.1	-1.3	-0.1	4.7
<b>Segment information, total</b>	<b>736.6</b>	<b>644.6</b>	<b>92.1</b>	<b>299.4</b>	<b>257.5</b>	<b>41.9</b>	<b>883.5</b>	<b>975.6</b>
Impact of change in Kesko Senukai's consolidation method*	35.0	46.4	-11.4	-	17.9	-17.9	65.4	54.0
<b>Reported continuing operations</b>	<b>771.6</b>	<b>690.9</b>	<b>80.7</b>	<b>299.4</b>	<b>275.4</b>	<b>24.0</b>	<b>948.9</b>	<b>1,029.6</b>

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

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

Capital employed by segment, cumulative average, € million	1-9/2020	1-9/2019	Change	7-9/2020	7-9/2019	Change	1-12/2019	Rolling 12 mo 9/2020
Grocery trade	2,238.4	2,245.9	-7.5	2,207.8	2,275.2	-67.5	2,261.8	2,258.5
Building and technical trade	1,842.2	1,892.2	-50.0	1,627.2	2,015.6	-388.4	1,923.8	1,884.0
Car trade	376.0	250.5	125.4	349.2	305.2	43.9	280.5	372.2
Common functions and eliminations	312.9	335.8	-22.9	336.9	360.5	-23.7	337.2	324.8
<b>Continuing operation, total</b>	<b>4,769.4</b>	<b>4,724.4</b>	<b>45.0</b>	<b>4,521.0</b>	<b>4,956.6</b>	<b>-435.6</b>	<b>4,803.3</b>	<b>4,839.5</b>

Return on capital employed by segment, %, comparable	1-9/2020	1-9/2019	Change, pp	7-9/2020	7-9/2019	Change, pp	1-12/2019	Rolling 12 mo 9/2020
Grocery trade	15.0	13.6	1.4	19.7	16.4	3.3	14.5	15.5
Building and technical trade	11.4	7.9	3.5	18.0	12.0	6.0	7.4	10.0
Car trade	6.1	9.4	-3.3	8.4	6.6	1.9	9.5	7.1
<b>Continuing operations, total</b>	<b>11.2</b>	<b>9.4</b>	<b>1.9</b>	<b>16.1</b>	<b>12.3</b>	<b>3.8</b>	<b>9.6</b>	<b>11.0</b>

Capital expenditure by segment, € million	1-9/2020	1-9/2019	Change	7-9/2020	7-9/2019	Change	1-12/2019	Rolling 12 mo 9/2020
Grocery trade	109.9	148.6	-38.7	17.3	30.0	-12.7	180.8	142.0
Building and technical trade	169.5	314.6	-145.1	139.9	32.7	107.2	332.7	187.6
Car trade	47.2	109.7	-62.5	14.1	61.0	-46.9	131.3	68.8
Common functions and eliminations	16.4	30.0	-13.6	3.4	8.5	-5.0	41.3	27.7
<b>Continuing operations, total</b>	<b>342.9</b>	<b>602.9</b>	<b>-260.0</b>	<b>174.8</b>	<b>132.2</b>	<b>42.5</b>	<b>686.1</b>	<b>426.2</b>

## Segment information by quarter, continuing operations

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

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

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

\* 100% of the operating profit reported by Kesko Senukai in 1-12/2019 and 1-6/2020 and the realised profit of €47.7 million from the change in consolidation method in 7-9/2020 are consolidated in the operating profit in the consolidated income statement. In segment reporting, the share of joint venture's net profit equivalent to ownership interest has been consolidated in the 1-12/2019 and 1-6/2020 operating profit.

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

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

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

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

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

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

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

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

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

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

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

## Acquisitions

Kesko's subsidiary Bygghandelen AS acquired the entire capital stock of the Norwegian building and home improvement trade company Carlsen Fritzøe Handel AS on 1 September 2020. The preliminary consideration paid was €127.7 million, and the amount of cash and cash equivalents obtained was €0.1 million. The amount of consideration paid will be specified during the remainder of the year.

