



#### KESKO CORPORATION INTERIM REPORT FOR JANUARY-MARCH 29.4.2022 AT 8.00

# Kesko's interim report for 1 Jan. - 31 March 2022: Best Q1 result in Kesko's history thanks to strong performance in building and technical trade

#### FINANCIAL PERFORMANCE IN BRIEF:

#### 1-3/2022

- Group net sales in January-March totalled €2,707.3 million (€2,539.4 million), an increase of 6.5% in comparable terms, reported net sales grew by 6.6%
- Comparable operating profit totalled €143.7 million (€116.2 million), up by €27.6 million
- Operating profit totalled €144.6 million (€115.7 million)
- Comparable earnings per share €0.27 (€0.20)
- Reported Group earnings per share €0.26 (€0.20)

## **KEY PERFORMANCE INDICATORS**

	1-3/2022	1-3/2021	1-12/2021
Net sales, € million	2,707.3	2,539.4	11,300.2
Operating profit, comparable, € million	143.7	116.2	775.5
Operating margin, comparable, %	5.3	4.6	6.9
Operating profit, € million	144.6	115.7	775.2
Profit before tax, comparable, € million	131.6	99.6	710.4
Profit before tax, € million	128.9	99.2	712.9
Cash flow from operating activities, € million	71.0	155.1	1,152.0
Capital expenditure, € million	126.2	44.2	276.6
Earnings per share, €, basic and diluted	0.26	0.20	1.44
Earnings per share, comparable, €, basic	0.27	0.20	1.43

	1-3/2022	1-3/2021	1-12/2021
Return on capital employed, comparable, %, rolling 12 months	17.7	13.4	17.2
Return on equity, comparable, %, rolling 12 months	24.1	20.0	24.1

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

# **OUTLOOK AND GUIDANCE FOR 2022**

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

Kesko estimates that its comparable operating profit in 2022 will be in the range of €730-840 million.

The company issued a stock exchange release on 25 April 2022 and raised its profit guidance. Before, the company estimated that the comparable operating profit would be in the range of  $\leq$ 680–800 million. In 2021, Kesko's comparable operating profit totalled  $\leq$ 775.5 million.



Kesko has become the leading operator in Northern European building and technical trade. Successful strategic choices, including increased focus on B2B trade, improve our profitability. Demand in building and technical trade is expected to continue to be stronger than previously anticipated especially in B2B trade. In addition to strong demand, profit is expected to increase due to stronger-than-anticipated rise in prices.

In grocery trade, performance is expected to stay good. In particular, sales development and profit for Kespro's foodservice business are expected to be stronger than previously anticipated.

Assessments for outlook and predictions for demand are made more difficult by uncertainties related to geopolitics, overall economic development, inflation, and the availability of goods, as well as by the Covid-19 pandemic.

#### PRESIDENT AND CEO MIKKO HELANDER:

Kesko's first-quarter result in 2022 was the best Q1 result in the company's history, thanks to the strong performance of the building and technical trade division. Our quarter-result has improved on its comparison period for 12 consecutive quarters. Our net sales grew by 6.5% in comparable terms, totalling €2,707 million. Our comparable operating profit totalled a record €144 million, representing an increase of some €28 million. Kesko's profitable growth is based in particular on the right strategic choices and their successful execution.

In the building and technical trade division, good performance in all operating countries resulted in a record Q1 result. Net sales grew by €200 million and profit doubled year-on-year. Sales and profitability improved significantly thanks to the good performance in B2B trade, which now accounts for nearly 80% of the division's sales – the figure has quadrupled since 2014. Construction activity is high in Northern Europe. Increased price inflation has caused the building and technical trade market to grow. Prolonged price inflation could cause delays in construction starts.

Our result in food trade was also good in Q1. The total food trade market in Finland amounts to some €20 billion: some 88% of the market is grocery store sales and some 10% foodservice sales. Consumer online grocery sales account for some 2% of the total market. In food trade, we have the most extensive network of grocery stores in Finland, Kespro's market-leading foodservice business, and leading online grocery trade operations. Together, these form a versatile combination in food trade and Kesko is the only operator that is strong in all three areas. New players entering the Finnish food trade have not had a noticeable impact on Kesko's grocery trade business. The development of our online grocery business does not differ between the Helsinki region and the rest of Finland despite new players entering the market in the Helsinki region. Consumption growth in foodservice has been fast as the pandemic has eased. Kespro's net sales grew by over 27% and rose to a new record. Kespro has continued to significantly increase its market share.

In the car trade division, profitability improved despite availability issues. Profit improved thanks to sales margin growth and cost savings. Net sales were down due to delays in new car deliveries. The division's operating margin improved and stood at 4.8%. The order book for new cars is record-high. We will continue to develop and transform our car trade operations in line with our strategy.

In March, Kesko's Board of Directors approved a new ambitious sustainability strategy for the company, and tied management compensation to sustainability targets. The new strategy sets clear sustainability targets for the operations of Kesko and its three divisions, focusing on climate and nature, value chain sustainability, responsibility for people, and good governance.

As a response to Russia's offensive war in Ukraine, we made the decision in February to discontinue the purchases of Russian products and the export of food products to Russia. Our purchases from Russia have been very minor in recent years. The war and the sanctions imposed will have a significant impact on the global economy. We are actively monitoring the situation and will adjust our management and operations as necessary.

The outlook for Kesko's business operations has improved. Consequently, Kesko estimates that its comparable operating profit in 2022 will be in the range of €730-840 million, while our previous estimate was €680-800 million.



#### **IMPORTANT EVENTS**

#### **POSITIVE PROFIT WARNING 25 APRIL 2022**

Kesko raised its profit guidance for 2022 on 25 April 2022. The company estimates that its comparable operating profit in 2022 will be in the range of  $\leq$ 730-840 million. Before, the company estimated that the comparable operating profit would be in the range of  $\leq$ 680-800 million.

## FINANCIAL PERFORMANCE

#### **NET SALES AND PROFIT IN JANUARY-MARCH 2022**

1-3/2022	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million
Grocery trade	1,382.1	+1.6	+1.6	80.3	-0.9
Building and technical trade, excl. speciality goods trade	1,071.0	+23.3	+22.3	56.4	+26.6
Speciality goods trade	53.0	-4.9	+3.8	5.5	+0.7
Kesko Senukai	-	-	-	-0.4	+2.9
Building and technical trade, total	1,124.0	+21.6	+21.3	61.5	+30.2
Car trade	208.2	-20.0	-20.0	9.9	-1.2
Common functions and eliminations	-6.9	+24.1	+26.2	-8.0	-0.5
Total	2,707.3	+6.6	+6.5	143.7	+27.6

Group net sales increased by 6.5% in comparable terms. Net sales increased in comparable terms by 3.3% in Finland and by 23.2% elsewhere. The comparable change % has been calculated in local currencies and excluding the impact of acquisitions and divestments completed. The Group's reported net sales in January-March grew by 6.6%.

Net sales for the grocery trade division grew by 1.6%. Sales to K Group's grocery store chains decreased by 2.0%. Net sales for Kespro's foodservice business grew by 27.4% in January-March. As Covid-19 restrictions were less severe than in the comparison period, demand was relatively more geared towards foodservice than retail.

Net sales for the building and technical trade division increased by 21.6%, or by 21.3% in comparable terms. Net sales grew in comparable terms in all operating countries. Growth in B2B trade continued strong in all operating countries. The growth was underpinned by stronger-than-anticipated construction market volume development and rising prices in some product categories.

Net sales for the car trade division decreased by 20.0% in January-March. The performance was impacted by the weakened availability of cars.

