



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	980 656 616
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	BYGGMAKKER HANDEL AS
Forretningsadresse:	Høgslundveien 49 2020 SKEDSMOKORSET

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Espen Ingvoldstad
Dato for fastsettelse av årsregnskapet:	05.07.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 08.08.2025



Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Revenue	2, 3	6 229 511 000	6 051 036 000
Other income	2	178 422 000	425 136 000
Sum inntekter		6 407 932 000	6 476 172 000
Kostnader			
Raw materials and consumables used	4	4 794 745 000	5 362 365 000
Employee benefits expense	5, 6	777 262 000	442 554 000
Depreciation and amortisation expenses	7, 8	55 726 000	20 437 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	8		
Other expenses		754 323 000	501 174 000
Sum kostnader	3	6 382 056 000	6 326 530 000
Driftsresultat		25 876 000	149 642 000
Finansinntekter og finanskostnader			
Income from associated companies	9	-174 000	2 828 000
Renteinntekt fra foretak i samme konsern	3	804 000	1 000
Annen renteinntekt		3 034 000	1 127 000
Other financial income			
Sum finansinntekter		3 664 000	3 956 000
Rentekostnad til foretak i samme konsern	3	23 952 000	12 827 000
Annen rentekostnad		302 000	432 000
Sum finanskostnader		24 254 000	13 260 000
Netto finans		-20 590 000	-9 304 000
Ordinært resultat før skattekostnad		5 287 000	140 339 000
Income tax expense	10	9 431 000	31 169 000
Ordinært resultat etter skattekostnad		-4 144 000	109 170 000
Årsresultat		-4 144 000	109 170 000
Årsresultat etter minoritetsinteresser		-4 144 000	109 170 000



Resultatregnskap

Beløp i: NOK	Note	2023	2022
Totalresultat		-4 144 000	109 170 000
Overføringer og disponeringer			
Other equity		-4 144 000	109 170 000
Sum overføringer og disponeringer	11	-4 144 000	109 170 000



Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Trade mark	7	274 900 000	274 900 000
Concessions, patents, licences, trademarks, and similar rights	7	14 997 000	565 000
Utsatt skattefordel	10	23 135 000	16 472 000
Goodwill	7	117 417 000	4 168 000
Sum immaterielle eiendeler		430 448 000	296 105 000
Varige driftsmidler			
Equipment and other movables	8	93 617 000	88 501 000
Sum varige driftsmidler		93 617 000	88 501 000
Finansielle anleggsmidler			
Investering i datterselskap		132 325 000	1 394 468 000
Investering i annet foretak i samme konsern	9		
Investeringer i tilknyttet selskap	9	6 342 000	8 250 000
Investments in shares		187 000	187 000
Other long-term receivables	6		
Sum finansielle anleggsmidler		138 854 000	1 402 905 000
Sum anleggsmidler		662 918 000	1 787 512 000
Omløpsmidler			
Varer			
Sum varer		685 186 000	415 838 000
Fordringer			
Accounts receivables, incl Intercompany	12	583 854 000	385 808 000
Other short-term receivables	12	531 037 000	406 725 000
Sum fordringer		1 114 891 000	792 533 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	13	5 347 000	4 142 000
Sum bankinnskudd, kontanter og lignende		5 347 000	4 142 000



Balanse

Beløp i: NOK	Note	2023	2022
Sum omløpsmidler		1 805 425 000	1 212 513 000
SUM EIENDELER		2 468 343 000	3 000 024 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	14	6 000 000	6 000 000
Paid in capital, not registered	14		
Overkurs	14	2 163 102 000	2 163 102 000
Annen innskutt egenkapital		22 093 000	14 605 000
Sum innskutt egenkapital		2 191 195 000	2 183 707 000
Opptjent egenkapital			
Other equity		-972 982 000	-252 547 000
Sum opptjent egenkapital		-972 982 000	-252 547 000
Sum egenkapital	11, 18	1 218 213 000	1 931 160 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	10		
Other provisions			130 000
Sum avsetninger for forpliktelser			130 000
Annen langsiktig gjeld			
Other non-current liabilities		1 143 000	1 192 000
Sum annen langsiktig gjeld		1 143 000	1 192 000
Sum langsiktig gjeld		1 143 000	1 322 000
Kortsiktig gjeld			
Leverandørgjeld	12	359 099 000	410 600 000
Tax payable	10	6 955 000	26 953 000
Public duties payable		94 165 000	62 450 000
Other current debt, incl Intercompany	12	788 768 000	567 538 000
Sum kortsiktig gjeld		1 248 987 000	1 067 542 000



Balanse

Beløp i: NOK	Note	2023	2022
Sum gjeld		1 250 130 000	1 068 864 000
SUM EGENKAPITAL OG GJELD		2 468 343 000	3 000 024 000



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Byggmakker Handel AS Annual accounts 2023 (004).pdf

Name	Method	Signed at
Kristoffersen, Hilde Merethe	BANKID	2024-06-20 19:49 GMT+02
Stranden, Kurt Normann	BANKID	2024-06-20 17:34 GMT+02
MIA KAITAHARJU	FTN (OP)	2024-06-20 15:05 GMT+02
Johnsen, Odd Gunnar	BANKID	2024-06-20 14:46 GMT+02
Sollie, Jørgen	BANKID	2024-06-20 14:44 GMT+02
Sami Petri Kiiski	Mobiilivarmenne	2024-06-28 19:51 GMT+02
Lumi-Sirkku Johanna Vikiö	FTN (Danske Bank)	2024-06-24 07:34 GMT+02
Anu Aulikki Myyryläinen	Mobiilivarmenne	2024-06-23 17:06 GMT+02



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Byggmakker Handel AS Annual Report 2023

Board of Director's Report

Byggmakker Handel AS manages the Byggmakker chain that consists of 77 building and home improvement stores. Byggmakker Handel AS owns and operates 58 of the stores that is part of the Byggmakker chain as a result of the mergers with Byggmakker Sør AS and Byggmakker Nord AS in 2021, and Byggmakker CF in 2023. In addition, the company controls one more store through its subsidiary Geitanger Bygg AS. Other stores within the chain are owned by retailer entrepreneurs who have chain agreements with Byggmakker.

The company has its headquarters in Lillestrøm municipality. This is also the company's business address.

Kesko Oyj own 100% of the shares in the company.

Financial Statement

Byggmakker Handel AS reported revenues of NOK 6 408 million in 2023, which is -1,0% below 2022 (NOK 6 476 million). Earnings before Interest and Taxes (EBIT) ended at NOK 25,9 million (NOK 149,6 million). The net profit for the year was NOK -4,1 million (NOK 109,2 million).

The net cash flow from operating activities amounted to NOK 98,6 million (NOK -4,0 million). The difference between the operating profit and the cash flow is mainly related to an increase in payables and intercompany debt. The total investments in 2023 was NOK 116,8 million.

The current liabilities of Byggmakker Handel AS amounted to 99,9% of total debt per 31.12.2023.

The total assets of Byggmakker Handel AS were NOK 2 468 million per 31.12.2023 (NOK 3 000 million). The equity ratio in 2023 was 49,4% (64,4%).

The company had no research and development activities in 2023.

Allocation of the Year's Result

The net profit for Byggmakker Handel AS was NOK -4,1 million which the Board proposes to be distributed as follows:

Group contribution	TNOK	0
Transferred to retained earnings	TNOK	-4 144
Total	TNOK	-4 144

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Subsequent events and Prospects for 2024

It is the opinion of the Board that the preconditions for continued operation are present. There have been no events after the balance sheet date that affect the assumptions about continued operations.

There has been a decline in the market for building materials in 2023. The adverse market conditions has continued in to 2024, but the Board expects improvement in the market conditions in the end of 2024, going into 2025. The management of Byggmakker Handel has implemented actions to reduce the operating expenses and improve the profitability of the company.

Geitanger Bygg AS was merged with Byggmakker Handel AS in March of 2024.

Pursuant to Section 3-3a of the Norwegian Accounting Act, the Board confirms that the financial statement has been prepared on the assumption of a going concern as of the date of the financial statement.

Risks

Risk management in Byggmakker Handel AS is based on the principle that risk evaluation is an integral part of all business activities. Policies and procedures have been established to manage risks. Through quarterly risk reviews the significant risks are mapped and mitigating actions are planned and executed.

Byggmakker Handel AS is exposed to fluctuations in interest rates

Most of the sales in Byggmakker Handel AS is credit sales, and credit risk management is thus an important part of the business. The company monitors the credit exposure continuously, and management reviews the status in monthly credit reviews.

Board members of Byggmakker Handel AS, as well as directors and managers that may be subject to personal liability, are covered by a Directors and Officers Liability Insurance entered into by Kesko Oyj on behalf of all of its subsidiaries.

- The insurance covers the personal liability of the insured person arising out of act or negligence of the insured person.
- The insurance covers liability for damages and investigation, defense and litigation costs related to the claim
- The insurance also covers claims related to offenses regarding safety at workplace

Organization and Working Conditions

At the end of 2023 Byggmakker Handel AS employed a total of 1617 persons, equivalent to 1108 FTEs. Sickness absence in the company was 7,25% in 2023, of which 5,12% was long term absence.

During 2023 it was reported twelve accidents resulting in absence. The accidents, as well as other minor incidents, are routinely analyzed, and actions have been undertaken to eliminate the root cause.

The company regularly conducts employee satisfaction surveys. The Board believes that the working environment in the company is satisfactory.

Of the company's employees, 23% are women. The Board consists of three women and four men.

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Environmental impact

Byggmakker Handel AS is concerned with reducing its negative environmental impact and have implemented different measures to achieve this. The company's impact is mainly caused by energy from district heating, production and use of the products sold by Byggmakker Handel AS and emissions from owned and hired transport, when shipping goods to customers. The company seek to enhance positive environmental impact. The company will always work to comply with environmental regulations.

The company emphasizes social responsibility and sustainable procurement in the value chain. Ongoing work is being done with business partners to ensure that they choose sustainable solutions in their own operations and production.

Environmental management in Byggmakker Handel AS is anchored in Eco-Lighthouse certification. Each year, the company's management develops action plans with different goals and activities that aim to:

- Reduce own and indirect CO2 emissions
- Reduce energy consumption in their own operations
- Reduce consumption, reuse and recycle the packaging materials
- Increase the use of recycled material in packaging materials
- Increase average order value as measures to reduce the number of shipments

Report on Gender Equality

Byggmakker Handel works for equality and against discrimination on the basis of gender, pregnancy, parental leave, care tasks, ethnicity, religion, beliefs, disability, sexual orientation, gender identity and gender expression and combinations of these foundations.

Diversity, inclusion and equal opportunity is a strategic focus area both locally and with our owners, and is a key part of the Sustainability strategy.

Strategic objectives in diversity and non-discrimination are:

- Increase gender equality at all levels of the organization. This entails equal pay for equal work, and diversity at all levels of management
- Strengthen employees' perception that the company contributes to diversity, inclusion, and equal opportunity
- Increase the diversity of the company to reflect the composition of society and provide a better customer experience

Follow-up on these points is done through two new indexes in the employee survey: Well-being Index and Diversity and Inclusion Index.

The Diversity and Inclusion Index will focus on employees' personal experience of the extent to which they perceive the company as inclusive.

In November 2023, we conducted the employee survey and measured the performance of the new indexes. The target for det diversity and inclusion index is a score above 85.

The result on the diversity and inclusion index was 89 for Byggmakker Handel AS compared to 94 in 2022 on a scale from 0-100.