According to a preliminary acquisition cost calculation concerning Carlsen Fritzøe Handel, assets acquired for Kesko Group amounted to €131.8 million and liabilities assumed to €103.2 million. The acquisition cost calculation, including the value of intangible assets at the time of acquisition and the resulting goodwill, will be updated during the remainder of the year. The Group profit for January-September 2020 includes minor acquisition-related costs, which are presented as items affecting comparability. The impact of the acquired businesses on the Group's net sales and operating profit in September was minor.

Carlsen Fritzøe Handel AS recorded net sales of some €201 million in 2019. The acquisition strengthens Kesko's position in the Oslo fjord region, where the Carlsen Fritzøe Handel network of 25 stores complements Kesko's existing Bygghandelen store network.

Kesko's Swedish subsidiary Fresks Försäljning AB acquired the Bygg & Interiör building and home improvement trade stores for professional builders in Sweden on 1 September 2020. On 1 April 2020, Kesko's Swedish

subsidiary Kesko AB acquired the Swedish Mark & Infra i Sverige AB (MIAB), a company specialising in the sales of water and sewage products. The combined preliminary consideration paid for the acquisitions in Sweden was €18.4 million, and the amount of cash and cash equivalents obtained was €0.1 million. The amount of consideration paid will be specified during the remainder of the year.

According to preliminary acquisition cost calculations concerning Bygg & Interiör and Mark & Infra, assets acquired for Kesko Group amounted to €20.6 million and liabilities assumed to €13.5 million. The acquisition cost calculations will be updated during the remainder of the year. The Group profit for January-September 2020 includes minor acquisition-related costs, which are presented as items affecting comparability. The impact of the acquired businesses on the Group's net sales and operating profit in April-September was minor.

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

### Impairment testing for goodwill and intangible assets

In the 2019 financial statements, impairment tests for the car trade and Byggmakker were the most sensitive to changes in economic projections. The Group updated the impairment test concerning goodwill for the car trade on 30 June 2020 as due to increased economic uncertainty caused by the coronavirus epidemic, projections for the car trade market for 2020 had not materialised. The impairment test did not indicate a need to recognise an impairment loss. There was no need to carry out a new impairment test on 30 September 2020.

### Change in tangible and intangible assets (€ million)

	30.9.2020	30.9.2019
<b>Opening net carrying amount</b>	<b>2,172.6</b>	<b>1,683.5</b>
Depreciation, amortisation and impairment charges	-126.4	-118.2
Investments in tangible and intangible assets	176.0	451.9
Deductions	-140.2	-20.1
Acquisitions	140.4	144.5
Transfers to non-current assets held for sale and between items	-0.4	-10.7
Exchange differences	-25.8	-1.1
<b>Closing net carrying amount</b>	<b>2,196.1</b>	<b>2,129.5</b>

### Right-of-use assets (€ million)

	30.9.2020	30.9.2019
<b>Opening net carrying amount</b>	<b>2,191.3</b>	<b>2,057.0</b>
Depreciation, amortisation and impairment charges	-245.6	-249.3
Net increases	99.3	331.2
Acquisitions	76.6	22.9
Change in Kesko Senukai's consolidation method	-297.2	-
Transfers between items	-	5.3
Exchange differences	-16.0	-0.8
<b>Closing net carrying amount</b>	<b>1,808.5</b>	<b>2,166.2</b>

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:		
	1-9/2020	1-9/2019
Sales of goods and services	80.3	73.6
Purchases of goods and services	5.3	6.1
Other operating income	13.0	12.3
Other operating expenses	4.0	0.5
Finance income and costs	4.4	4.2
	<b>30.9.2020</b>	<b>30.9.2019</b>
Receivables	97.1	70.0
Liabilities	25.6	92.5
	<b>30.9.2020</b>	<b>30.9.2019</b>
Items related to leases		
Cash flow from leases	-36.5	-40.0
Lease liabilities	355.6	377.3

### Financial risks

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

#### Liquidity risk

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

The Group's liquidity remained strong despite the economic uncertainty caused by the coronavirus epidemic. On 30 September 2020, the Group had liquid assets of €304.1 million (€171.8 million). Interest-bearing liabilities on 30 September 2020 totalled €2,665.5 million (€3,029.2 million), of which lease liabilities accounted for €2,014.1 million (€2,392.3 million). Interest-bearing net debt excluding lease liabilities totalled €347.3 million (€465.1 million).