The Group's comparable operating profit totalled €143.7 million in January-March, an increase of €27.6 million. In the grocery trade division, profitability for the comparison period was improved by the timing of Easter wholesale in Q1 in 2021. Profitability was also impacted by higher logistics costs compared to the previous year. In the building and technical trade division, net sales and comparable operating profit grew underpinned by a strong market. The comparable operating profit grew in the building and home improvement trade and Onninen's technical trade in all operating countries. In the car trade division, relative profitability improved, but the comparable operating profit decreased by €1.2 million.



Items affecting comparability, € million	1-3/2022	1-3/2021	1-12/2021
Operating profit, comparable	143.7	116.2	775.5
Items affecting comparability			
+gains on disposal	-	+0.5	+1.4
-losses on disposal	-0.1	-0.0	-0.0
-impairment charges	-	-	-5.4
+/-structural arrangements	+1.0	-0.9	+3.7
Items affecting comparability, total	+0.9	-0.4	-0.3
Operating profit	144.6	115.7	775.2

K Group's (Kesko and the chain stores) retail and B2B sales (VAT 0%) amounted to €3,517.7 million in January-March, up by 7.2% compared to the previous year. During the 12-month period that ended in March, the number of Finnish households belonging to the K-Plussa loyalty scheme and using the Plussa network totalled 2.4 million, with 3.3 million customers using their K-Plussa card.

# Net finance costs, income tax and earnings per share

	1-3/2022	1-3/2021	1-12/2021
Net finance costs, € million	-16.2	-16.3	-68.2
Interests on lease liabilities, € million	-17.2	-18.6	-71.3
Profit before tax, comparable, € million	131.6	99.6	710.4
Profit before tax, € million	128.9	99.2	712.9
Income tax, € million	-25.6	-20.8	-141.1
Earnings per share, comparable, €	0.27	0.20	1.43
Earnings per share, €	0.26	0.20	1.44
Equity per share, €	6.65	5.78	6.37

The development of the Group's net finance costs in January-March was impacted by the decrease in interest expenses for lease liabilities. The share of result of associates was  $\leq 0.4$  million ( $\leq -0.3$  million).

The Group's comparable profit before tax in January-March grew thanks to operating profit growth. The Group's effective tax rate was 19.9% (21.0%).

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

#### **CASH FLOW AND FINANCIAL POSITION**

€ million	1-3/2022	1-3/2021	1-12/2021
Cash flow from operating activities	71.0	155.1	1,152.0
Cash flow from investing activities	-66.9	-37.4	-292.3
Cash flow from financing activities	-55.9	-108.0	-834.4

€ million	31.3.2022	31.3.2021	31.12.2021
Liquid assets	319.6	316.3	387.7
Interest-bearing liabilities	2,367.1	2,554.2	2,295.1
Lease liabilities	1,974.5	1,988.8	1,928.6
Interest-bearing net debt excl. lease liabilities	72.9	249.1	-21.3
Interest-bearing net debt/EBITDA, excl. IFRS 16 impact, rolling 12 months	0.1	0.3	0.0
Gearing, %	77.5	97.5	75.4
Equity ratio, %	36.5	34.0	36.6



The Group's cash flow from operating activities in January-March totalled  $\leq$ 71.0 million ( $\leq$ 155.1 million). The cash flow was weakened by growth in working capital. In addition, the cash flow from operating activities in the comparison period included a  $\leq$ 38.6 million return of surplus assets paid by Kesko Pension Fund.

The Group's cash flow from investing activities was a negative €66.9 million (€-37.4 million) in January-March. Cash flow from investing activities included a positive item of €15.4 million from the redemption of money market funds, included in the Group's liquid assets.

#### **CAPITAL EXPENDITURE**

€ million	1-3/2022	1-3/2021	1-12/2021
Capital expenditure	126.2	44.2	276.6
Store sites	79.8	15.2	129.0
Acquisitions	19.7	1.2	13.8
IT	11.8	6.3	42.2
Other investments	14.8	21.4	91.6

Capital expenditure in store sites increased by €64.6 million in January-March from the comparison period. Capital expenditure in store sites included the property of K-Citymarket Turtola in Tampere, €40.3 million: the ownership of the property was transferred to the Group as a result of a return of surplus assets by Kesko Pension Fund. The investment did not have a cash flow impact.

Acquisitions included Kungälvs Trävaruaktiebolag in Sweden.

#### **PERSONNEL**

	1-3/2022	1-3/2021	1-12/2021
Average number of personnel converted into full-time employees	14,158	13,932	14,232
Personnel at the end of the reporting period	31.3.2022	31.3.2021	31.12.2021
Finland	12,356	12,207	12,442
Other countries	5,009	4,913	4,960
Total	17,366	17,120	17,402

## **SEGMENTS**

#### **SEASONAL NATURE OF OPERATIONS**

The Group's operating activities are affected by seasonal fluctuations. The net sales and the operating profits of the reportable segments are not earned evenly throughout the year. Instead, they vary by quarter depending on the characteristics of each segment. In terms of the level of operating profit, the second and third quarter are the strongest, whereas the impact of the first quarter on the full-year profit is the smallest.

## **GROCERY TRADE**

# January-March 2022

	1-3/2022	1-3/2021	1-12/2021
Net sales, € million	1,382.1	1,360.6	5,909.0
Operating profit, comparable, € million	80.3	81.1	442.9
Operating margin, comparable, %	5.8	6.0	7.5
Return on capital employed, comparable, %, rolling 12 months	20.4	18.0	20.6
Capital expenditure, € million	83.0	14.7	122.8
Personnel, average	6,072	5,872	6,126



Net sales, € million	1-3/2022	1-3/2021	Change, %	Change, comparable, %	1-12/2021
Sales to K-food stores	1,017.3	1,038.2	-2.0	-2.0	4,333.2
K-Citymarket, non-food	126.5	132.0	-4.1	-4.1	618.6
Kespro	216.2	169.8	+27.4	+27.4	862.7
Others	22.1	20.7	+6.6	+6.6	94.5
Total	1,382.1	1,360.6	+1.6	+1.6	5,909.0

Net sales for the grocery trade division in January-March amounted to €1,382.1 million (€1,360.6 million), an increase of 1.6%. Sales to K Group's grocery store chains decreased by 2.0%. Net sales for Kespro's foodservice business grew by 27.4% in January-March. As Covid-19 restrictions were less severe than in the comparison period, demand was relatively more geared towards foodservice than retail.

The total retail grocery market in Finland (incl. VAT) is estimated to have grown by approximately 1.0% in January-March (Finnish Grocery Trade Association PTY) and retail prices are estimated to have risen by some 3.5% (incl. VAT, Kesko's own estimate). K Group's grocery sales decreased by 0.8% (incl. VAT). Online grocery sales decreased by 7.1%, and accounted for approximately 3.9% of K Group's grocery sales (incl. VAT). Online grocery sales were exceptionally high in the comparison period due to the Covid-19 pandemic. All K Group grocery store chains offer online grocery sales services. The number of K Group stores offering online grocery services was 541 at the end of the reporting period. The total market for the foodservice business is estimated to have grown by 21.7% in January-March (Finnish Grocery Trade Association PTY).

The comparable operating profit for the grocery trade division in January-March amounted to €80.3 million (€81.1 million), down by €0.9 million. Profitability for the comparison period was improved by the timing of Easter wholesale in Q1 in 2021. Profitability was also impacted by higher logistics costs compared to the previous year. Operating profit for the grocery trade division totalled €81.4 million (€81.1 million). Items affecting comparability totalled €1.1 million (€0.0 million).