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In addition to working with improving employees perspective through our routines and processes, we have put in place e-learning course that will emphasis unconscious attitudes that may prevail in the workplace.

Gender Equality

Byggmakker Handel has mapped the state of gender equality in the company:

- total gender balance in the company (number)
- temporary employees (gender difference as a percentage)
- employees in part-time positions (gender difference as a percentage)
- average number of weeks of parental leave for women and men

	Kjønnsbalanse		Midlertidig ansatte		Deltidsansatte		Foreldrepermisjon (uker)	
	Kvinner	Menn	Kvinner	Menn	Kvinner	Menn	Kvinner	Menn
Antall	318	976	19	70	95	189	30,6	13,9
Prosent	24,6 %	75,4 %	21,3 %	78,7 %	33,5 %	66,5 %		

In addition, for 2023 we have mapped the following:

- wage differences at different position levels/groups (gender difference as a percentage)
- total wage disparity in the company (gender difference as a percentage)
- gender distribution at different position levels/groups (gender difference as a percentage)
- Involuntarily part-time work

The job classification is a division of roles into categories across the functional areas of the company.

From Group 6 and up, there are less than 5 of either men or women, and they are therefore excluded from the report.

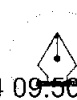
The difference shows women compared to men and is shown as a percentage.

BYGGMAKKER AS	Antall ansatte		Total kompensasjon		Grunnlønn	Uregelmessige tillegg	Bonuser	Overtidsgodtgjørelser	Skattepl. Naturalytelser	%
	Menn	Kvinner	%	%	%	%	%	%		
Totalt	1366	431	7 %	5 %	22 %	-9 %	25 %	47 %		
Gruppe 1	157	13	23 %	22 %	27 %	21 %	18 %	30 %		
Gruppe 2	861	336	-3 %	-3 %	4 %	-22 %	18 %	13 %		
Gruppe 3	147	47	4 %	3 %	26 %	35 %	-3 %	7 %		
Gruppe 4	108	21	3 %	-1 %	-17 %	29 %	38 %	60 %		
Gruppe 5	93	14	8 %	7 %	69 %	-39 %	88 %	93 %		
Gruppe 6										
Gruppe 7										
Gruppe 8										
Gruppe 9										

Involuntary part-time work

The company has mapped involuntary part-time work through a survey to everyone who does not have a permanent full-time position. The survey shows that we have few part-time employees who

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answer that they are available and want to work more than they do today. Our part-time employees are prioritized in vacant positions regardless of the FTE percentage, based on current criteria.

Byggmakker Handel's work with equality and non-discrimination

We work systematically with gender equality and non-discrimination. Our routines and guidelines are continuously updated in accordance with legislation, and with the goal of promoting diversity and non-discrimination. Continuous efforts are made to ensure that these are complied with, through information and training.

We focus on diversity and inclusion in several aspects as an integral part of our business, and not as separate exercises. Relevant procedures and procedures have been reviewed and revised/specified where appropriate.

The company's goal for diversity and inclusion is to ensure compliance and support for activities, and that our employees experience working in an inclusive work environment. We want to focus on unconscious discrimination, through awareness-raising work and courses. Awareness of actions and attitudes will affect our input factors in all arenas, especially areas we are not allowed to question or measure. At the same time, we must have a sustainable balance that reflects the industry we are part of.

Management has a conscious approach to coaching talents in areas where we have a skewed distribution, such as gender.

Notification:

We have routines for whistleblowing internally, as well as an independent channel for whistleblowing. The company encourages whistleblowing of unacceptable conditions.

Methods of mapping:

We conduct annual Employee Surveys, which, among other things, address diversity and inclusion. The company has processes for review and follow-up.

A survey for well-being and motivation is sent out several times a year to employees in the company. The results are followed up per manager/department, and measures are implemented as needed.

As part of Kesko Oyj, we have continued to work on job categorisation as part of the mapping around equal pay for work of equal value. The process has meant that all positions have undergone a revision, which has provided a good basis for further development.

Follow up:

We require policies, procedures, and standards to be followed as intended, and will continuously work with information and training to ensure this in all areas.

The company works continuously to ensure compliance with applicable legislation and internal procedures through information and training.

The employee survey shows high scores in all categories surveyed at company level. All departments work with the results afterwards. Action is taken as needed.

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Byggmakker Handel's work related to the Transparency Act

The Transparency Act

Byggmakker Handel is covered by the Transparency Act, and pursuant to Section 5 of the Transparency Act, we provide an account of how Byggmakker has worked with the Transparency Act in the year 2023. The content is approved by management and the board.

According to the Transparency Act, a statement must at least contain information about:

- a. a general description of the company's organisation, area of operation, policies and procedures for dealing with actual and potential negative impacts on fundamental human rights and decent working conditions.
- b. information about actual negative consequences and material risk of negative consequences that the enterprise has uncovered through its due diligence assessments.
- c. information about measures that the enterprise has taken or plans to implement to stop actual negative consequences or limit material risks of negative consequences, and the result or expected results of those measures.

a. General description of Byggmakker Trade **organisation and area of operation, guidelines and routines** for dealing with actual and potential negative consequences for fundamental human rights and decent working conditions

Address headquarters

Høgslundveien 49, 2020 Skedsmokorset

Number of employees in 2023

There is 1.617 employees in the company 31.12.23

Email address for questions about this statement

apenhetsloven@byggmakker.no

Organization and structure

Byggmakker is part of the Finnish Kesko Group. Kesko Group Building and Technical Trade operates in seven countries: Finland, Sweden, Norway, Estonia, Latvia, Lithuania and Poland. Byggmakker has shops / department stores divided into 9 different regions depending on geographical location in Norway in addition to the national online store.

The head of Kesko in Norway is Hilde Kristoffersen (she is the CEO of Byggmakker Handel AS and Onninen AS).

Byggmakker Handel is headed by Chief Operating Officer (COO) Kjell Vidar Dokken, who is part of the corporate management team and reports to the CEO.

Responsibility for HR, Quality & Sustainability at Kesko Norway was in 2023 managed by the Director of HR, Quality & Sustainability who is part of the Group Management team and reports to the CEO.



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The Sustainability Manager has had the operational responsibility for implementing the work related to the Transparency Act and reports to the Director of HR, Quality and Sustainability.

The work is organized in a working group with employees from Commerce with support from the legal department.

Information about the work is updated to employees on the www.byggmakker.no/apenhetsloven and workplace (digital communication platform within Byggmakker)

Main brands, products, and services

Byggmakker is one of Norway's leading building supply chains with outlets all over the country. Byggmakker sells building materials to professionals and the consumer market. Byggmakker has its own logistics business with shipping of building materials.

Byggmakker purchasing model and supply chain

Byggmakker negotiates central purchasing agreements for self-owned stores and individual members who make use of the agreements.

The procurement and follow-up of the Transparency Act, including due diligence, for self-owned warehouses is organised by the head office.

Purchases made shall not be an obstacle to ethical trade or contribute to an unnecessary environmental impact.

As part of Byggmakker's environmental policy, the company will identify and evaluate environmental aspects of its activities and their impact and use its position in the customer interface to influence green responsibility. Byggmakker's head office and all self-owned stores are Eco-Lighthouse certified.

a. General description of Byggmakker Handel's organisation and area of operation, guidelines and routines for dealing with potential negative consequences for fundamental human rights and decent working conditions

Foundation for the work under the Act in internal guidelines and routines

The sustainability manager to Kesko in Norway is responsible for following up the work with the Transparency Act in cooperation with a working group consisting of Commerce leaders, category managers. The group consults with legal counsel in Kesko as needed.

The working group's overall routine is that it works in line with the 6 steps that follow from the due diligence process towards suppliers. During the process, mitigation measures shall be routinely assessed to minimize any negative consequences. The first measure will be preventive efforts to counteract negative consequences before the damage occurs. Measure number two will be an assessment of the necessary limitation of an injury that has occurred. The last measure will be to stop the damage if possible or break the cooperation with the supplier. All 3 types of measures will depend on the outcome of our mapping in line with step 2 of 6 of the due diligence assessments.



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Foundation for guidelines and routines

As a result of the 6 steps that follow from due diligence in the Transparency Act and in line with step 1, Bygghuset has updated its own internal policy^[1] ("policy") and ethical guidelines^[2] aimed at our suppliers where the purpose is to highlight the requirements that follow from the law^[3]. The guidelines included in main agreements with suppliers from 2022 onwards and commit the suppliers. In addition, all suppliers must commit to the Kesko Group Code of Conduct^[4]. In the agreements with suppliers, there are minimum requirements related to several conditions, including the environment, fundamental human rights and decent working conditions.

Kesko Group's requirement for Amfori BSCI principles - rooted in routines and guidelines

The Kesko Group sets requirements for itself and for suppliers to follow the Amfori BSCI's (Amfori Business Social Compliance Initiative) values and principles or equivalent. Amfori BSCI is an international organization assisting companies in environmental, social and governance performance of their supply chains. Kesko Group is a member of Amfori BSCI and is committed to act and promote compliance with the Amfori BSCI Code of Conduct within Kesko supply chains. In a contract with Kesko in Norway, suppliers have to follow the Amfori BSCI Code of Conduct. Contractual obligations apply to both direct suppliers in risk countries and intermediate suppliers located in Norway or the EU.

Routines for whistleblowing channels and complaint mechanisms in the event of negative consequences

Bygghuset has whistleblowing channel available, both for external and internal sources. The latter is anonymous. Bygghuset wants a low threshold for employees to speak up and encourage reporting of unacceptable conditions.

In accordance with the Working Environment Act, Bygghuset employee representatives have formalized an working environment committee where issues of concern can be raised with the management of Bygghuset.

Anyone may contact Bygghuset on apenhetsloven@byggmakker.no. In addition, suppliers to Bygghuset are obliged to inform in the event of negative conditions that violate contract terms.

b. information about actual negative consequences and material risk of negative consequences that the enterprise has uncovered through its due diligence assessments

Risk mapping; negative impact on people, society, and the environment

Kesko Group conducts due diligence and applies Amfori BSCI to this, which is in line with step two of the due diligence assessments. Due diligence work includes follow-up of negative risks associated with direct suppliers located in risk countries.

Bygghuset does not purchase from direct suppliers located in risk countries but from intermediary suppliers/importers located in Norway or EU.

In 2022, Bygghuset conducted an overall mapping of product categories associated with risks related to use of raw materials used by suppliers in the manufacturing of their products. Building products made from stone, metals, textiles and wood are considered to have a higher risk for violations of basic human rights compared to other raw materials^[5].



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An important conclusion from the mapping was that Byggmakker probably purchase building materials with origin/raw material content from countries such as China, Sri-Lanka, Vietnam, Brazil and Turkey. From this work Byggmakker concluded that 6 suppliers were to be followed up more closely to understand better how they manage their work according to the transparency act. When we started we decided to contact all of our suppliers to achieve even better insight.

In 2023 Byggmakker decided to conduct a more in-depth ESG survey of its suppliers. The ESG survey was launched in 2023 in collaboration with Cemasys (www.cemasys.com). Cemasys has supported Byggmakker with a tool for risk monitoring of Byggmakker's value chain (upstream). The survey address over 200 suppliers, of which approximately 120 vendors have responded. The survey intention is to understand more about Byggmakker's risk exposure towards our intermediate suppliers and to gain more insight about how suppliers work with the Transparency Act and their compliance. In addition the survey look into have suppliers efforts to reduce their own climate and environmental impact.