On 30 September 2020, the Group's financial resources available included €300 million in committed long-term credit facilities, €506 million in uncommitted commercial paper programmes, and a €300 million credit facility that can be drawn down with a separate credit decision by the banks. Group companies held over €400 million available for re-borrowing in pension insurance companies. Any amount of borrowing requires the posting of adequate collateral.

#### Credit and counterparty risk, trade receivables

Business entities are responsible for the management of the credit risk associated with amounts due from customers. Due to the coronavirus epidemic, the Group's credit policy was tightened in March 2020 by specifying the terms and conditions of credit sale and collateral requirements and by tightening the decision-making authorisations for credit facilities. Efficiency was raised in credit control to identify customers with risk and to ensure that credit decisions are based on up-to-date information on a customer's solvency and any changes in solvency. The amount of credit losses remained moderate in January-September despite the coronavirus epidemic. Increased economic uncertainty has been acknowledged in the measurement of trade receivables by increasing the amount of credit losses recognised. The Group's trade receivables are from a large number of individual customers, and balance sheet receivables do not contain significant risk concentrations. The

seasonality of businesses impacts the amount of trade receivables in the consolidated statement of financial position.

Ageing analysis of trade receivables (€ million)		
	30.9.2020	31.12.2019
Trade receivables fully performing	827.9	712.1
1–7 days past due trade receivables	18.0	31.4
8–30 days past due trade receivables	11.5	30.4
31–60 days past due trade receivables	3.7	8.9
over 60 days past due trade receivables	16.8	21.8
<b>Total</b>	<b>878.0</b>	<b>804.7</b>

Trade receivables include impairment charges totalling € 22.1 million (31 Dec. 2019: €23.7 million). The aggregate amount of credit losses and impairments recognised in the profit for the period was €4.9 million (1-9/2019: €2.8 million).

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

	Level 1	Level 2	Level 3	30.9.2020
<b>Financial assets at fair value through profit or loss</b>	<b>99.8</b>		<b>20.4</b>	<b>120.3</b>
<b>Derivative financial instruments at fair value through profit or loss</b>				
Derivative financial assets		4.0		4.0
Derivative financial liabilities		11.9		11.9
	Level 1	Level 2	Level 3	30.9.2019
<b>Financial assets at fair value through profit or loss</b>	<b>10.1</b>		<b>19.5</b>	<b>29.6</b>
<b>Derivative financial instruments at fair value through profit or loss</b>				
Derivative financial assets		2.5		2.5
Derivative financial liabilities		6.1		6.1

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 30.9.

Personnel average by segment	1-9/2020	1-9/2019	Change
Grocery trade	6,148	6,099	49
Building and technical trade	10,385	12,503	-2,118
Car trade	1,281	1,127	154
Common functions	845	988	-143
Continuing operations. Total	18,658	20,717	-2,059

Personnel at 30.9.*by segment	2020	2019	Change
Grocery trade	8,031	7,815	216
Building and technical trade	7,166	14,581	-7,415
Car trade	1,294	1,412	-118
Common functions	855	998	-143
Continuing operations, total	17,346	24,806	-7,460

\* Total number including part-time employees

## Group's commitments (€ million)

	30.9.2020	30.9.2019	Change, %
Own commitments	312.0	442.9	-29.6
For others	2.6	22.8	-88.8
Lease liabilities for leases not recognised in the balance sheet	91.3	115.1	-20.7
<b>Liabilities arising from derivative instruments (€ million)</b>			
			<b>Fair value</b>
Values of underlying instruments at	<b>30.9.2020</b>	<b>30.9.2019</b>	<b>30.9.2020</b>
Interest rate derivatives			
Interest rate swaps	420.0	340.0	-5.8
Currency derivatives			
Forward and future contracts	200.6	112.7	1.4
Commodity derivatives			
Electricity futures	14.9	12.4	-3.4