Capital expenditure for the grocery trade division in January-March totalled  $\leqslant$ 83.0 million ( $\leqslant$ 14.7 million). Capital expenditure in store sites totalled  $\leqslant$ 74.2 million ( $\leqslant$ 12.7 million). Capital expenditure in store sites included the property for K-Citymarket Turtola in Tampere,  $\leqslant$ 40.3 million: the ownership of the property was transferred to the Group as a result of a return of surplus assets by Kesko Pension Fund. The investment did not have a cash flow impact.



# **BUILDING AND TECHNICAL TRADE**

# January-March 2022

	1-3/2022	1-3/2021	1-12/2021
Net sales, € million	1,124.0	924.3	4,387.7
Building and technical trade, excl. speciality goods trade and Kesko Senukai	1,071.0	868.5	4,164.0
Building & home improvement trade	564.7	479.7	2,292.3
Onninen	522.1	401.9	1,930.3
Speciality goods trade	53.0	55.7	223.7
Operating profit, comparable, € million	61.5	31.4	318.0
Building and technical trade, excl. speciality goods trade and Kesko Senukai	56.4	29.8	275.4
Building & home improvement trade	20.1	13.5	154.2
Onninen	36.6	16.6	122.3
Speciality goods trade	5.5	4.8	21.2
Kesko Senukai	-0.4	-3.2	21.5
Operating margin, comparable, %	5.5	3.4	7.2
Building and technical trade, excl. speciality goods trade and Kesko Senukai	5.3	3.4	6.6
Building & home improvement trade	3.6	2.8	6.7
Onninen	7.0	4.1	6.3
Speciality goods trade	10.5	8.7	9.5
	1-3/2022	1-3/2021	1-12/2021
Return on capital employed, comparable, %, rolling 12 months	20.6	13.1	19.0
Capital expenditure, € million	25.9	5.5	43.1
Personnel, average	5,997	5,963	5,977

				Change, comparable,	
Net sales, € million	1-3/2022	1-3/2021	Change, %	%	1-12/2021
Building and home improvement trade, Finland	287.1	240.7	+19.3	+19.8	1,078.5
K-Rauta, Sweden	36.1	37.4	-3.5	-0.0	200.6
K-Bygg, Sweden	69.9	55.4	+26.3	+16.4	294.6
Byggmakker, Norway	172.1	146.6	+17.4	+13.5	721.0
Building and home improvement trade, total	564.7	479.7	+17.7	+15.9	2,292.3
Onninen, Finland	287.6	233.8	+23.0	+23.0	1,121.0
Onninen and MIAB, Sweden	32.2	21.3	+50.9	+56.3	118.7
Onninen, Norway	86.5	67.5	+28.1	+23.9	296.1
Onninen, Baltics	27.2	18.5	+46.8	+46.8	94.8
Onninen, Poland	90.0	61.5	+46.3	+48.8	303.3
Onninen, total	522.1	401.9	+29.9	+29.9	1,930.3
Building and technical trade, excl. speciality goods trade,					
total	1,071.0	868.5	+23.3	+22.3	4,164.0
Sports trade, Finland	53.0	52.7	+0.6	+3.8	215.5
Speciality goods trade, total	53.0	55.7	-4.9	+3.8	223.7
Total	1,124.0	924.3	+21.6	+21.3	4,387.7

Net sales for the building and technical trade division increased by 21.6%, or by 21.3% in comparable terms. Net sales grew in comparable terms in all operating countries. Growth in B2B trade continued strong in all operating countries. The growth was underpinned by stronger-than-anticipated market volume development and rising



prices in some product categories. In euro-terms, net sales were positively impacted by the strengthening of the Norwegian krone against the euro. The weakening of the Swedish krona and the Polish zloty against the euro diminished net sales development in euro terms.

In Finland, net sales for the building and technical trade division in January-March totalled €614.1 million (€518.6 million), up by 18.4%. In comparable terms, net sales in Finland increased by 19.7%. Net sales from international operations totalled €509.9 million (€405.7 million) in January-March, up by 25.7%. In comparable terms, net sales from international operations grew by 23.2%.

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

The comparable operating profit for the building and technical trade division totalled €61.5 million (€31.4 million) in January-March, up by €30.2 million year-on-year. Net sales and comparable operating profit for the division grew underpinned by a strong market. Comparable operating profit grew in both building and home improvement trade and Onninen's technical trade in all operating countries. The changes implemented in recent years have had a significant positive impact on the division's profitability alongside acquisitions carried out and their successful integration. The comparable operating profit for the speciality goods trade grew.

Operating profit for the building and technical trade division totalled  $\leq$ 61.4 million ( $\leq$ 31.0 million). Items affecting comparability totalled  $\leq$ -0.2 million ( $\leq$ -0.4 million).

Capital expenditure for the building and technical trade division totalled €25.9 million (€5.5 million) in January-March. This included the acquisition of Kungälvs Trävaruaktiebolag in Sweden.

#### **CAR TRADE**

#### January-March 2022

	1-3/2022	1-3/2021	1-12/2021
Net sales, € million	208.2	260.1	1,028.3
Operating profit, comparable, € million	9.9	11.2	52.2
Operating margin, comparable, %	4.8	4.3	5.1
Return on capital employed, comparable, %, rolling 12 months	13.8	7.7	14.0
Capital expenditure, € million	8.5	17.8	71.2
Personnel, average	1,155	1,243	1,225

				Change,	
Net sales, € million	1-3/2022	1-3/2021	Change, %	comparable, %	1-12/2021
Car trade	208.2	260.1	-20.0	-20.0	1,028.3

Net sales for the car trade division decreased by 20.0% in January-March. The performance was impacted by the weakened availability of cars.

The combined market performance of first registrations of passenger cars and vans was -21.8% in January-March. The combined market share of the Volkswagen, Audi, SEAT, CUPRA, Porsche and Bentley passenger cars and Volkswagen and MAN vans imported by the car trade division was 12.5% (17.1%) in January-March.

The comparable operating profit for the car trade division in January-March totalled €9.9 million (€11.2 million). It decreased by €1.2 million. Relative profitability for the car trade division improved, but the comparable operating profit was weakened by the weakened availability of cars. Operating profit for the car trade division in January-March totalled €9.9 million (€11.2 million).

Capital expenditure for the car trade division totalled €8.5 million (€17.8 million) in January-March.



#### **CHANGES IN GROUP COMPOSITION**

Kesko acquired Kungälvs Trävaruaktiebolag, a company that serves professional builders in Sweden, on 1 March 2022.

# SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of March 2022, the total number of shares in Kesko Corporation was 400,079,008, of which 126,948,028, or 31.7%, were A shares, and 273,130,980, or 68.3%, were B shares. On 31 March 2022, Kesko Corporation held 2,629,599 of its own B shares as treasury shares.

These treasury shares accounted for 0.96% of the total number of B shares, 0.66% of the total number of shares, and 0.17% of votes attached to all shares in the company. The total number of votes attached to all shares was 1,542,611,260. Each A share carries ten (10) votes and each B share one (1) vote. The company cannot vote with own shares held by it as treasury shares and no dividend is paid on them. At the end of March 2022, Kesko Corporation's share capital was €197,282,584.

The price of a Kesko A share quoted on Nasdaq Helsinki was €27.15 at the end of 2021, and €23.40 at the end of March 2022, representing a decrease of 13.8%. Correspondingly, the price of a Kesko B share was €29.34 at the end of 2021, and €25.01 at the end of March 2022, representing a decrease of 14.8%. In January-March 2022, the highest A share price was €27.30 and the lowest €20.25. The highest B share price was €29.65 and the lowest €21.58. The Nasdaq Helsinki All-Share index (OMX Helsinki) was down by 13.0% and the weighted OMX Helsinki Cap index by 12.5% in January-March 2022. The Retail Sector Index was down by 21.7%.