The results of the survey revealed that some of our suppliers purchase products from third countries/risk countries, especially China but also from Sri Lanka and India. From China there are different types of products, but from Sri Lanka and India it is especially textiles. In further follow-up of any negative conditions in the supply chain, we will therefore emphasize negative conditions linked to overtime, low living wages and the risk of child labor. Our suppliers are serious and through our survey Byggmakker was informed of no human rights violations. Kesko has zero tolerance for child labor. On a general basis there is known violations using child labor have occurred within textile industry in third countries such as India and Sri-Lanka.

c. Information about measures that the enterprise has implemented, or plans to implement, to stop actual negative impacts or limit material risks of negative consequences, and the result ,or expected results, of those measures.

Byggmakker has not uncovered human rights violations within Byggmakker or violation by our suppliers in 2023. Our ESG survey did not provide information about negative conditions within the company of our suppliers or neither in their value chain. At the same time there is variation in the quality of the responses from our suppliers. In addition, from experience managing risk with direct suppliers in Onninen AS (Kesko owned company in Norway), we know that there is risk of negative impact.

Byggmakker wants to know more about how selected suppliers handle risk and any measures, whether mitigating, limiting, or actions aimed at stopping negative impacts. Based on the ESG survey, analysis, and review of responses from suppliers, Byggmakker will further examine selected suppliers in more detail, focusing on measures used to reduce negative impacts in the value chain.

In Byggmakker, wood is the largest product category in terms of turnover. Our cooperation with suppliers of wood products is already well-established in terms of risk management and due diligence. Byggmakker is PEFC certified and more 90% our volume is purchased from PEFC certified suppliers. The PEFC certification sets requirements, our suppliers must be able to confirm sustainable harvesting, production and social sustainability. In addition the PEFC certification requires annua independent audits.

Byggmakker Handel AS shall not sell goods from Russia and Belarus.

In April 2022, Byggmakker Handel became a member of Ethical Trade Norway.



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As of 31.12.2023, Bygghandelen has not discovered or received information about negative impact in our value chain.

^[1] <https://www.bygghandelen.no/side/politikk-for-etisk-handel>

^[2] <https://www.bygghandelen.no/side/loven>

^[3] <https://lovdata.no/dokument/NL/lov/2021-06-18-99>

^[4] [K Code of Conduct Supplier NO - 2024-02-26.pdf \(ctfassets.net\)](#)

^[5] Source: <https://anskaffelser.no/samfunnsansvar/Social-Responsibility/High-Risk-Product-List/Construction-Stone-Wood-and-Metal>

Berger 20 of June 2024
The Board of Bygghandelen Handel AS

Sami Petri Kiiski
Chairman of the Board

Anu Aulikki Myyryläinen
Member of the Board

Mia Maria Kaitaharju
Member of the Board

Lumi-Sirkku Johanna Vikiö
Member of the Board

Kurt Normann Stranden
Member of the board

Jørgen Sollie
Member of the Board

Odd Gunnar Johnsen
Member of the Board

Hilde M. Kristoffersen
General Manager

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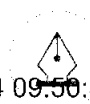
STATEMENT OF PROFIT AND LOSS

BYGGMAKKER HANDEL AS		AMOUNTS IN NOK 1.000	
	NOTE	2023	2022
OPERATING INCOME AND OPERATING EXPENSES			
Revenue	2, 3	6 229 511	6 051 036
Other income	2	178 422	425 136
Total income		6 407 932	6 476 172
Raw materials and consumables used	4	4 794 745	5 362 365
Employee benefits expense	5, 6	777 262	442 554
Depreciation and amortisation expenses	7, 8	55 726	20 437
Other expenses		754 323	501 174
Total expenses	3	6 382 056	6 326 530
Operating profit		25 876	149 642
FINANCIAL INCOME AND EXPENSES			
Income from associated companies	9	-174	2 828
Interest income from group companies	3	804	1
Other interest income		3 034	1 127
Interest expense to group companies	3	23 952	12 827
Other interest expenses		302	432
Net financial items		-20 590	-9 304
Net profit before tax		5 287	140 339
Income tax expense	10	9 431	31 169
Net profit after tax		-4 144	109 170
EXTRAORDINARY INCOME AND EXPENSES			
Net profit or loss		-4 144	109 170
ATTRIBUTABLE TO			
Other equity		-4 144	109 170
Total	11	-4 144	109 170

BYGGMAKKER HANDEL AS

SIDE 1

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BALANCE SHEET

BYGGMAKKER HANDEL AS

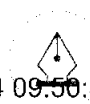
AMOUNTS IN NOK 1.000

ASSETS	Note	2023	2022
NON-CURRENT ASSETS			
INTANGIBLE ASSETS			
Trade mark	7	274 900	274 900
Concessions, patents, licences, trademarks, and similar rights	7	14 997	565
Deferred tax assets	10	23 135	16 472
Goodwill	7	117 417	4 168
Total intangible assets		430 448	296 105
TANGIBLE ASSETS			
Equipment and other movables	8	93 617	88 501
Total tangible assets		93 617	88 501
NON-CURRENT FINANCIAL ASSETS			
Investments in subsidiaries		132 325	1 394 468
Investments in associated companies	9	6 342	8 250
Investments in shares		187	187
Total non-current financial assets		138 854	1 402 905
Total non-current assets		662 918	1 787 512
CURRENT ASSETS			
Inventories		685 186	415 838
DEBTORS			
Accounts receivables, incl Intercompany	12	583 854	385 808
Other short-term receivables	12	531 037	406 725
Total receivables		1 114 891	792 533
INVESTMENTS			
Cash and cash equivalents	13	5 347	4 142
Total current assets		1 805 425	1 212 513
Total assets		2 468 343	3 000 024

BYGGMAKKER HANDEL AS

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BALANCE SHEET

BYGGMAKKER HANDEL AS

AMOUNTS IN NOK 1.000

EQUITY AND LIABILITIES	Note	2023	2022
EQUITY			
PAID-IN CAPITAL			
Share capital	14	6 000	6 000
Share premium reserve		2 163 102	2 163 102
Other paid-up equity		22 093	14 605
Total paid-up equity		2 191 195	2 183 707
RETAINED EARNINGS			
Other equity		-972 982	-252 547
Total retained earnings		-972 982	-252 547
Total equity	11, 18	1 218 213	1 931 160
LIABILITIES			
PROVISIONS			
Other provisions		0	130
Total provisions		0	130
OTHER NON-CURRENT LIABILITIES			
Other non-current liabilities		1 143	1 192
Total non-current liabilities		1 143	1 192
CURRENT LIABILITIES			
Trade payables	12	359 099	410 600
Tax payable	10	6 955	26 953
Public duties payable		94 165	62 450
Other current debt, incl Intercompany	12	788 768	567 538
Total current liabilities		1 248 987	1 067 542
Total liabilities		1 250 130	1 068 864
Total equity and liabilities		2 468 343	3 000 024

BYGGMAKKER HANDEL AS

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BALANCE SHEET

BYGGMAKKER HANDEL AS

AMOUNTS IN NOK 1.000

The board of Byggmakker Handel AS

Sami Kiiski
chairman of the board

Mia Maria Kaitaharju
vice chairman

Anu Aulikki Myyryläinen
member of the board

Lumi-Sirkku Johanna Vikiö
member of the board

Kurt Normann Stranden
member of the board

Jørgen Sollie
member of the board

Odd Gunnar Johnsen
member of the board

Hilde Merethe Kristoffersen
general Manager

BYGGMAKKER HANDEL AS

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BYGGMAKKER HANDEL AS

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Note 1 - Accounting principles

The annual financial statement is created in accordance with the Norwegian Accounting act, and general accepted accounting practice.

Operating Income

Sales revenues are related to the flow-through-invoicing process in the Byggmakker chain. Revenue recognition takes place at the time of delivery of the goods. Rendered bonus and cash discounts to the chain members are booked as reduction of sales revenues. Other operating income is related to chain membership fee, supplier fees, and marketing support.

Classification and assessment of balance sheet items

Current assets and current liabilities include items that are due for payment within one year from the acquisition date, and items that are related to the cycle of goods. Other items are classified as fixed assets at fair value. Current assets are valued at fair value. Current liabilities are recognized at nominal value at point of borrowing, then valued at fair value.

Subsidiaries

Subsidiaries are valued at the lowest of purchase price value and fair value. Dividends and other disbursements are recognized the same year as they are accrued in the subsidiary.

Associated companies

Associates are accounted for using the equity method from the date when significant influence or joint control is achieved until such influence ceases.

Investments in an associates are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the share of net assets of the associate since the acquisition date.

The statement of profit or loss reflects the entity's share of the results of operations of the associate.

If there are indication of that the investment in the associate is impaired, the Entity will perform an impairment test of the carrying amount of the investment. Any impairment losses are recognised as share of profit of an associate in the statement of profit or loss.

Receivables

Accounts receivables and other receivables are stated in the balance sheet at fair value after deduction of accrual for expected bad debt losses. Accrual for bad debt loss is based on individual assessment of the receivable items.

Fixed Assets

Fixed assets are recognized in the balance sheet and depreciated over the asset's useful life when the useful life exceeds three years. Direct maintenance of fixed assets is expensed under operating expenses, while additions or improvements are added to the fixed asset's acquisition value and depreciated at the same rate as the asset. If the recoverable value of an asset is lower than what is recognized in the balance sheet, a write down is done to reflect the recoverable value. Recoverable value is the higher of net sales value and fair value. Fair value is the net present value of future economic benefit the asset will generate. The fixed assets in the balance sheet are valued at fair value.

Intangible Assets

Intangible Assets are valued at fair value.

Inventory

Purchased finished goods are valued at the lowest of average cost and fair value.



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BYGGMAKKER HANDEL AS

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Bank deposits and overdraft facilities

The cash pool agreement the company had with parent company Kesko Oyj has been discontinued, and the company is now instead part of Kesko's internal In House Cash solution.

The company's spend inside the In House Cash solution constitutes an intercompany debt.

Pension

The net pension cost for the year is classified as Payroll expense. The company is required by law to have an obligatory occupational pension plan. The current pension plan meets the requirements in the law.

Bonus

Purchases through Bygghandels AS's purchasing agreements generate supplier bonus which is to be distributed between the members of the Bygghandels chain. Accrued supplier bonus is netted against accrued bonus for chain members in the balance sheet.

Rent / Leasing

Rental agreements are classified as either financial or operational leasing based on assessment of each individual agreement. Lease agreements for non-current assets which are classified as financial leasing are booked to the balance sheet, and depreciated like fixed assets. Lease agreements for non-current assets which are classified as operational leasing are expensed as part of other operating cost.

Taxes

The Tax amount in the income statement for the year comprises the tax payable, and the change in deferred tax. Deferred tax is calculated by 22% on the basis of the temporary differences which exist between accounting values and tax values. Tax increasing and tax reducing temporary differences which are reversing, or can be reversed within the same period, are offset.

Cashflow

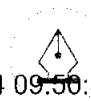
The cashflow statement is prepared using the indirect method. Cash and cash equivalents consists of cash and bank deposits. However, bank deposits that are part of the Kesko global cash pool are not included in cash and cash equivalents, as they are stated as intercompany receivables, and any utilization of credit limit in the cash pool is stated as intercompany debt.