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

### Calculation of performance indicators

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

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

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

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

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

Operating profit, comparable	Operating profit +/- items affecting comparability
Items affecting comparability	- gains on disposal + losses on disposal + impairment charges +/- structural arrangements
Return on capital employed*, %	Operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed, %, rolling 12 months	Operating profit for the preceding 12 months x 100 / (Noncurrent 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, average of the beginning and end of the reporting period
Return on equity*, %, comparable	(Profit/loss adjusted for items affecting comparability before tax - Income tax adjusted for the tax effect of items affecting comparability) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity, %, comparable, rolling 12 months	(Profit/loss for the preceding 12 months adjusted for items affecting comparability before tax - Income tax for the preceding 12 months adjusted for the tax effect of items affecting comparability) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Equity ratio, %	Shareholders' equity x 100 / (Total assets - Advances received)
Gearing, %	Interest-bearing net liabilities x 100 / Shareholders' equity
Interest-bearing net debt	Interest-bearing liabilities + Lease liabilities - Current financial assets at fair value through profit or loss - Current financial assets at amortised cost - Cash and cash equivalents
Interest-bearing net debt excluding lease liabilities	Interest-bearing net debt - Lease liabilities

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

\* Indicators for return on capital have been annualised.

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

## Reconciliation of performance indicators to IFRS financial statements

€ million	1-3/ 2019	4-6/ 2019	7-9/ 2019	10-12/ 2019	1-3/ 2020	4-6/ 2020	7-9/ 2020	1-9/ 2020	1-9/ 2019	1-12/ 2019
<b>Continuing operations</b>										
<b>Items affecting comparability</b>										
Gains on disposal	0.0	1.0	0.4	3.3	6.4	-	-	6.4	1.3	4.6
Losses on disposal	-0.0	-	-	-0.9	-0.0	-	-0.1	-0.2	-0.0	-0.9
Impairment charges	-	-	0.0	-	-	-	-	-	0.0	-
Structural arrangements	-5.8	-3.5	-3.8	-4.3	-5.5	-1.1	42.8	36.3	-13.2	-17.5
<b>Items in operating profit affecting comparability</b>	<b>-5.8</b>	<b>-2.6</b>	<b>-3.5</b>	<b>-1.9</b>	<b>0.8</b>	<b>-1.1</b>	<b>42.8</b>	<b>42.5</b>	<b>-11.9</b>	<b>-13.8</b>
Items in financial items affecting comparability	-	17.4	29.0	-0.1	-0.4	2.1	-	-	46.4	46.3
Items in income taxes affecting comparability	0.1	-1.5	0.5	1.3	1.1	0.2	0.9	2.1	-0.9	0.4
Items in net profit attributable to non-controlling interests affecting comparability	-	-	-	-	-	-	13.6	15.3	-	-
<b>Total items affecting comparability</b>	<b>-5.8</b>	<b>13.4</b>	<b>26.0</b>	<b>-0.7</b>	<b>1.5</b>	<b>1.2</b>	<b>57.2</b>	<b>59.9</b>	<b>33.6</b>	<b>32.9</b>
<b>Items in EBITDA affecting comparability</b>	<b>-5.6</b>	<b>-5.4</b>	<b>-2.0</b>	<b>-1.5</b>	<b>0.2</b>	<b>-1.1</b>	<b>44.8</b>	<b>43.9</b>	<b>-13.1</b>	<b>-14.5</b>
<b>Operating profit, comparable</b>										
Operating profit	51.6	119.9	148.6	127.8	65.9	154.1	224.6	444.6	320.1	447.8
Net of										
Items in operating profit affecting comparability	-5.8	-2.6	-3.5	-1.9	0.8	-1.1	42.8	42.5	-11.9	-13.8
<b>Operating profit, comparable</b>	<b>57.5</b>	<b>122.5</b>	<b>152.0</b>	<b>129.7</b>	<b>65.1</b>	<b>155.2</b>	<b>181.8</b>	<b>402.1</b>	<b>331.9</b>	<b>461.6</b>
<b>Operating profit excluding the impact of IFRS 16, comparable</b>										
Operating profit, comparable	57.5	122.5	152.0	129.7	65.1	155.2	181.8	402.1	331.9	461.6
Net of										
Rents for right-of-use assets	-102.3	-104.2	-104.0	-108.6	-105.4	-104.1	-96.1	-305.6	-310.5	-419.1
Plus										
Depreciation and impairment charges for right-of-use assets	79.7	81.4	81.3	85.8	84.4	82.7	76.1	243.2	242.4	328.2
<b>Operating profit excluding the impact of IFRS 16, comparable</b>	<b>34.9</b>	<b>99.7</b>	<b>129.3</b>	<b>106.6</b>	<b>44.0</b>	<b>133.8</b>	<b>161.8</b>	<b>339.6</b>	<b>263.9</b>	<b>370.5</b>
<b>EBITDA</b>										
Operating profit	51.6	119.9	148.6	127.8	65.9	154.1	224.6	444.6	320.1	447.8
Plus										
Depreciation and impairment charges	35.3	41.1	41.7	43.4	40.9	43.8	41.7	126.4	118.1	161.5