At the end of March 2022, the market capitalisation of the A shares was  $\leq$ 2,971 million. The market capitalisation of the B shares was  $\leq$ 6,765 million, excluding the shares held by the parent company. The combined market capitalisation of the A and B shares was  $\leq$ 9,736 million, down by  $\leq$ 1,637 million from the end of 2021.

In January-March 2022, a total of 2.1 million A shares were traded on Nasdaq Helsinki. The exchange value of the A shares was €50.0 million. Meanwhile, 39.2 million B shares were traded, with an exchange value of €1,022 million. Nasdaq Helsinki accounted for over 95% of the trading on Kesko's A and B shares in January-March. Kesko shares were also traded on multilateral trading facilities, the most significant of which was Turquoise (source: Euroland).

At the end of March 2022, the number of registered shareholders was 69,663, the highest figure in the company's history. Foreign ownership of all shares was 40.2% at the end of March, and foreign ownership of B shares 57.8%.

Kesko has a share-based commitment and incentive scheme. To implement the scheme, Kesko's Board of Directors may decide, within the share issue authorisations granted by the company's General Meeting, to transfer Kesko B shares held by the company as treasury shares. In January-March 2022, Kesko Corporation transferred 339,781 Kesko B shares held as treasury shares to members of management and other selected key persons in accordance with the terms and conditions of the share award plans. 716 B shares were returned to the company without consideration based on the same terms and conditions. Kesko issued related stock exchange releases on 15 March 2022, 18 March 2022 and 17 February 2022. Kesko issued a stock exchange release on 3 February 2022 regarding the most recent share-based commitment and incentive plans.

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

#### **KEY EVENTS DURING THE REPORTING PERIOD**

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

Kesko's Board of Directors approved a new sustainability strategy for the company. The strategy sets clear sustainability targets for the operations of Kesko and its three divisions. The focus areas of the strategy are



climate and nature, value chain sustainability, responsibility for people, and good governance. (Investor news 21.3.2022)

## **KEY EVENTS AFTER THE REPORTING PERIOD**

Kesko Corporation's Annual General Meeting was held on Thursday, 7 April 2022, at Kesko Corporation's K-Kampus headquarters, with exceptional procedures in place and without any shareholders or their representatives present. To prevent the spread of the Covid-19 pandemic, Kesko's Board of Directors decided to have exceptional meeting procedures in place based on the temporary legislative act 375/2021. Read more in the section: Resolutions of the Annual General Meeting 2022 (Stock exchange releases 11.2.2022 and 7.4.2022)

Kesko issued a positive profit warning on 25 April 2022 and raised its 2022 profit guidance. The company estimates that its comparable operating profit in 2022 will be in the range of  $\le$ 730-840 million. Before, the company estimated that the comparable operating profit would be in the range of  $\le$ 680-800 million. (Stock exchange release 25.4.2022)

## **RESOLUTIONS OF THE ANNUAL GENERAL MEETING 2022**

The Annual General Meeting of Kesko Corporation on 7 April 2022 adopted the company's financial statements for 2021. The Annual General Meeting resolved to distribute a dividend of  $\leq$ 1.06 per share on shares held outside the company. The dividend shall be paid in four instalments. The record date of the first dividend instalment of  $\leq$ 0.27/share was 11 April 2022 and the pay date 20 April 2022. The record date of the second dividend instalment of  $\leq$ 0.26/share is 22 June 2022 and the pay date 29 June 2022. The record date of the third dividend instalment of  $\leq$ 0.27/share is 13 September 2022 and the pay date 20 September 2022. The record date of the fourth dividend instalment of  $\leq$ 0.26/share is 13 December 2022 and the pay date 20 December 2022. The Board was authorised to decide, if necessary, on new dividend payment record dates and pay dates for the second, third and/or fourth instalments, if the rules and statutes of the Finnish book-entry system change or otherwise so require. The remaining distributable assets will remain in equity.

The Annual General Meeting discharged the Board members and the Managing Director from liability for the financial year 2021. The Annual General Meeting approved the Remuneration Report for Governing Bodies for 2021. The resolution concerning the Remuneration Report is advisory in nature.

As proposed by the Shareholders' Nomination Committee, the Annual General Meeting resolved to leave the Board members' fees and the basis for reimbursement of expenses unchanged. Board members' remuneration and the basis for reimbursement of their expenses for the 2022-2023 period are as follows:

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

The aforementioned annual fees will be made in Kesko Corporation's B shares and in cash, with approximately 30% of the fees paid in shares. After the transfer of shares, the remaining amount is to be paid in cash. The company will acquire the shares or transfer shares held by the company as treasury shares in the name and on behalf of the Board members. The company will be responsible for the costs arising from the acquisition of the shares. The shares will be acquired or transferred to the Board members on the first working day to follow the publication of the interim report for the first quarter of 2022. A Board member cannot transfer shares obtained in this manner until either three years have passed from the day the member has received the shares or their membership on the Board has ended, whichever comes first.



As proposed by the Board, the Annual General Meeting re-elected the firm of authorised public accountants Deloitte Oy as the company's Auditor, with APA Jukka Vattulainen continuing as the auditor with principal responsibility. The Annual General Meeting resolved that the Auditor's fee and the reimbursement of the Auditor's expenses will be paid according to an invoice approved by the company.

The Annual General Meeting resolved, in accordance with the Board's proposal, to authorise the Board to decide on the repurchase of the company's B series shares. Under the authorisation, the Board will be entitled to decide on the repurchase of a maximum of 16,000,000 of the company's own B shares. The authorisation is valid until 30 June 2023.

The Annual General Meeting resolved, in accordance with the Board's proposal, to authorise the Board to decide on the issuance of new B series shares as well as of own B shares held by the company as treasury shares. The number of B shares thereby issued would total at maximum 33,000,000. The authorisation is valid until 30 June 2023.

The Annual General Meeting resolved to authorise the Board to decide on donations in a total maximum of €300,000 for charitable or corresponding purposes until the Annual General Meeting to be held in 2023, and to decide on the donation recipients, purposes of use, and other terms and conditions of the donations.

## **SUSTAINABILITY**

In March, the Board of Directors of Kesko Corporation approved a new sustainability strategy for the company, setting clear sustainability targets for the operations of Kesko and its three divisions. The focus areas of the strategy are climate and nature, value chain sustainability, responsibility for people, and good governance.

In terms of **climate and nature**, Kesko focuses on reducing emissions from its own operations and in the whole value chain. Kesko aims to reach carbon neutrality by 2025 and to cut its emissions to zero by 2030. The new strategy also emphasises biodiversity more. In circular economy, the focus is on packaging and reducing food waste.

Kesko is developing its **value chain** sustainability by supporting sustainable choices for its customers, challenging suppliers to set emission reduction targets, increasing purchasing chain audits, and increasing the share of sustainable products of its net sales.

When it comes to **people**, Kesko focuses on employee safety and wellbeing and on fostering diversity, inclusion and equal opportunities.

To ensure **good governance**, key aspects include the implementation of the K Code of Conduct, linking management remuneration to sustainability performance, and building stronger sustainability competencies among all personnel.

As part of the sustainability strategy, Kesko's Board of Directors decided to set sustainability-linked criteria for Kesko's share-based commitment and incentive plans (Performance Share Plans) PSP 2021-2024 and PSP 2022-2025. In addition to financial indicators, the share award plans include targets linked to emission reductions and international sustainability indices and assessments for the year 2022.

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

#### **KEY EVENTS IN 01:**

In January, Kesko ranked 69th on the Global 100 Most Sustainable Corporations in the World list by Corporate Knights. Kesko is the only company in the world to have made the list every year since its inception in 2005.

In February, Kesko was recognised as a Supplier Engagement Leader by the global environmental organisation CDP, thanks to its success in committing suppliers to reduce emissions.