Note 2. Sales revenues

Amounts in NOK 1.000

	2023	2022
Segment		
Building and technical trade	6 229 511	6 051 036
Other operating income	178 422	425 136
Total	6 407 932	6 476 172
Geographic division		
Norway	6 407 932	6 476 172
Total	6 407 932	6 476 172

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BYGGMAKKER HANDEL AS

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Note 3. Intercompany transactions

Amounts in NOK 1.000

Kesko Oyj owns 100% of the shares in Byggmakker Handel AS. Byggmakker Handel AS has intercompany sales and purchases of both goods and services to and from its subsidiaries, as well as other Kesko group companies. All these transactions with the intercompanies are based on market prices and terms. As of 1. January 2023 Byggmakker CF AS was merged into Byggmakker Handel AS.

Receivables from intercompanies are mainly related to sales of goods and services. Payables to intercompanies are mainly related to purchase of goods and services.

The most significant transactions with Kesko Intercompanies are as follows:

Transactions	2023	2022
Operating income (1)	16 312	1 616 712
Cost of goods sold (2)	61 248	111 524
Other operating expenses (3)	102 831	96 783
Net Financial income + /expense - (4)	53 210	39 078
Group contribution paid (5)	0	0

(1) Onninen AS, Sport1 Flokkmann Mosjøen AS, Geitanger Bygg AS

(2) Kesko Oyj, Onninen AS

(3) Onninen AS, Geitanger Bygg AS, Kesko Oyj, Arn Eiendom AS, Hasti Ari AS, Sørbo AS, Tau & Jørpeland Eiendom AS, Sport1 Flokkmann Mosjøen AS

(4) Kesko Oyj, Onninen AS, Geitanger Bygg AS

(5) N/A

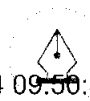
Intercompany balances in the Balance sheet are shown in Note 12.

Note 4. Cost of goods sold

Amounts in NOK 1.000

	31.12.2023	31.12.2022
Purchased finished goods	4 795 126	5 355 540
Change in inventory	-269 349	6 825
Received from merger	268 967	0
Cost of goods sold	4 794 745	5 362 365

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**BYGGMAKKER HANDEL AS**

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Note 5. Salaries and allowances, number of employees, employee loans and audit fees

Amounts in NOK 1.000

Salaries

	2023	2022
Salary	631 570	366 273
Social security contribution	92 055	48 348
Pension cost	25 019	13 235
Other benefits	28 619	14 698
Total	777 262	442 554

Average number of Full Time Employees (FTE)	999	627
---	-----	-----

Salaries for management	General Manager	The Board
Salary	4 511	
Other allowances	946	

No loans or securities have been granted to the General manager or other related parties.

Bonus to the General management team is determined for one year at a time, and is based on achievement of fixed goals.

No board fees are paid to the Board.

Audit

Audit fee is comprised of	2023	2022
Regular audit	1 857	1 765
Other services	38	19
Total audit fee	1 895	1 784

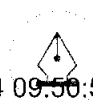
Value added tax (VAT) is not included in the Audit fee.

Note 6. Pensions

The defined benefit pension plans Byggmakker Handel had were discontinued at the beginning of 2017. Since then Byggmakker Handel has had Defined contribution plans, in addition to a Collective contractual pension (AFP).

There is no pension liability attached to the AFP-plan, so the cost is consecutively expensed throughout the year.

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Note 7. Intangible assets

Amounts in NOK 1.000

	Trademark	Art / Other intangible assets	Patents, licences etc	Goodwill
Acquisition cost as of 01.01.2023	274 900	518	53 332	29 351
Acquisition of intangible assets during the year		162	10 972	
Additions from merger	0	0	0	248 860
Retirement of intangible assets during the year	0	0	- 9 617	
Total Acquisition cost as of 31.12.2023	274 900	680	54 687	278 211
Accumulated depreciation as of 31.12.2023	0	15	40 355	160794
Net book value as of 31.12.2023	274 900	665	14 332	117 417
This year's depreciation	0	3	2 551	24 773
Useful life	Indefinite	Indefinite	5 years	5 years
Depreciation plan			Linear	Linear

Note 8. Fixed Assets

Amounts in NOK 1.000

	Lease modifications	Furniture & Fixtures, Office equipment, Real estate equipment Patents, licences etc	Total Fixed Assets
Acquisition cost as of 01.01.2023	64 425	162781	227 206
Acquisition during the year	4 510	10 206	14 716
Additions from merger	27 481	30 417	57 898
Scrapped/sold during the year	-3 126	-8 343	-11 469
Total Acquisition cost as of 31.12.2023	93 290	195 061	288 351
Accumulated depreciation as of 31.12.2023	56 473	138 261	194 734
Net book value as of 31.12.2023	36 817	56 800	93 617
This year's depreciation	9 846	18 554	28 399
Useful life	Indefinite	5 years	
Depreciation plan		Linear	

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Note 9. Subsidiaries and associated companies

Amounts in NOK 1.000

Subsidiaries

Company name	Acquisition date	Business address	Book value	Equity 31.12.2023	Annual result 2023
Sport 1 Flokkmann Mosjøen AS	01.10.20	MOSJØEN	7 126	7 516	1 011
Arn Eiendom AS	01.10.20	SKEDSMOKORSET	34 202	36 862	900
Geitanger Bygg AS	01.10.23	Nestum	90 997	636 849	104 848
Sum			132 325		

Ownership in all companies is 100%

Associated companies

Company name	Business address	Ownership	Book value as of 01.01.2023	Share of profit	Received dividend	Book value as of 31.12.2023
Proffsenteret AS	HØNEFOSS	34,11%	8 250	-174	-1 734	6 342

Note 10. Taxes

Amounts in NOK 1.000

Below is a specification of the differences between Accounting profit before tax and Tax basis for the year, as well as a specification of this year's tax expense.

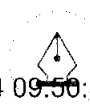
Calculating the tax basis for the year:

	2023	2022
Profit before tax	5 287	140 339
Non-deductible GW depreciation	24 088	1 799
Permanent differences	13 493	0
Change in temporary differences	-20 855	-19 622
Limitation of interest deduction	1 872	0
Tax basis for the year	23 885	122 516

This year's tax expense consists of:

	2023	2022
Tax payable 22%	5 255	26 953
Change in deferred tax	4 176	3 419
Change in deferred tax due to merger	0	796
Total tax expense	9 431	31 169

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Temporary differences	2023	2022
Fixed assets	-22 346	-12 326
Finished goods	-54 691	-40 482
Accounts receivables	-20 003	-11 223
Accounting Accruals	-7 866	-10 528
Gains- and loss	-252	-315
Basis for Deferred tax liability/ Deferred tax asset (-)	-105 157	-74 874
22% deferred tax liability/ deferred tax asset (-)	-23 135	-16 472

Tax payable in the balance sheet

	2023	2022
Tax payable in tax expense	5 255	26 953
Increased tax due to received group contribution	2 112	
Reduced limitation of interest deduction	-412	
Total tax payable in the balance sheet	6 955	26 953

Note 11. Equity

Amounts in NOK 1.000

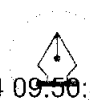
	Share capital	Share premium	Other paid-in capital	Other equity	Total
Equity pr 01.01.2023	6 000	2 163 102	14 605	-252 547	1 931 160
Given group contribution			7 488		7 488
Effect of merger	0	0	0	-716 291	-716 291
Annual result	0	0	0	-4 144	-4 144
Equity pr 31.12.2023	6 000	2 163 102	22 093	-972 982	1 218 213

Note 12. Intercompany balances

Amounts in NOK 1.000

Receivables	2023	2022
Accounts receivables intercompany	25 406	103 308
Other receivables intercompany	48 103	65 306
Total Receivables	73 509	168 614
Debt /Payables		
Accounts payable intercompany	24 103	15 010
Other payables intercompany	348 475	326 963
Total debt / payables	372 578	341 973

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BYGGMAKKER HANDEL AS

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Note 13. Tax guarantee

Byggmakker Handel AS does not have a restricted account for deposit of employees' withholding tax. Instead a Tax Guarantee (bank guarantee) has been issued by Onninen (part of the same Group) for Skatteetaten. The guarantee is for NOK 37.000.000,-, which covers the liability of the company.

Note 14. Share Capital

Amounts in full figures

The Share capital consists of:	Number of shares	Nominal value	Recognized in balance sheet
A-shares	4 000	1 475	6 000 000
Total	4 000	1 475	6 000 000

Shareholders pr 31.12.2023

	A-shares	Ownership %	Vote %
Kesko Oyj, Finland	4 000	100%	100%
Sum	4 000	100%	100%

Note 15. Rent and Leasing-agreements

Total rent liability for offices and warehouses is KNOK 699.660. Rent expences for 2023 is KNOK 288 004 (KNOK 146 864 in 2022). The agreement with the longest duration ends in 2034. The agreement for rent in Lillestrøm has an expiry date of Dec 18th 2023. Annual rent expense for 2023 is KNOK 14 229.

Furthermore, Byggmakker Handel has operational lease agreements for cars with varying expiry dates up to 2026. Annual expense related to these lease agreements was KNOK 9 220 in 2023 (KNOK 9 476 in 2022).

Note 16. Consolidated financial statement

Byggmakker Handel AS is included in the consolidated financial statement of Kesko Oyj.

In accordance with the exemption in §3-7 of the Norwegian Accounting Act, no consolidated accounts are prepared for Byggmakker Handel AS.

The consolidated financial statement can be retrieved from Kesko Oyj.

Visiting address: Työpajankatu 12, FI-00580, Helsinki, Finland

Mail address: P.O.B. 1, FI-00016 Kesko, Helsinki, Finland

Web site: <https://www.kesko.fi/en>

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Note 17. Pledges and Guarantees

There are no pledges.

Bank guarantee

For Nordahl Bruns Gate 10 KS

Nominal value Expiry date

11 000 Jun 18th, 2024

Note 18. Mergers

The wholly owned subsidiary Byggmakker CF AS has been merged into Byggmakker Handel AS. All assets, rights and liabilities are transferred to Byggmakker Handel AS without consideration.

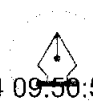
For accounting purposes, the merger has been carried out with continuity and with 1 January 2023 as effective date. The merger has been carried out in accordance with the simplified merger procedure for parent/subsidiary mergers.

Note 19. Subsequent events

It is the opinion of the Board that the preconditions for continued operation are present. There have been no events after the balance sheet date that affect the assumptions about continued operations.

Geitanger Bygg AS was merged with Byggmakker Handel AS in February 2024, and Byggmakker Handel AS has take over all assets, rights and obligations from its subsidiary.