Depreciation and impairment charges for right-of-use assets	80.8	75.8	83.1	85.4	83.9	82.7	77.8	244.4	239.7	325.0
<b>EBITDA</b>	<b>167.8</b>	<b>236.8</b>	<b>273.3</b>	<b>256.5</b>	<b>190.7</b>	<b>280.6</b>	<b>344.2</b>	<b>815.5</b>	<b>677.9</b>	<b>934.4</b>
<b>EBITDA, comparable</b>										
EBITDA	167.8	236.8	273.3	256.5	190.7	280.6	344.2	815.5	677.9	934.4
Net of										
Items in EBITDA affecting comparability	-5.6	-5.4	-2.0	-1.5	0.2	-1.1	44.8	43.9	-13.1	-14.5
<b>EBITDA, comparable</b>	<b>173.4</b>	<b>242.2</b>	<b>275.4</b>	<b>258.0</b>	<b>190.5</b>	<b>281.8</b>	<b>299.4</b>	<b>771.6</b>	<b>690.9</b>	<b>948.9</b>
<b>EBITDA excluding the impact of IFRS 16</b>										
EBITDA	167.8	236.8	273.3	256.5	190.7	280.6	344.2	815.5	677.9	934.4
Net of										
Rents for right-of-use assets	-102.5	-105.7	-106.0	-110.4	-105.3	-104.0	-97.8	-307.1	-314.2	-424.6
<b>EBITDA excluding the impact of IFRS 16</b>	<b>65.2</b>	<b>131.1</b>	<b>167.4</b>	<b>145.8</b>	<b>85.4</b>	<b>176.5</b>	<b>239.0</b>	<b>500.9</b>	<b>363.7</b>	<b>509.6</b>
<b>EBITDA excluding the impact of IFRS 16, comparable</b>										
EBITDA, comparable	173.4	242.2	275.4	258.0	190.5	281.8	299.4	771.6	690.9	948.9
Net of										
Rents for right-of-use assets	-102.3	-104.2	-104.0	-108.6	-105.4	-104.1	-96.1	-305.6	-310.5	-419.1
<b>EBITDA excluding the impact of IFRS 16, comparable</b>	<b>71.1</b>	<b>138.0</b>	<b>171.4</b>	<b>149.1</b>	<b>85.0</b>	<b>177.7</b>	<b>203.2</b>	<b>465.9</b>	<b>380.5</b>	<b>529.6</b>
<b>Profit before tax, comparable</b>										
Profit before tax	28.8	114.1	154.8	105.7	33.1	136.2	220.0	389.3	297.6	403.3
Net of										
Items in operating profit affecting comparability	-5.8	-2.6	-3.5	-1.9	0.8	-1.1	42.8	42.5	-11.9	-13.8
Items in financial items affecting comparability	-	17.4	29.0	-0.1	-0.4	2.1	13.6	15.3	46.4	46.3
<b>Profit before tax, comparable</b>	<b>34.6</b>	<b>99.2</b>	<b>129.3</b>	<b>107.7</b>	<b>32.7</b>	<b>135.2</b>	<b>163.6</b>	<b>331.5</b>	<b>263.1</b>	<b>370.7</b>
<b>Net profit, comparable</b>										
Profit before tax, comparable	34.6	99.2	129.3	107.7	32.7	135.2	163.6	331.5	263.1	370.7
Net of										
Income tax	6.1	23.3	25.3	14.9	6.4	31.0	30.2	67.6	54.7	69.6
Items in income tax affecting comparability	0.1	-1.5	0.5	1.3	1.1	0.2	0.9	2.1	-0.9	0.4
<b>Net profit, comparable</b>	<b>28.4</b>	<b>77.3</b>	<b>103.5</b>	<b>91.4</b>	<b>25.2</b>	<b>104.1</b>	<b>132.6</b>	<b>261.9</b>	<b>209.3</b>	<b>300.7</b>
<b>Net profit attributable to owners of the parent, comparable</b>										
Net profit, comparable	28.4	77.3	103.5	91.4	25.2	104.1	132.6	261.9	209.3	300.7
Net of										