In March, Kesko published a Sustainability report as part of its Annual Report, and a Data Balance Sheet report as the first listed company in Finland.



#### **RISK MANAGEMENT**

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

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

The Group's most significant risks and uncertainties, as well as material changes in, responses to and indicators for them are reported to the Kesko Board's Audit Committee quarterly in connection with the review of interim reports, the half-year financial report, and financial statements. The Audit Committee Chair reports on risk management to the Board as part of Audit Committee reporting. The most significant risks and uncertainties are reported to the market by the Board in the Report by the Board of Directors, and any material changes in them in the interim reports and the half-year financial report. The most significant changes in risks are related to the impacts of the war in Ukraine on the overall economy, inflation and energy price development, changes in customer demand and consumer purchasing power, and global supply chains and product availability.

Helsinki, 28 April 2022 Kesko Corporation Board of Directors

The information in this interim report is unaudited.

Further information is available from Jukka Erlund, Executive Vice President, Chief Financial Officer, tel. +358 105 322 113, Hanna Jaakkola, Vice President, Investor Relations, tel. +358 105 323 540, and Eva Kaukinen, Vice President, Group Controller, tel. +358 105 322 338. An English-language audio conference on the results briefing will be held on 29 April 2022 at 9.00 am (Finnish time). The audio conference login is available on Kesko's website at <a href="https://www.kesko.fi">www.kesko.fi</a>. A Finnish-language webcast of the interim report briefing can be viewed at 11.30 am (Finnish time) at <a href="https://www.kesko.fi">www.kesko.fi</a>.

Kesko Corporation's half-year financial report for January-June 2022 will be published on 26 July 2022. In addition, Kesko Group's sales figures are published monthly. News releases and other company information are available on Kesko's website at <a href="https://www.kesko.fi">www.kesko.fi</a>.



## **ATTACHMENTS: TABLES SECTION**

Accounting policies Consolidated statement of comprehensive income Consolidated statement of financial position Consolidated statement of changes in equity Consolidated statement of cash flows Cash flow from leases Group performance indicators Segment information Change in tangible and intangible assets Right-of-use assets Related party transactions Credit and counterparty risk, trade receivables Fair value hierarchy of financial assets and liabilities Personnel average and at the end of the reporting period Group's commitments Calculation of performance indicators Reconciliation of performance indicators to IFRS financial statements K Group's retail and B2B sales

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# **TABLES SECTION**

# Accounting policies

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

Consolidated income statement (€ million), condensed				
	1-3/2022	1-3/2021	1-12/2021	
Net sales	2,707.3	2,539.4	11,300.2	
Material and services	-2,412.2	-2,271.2	-9,695.3	
Change in inventory	91.1	80.2	43.1	
Other operating income	228.0	218.3	957.3	
Employee benefit expense	-192.5	-185.5	-764.0	
Depreciation, amortisation and impairment charges	-40.2	-41.0	-176.8	
Depreciation and impairment charges for right-of-use assets	-78.3	-76.6	-310.3	
Other operating expenses	-158.2	-144.7	-607.2	
Share of result of joint ventures	-0.4	-3.2	28.0	
Operating profit	144.6	115.7	775.2	
Interest income and other finance income	2.1	2.3	12.5	
Interest expense and other finance costs	-0.4	-0.5	-8.6	
Interest expense for lease liabilities	-17.2	-18.6	-71.3	
Foreign exchange differences	-0.6	0.5	-0.8	
Share of result of associates	0.4	-0.3	5.9	
Profit before tax	128.9	99.2	712.9	
Income tax	-25.6	-20.8	-141.1	
Net profit for the period	103.2	78.4	571.8	
Attributable to				
Owners of the parent	103.2	78.4	571.8	
Earnings per share (€) for profit attributable to owners of the parent				
Basic and diluted	0.26	0.20	1.44	



Consolidated statement of comprehensive income (€ million)					
	1-3/2022	1-3/2021	1-12/2021		
Net profit for the period	103.2	78.4	571.8		
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains and losses	-5.0	17.3	40.0		
Items that may be reclassified subsequently to profit or loss					
Currency translation differences related to a foreign operation	8.1	8.8	9.8		
Share of other comprehensive income of associates and joint ventures	-1.3	-	-0.5		
Cash flow hedge revaluation	4.1	0.8	11.1		
Total other comprehensive income for the period, net of tax	5.9	26.9	60.4		
Total comprehensive income for the period	109.1	105.2	632.1		
Attributable to					
Owners of the parent	109.1	105.2	632.1		

Consolidated statement of financial position (€ million), cor	ndensed		
	31.3.2022	31.3.2021	31.12.2021
ASSETS			
Non-current assets			
Property, plant and equipment	1,604.3	1,453.4	1,537.6
Right-of-use assets	1,785.4	1,785.0	1,735.0
Goodwill	604.3	579.0	588.8
Intangible assets	190.8	202.3	190.1
Shares in associates and joint ventures	234.4	195.4	234.6
Other investments	11.9	22.7	15.5
Loans and other receivables	79.6	73.2	73.7
Pension assets	44.6	71.1	94.7
Total	4,555.3	4,382.1	4,470.1
Current assets			
Inventories	1,001.2	938.4	894.3
Trade receivables	1,100.8	924.2	909.2
Other receivables	287.6	226.9	304.1
Other financial assets	91.5	52.1	107.9
Cash and cash equivalents	228.2	264.3	279.8
Total	2,709.2	2,405.9	2,495.4
Non-current assets held for sale	0.5	0.5	0.5
Total assets	7,265.0	6,788.4	6,966.0



	31.3.2022	31.3.2021	31.12.2021
EQUITY AND LIABILITIES			
Equity	2,641.5	2,295.4	2,529.5
Non-current liabilities			
Interest-bearing liabilities	253.4	402.7	206.4
Lease liabilities	1,650.7	1,674.3	1,610.7
Non-interest-bearing liabilities	25.5	29.6	25.2
Deferred tax liabilities	30.2	18.8	37.9
Provisions	15.2	19.7	15.4
Total	1,975.0	2,145.1	1,895.6
Current liabilities			
Interest-bearing liabilities	139.1	162.7	160.1
Lease liabilities	323.9	314.5	317.9
Trade payables	1,515.8	1,265.5	1,332.6
Other non-interest-bearing liabilities	655.9	589.0	716.0
Provisions	13.8	16.2	14.3
Total	2,648.5	2,347.9	2,540.9
Total equity and liabilities	7,265.0	6,788.4	6,966.0



Consolidated statement of changes in equity (€ million)							
	Share capital	Reserves	Currency translation differences	Revaluation reserve	Treasury shares	Retained earnings	Total
Balance at 1.1.2022	197.3	464.7	-10.2	9.1	-30.3	1,898.9	2,529.5
Share-based payments					1.7		1.7
Other changes		0.0				1.1	1.1
Transactions with owners, total					1.7	1.1	2.9
Comprehensive income							
Profit for the period						103.2	103.2
Items that will not be reclassified subsequently to profit or loss							
Actuarial gains and losses						-5.0	-5.0
Items that may be reclassified subsequently to profit or loss							
Translation differences on foreign operations			8.1				8.1
Share of other comprehensive income of associates and joint ventures						-1.3	-1.3
Cash flow hedge revaluation				4.1			4.1
Total comprehensive income for the period			8.1	4.1		96.9	109.1
Balance at 31.3.2022	197.3	464.7	-2.1	13.2	-28.5	1,996.9	2,641.5