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**BYGGMAKKER HANDEL AS**

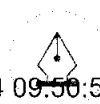
980 656 616

Cash flow statement

Amounts in NOK 1.000

	2023	2022
Cash flow from operating activities		
Profit before tax	5 287	140 339
Taxes paid during the year	-63 030	-43 690
Share of profit of associated companies	174	-2 827
Ordinary depreciation	55 725	20 436
Gain/loss from sale of fixed assets	1 173	-349
Change in inventory	-381	16 185
Change in accounts receivable	81 465	50 750
Change in accounts payable	-226 955	99 548
Change in intercompany debt	190 086	-138 008
Change in other accruals	55 051	-146 422
Net cash flow from operating activities	98 595	-4 038
Cash flow from investing activities		
Received dividend and group contribution	1 734	3 759
Proceeds from sale of non-current assets	794	580
Payment for purchase of fixed assets	-25 850	-20 837
Payment/refund purchase of shares	-90 996	0
Received cash from merger	16 928	21 088
Net cash flow from investing activities	-97 390	4 590
Cash flow from financing activities		
Net cash flow from financing activities	0	0
Net change in cash and cash equivalents	1 205	552
Cash at the beginning of the year	4 142	3 590
Cash at the end of the year	5 347	4 142

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Dronning Eufemias gate 14
Postboks 221
NO-0103 Oslo
Norway

+47 23 27 90 00
www.deloitte.no

Til generalforsamlingen i Byggmakker Handel AS

UAVHENGIG REVISORS BERETNING

Konklusjon

Vi har revidert årsregnskapet for Byggmakker Handel AS som består av balanse per 31. desember 2023, resultatregnskap, kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening

- oppfyller årsregnskapet gjeldende lovkrav, og
- gir årsregnskapet et rettviseende bilde av selskapets finansielle stilling per 31. desember 2023 og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet i samsvar med kravene i relevante lover og forskrifter i Norge og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Styret og daglig leder (ledelsen) er ansvarlige for informasjonen i årsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker ikke informasjonen i årsberetningen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese årsberetningen. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom årsberetningen og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt informasjon i årsberetningen ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom årsberetningen fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

Basert på kunnskapen vi har opparbeidet oss i revisjonen, mener vi at årsberetningen

- er konsistent med årsregnskapet og
- inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avvirket.

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Registrert i Foretaksregisteret
Medlemmer av Den norske Revisorforening
Organisasjonsnummer: 980 211 282



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Uavhengig revisors beretning
Byggmakker Handel AS

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i årsregnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjons handlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.
- opparbeider vi oss en forståelse av intern kontroll som er relevant for revisjonen, for å utforme revisjons handlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimaterne og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifierer vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke kan fortsette driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med styret blant annet om det planlagte innholdet i og tidspunkt for revisjonsarbeidet og eventuelle vesentlige funn i revisjonen, herunder vesentlige svakheter i intern kontroll som vi avdekker gjennom revisjonen.

Oslo, 21. juni 2024
Deloitte AS

Stian Jilg-Scherven
statsautorisert revisor
(elektronisk signert)



Uavhengig revisors beretn...- Byggmakker Handel AS

Name	Date
Jilg-Scherven, Stian	2024-06-24

Identification

 bankID Jilg-Scherven, Stian



This document contains electronic signatures using EU-compliant PAdES - PDF
Advanced Electronic Signatures (Regulation (EU) No 910/2014 (eIDAS))



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Jeanette Munkvold Skovholt	23.05.2018	11.06.2018
Telefon	Deres referanse	Vår referanse
90076012	Espen Ingvoldstad	2018/700520

BYGGMAKKER HANDEL AS
Postboks 117
2021 SKEDSMOKORSET

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Byggmakker Handel AS, org.nr. 980 656 616

Vi viser til deres brev av 23. mai 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Byggmakker Handel AS.

Skattedirektoratet gir på bakgrunn av en konkret vurdering Byggmakker Handel AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden gjengis:

Byggmakker Handel driver kjedevirksomhet innen byggevarehandel og kundene består utelukkende av selvstendige selskaper som driver ett eller flere av de 65 utsalgstedene som inngår i Byggmakker kjeden (...)

(...) Kekso Oyj eier 100% av aksjene i Byggmakker Handel AS. Kekso Oyj er registrert i Finland og forretningsspråket i konsernet er engelsk. Styret i Byggmakker Handel AS består av tre aksjonærvalgte medlemmer, inklusive styreformannen, og to ansatte representanter. De tre aksjonærvalgte styremedlemmene er alle finske, og styremøtene foregår på engelsk.

Den primære målgruppen for årsregnskapet og årsberetningen til Byggmakker Handel AS har ikke norsk som morsmål.

En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post:	22 17 08 60
	skatteetaten.no/sendepost	



regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “*informative regnskaper for ulike grupper av regnskapsbrukere*”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er heleid av et utenlandsk selskap. Eierkretsen er begrenset. Forretningsspråket i konsernet er engelsk. Videre er det vektlagt at flere av styremedlemmene er utenlandske.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



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KESKO ANNUAL REPORT





- Kesko's direction**
 - Year 2023
 - Strategy and operating environment
 - Business
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KESKO ANNUAL REPORT 2023

Kesko's 2023 Annual Report comprises five sections. It details the progress made in Kesko's strategy, sustainability work and financial performance, with comprehensive performance indicators.

KESKO'S DIRECTION



The section describes Kesko and its divisions and the progress made in strategy execution, as well as Kesko's financial targets, operating environment and value creation.

[+ Read more](#)

SUSTAINABILITY REPORT



The Sustainability report details the objectives and progress made in our sustainability work, and provides key indicators in accordance with GRI standards.

[+ Read more](#)

FINANCIAL REVIEW



The Financial review comprises the Report by the Board of Directors, the Group's key performance indicators, and the financial statements and Auditor's Report for 2023.

[+ Read more](#)

CORPORATE



The section contains the Corporate Governance Statement, the Remuneration Report for 2023 and details of Kesko's Board of Directors.

[+ Read more](#)

The following symbols indicate that additional information can be found either in this report or on our website:

[+ Read more in this Annual Report](#)

[→ Read more on our website](#)



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FINANCIAL REVIEW

This PDF report has been published voluntarily. Kesko has published the Report by the Board of Directors and the consolidated financial statements as an XHTML document in accordance with the European Single Electronic Format (ESEF) reporting requirements. The ESEF version is the official version of the report.

This report is a translation of the Finnish original.

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THE BOARD
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KESKO ANNUAL REPORT 2023

REPORT BY THE BOARD OF DIRECTORS

Kesko has operations in Finland, Sweden, Norway, Estonia, Latvia, Lithuania and Poland, with some 1,800 stores engaged in chain operations

Kesko's principal business model in the Finnish market is the chain business model, in which independent K-retailers run retail stores in Kesko's chains. Retailer operations accounted for approximately 46% of Kesko's net sales in 2023. At the end of 2023, Kesko had nearly 1,100 independent K-retailer entrepreneurs as partners. Kesko also engages in its own retailing, which accounted for some 15% of net sales. B2B trade is a significant and growing part of Kesko's business operations, and it accounted for approximately 39% of Kesko's net sales.

Outside Finland, Kesko mainly engages in its own retailing and B2B trade. Net sales for international operations totalled €2,078 million, and accounted for 18% of Kesko's total net sales.

Together, Kesko and K-retailers form K Group, whose retail sales (preliminary) totalled some €15.8 billion (0% VAT) in 2023.

Operating environment

Identified megatrends impacting K Group's operations include globalisation and related supply chain security and the growing importance of risk management, continued population change and urbanisation, the growing importance

of data and possibilities enabled by digitalisation, and the emphasised importance of sustainability. Themes emphasised in customer and consumer trends include individual customer behaviour, the need to constantly adjust selections to customer needs, and multichannel shopping. Key opportunities and risks in our operating environment are related to developments in our economic operating environment, digital services and data-driven management, the geopolitical situation, sustainable purchasing and human rights, and climate change. Emerging risks include the loss of biodiversity and extreme weather phenomena. Risks are described in more detail in the 'Significant risks and uncertainties' section of this Report by the Board of Directors

Outlook and guidance for 2024

Kesko Group's profit guidance is given for the year 2024, in comparison with the year 2023. Kesko's operating environment is estimated to remain challenging in 2024. Kesko's net sales and operating profit are estimated to remain at a good level in 2024 despite the challenges in the company's operating environment. Kesko estimates that its comparable operating profit in 2024 will be in the range of €620–720 million

The profit guidance is based on an estimate of a relatively short recession in Kesko's operating countries. Key uncertainties impacting Kesko's outlook are developments in inflation and interest rate levels, and geopolitical crises and tensions.



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Financial performance

Net sales and profit 2023

1-12/2023	Net sales, € million	Change %	Change, compar.
Grocery trade	6,351.6	+3.7	
Building and home improvement trade	1,912.1	-19.6	
Technical trade	2,344.7	+2.6	
Kesko Senukai	-	-	
Building and technical trade total	4,193.2	-8.7	
Car trade	1,262.3	+12.2	
Common functions and eliminations	-23.3	-	
Total	11,783.8	-0.2	

Group net sales decreased by 0.2%. In comparable terms, net sales decreased by 0.8%. Net sales increased in comparable terms by 1.3% in Finland, and decreased by 9.8% in the other Kesko operating countries. The comparable change % has been calculated in local currencies and excluding the impact of acquisitions and divestments completed.

Net sales for the grocery trade division grew by 3.7%. Sales to K Group grocery store chains grew by 2.7%. Net sales for Kespro's foodservice business grew by 10.9%. Without Covid-19 restrictions, consumption was relatively more geared towards foodservice than retail than in the comparison period.

Net sales for the building and technical trade division decreased by 8.7%, or by 10.5% in comparable terms. Net sales for technical trade increased by 2.6%, but decreased by 4.8% in comparable terms. Net sales for building and home improvement trade decreased by 16.1% in comparable terms. Net sales in building and home improvement trade decreased in all operating countries, impacted by a weaker construction market year-on-year.

In the car trade division, net sales increased by 12.2%, or by 13.9% in comparable terms. Net sales grew in all car trade segments. Net sales for sports trade decreased.

The Group's comparable operating profit totalled €712.0 million, a decrease of €103.0 million. The comparable operating profit for the grocery trade division decreased by €15.6 million, weakened by campaigns and other marketing efforts as well as increased real estate costs. The division's profitability was improved by the sales growth and good profitability of Kespro's foodservice business. The comparable operating profit for the building and technical trade division decreased by €111.4 million. The comparable operating profit decreased in all operating countries primarily as a result of the decrease in net sales. In addition to the decrease in net sales, profitability for technical trade was impacted by Elektroskandia, where profitability was below that of the rest of the business, burdened by a €2.0 million expense recorded for the allocation of fair value of inventories. In Finland, profitability for Onninen and building and home improvement trade remained good. The share



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in Sweden, in which the Swedish building and home improvement trade operations will be concentrated in the K-Bbygg chain, and to acquisitions

K Group's (Kesko and the chain stores) retail and B2B sales (0% VAT) totalled €15,850.0 million, representing a decrease of 1.8%. During the 12-month period that ended in December 2023, the number of Finnish households belonging to the K-Plussa loyalty scheme and using the Plussa network totalled 2.5 million, with 3.3 million customers using their K-Plussa card.

Net finance costs, income tax and earnings per share

Net finance costs, income tax and earnings per share	1-12/2023	1-12/2022
Net finance costs, € million	-83.9	-56.0
Interests on lease liabilities, € million	-73.4	-53.4
Profit before tax, comparable, € million	630.4	763.2
Profit before tax, € million	613.5	761.1
Income tax, € million	-118.0	-151.2
Earnings per share, comparable, €	1.28	1.54
Earnings per share, €	1.25	1.53
Equity per share, €	6.93	6.90

The growth in Group net finance costs was impacted by the increase in interest-bearing net debt and rise in interest rate levels. In the comparison period, net finance costs were reduced by a positive change in the fair value of interest rate derivatives. The share of result of associates was €2.1 million (€0.6 million).

The Group's effective tax rate was 19.2% (19.9%).

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

Cash flow and financial position

Cash flow, € million	1-12/2023	1-12/2022
Cash flow from operating activities	1,049.5	915.2
Cash flow from investing activities	-590.2	-344.3
Cash flow from financing activities	-492.2	-604.7

Financial position	31 Dec. 2023	31 Dec. 2022
Liquid assets, € million	227.3	314.1
Interest-bearing liabilities, € million	2,787.0	2,418.3
Lease liabilities, € million	1,997.9	1,320.1
Interest-bearing net debt excl lease liabilities, € million	561.9	184.1
Interest-bearing net debt/ EBITDA, excl. IFRS 16 impact	0.7	0.2
Gearing, %	92.8	76.7
Equity ratio, %	35.8	36.9

The Group's cash flow from operating activities totalled €1,049.5 million (€915.2 million).