Net profit attributable to non-controlling interests	-4.7	5.2	3.7	1.8	-8.0	9.9	-	2.0	4.2	6.0
Items in net profit attributable to non-controlling interests affecting comparability	-	-	-	-	-	-	-	-	-	-
<b>Net profit attributable to owners of the parent, comparable</b>	<b>33.2</b>	<b>72.1</b>	<b>99.8</b>	<b>89.7</b>	<b>33.1</b>	<b>94.2</b>	<b>132.6</b>	<b>259.9</b>	<b>205.0</b>	<b>294.7</b>
<b>Earnings per share, comparable, €</b>										
Net profit attributable to the owners of the parent, comparable	33.2	72.1	99.8	89.7	33.1	94.2	132.6	259.9	205.0	294.7
Average number of shares, basic, 1,000 pcs	396,108	396,236	396,277	396,296	396,432	396,583	396,635	396,635	396,277	396,296
<b>Earnings per share, comparable, €</b>	<b>0.08</b>	<b>0.18</b>	<b>0.25</b>	<b>0.23</b>	<b>0.08</b>	<b>0.24</b>	<b>0.33</b>	<b>0.66</b>	<b>0.52</b>	<b>0.74</b>
<b>Return on capital employed, %</b>										
Operating profit	51.6	119.9	148.6	127.8	65.9	154.1	224.6	444.6	320.1	447.8
Capital employed, average	4,537.4	4,673.8	4,956.6	5,064.1	5,015.1	4,810.5	4,521.0	4,769.4	4,724.4	4,803.3
<b>Return on capital employed, %</b>	<b>4.6</b>	<b>10.3</b>	<b>12.0</b>	<b>10.1</b>	<b>5.3</b>	<b>12.8</b>	<b>19.9</b>	<b>12.4</b>	<b>9.0</b>	<b>9.3</b>
<b>Return on capital employed, comparable, %</b>										
Operating profit, comparable	57.5	122.5	152.0	129.7	65.1	155.2	181.8	402.1	331.9	461.6
Capital employed, average	4,537.4	4,673.8	4,956.6	5,064.1	5,015.1	4,810.5	4,521.0	4,769.4	4,724.4	4,803.3
<b>Return on capital employed, comparable, %</b>	<b>5.1</b>	<b>10.5</b>	<b>12.3</b>	<b>10.2</b>	<b>5.2</b>	<b>12.9</b>	<b>16.1</b>	<b>11.2</b>	<b>9.4</b>	<b>9.6</b>
<b>Group</b>										
<b>Return on equity, %</b>										
Net profit	22.2	101.7	128.6	92.8	26.6	105.3	189.8	321.7	252.4	345.2
Equity, average	2,042.7	2,000.3	1,997.6	2,099.8	2,115.4	2,027.7	2,003.6	2,091.4	2,039.9	2,080.9
<b>Return on equity, %</b>	<b>4.3</b>	<b>20.3</b>	<b>25.7</b>	<b>17.7</b>	<b>5.0</b>	<b>20.8</b>	<b>37.9</b>	<b>20.5</b>	<b>16.5</b>	<b>16.6</b>
<b>Return on equity, comparable, %</b>										
Net profit, comparable	27.6	88.6	103.5	93.5	25.2	104.1	132.6	261.9	219.7	313.2
Equity, average	2,042.7	2,000.3	1,997.6	2,099.8	2,115.4	2,027.7	2,003.6	2,091.4	2,039.9	2,080.9
<b>Return on equity, comparable, %</b>	<b>5.4</b>	<b>17.7</b>	<b>20.7</b>	<b>17.8</b>	<b>4.8</b>	<b>20.5</b>	<b>26.5</b>	<b>16.7</b>	<b>14.4</b>	<b>15.1</b>
<b>Equity ratio, %</b>										
Shareholders' equity	2,064.4	1,936.3	2,058.8	2,140.8	2,090.0	1,965.3	2,042.0	2,042.0	2,058.8	2,140.8
Total assets	6,523.8	6,985.0	6,987.9	6,899.3	6,987.8	7,119.2	6,653.7	6,653.7	6,987.9	6,899.3
Advances received	35.4	37.0	24.4	34.6	28.5	29.3	21.9	21.9	24.4	34.6
<b>Equity ratio, %</b>	<b>31.8</b>	<b>27.9</b>	<b>29.6</b>	<b>31.2</b>	<b>30.0</b>	<b>27.4</b>	<b>30.8</b>	<b>30.8</b>	<b>29.6</b>	<b>31.2</b>