	Share capital	Reserves	Currency translation differences	Revaluation reserve	Treasury shares	Retained earnings	Total
Balance at 1.1.2021	197.3	464.7	-20.0	-2.0	-31.4	1,580.7	2,189.3
Share-based payments					0.9		0.9
Transactions with owners, total					0.9		0.9
Comprehensive income							
Profit for the period						78.4	78.4
Items that will not be reclassified subsequently to profit or loss							
Actuarial gains and losses						17.3	17.3
Items that may be reclassified subsequently to profit or loss							
Translation differences on foreign operations			8.8				8.8
Cash flow hedge revaluation				0.8			0.8
Total comprehensive income for the period			8.8	0.8		95.7	105.2
Balance at 31.3.2021	197.3	464.7	-11.2	-1.3	-30.5	1,676.4	2,295.4



Consolidated statement of cash flows (€ million), condensed			
	1-3/2022	1-3/2021	1-12/2021
Cash flows from operating activities			
Profit before tax	128.9	99.2	712.9
Depreciation according to plan	40.2	41.0	171.4
Depreciation and impairment for right-of-use assets	78.3	76.6	310.3
Finance income and costs	-1.0	-2.3	-3.1
Interest expense for lease liabilities	17.2	18.6	71.3
Other adjustments	2.9	42.0	9.0
Change in working capital			
Current non-interest-bearing receivables, increase (-)/decrease (+)	-160.7	-85.0	-146.8
Inventories, increase (-)/decrease (+)	-100.8	-99.1	-53.2
Current non-interest-bearing liabilities, increase (+)/decrease(-)	120.3	119.7	283.7
Financial items and tax	-54.2	-55.5	-203.4
Net cash from operating activities, total	71.0	155.1	1,152.0
Cash flows from investing activities			
Investing activities	-88.0	-42.9	-252.7
Proceeds from sale of tangible and intangible assets	3.5	2.9	13.5
Proceeds from sale of subsidiaries and business operations, net cash deducted	2.2	2.8	2.8
Other financial assets, increase (-)/decrease (+)	15.4	-0.2	-55.9
Net cash used in investing activities, total	-66.9	-37.4	-292.3
Cash flows from financing activities			
Interest-bearing liabilities, increase (+)/decrease (-)	26.4	-25.6	-223.4
Repayments of lease liabilities	-83.0	-79.5	-323.2
Current interest-bearing receivables, increase (-)/ decrease (+)	0.1	-0.2	10.7
Dividends paid	-	-	-297.8
Other items	0.6	-2.7	-0.7
Net cash used in financing activities, total	-55.9	-108.0	-834.4
Change in cash and cash equivalents	-51.7	9.7	25.2
Cash and cash equivalents at 1 Jan.	279.8	254.3	254.3
Exchange differences and change in value of cash and cash equivalents	0.0	0.2	0.2
Cash and cash equivalents at 31 Mar.	228.2	264.3	279.8

Cash flow from leases (€ million)	1-3/2022	1-3/2021	1-12/2021
Interest expense for lease liabilities	-17.2	-18.6	-71.3
Repayments of lease liabilities	-83.0	-79.5	-323.2
Lease payments in the income statement	-1.7	-1.8	-7.6
Total	-102.0	-99.9	-402.1



Group's performance indicators	1-3/2022	1-3/2021	1-12/2021
Net sales, € million	2,707.3	2,539.4	11,300.2
Operating profit, € million	144.6	115.7	775.2
Operating margin, %	5.3	4.6	6.9
Operating margin, %  Operating profit, comparable, € million	143.7	116.2	775.5
Operating margin, comparable, %	5.3	4.6	6.9
Profit before tax, € million	128.9	99.2	712.9
Profit before tax, comparable, € million	131.6	99.6	710.4
Earnings per share, basic and diluted, €	0.26	0.20	1.44
Earnings per share, comparable, basic and diluted, €	0.27	0.20	1.43
Return on capital employed, %	12.5	10.2	17.2
Return on capital employed, %, rolling 12 months	17.7	14.1	17.2
Return on capital employed, comparable, %	12.4	10.2	17.2
Return on capital employed, comparable, %, rolling 12 months	17.7	13.4	17.2
Capital expenditure, € million	126.2	44.2	276.6
Cash flow from operating activities, € million	71.0	155.1	1,152.0
Cash flow from investing activities, € million	-66.9	-37.4	-292.3
Cash flow from operating activities/share, €	0.18	0.39	2.90
Return on equity, %	16.0	14.0	24.2
Return on equity, %, rolling 12 months	24.2	22.2	24.2
Return on equity, comparable, %	16.4	14.1	24.1
Return on equity, comparable, %, rolling 12 months	24.1	20.0	24.1
Equity ratio, %	36.5	34.0	36.6
Equity per share, €	6.65	5.78	6.37
Interest-bearing net debt/EBITDA excluding the impact of IFRS 16, rolling 12 months	0.1	0.3	0.0
Interest-bearing net debt, € million	2,047.4	2,237.8	1,907.3
Interest-bearing net debt excluding lease liabilities, € million	72.9	249.1	-21.3
Diluted number of shares, average for the reporting period, 1,000 pcs	397,160	396,785	397,033
Personnel, average	14,158	13,932	14,232



# Segment information

Net sales by segment, € million	1-3/2022	1-3/2021	1-12/2021	Rolling 12 mo 3/2022
Grocery trade, Finland	1,382.1	1,360.6	5,909.0	5,930.5
Grocery trade total	1,382.1	1,360.6	5,909.0	5,930.5
- of which intersegment trade	5.7	4.4	17.8	19.2
Building and technical trade, Finland	614.1	518.6	2,371.4	2,466.9
Building and technical trade, other countries*	509.9	405.7	2,016.4	2,120.6
Building and technical trade total	1,124.0	924.3	4,387.7	4,587.4
- of which intersegment trade	-0.5	-0.3	-0.2	-0.5
Car trade, Finland	208.2	260.1	1,028.3	976.4
Car trade total	208.2	260.1	1,028.3	976.4
- of which intersegment trade	1.6	1.5	6.7	6.9
Common functions and eliminations	-6.9	-5.6	-24.8	-26.2
Finland total	2,197.4	2,133.7	9,283.9	9,347.6
Other countries total*	509.9	405.7	2,016.4	2,120.6
Group total	2,707.3	2,539.4	11,300.2	11,468.2

<sup>\*</sup> Net sales in countries other than Finland

Operating profit by segment, € million	1-3/2022	1-3/2021	1-12/2021	Rolling 12 mo 3/2022
Grocery trade	81.4	81.1	443.9	444.1
Building and technical trade	61.4	31.0	323.1	353.4
Car trade	9.9	11.2	46.2	44.9
Common functions and eliminations	-8.1	-7.6	-38.0	-38.5
Group total	144.6	115.7	775.2	804.0

Operating profit by segment, comparable, € million	1-3/2022	1-3/2021	1-12/2021	Rolling 12 mo 3/2022
Grocery trade	80.3	81.1	442.9	442.1
Building and technical trade	61.5	31.4	318.0	348.2
Car trade	9.9	11.2	52.2	51.0
Common functions and eliminations	-8.0	-7.5	-37.7	-38.2
Group total	143.7	116.2	775.5	803.1

Operating margin by segment, %, comparable	1-3/2022	1-3/2021	1-12/2021	Rolling 12 mo 3/2022
Grocery trade	5.8	6.0	7.5	7.5
Building and technical trade	5.5	3.4	7.2	7.6
Car trade	4.8	4.3	5.1	5.2
Group total	5.3	4.6	6.9	7.0



EBITDA by segment, comparable, € million	1-3/2022	1-3/2021	1-12/2021	Rolling 12 mo 3/2022
Grocery trade	152.7	150.1	728.3	730.9
Building and technical trade	91.5	61.8	438.3	468.1
Car trade	18.9	20.4	90.2	88.7
Common functions and eliminations	0.6	1.5	0.7	-0.2
Group total	263.7	233.7	1,257.6	1,287.6