The Group's cash flow from investing activities totalled €-590.2 million (€-344.3 million). Cash flow from investing activities included a positive item of €54.3 million (€36.8 million) from the redemption of money market funds, included in the Group's liquid assets.

The Group's net debt excluding lease liabilities increased due to investments in store sites and logistics, and acquisitions.



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Segments

New segment structure

Kesko changed its division structure and segment reporting as of 1 April 2023. Sports trade is now part of the car trade division, while it previously was part of the building and technical trade division. Data concerning the comparison periods have been adjusted to correspond to the new segment structure.

Grocery trade

	1-12/2023	1-12/2022
Net sales, € million	6,351.6	6,124.7
Operating profit, comparable, € million	444.8	460.4
Operating margin, comparable, %	7.0	7.5
Return on capital employed, comparable, %	17.4	19.6
Capital expenditure, € million	303.7	257.6
Personnel, average	6,257	6,288

Net sales for the grocery trade division totalled €6,351.6 million (€6,124.7 million), an increase of 3.7%. Sales to K Group grocery store chains grew by 2.7%. Net sales for Kespro's foodservice business grew by 10.9%. Without Covid-19 restrictions, consumption was relatively more geared towards foodservice than retail than in the comparison period.

The total retail grocery market in Finland (incl. VAT) is estimated to have grown by approximately 6.0% (Finnish Grocery Trade Association PTY), and retail prices are estimated to have risen by some 9.0% (incl. VAT, Kesko's own estimate). K Group's grocery sales grew by 3.2% (incl. VAT). New store openings by competitors are estimated to have continued to impact market shares in 2023, but to a lesser extent than in 2022. Online grocery sales grew by 5.7%, and accounted for approximately 3.2% of K Group's grocery sales (incl. VAT). Online grocery sales have risen clearly above pre-pandemic levels. All K Group grocery store chains offer online grocery sales services. The number of K Group stores offering online grocery services was 729 at the end of the reporting period, up by 110 year-on-year. The total market for the foodservice business is estimated to have grown by 6.7% (Finnish Grocery Trade Association PTY). Kespro's market share is estimated to have continued to grow in 2023. The popularity of eating out is expected to be growing trend.

Net sales, € million	1-12/2023
Sales to K-food stores	4
K-Citymarket, non-food	—
Kespro	1
Others	—
Total	6



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Building and technical trade

	1-12/2023	1-12/2022
Net sales, € million	4,193.2	4,591.1
Building and home improvement trade	1,912.1	2,377.2
Technical trade	2,344.7	2,286.2
Operating profit, comparable, € million	212.5	323.3
Building and home improvement trade	65.0	127.5
Technical trade	128.5	173.7
Kesko Senukai	19.0	20.9
Operating margin, comparable, %	5.1	7.1
Building and home improvement trade	3.4	5.4
Technical trade	5.5	7.6
Return on capital employed, comparable, %	11.4	19.1
Capital expenditure, € million	273.0	108.2
Personnel, average	6,073	5,871

Net sales for the building and technical trade division decreased by 8.7%, or by 10.5% in comparable terms. Net sales for technical trade increased by 2.6%, but decreased by 4.8% in comparable terms. Net sales for technical trade grew in Norway, underpinned by the Elektroskandia AS acquisition, but decreased in other operating countries. Net sales for building and home improvement trade decreased by 16.1% in comparable terms: net sales decreased in all operating countries, impacted by a weaker construction market year-on-year. Net sales development in euro terms was increased by the strengthening of the Polish zloty against the euro, and decreased by the weakening of the Swedish krona and the Norwegian krone against the euro.

In Finland, net sales for the building and technical trade division totalled €2,115.0 million (€2,382.3 million), down

by 11.2%. Net sales from international operations totalled €2,078.2 million (€2,208.8 million), down by 5.9%, or by 9.8% in comparable terms.

The comparable operating profit for the building and technical trade division totalled €212.5 million (€323.8 million), down by €111.4 million. The comparable operating profit decreased in all operating countries primarily as a result of the decrease in net sales. In addition to the decrease in net sales, profitability for technical trade was impacted by Elektroskandia, where profitability was below that of the rest of the business, burdened by a €2.0 million expense recorded for the allocation of fair value of inventories. In Finland, profitability for Onninen and building and home improvement trade remained good. The share of result from Kesko Senukai had a €1.9 million negative impact on the division's comparable operating profit year-on-year.

Operating profit for the building and technical trade division totalled €201.9 million (€324.8 million). Items affecting comparability totalled €-10.5 million (€0.9

Net sales, € million	1-12
Building and home improvement trade, Finland	
K-Rauta, Sweden	
K-Bygga, Sweden	
Byggmakkeri, Norway	
Building and home improvement trade, total	1
Technical trade, Finland	
Technical trade, Sweden	
Technical trade, Baltics	
Technical trade, Poland	
Technical trade, total	2
Total	4



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Car trade

	1-12/2023	1-12/2022
Net sales, € million	1,262.3	1,124.8
Car trade	1,078.6	910.9
Sports trade	183.9	214.0
Operating profit, comparable, € million	82.6	64.3
Car trade	73.1	48.4
Sports trade	9.5	16.0
Operating margin, comparable, %	6.5	5.7
Car trade	6.8	5.3
Sports trade	5.1	7.5
Return on capital employed, comparable, %	15.8	14.7
Capital expenditure, € million	80.3	45.1
Personnel, average	1,531	1,519

Net sales for the car trade division increased by 12.2%, or by 13.9% in comparable terms. Net sales grew in all car trade segments. Net sales for sports trade decreased by 14.1%.

The combined market performance of first registrations of passenger cars and vans was +6.2%. The combined market share of the Volkswagen, Audi, SEAT, CUPRA, Porsche and Bentley passenger cars and Volkswagen vans imported by the car trade division was 15.1% (14.1%).

The comparable operating profit for the car trade division totalled €82.6 million (€64.3 million). The comparable operating profit increased in the car trade segments by €24.7 million thanks to net sales growth and transformation and efficiency improvement measures. In sports trade, comparable operating profit decreased due to the decline in net sales.

Operating profit for the car trade division totalled €82.4 million (€63.9 million). Items affecting comparability totalled €-0.1 million (€-0.4 million).

Capital expenditure for the car trade division totalled €80.3 million (€45.1 million).

Net sales, € million	1-12/2023	1-12/2022	Change, %	Change, % comparable
Car trade	1,078.6	910.9	+18.4	+20.7
Sports trade	183.9	214.0	-14.1	-14.1
Total	1,262.3	1,124.8	+12.2	+13.9



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Main objectives and results achieved in sustainability

Financial value creation

Kesko's operations create value and generate economic benefits for various stakeholders in Kesko's operating countries and markets. Key stakeholders include shareholders, customers, personnel, retailers, suppliers and service providers, and the society. Kesko promotes the growth of wellbeing throughout its supply chain, also in developing countries.

The most important cash flows comprise revenue from sales of goods and services to customers and retailers, purchases from suppliers of goods and services, dividends paid to shareholders, salaries and wages paid to personnel, taxes, and capital expenditure. Kesko employs 17,702 people and in 2023 paid €629.8 million in wages. In 2023, income taxes paid by Kesko in Finland totalled €104.3 million, and in other countries €10.0 million. Kesko also pays real estate and property taxes, and collects, reports and remits indirect taxes, such as value added tax and excise duties. Kesko's investments have a positive financial impact on e.g. operators in the construction sector and furniture, equipment and data system providers. Kesko's capital expenditure in 2023 totalled €678.9 million. At the end of 2023, Kesko had 105,550 registered shareholders, and dividends distributed for the year 2022 totalled €430 million.

Kesko's business model is described at the beginning of this Report by the Board of Directors. Risks related to climate change, social and employee issues, human rights, and the prevention of corruption and bribery are described in the 'Significant risks and uncertainties' section of the report.

Operating principles, key commitments and policies

Kesko's operations are based on its value "The customer and quality – in everything we do", and its vision and mission. Key Group-level policies that guide operations include the governance policy, human resources policy, sustainability policy, risk management policy, disclosure policy, data protection policy, information security policy, and tax policy.

Kesko is committed to promoting the UN's Sustainable Development Goals (SDGs) in its operations. For Kesko and its stakeholders, the main goals are Responsible consumption, Climate action, Life on land, Gender equality, and Decent work and economic growth.

Kesko first published a statement of commitment on human rights and impact assessment in compliance with the UN's Guiding Principles on Business and Human Rights in 2016. Kesko reviews the commitment and impact assessment every three years, most recently in the autumn of 2022.

Sustainability strategy 2022–2024

Sustainability is one of the key focus areas in Kesko's strategy. Sustainability work is guided by Kesko's sustainability policy, sustainability strategy, and the K Code of Conduct. The Board of Directors of Kesko Corporation approved a sustainability strategy for the company in March 2022. The strategy is based on the extensive materiality assessment updated in 2021, in which stakeholders were asked to provide their views on key sustainability themes for Kesko and its stakeholders.

The sustainability strategy sets sustainability targets for Kesko and its business divisions. The four focus areas of the sustainability strategy are climate and nature, value chain,



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In January 2024, Kesko ranked 29th overall (74th in 2023) on the Global 100 list of the Most Sustainable Corporations in the World, and the highest among companies in its sector (Consumer Staples). Kesko is the only company in the world to have been included in the Global 100 list every year since the list was first established in 2005.

Climate and nature

In accordance with its sustainability strategy, Kesko concentrates on reducing carbon dioxide emissions from its own operations and its whole value chain. Central to Kesko's climate and nature efforts are also the company's impacts on biodiversity and in terms of circular economy, especially responsible packaging and reduction of food waste.

Emissions from Kesko's own operations

Kesko aims for its own operations to be carbon neutral by 2025, and free of emissions by the end of 2030. In between 2025 and 2030, Kesko will offset its remaining emissions and will continue to reduce emissions towards zero by the end of 2030.

In Kesko's own operations, emissions (Scope 1 and 2) mostly come from fuel consumption in transport and logistics operations, and the consumption of district heat. In addition, emissions arise from Kesko's own generation of electricity and heat, refrigerant leaks, and the consumption of purchased electricity. Emissions from Kesko's own operations are estimated to account for 1% of the total value chain carbon dioxide emissions.

Kesko promotes the achievement of emissions targets by, for example, increasing the purchase of emissions-free electricity, reducing the use of natural gas and oil to decrease emissions from self-generated energy, improving

energy efficiency, utilising waste heat, and increasing electric transport vehicles in logistics.

The electricity consumed by Kesko in Finland is free of carbon dioxide emissions, and for the most part generated using nuclear and wind power. In Finland, Kesko's electricity consumption in Q4/2022-Q3/2023 totalled 278 GWh. The consumption of heat and cooling energy totalled 214 GWh. In Kesko's other operating countries, electricity consumption totalled 33 GWh and heat consumption 12 GWh. Kesko's consumption of electricity and heating and cooling energy in all operating countries in total amounted to 537 GWh in Q4/2022-Q3/2023.