### 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.-30.9.2020		1.7.-30.9.2020	
	€ million	Change, % <sup>*)</sup>	€ million	Change, % <sup>*)</sup>
<b>K Group's grocery trade</b>				
K-Citymarket, food	1,416.2	13.3	472.9	10.9
K-Citymarket, non-food	404.9	-1.2	147.6	2.9
K-Supermarket	1,662.4	8.7	554.4	5.6
K-Market	1,503.0	7.0	524.3	6.3
Neste K	86.5	-12.7	30.5	-10.4
Others	35.3	8.6	13.7	11.4
<b>Retail sales, total</b>	<b>5,108.4</b>	<b>8.1</b>	<b>1,743.3</b>	<b>6.7</b>
Kespro	587.3	-16.3	226.9	-8.5
<b>Grocery trade, total</b>	<b>5,695.7</b>	<b>4.9</b>	<b>1,970.2</b>	<b>4.7</b>
<b>K Group's building and technical trade</b>				
K-Rauta	918.2	9.8	331.6	4.5
Rautakesko B2B Service	190.1	-1.0	62.4	-5.7
Onninen, Finland	724.1	8.6	253.8	6.2
Leisure trade, Finland	183.1	-10.1	69.6	0.7
<b>Finland, total</b>	<b>2,015.6</b>	<b>6.2</b>	<b>717.3</b>	<b>3.8</b>
K-Rauta, Sweden	145.3	12.2	50.8	18.4
K-Bygg, Sweden	178.1	8.7	64.1	9.9
Onninen and Mark & Infra i Sverige, Sweden	84.5	0.2	25.4	-12.7
Byggmakker and Carlsen Fritzøe, Norja	541.0	0.8	191.5	-0.7
Onninen, Norway	174.4	-7.9	56.4	-5.9
Onninen, Baltic countries	58.3	-5.7	20.8	-12.1
Onninen, Poland	171.1	-1.8	62.2	-2.8
<b>Other countries, total</b>	<b>1,352.8</b>	<b>1.0</b>	<b>471.2</b>	<b>0.1</b>
Kesko Senukai	680.7	6.1	253.6	6.4
<b>Building and technical trade, total</b>	<b>4,049.1</b>	<b>4.4</b>	<b>1,442.2</b>	<b>3.0</b>
<b>K Group's car trade</b>				
K-Caara	462.2	-1.2	169.8	9.3
K-Auto, import	159.2	-22.9	56.1	-6.2
AutoCarrera	49.5	70.2	22.3	(..)
<b>Car trade, total</b>	<b>671.0</b>	<b>-4.6</b>	<b>248.2</b>	<b>10.1</b>
<b>Finland, total</b>	<b>8,383.2</b>	<b>4.4</b>	<b>2,935.8</b>	<b>4.9</b>
<b>Other countries, total</b>	<b>2,033.5</b>	<b>2.6</b>	<b>724.9</b>	<b>2.2</b>
<b>Retail and B2B sales, total</b>	<b>10,415.8</b>	<b>4.0</b>	<b>3,660.6</b>	<b>4.3</b>

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