Operating profit by segment excluding the impact of IFRS 16, comparable, € million	1-3/2022	1-3/2021	1-12/2021	Rolling 12 mo 3/2022
Grocery trade	66.2	66.0	385.2	385.4
Building and technical trade	56.7	26.9	300.5	330.2
Car trade	9.6	11.0	51.3	49.9
Common functions and eliminations	-8.2	-7.9	-38.9	-39.3
Group total	124.3	96.1	698.0	726.2

Capital employed by segment, cumulative average, € million	1-3/2022	1-3/2021	1-12/2021	Rolling 12 mo 3/2022
Grocery trade	2,232.8	2,152.0	2,145.6	2,167.9
Building and technical trade	1,717.2	1,695.8	1,673.5	1,686.4
Car trade	353.4	382.6	374.4	369.4
Common functions and eliminations	326.9	320.3	315.5	315.9
Group total	4,630.3	4,550.6	4,508.9	4,539.7

Return on capital employed by segment, %, comparable	1-3/2022	1-3/2021	1-12/2021	Rolling 12 mo 3/2022
Grocery trade	14.4	15.1	20.6	20.4
Building and technical trade	14.3	7.4	19.0	20.6
Car trade	11.2	11.7	14.0	13.8
Group total	12.4	10.2	17.2	17.7

Capital expenditure by segment, € million	1-3/2022	1-3/2021	1-12/2021	Rolling 12 mo 3/2022
Grocery trade	83.0	14.7	122.8	191.2
Building and technical trade	25.9	5.5	43.1	63.4
Car trade	8.5	17.8	71.2	61.9
Common functions and eliminations	8.8	6.3	39.6	42.1
Group total	126.2	44.2	276.6	358.6



# Change in tangible and intangible assets (€ million)

	31.3.2022	31.3.2021
Opening net carrying amount	2,316.5	2,228.2
Depreciation, amortisation and impairment charges	-40.2	-41.0
Investments in tangible and intangible assets	110.0	45.8
Deductions	-4.5	-4.6
Acquisitions	11.6	-
Transfers to non-current assets held for sale and between items	0.0	-1.9
Exchange differences	6.1	8.2
Closing net carrying amount	2,399.4	2,234.7

# Right-of-use assets (€ million)

	31.3.2022	31.3.2021
Opening net carrying amount	1,735.0	1,819.0
Depreciation, amortisation and impairment charges	-79.7	-76.6
Net increases	115.8	36.8
Acquisitions	10.2	-
Exchange differences	4.0	5.7
Closing net carrying amount	1,785.4	1,785.0

# Related party transactions (€ million)

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

The following transactions were carried out with related parties:	1-3/2022	1-3/2021
Sales of goods and services	27.4	27.0
Purchases of goods and services	-3.3	-1.9
Other operating income	4.7	4.4
Other operating expenses	-1.0	-1.1
Finance income and costs	1.4	1.5
	31.3.2022	31.3.2021
Receivables	86.2	97.5
Liabilities	16.9	9.7
Items related to leases	31.3.2022	31.3.2021
Cash flow from leases	-10.8	-12.4
Lease liabilities	273.2	338.4

Kesko Pension Fund paid in total €42.9 million in return of surplus assets to Finnish Group companies in March 2022. The return of surplus assets included the property of K-Citymarket Turtola in Tampere, €40.3 million. The ownership of the property was transferred to Kesko Oyj.



# Credit and counterparty risk, ageing analysis of trade receivables

Ageing analysis of trade receivables (€ million)	31.3.2022	31.12.2021
Trade receivables fully performing	1,066.1	882.7
1–7 days past due trade receivables	13.2	15.6
8–30 days past due trade receivables	8.6	8.9
31–60 days past due trade receivables	2.0	3.0
over 60 days past due trade receivables	10.9	13.9
Total	1,100.8	924.2

Trade receivables include impairment charges totalling €18.5 million (31 March 2021: €21.1 million).

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

31.3.2022 Balance, € million	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets								
Other investments	11.9			11.9	11.9			11.9
Loans and receivables		68.8		68.8	68.8			
Other non-current receivables, derivatives	2.8		6.8	9.6	9.6		9.6	
Current financial assets								
Trade receivables		1,100.8		1,100.8	1,100.8			
Other receivables		274.7		274.7	274.7			
Other receivables, derivatives	1.8		11.0	12.8	12.8		12.8	
Other financial assets	35.5	56.0		91.5	91.5		35.5	
Cash and cash equivalents		228.2		228.2	228.2			
Total financial assets	52.1	1,728.4	17.8	1,798.3	1,798.3		58.0	11.9
Non-current financial liabilities								
Non-current interest- bearing liabilities		253.4		253.4	254.1			
Non-current lease liabilities		1,650.7		1,650.7	1,650.7			
Non-current non-interest- bearing liabilities		25.0		25.0	25.0			
Non-current non-interest- bearing liabilities, derivatives			0.6	0.6	0.6		0.6	
Current financial liabilities								
Current interest-bearing liabilities		139.1		139.1	139.3			
Current lease liabilities		323.9		323.9	323.9			
Trade payables		1,515.8		1,515.8	1,515.8			
Other non-interest-bearing liabilities		587.7		587.7	587.7			
Other non-interest-bearing liabilities, derivatives	3.1		0.7	3.8	3.8		3.8	
Total financial liabilities	3.1	4,495.5	1.2	4,499.9	4,500.7		4.4	



31.3.2021 Balance, € million	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets								
Other investments	22.7			22.7	22.7			22.7
Loans and receivables		72.3		72.3	72.3			
Other non-current receivables, derivatives			0.6	0.6	0.6		0.6	
Current financial assets								
Trade receivables		924.2		924.2	924.2			
Other receivables		225.6		225.6	225.6			
Other receivables, derivatives	1.0		0.3	1.3	1.3		1.3	
Other financial assets	20.0	32.1		52.1	52.2		20.0	
Cash and cash equivalents	99.7	164.5		264.3	264.3		99.7	
Total financial assets	143.5	1,418.7	0.9	1,563.1	1,563.2		121.7	22.7
Non-current financial liabilities								
Non-current interest- bearing liabilities		402.7		402.7	403.6			
Non-current lease liabilities		1,674.3		1,674.3	1,674.3			
Non-current non-interest- bearing liabilities		27.8		27.8	27.8			
Non-current non-interest- bearing liabilities, derivatives			1.8	1.8	1.8		1.8	
Current financial liabilities								
Current interest-bearing liabilities		162.7		162.7	162.9			
Current lease liabilities		314.5		314.5	314.5			
Trade payables		1,265.5		1,265.5	1,265.5			
Other non-interest-bearing liabilities		525.3		525.3	525.3			
Other non-interest-bearing liabilities, derivatives	7.9		0.7	8.6	8.6		8.6	
Total financial liabilities Loans and receivables do not inclu	7.9	4,372.8	2.5	4,383.2	4,384.4		10.4	

Loans and receivables do not include deferred tax assets of €1.2 million (€0.2 million). Income tax liabilities of €26.4 million (€19.6 million) and prepayments received of €38.0 million (€35.4 million) are not categorised as financial liabilities and are not included in the table above.