Emissions from value chain

Kesko is committed to mitigating climate change by setting science-based short-term emission reduction targets. The short-term targets validated by the Science Based Targets initiative (SBTi) are as follows:

- Kesko has committed to reducing absolute scope 1 and 2 GHG emissions by 90% by the end of 2030 from a 2020 base year.
- Kesko has committed to 67% of its suppliers (by spend, covering purchased goods and services) setting science-based emission reduction targets by the end of 2026.
- Kesko has also committed to reducing absolute scope 3 GHG emissions from the use of sold products by 17% by the end of 2026 from a 2020 base year.

In autumn 2023, Kesko committed to setting new long-term emission reduction targets and to reducing emissions throughout its value chain in accordance with the NetZero Standard of the Science Based Targets initiative. Kesko is seeking SBTi validation also for its new net-zero target.



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Climate-related opportunities and risks

In 2022, Kesko examined climate change-related risks and opportunities in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) framework. The impacts of climate change are twofold:

- The impacts of climate change on Kesko are related to increasing regulation and extreme weather phenomena.
- The impacts of Kesko's operations on the climate are related to the lifecycle impact of products and services sold, and Kesko's energy solutions and emissions.

Opportunities

In addition to emissions from own operations, the biggest climate impact in the trading sector comes from emissions from the value chain of products. In addition to its own operations, Kesko extends emission reduction targets to its whole value chain.

All Kesko divisions can offer customers solutions that help them reduce their climate impact, as living, food and mobility are the biggest sources of greenhouse gases in private consumption.

Risks

The most significant risk is that climate action on a global scale stays at the current level, attempts to mitigate climate change fail, and as a result, extreme weather phenomena, such as powerful storms and extended periods of high temperatures in the summer, will increase. The impact of global warming on Finnish and global production areas and consequently on product availability, quality and prices could become critical factors for supply chain continuity and product availability.

Key targets	Indicators	Results in 2023
Achieving carbon neutrality in 2025 and making Kesko's own operations emissions-free by the end of 2030	Carbon dioxide emissions (tCO ₂ e)	Kesko's own (scope 1 and 2) carbon dioxide emissions in Q4/2022-Q3/2023 totalled 75,138 tCO ₂ e.
Having 67% of Kesko's suppliers (by spend) set science-based emission reduction targets by the end of 2025	% of suppliers	Kesko monitors progress mainly via CDP's Climate Change Questionnaire In 2023, 32.0% of Kesko's suppliers (by spend) had set science-based emission reduction targets



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Value chain

Kesko is developing sustainability and responsibility in its value chain by, for example, supporting customers' sustainable choices and increasing supply chain audits. The sustainability and transparency of supply chains is one of the focus areas for Kesko's sustainability work.

Human rights and sustainable purchasing

In accordance with its human rights commitment, Kesko respects all internationally recognised human rights. Kesko's purchasing is guided by Kesko's ethical principles for purchasing, which are based on the fundamental rights at work accepted by the International Labour Organisation (ILO), the UN Declaration of Human Rights, and the UN Convention on the Rights of the Child.

Kesko has 12 sustainability policies to guide the sourcing of products containing raw materials identified as critical from a social and environmental responsibility perspective.

In its purchasing chains, Kesko pays special attention to human rights issues and working conditions in high-risk countries. Kesko utilises international social responsibility assessment systems for supplier audits in high-risk countries, primarily amfori BSCI auditing. Kesko is a member of amfori and participates in the amfori Business Social Compliance Initiative (amfori BSCI). Kesko's principle in high-risk countries is to collaborate only with suppliers that are already included in the scope of social responsibility audits, or that start the process when the cooperation

begins. The audits focus on e.g. the observance of working time regulations, management practices at factories, and occupational health and safety of the workers.

Kesko takes part in the International Accord for Health and Safety in the Textile and Garment Industry to promote occupational health and safety in textile factories in Bangladesh. Kesko is also a member of the Center for Child Rights and Business, an organisation that promotes children's rights in China.

Product safety

Kesko and K Group stores together with suppliers are responsible to the products' end-users for ensuring that the products comply with all the requirements of EU legislation and local legislation in Kesko's operating countries, are safe for users, and meet quality promises. All food product operations have a self-control system in place as required by law.

The Quality and Product Development unit in Kesko's grocery trade division requires the manufacturers of Kesko's own brand food products to have international certifications that assure product safety. The laboratory of the Quality and Product Development unit monitors the safety and quality of own brand products and own imports in grocery trade. It is a testing laboratory T251 which has been accredited by the FINAS accreditation services and approved to comply with the SFS-EN ISO/IEC 17025 standard

Key targets	Indicators	Results in 2023
Ensuring the social responsibility of our own direct imports from high-risk countries by having 100% of the production facilities audited by 2024	Audited production facilities, %	97.0%



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Diversity in the workplace

In the sustainability strategy, key themes in the 'People' focus area include diversity, equity and inclusion (DEI). In 2023, Kesko set DEI targets for increasing the share of women in management positions, for equal pay, and for measuring employee views on the realisation of equity. In accordance with its non-discrimination plan, Kesko has established a group comprising representatives of the employer, personnel and the labour protection function, to handle matters related to non-discrimination and equality within the Group. Combatting discrimination is at the core of the group's activities. The group reviews matters related to e.g. recruitment, career development and training, remuneration, and the reconciliation of work and family life.

Employee wellbeing and success

Proactive management of employee wellbeing and working capacity has been used in an effort to ensure the working capacity and functioning of employees, to keep sickness absences under control, and to prevent work-related accidents and premature retirement due to disability. Focus on mental wellbeing has continued to be particularly central.

Personnel surveys are used to obtain personnel insight to develop operations and managerial work. The Group-wide K Voices survey was conducted in late 2023 and early 2024.

To ensure the execution of Kesko's strategy, the Group employs performance and competence management models. Performance management comprises target setting, continuous performance management, and performance evaluation. Competence management is used to ensure that employees have the necessary competencies to achieve targets and execute strategy. Competence development takes place via training, development processes, and extensive on-the-job learning. Recruitments are based on strategy and need, an approved resourcing plan, and identified change projects. In recruitments, Kesko is committed to equality, non-discrimination and selection based on factors that predict success at a position

Key targets	Indicators	Results in 2023
Tangible actions to promote employee health, wellbeing and capabilities by the end of 2024	Wellbeing Index	81 (scale of 0 to 100, Our people 2022 survey)
	Diversity & inclusion index	86 (scale of 0 to 100, Our people 2022 survey)



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one reason or another, the information cannot be passed directly to managers or other persons in charge at Kesko. The channel may also be used to report suspected violations of securities market regulations. In 2023, a total of 78 reports were received through the channel, of which 67 required investigative actions. No misuse of the channel was detected. In December 2023, the channel was officially updated to cover the whole K Group.

The Audit Committee of the Board of Directors monitors the implementation of the K Compliance operating model as well as Group-level compliance risks. The Audit Committee also monitors the overall development of K Compliance operations.

Emphasis in compliance operations is driven by the identification of compliance risks related to Kesko's strategy and business operations. The Compliance & Ethics function and the businesses regularly review and prioritise risks, with the support of the risk management function. In the assessment of compliance risks, there is an emphasis on requirements the breach of which could have significant negative consequences, for example, human rights violations or serious legal, financial and reputational risks.

Prevention of corruption and bribery

The prevention of corruption and bribery is one of the focus areas of Kesko's compliance operations.

Kesko Group's absolute zero tolerance towards bribery and corruption is described in the K Code of Conduct, which contains instructions on anti-bribery and anti-corruption. Where necessary, these are complemented with more detailed instructions. Each employee must complete two online trainings on the K Code of Conduct, which include instructions on the prevention of corruption and bribery.

Common instructions and training ensure that everyone at Kesko has the same understanding of the anti-corruption and anti-bribery principles and practices that guide their daily work. The anti-corruption and anti-bribery instructions have been published in the languages of all Kesko operating countries, and the same instructions apply to all employees. All Kesko partners are required to commit to compliance with the K Code of Conduct partner version – and consequently to zero tolerance towards bribery.

Reports received through Kesko's SpeakUp channel in 2023 did not contain observations or suspicions of breaches of instructions on anti-corruption and anti-bribery in Kesko Group.

Key targets	Indicators	Results in 2023
Strong commitment to the K Code of Conduct from all Kesko Group personnel	The "Ethics index", which comprises the rate of employees completing the annual confirmation of commitment to the K Code of Conduct, and two questions in the regularly conducted personnel survey concerning actions in compliance with the K Code of Conduct in everyday work and the reporting of violations	79.3% (K Voices 2021, K Code of Conduct annual confirmation in 2022)



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New EU Corporate Sustainability Reporting Directive (CSRD)

The Directive (EU) 2022/2464 of the European Parliament and of the Council (issued on 14 December 2022) will replace the Non-Financial Reporting Directive (NFRD). Large listed companies are required to report under the new sustainability reporting directive from the 2024 financial year onwards. The first reports will be published in 2025 as part of the Report by the Board of Directors to be published for 2024. As a large listed company, Kesko will be among the first corporations to report on sustainability based on the requirements of the new Legislation.

Companies subject to the reporting requirement must report on sustainability themes in accordance with the European Sustainability Reporting Standards (ESRS). The European Commission adopted the standards on 31 July 2023. The standards comprise a wide range of sustainability themes related to the environment, social responsibility, and governance. There are in total 12 standards, two of which are mandatory for all companies and relate to general information regarding reporting requirements and the application of the standards, as well as general disclosure on e.g. sustainability management, strategy, business model and value chain. The remaining 10 standards concern sustainability themes related to environment, social, and governance. An essential part of the new requirements is conducting a materiality assessment to determine the scope of the company's reporting based on the sustainability matters that are material to the company and its business model. In the materiality assessment, the company assesses the impact its actions have on people and the environment, as well as the risks and opportunities for the company arising from social and environmental factors.

The objective of the new legislation is to provide a uniform framework for companies to disclose information on sustainability and to provide information of higher quality and reliability for investors and other stakeholders. Going forward, sustainability information will be reported as part of the Report by the Board of Directors, which the Board approves when approving the financial statements. The assurance of the sustainability information reported will also become mandatory.

In 2023, Kesko began preparations for the implementation of the requirements posed by the new directive. Kesko will be applying the requirements of the European Sustainability Reporting Standards (ESRS) in its sustainability reporting as of 2024. A central part of the preparation process has been conducting the double materiality assessment required by the ESRS to determine the reporting requirements material for Kesko. A draft of Kesko's double materiality assessment and its impact on the content of the upcoming CSRD-compliant sustainability report have been analysed to identify further measures in preparing for the implementation of the new reporting requirements. In addition, preliminary drafts have been presented to business and Group management and the Board's Audit Committee.



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EU Taxonomy

Kesko's reporting on EU Taxonomy complies with Regulation (EU) 2020/852 of the European Parliament and of the Council (18 June 2020). The EU Taxonomy is a classification system for sustainable financing, designed to help companies and investors assess whether an economic activity can be considered environmentally sustainable. The Taxonomy defines a set of criteria for a business activity that enables companies to assess to what extent the company's activities support the attainment of environmental and climate objectives.