# Personnel, average and at 31.3.

Personnel average by segment	1-3/2022	1-3/2021	Change
Grocery trade	6,072	5,872	200
Building and technical trade	5,997	5,963	34
Car trade	1,155	1,243	-88
Common functions	934	854	80
Group total	14,158	13,932	226



Personnel at 31.3.*by segment	2022	2021	Change
Grocery trade	8,155	7,944	211
Building and technical trade	7,013	6,962	51
Car trade	1,198	1,301	-103
Common functions	1,000	913	87
Group total	17,366	17,120	246

<sup>\*</sup> Total number including part-time employees

#### Group's commitments (€ million)

		31.3.2022	31.3.2021
Own commitments		335.8	311.1
For others			-
Lease commitments		110.5	70.8
	<u> </u>	'	
Liabilities arising from derivative instruments (€ million)			
			Fair value
Values of underlying instruments at	31.3.2022	31.3.2021	31.3.2022
Interest rate derivatives			
Interest rate swaps	420.0	420.0	2.8
Currency derivatives			
Forward and future contracts	198.8	164.6	-1.2
Commodity derivatives			
Electricity futures	43.2	19.2	16.5

The lease commitments reflect the future nominal cash flows for leases not yet commenced.

## Calculation of performance indicators

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

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

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

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

In addition, financial performance indicators for the Group have been presented as alternative performance measures. The management uses these indicators to monitor and analyse business performance, profitability and financial position.



Operating profit, comparable	Operating profit +/– items affecting comparability
Items affecting comparability	- gains on disposal + losses on disposal + impairment charges +/- structural arrangements
Return on capital employed*, %	Operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed*, %, rolling 12 months	Operating profit for the preceding 12 months x 100 / (Non- current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
Return on capital employed*, %, comparable	Comparable operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed*, %, comparable, rolling 12 months	Comparable operating profit for the preceding 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
Return on equity*, %	(Profit/loss before tax - Income tax) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity*, %, rolling 12 months	(Profit/loss for the preceding 12 months before tax - Income tax for the preceding 12 months) x 100 / Shareholders' equity on average for 12 months
Return on equity*, %, comparable	(Profit/loss adjusted for items affecting comparability before tax - Income tax adjusted for the tax effect of items affecting comparability) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity*, %, comparable, rolling 12 months	(Profit/loss adjusted for items affecting comparability before tax for the preceding 12 months - Income tax adjusted for the tax effect of items affecting comparability for the preceding 12 months) x 100 / Shareholders' equity on average for 12 months
Equity ratio, %	Shareholders' equity x 100 / (Total assets – Advances received)
Interest-bearing net debt	Interest-bearing liabilities + Lease liabilities – Current other financial assets – Cash and cash equivalents
Interest-bearing net debt excluding lease liabilities	Interest-bearing net debt – Lease liabilities
EBITDA	Operating profit + Depreciation and amortisation + Impairments
EBITDA excluding the impact of IFRS 16	EBITDA – Rents from lease agreements



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

<sup>\*</sup> Indicators for return on capital have been annualised.



# Reconciliation of performance indicators to IFRS financial statements

€ million	1-3/2022	1-3/2021	1-12/2021
Items affecting comparability			
Gains on disposal	-	0.5	1.4
Losses on disposal	-0.1	-0.0	-0.0
Impairment charges	-	-	-5.4
Structural arrangements	1.0	-0.9	3.7
Items in operating profit affecting comparability	0.9	-0.4	-0.3
Items in financial items affecting comparability	-3.6	-	2.9
Items in income taxes affecting comparability	-0.3	-0.1	1.0
Total items affecting comparability	-3.0	-0.5	3.5
Items in EBITDA affecting comparability	-0.6	-0.4	4.7
Operating profit, comparable			
Operating profit	144.6	115.7	775.2
Net of			
Items in operating profit affecting comparability	0.9	-0.4	-0.3
Operating profit, comparable	143.7	116.2	775.5
EBITDA			
Operating profit	144.6	115.7	775.2
Plus			
Depreciation and impairment charges	40.2	41.0	176.8
Depreciation and impairment charges for right-of-use assets	78.3	76.6	310.3
EBITDA	263.1	233.3	1,262.2
EBITDA excluding the impact of IFRS 16			
EBITDA	263.1	233.3	1,262.2
Net of			·
Rents from lease agreements	-99.2	-96.7	-388.3
EBITDA excluding the impact of IFRS 16	163.9	136.6	873.8
Profit before tax, comparable			
Profit before tax	128.9	99.2	712.9
Net of			
Items in operating profit affecting comparability	0.9	-0.4	-0.3
Items in financial items affecting comparability	-3.6	-	2.9
Profit before tax, comparable	131.6	99.6	710.4
Net profit, comparable			
Profit before tax, comparable	131.6	99.6	710.4
Net of			
Income tax	25.6	20.8	141.1
Items in income tax affecting comparability	-0.3	-0.1	1.0
Net profit, comparable	106.2	78.8	568.2



Net profit attributable to owners of the parent, comparable			
Net profit, comparable	106.2	78.8	568.2
Net profit attributable to owners of the parent, comparable	106.2	78.8	568.2
Earnings per share, comparable, €			
Net profit attributable to the owners of the parent, comparable	106.2	78.8	568.2
Average number of shares, basic, 1,000 pcs	397,160	396,785	397,033
Earnings per share, comparable, €	0.27	0.20	1.43
Return on capital employed, %			
Operating profit	144.6	115.7	775.2
Capital employed, average	4,630.3	4,550.6	4,508.9
Return on capital employed, %	12.5	10.2	17.2
Return on capital employed, comparable, %			
Operating profit, comparable	143.7	116.2	775.5
Capital employed, average	4,630.3	4,550.6	4,508.9
Return on capital employed, comparable, %	12.4	10.2	17.2
Return on equity, %			
Net profit	103.2	78.4	571.8
Equity, average	2,585.5	2,242.3	2,359.4
Return on equity, %	16.0	14.0	24.2
Return on equity, comparable, %			
Net profit, comparable	106.2	78.8	568.2
Equity, average	2,585.5	2,242.3	2,359.4
Return on equity, comparable, %	16.4	14.1	24.1
Equity ratio, %			
Shareholders' equity	2,641.5	2,295.4	2,529.5
Total assets	7,265.0	6,788.4	6,966.0
Advances received	37.9	35.4	46.2
Equity ratio, %	36.5	34.0	36.6



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

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

	1.131.3.2022		
K Group's retail and B2B sales	€ million	Change, $\%^*$ )	
K Group's grocery trade			
K-food stores	1,512.0	-0.7	
K-Citymarket, non-food	127.1	-4.1	
Kespro	218.7	29.5	
Grocery trade, total	1,857.8	1.9	
K Group's building and technical trade			
K-Rauta, Finland	238.8	13.5	
K-Rauta B2B Service, Finland	74.1	32.2	
Onninen, Finland	281.4	23.2	
Leisure trade, Finland	66.7	-6.7	
Finland, total	661.0	16.7	
K-Rauta, Sweden	36.2	-3.5	
K-Bygg, Sweden	76.4	11.7	
Onninen and Mark & Infra i Sverige, Sweden	31.5	49.1	
Byggmakker, Norway	188.9	15.6	
Onninen, Norway	92.5	28.6	
Onninen, Baltic countries	27.1	46.6	
Onninen, Poland	90.0	45.8	
Other countries, total	542.7	22.6	
Kesko Senukai	246.5	34.7	
Building and technical trade, total	1,450.1	21.7	
K Group's car trade			
K-Auto, retail	130.0	-28.3	
K-Auto, import	62.0	-12.5	
AutoCarrera	17.8	44.1	
Car trade, total	209.7	-20.7	
Finland, total	2,728.6	2.8	
Other countries, total	789.1	26.1	
Retail and B2B sales, total	3,517.7	7.2	

<sup>\*)</sup> The Change, % compared to the year before has been calculated to illustrate a situation in which the acquisition of Byggamas Partner i Sverige AB in September 2021, and the acquisition of Kungälvs Trävaruaktiebolag in March 2022, had been completed on 1 January 2021.