Companies that are required to publish non-financial information under the Non-Financial Reporting Directive (NFRD) shall disclose information on how and to what extent their activities can be deemed environmentally sustainable in the manner referred to in the EU Taxonomy based on six climate and environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Activities related to the first two objectives - climate change mitigation and climate change adaptation - were reported in stages in 2021 and 2022 based on the technical screening criteria established for them. In 2021, the reporting requirement covered Taxonomy-eligible activities. In 2022, reporting expanded to cover the share of Taxonomy-eligible

activities that can be classified as Taxonomy-aligned sustainable activities

Economic activities and the technical screening criteria related to the other four environmental objectives were published in 2023. As with the first two environmental objectives, for the first year, the reporting requirement covers information on Taxonomy-eligible activities, and will expand in 2024 to cover Taxonomy-aligned activities. Key performance indicators are presented for Taxonomy-eligible activities and Taxonomy-aligned activities. These indicators are the proportion of the company's net sales (turnover), capital expenditure (CapEx), and operating expenditure (OpEx) as defined in the Taxonomy.

Currently, the Taxonomy does not specifically mention activities that are typical of the trading sector, meaning that trading sector companies report on Taxonomy-eligible activities if they engage in them. It is likely that the Taxonomy will include an expanding number of activities, and that assessment criteria will be established consequently also for the trading sector and possibly for its different product segments.

Taxonomy-eligible activities and assessing Taxonomy alignment

Kesko has identified the car leasing operations and sales of used cars in its car trade division and the owning, leasing and construction of properties for own business needs as Taxonomy-eligible activities in its operations. Of these, the used car business in the car trade division is one of the activities related to the circular economy (sale of second-hand goods), which was included in Taxonomy-eligible activities in 2023.



Kesko's direction	Taxonomy activity	Activity description	Performance indicators		
			Turnover	CapEx	Assessm
Year 2023	CCM 6.5	Transport by motorbikes, passenger cars and light commercial vehicles	✓	✓	In 2022, business technical of the id types mu informat available vehicles not repo
Strategy and operating environment		Purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1 or L. The activity includes leasing operations in the car trade division			
Business					
Investors					
Sustainability report	CCM 7.1	Construction of new buildings		✓	An energ of a new than the alignmei confirme
Sustainability strategy		The construction of buildings for residential and non-residential use. The activity includes building projects developed by Kesko for its own use. These are mainly new store and logistics properties			
Climate and nature					
Value chain	CCM 7.2	Renovation of existing buildings		✓	Building renovati no signifi have not
Our people		Extensive repairs to existing buildings. Extensive repairs in properties owned by Kesko and in leased properties where Kesko is responsible for basic repairs			
Good governance	CCM 7.3	Installation, maintenance and repair of energy efficiency equipment		✓	Capital e in LED lig substant top two c not meet
Sustainability reporting		Individual renovation measures related to energy efficiency equipment, such as adding insulation to parts of existing buildings, energy efficient replacements for external doors and windows, installing energy efficient light sources, and the installation, maintenance, repair and replacement of ventilation equipment with efficient technologies. The activity mainly includes the above-mentioned renovation measures in Kesko store sites where Kesko is the lessee.			
Financial review	CCM 7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings		✓	The inste separate the activ
• Report by the Board of Directors		The installation, maintenance and repair of charging stations for electric vehicles in buildings. The activity covers Kesko's K-L-ataus stations in Finland and charging stations installed at store sites in Kesko's other operating countries			
Consolidated financial statements (IFRS)	CCM 7.5	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings		✓	The activ measurin does not consist expendit
Parent company's financial statements (FAS)		The installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings. The activity covers the above-described capital expenditure in properties where Kesko is a lessee.			
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Kesko's direction	Taxonomy activity	Activity description	Performance indicators		Assessm	
			Turnover	CapEx		
Year 2023 Strategy and operating environment Business Investors	CCM 7.7 Acquisition and ownership of buildings	Buying real estate and exercising ownership of that real estate. The activity includes properties acquired during the reporting period, and the amounts of right-of-use assets recognised in the balance sheet based on lease agreements for properties. Moreover, capital expenditure in properties owned by Kesko in line with the above-mentioned activities 7.3 and 7.5 and activity 7.5 'Installation, maintenance and repair of renewable energy technologies' have been included in activity 7.7 'Acquisition and ownership of buildings'.		✓	For build been ma criteria o A buildin energy c terms of to leased	
Sustainability report Sustainability strategy Climate and nature Value chain Our people Good governance Sustainability reporting	CE 5.4 Sale of second-hand goods	The sale of second-hand goods that have been used for their intended purpose before by a customer. In Kesko, the sale of second-hand goods includes the used car business in the car trade division.		✓	The sale Activities: eronomy Taxonom upcomin	
Financial review • Report by the Board of Directors Consolidated financial statements (IFRS) Parent company's financial statements (FAS) Signatures	Kesko's Taxonomy-eligible turnover comprises the car leasing business and sales of used cars to customers in the car trade division. In 2022, vehicles were identified in the car leasing business that were presented as Taxonomy-aligned based on the criteria for climate change mitigation. To meet the criteria, vehicles must have zero or low (lower than 50 g CO ₂ /km) emissions. To qualify as Taxonomy-aligned, the vehicles also must do no harm to the attainment of the other climate and environmental objectives. In 2022, turnover reported as Taxonomy-aligned accounted for 0.0%, or €4.3 million, of total Group net sales. Vehicles reported as Taxonomy-aligned accounted for 1.1%, or €8.3 million, of the total Group CapEx. In 2023, Kesko continued to examine the DNSH criteria for the car leasing business in particular. The criteria for pollution prevention and control includes the requirement that vehicle tyres must comply with the best possible external rolling noise class. The technical documentation for the vehicles available to Kesko does not					
Corporate governance Corporate Governance Statement Remuneration Report		contain information on the external rolling noise class of the vehicle tyres, and therefore all Taxonomy criteria for taxonomy-alignment cannot be determined. In its 2023 reporting, Kesko has adjusted comparison data for 2022, and does not present a portion of the turnover and CapEx for the car leasing business as Taxonomy-aligned.				
Data balance sheet Data at the core of Kesko Sustainable value from data		Kesko owns and leases properties in all operating countries for business purposes. The Group uses some 1,500 owned or leased retail, logistics and office properties. Capital expenditure in real estate accounted for 59.5% (63.9%) of the Group's gross capital expenditure in 2023. Properties are a source of emissions (Scope 1) from the Group's own operations, and improving the energy efficiency of properties and transitioning to the use of emissions-free and renewable energy reduce the climate impact from own operations. The Taxonomy technical screening criteria related to owning, constructing and renovating buildings.				

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The Group's Taxonomy-eligible capital expenditure includes investments in new store sites and logistics properties, investments in building improvement measures, and investments in lighting, machinery and equipment to improve the energy efficiency of buildings, and automation for measuring and monitoring energy efficiency. In addition, Taxonomy-eligible CapEx includes charging equipment for electric vehicles and investments in vehicles for the leasing operations of the car trade division. Land areas are not classified as Taxonomy-eligible CapEx.

EU Taxonomy performance indicators

Kesko presents the performance indicators for turnover, capital expenditure (CapEx) and operating expenditure (OpEx) in accordance with the tables determined for non-financial undertakings in the Taxonomy Regulation. The tables for the performance indicators show the proportion of turnover, capital expenditure and operating expenditure derived from economic activities in line with the Taxonomy.

Performance indicator accounting policy

Turnover

When calculating the performance indicator for turnover, Kesko applies the same IFRS accounting principles as it does in the consolidated financial statements. The accounting principles for revenue recognition are presented in Note 2.1 of the consolidated financial statements. The net sales figure used in calculating the turnover performance indicator is the Kesko Group net sales presented in the income statement. The Taxonomy-eligible turnover is the share of total Group net sales that comes from Taxonomy-eligible activities. In Kesko's business operations, car leasing operations and used car sales in the car trade division have been identified as

Taxonomy-eligible activities that generate net sales. Kesko's primary operations which generate net sales are the sales of products and services to customers and retailers. Product sales are currently not a Taxonomy-eligible activity, with the exception of used car sales.

Capital expenditure (CapEx)

Capital expenditure (CapEx) as defined in the Taxonomy Regulation includes additions to tangible and intangible assets during the financial year, before depreciation, amortisation and any re-measurements. Capital expenditure also includes additions to tangible and intangible assets resulting from business combinations. In accordance with the Taxonomy Regulation, Kesko includes in its CapEx calculation investments in tangible and intangible assets and the aggregate sum of additions to the right-of-use assets recognised in the balance sheet based on lease agreements. Goodwill recorded in acquisitions is not included in the Taxonomy CapEx definition. Additions to property, plant and equipment are presented in Note 3.2, additions to intangible assets in Note 3.3, and additions to right-of-use assets related to leases in Note 3.4 of the consolidated financial statements.

The Taxonomy definition of CapEx differs from the definition of the 'capital expenditure' performance indicator reported by Kesko. In Kesko's definition, the performance indicator includes investments in tangible and intangible assets and subsidiary shares. The indicator does not include additions to right-of-use assets related to leases recognised in the balance sheet. Group capital expenditure in 2023 totalled €678.9 million (€449.2 million). The following table details the capital expenditure items used to calculate the Taxonomy CapEx indicator.



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Proportion of turnover from products or services associated with Taxonomy-aligned economic activities 2023

Financial year 2023	2023		Substantial contribution criteria							Climate change mitigation
	Code	Turnover	Proportion of turnover, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	
Economic activities		€ million	%	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES										
A.1 Environmentally sustainable activities (Taxonomy-aligned)										
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)										
		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Of which Enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Of which Transitional		0.0	0.0%	0.0%						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
				EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL
Transportation by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	24.9	0.2%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Sale of second-hand goods	CE 5.4	287.4	2.4%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)										
		312.3	2.6%	0.2%	0.0%	0.0%	0.0%	2.4%	0.0%	0.0%
A. Turnover of Taxonomy eligible activities (A.1-A.2)										
		312.3	2.6%	0.2%	0.0%	0.0%	0.0%	2.4%	0.0%	0.0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES										
Turnover of Taxonomy-non-eligible activities										
		11,471.5	37.4%							
Total										
		11,783.8	100%							

Codes
Climate change mitigation: CCM
Climate change adaptation: CCA
Circular economy: CE

Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

EL - Taxonomy-eligible activity for the relevant
N/EL - Taxonomy-non-eligible activity for the



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Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities 2023

Financial year 2023	2023		Substantial contribution criteria						
	CapEx	Proportion of CapEx year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change
Economic activities	€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Construction of new buildings	CCM 7.1 CCA 7.1 CE 3.1	86.2	8.6%	Y	N	N/EL	N/EL	N	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4 CCA 7.4	5.2	0.5%	Y	N	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5 CCA 7.5	0.9	0.1%	Y	N	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	18.8	1.9%	Y	N	N/EL	N/EL	N/EL	N/EL
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		111.1	11.0%	11.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Of which 1.1.2012-12		6.0	0.6%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Of which Transitional		0.0	0.0%	0.0%					

Codes
Climate change mitigation: CCM
Climate change adaptation: CCA
Circular economy: CE

Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

EL - Taxonomy-eligible activity for the relevant environmental objective
N/EL - Taxonomy-non-eligible activity for the relevant environmental objective



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Financial year 2023	2023		Substantial contribution criteria							Climate change
	CapEx	Proportional CapEx, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity		
Economic activities	€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
Transportation by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 CCA 6.5	45.8	4.5%	EL	EL	N/EL	N/EL	N/EL	N/EL	Y; N
Construction of new buildings	CCM 7.1 CCA 7.1	46.5	4.6%	EL	EL	N/EL	N/EL	N/EL	N/EL	Y; N
Renovation of existing buildings	CCM 7.2 CCA 7.2	103.1	10.2%	FL	FL	N/EL	N/EL	EL	N/EL	Y; N
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3 CCA 7.3	6.0	0.6%	EL	EL	N/EL	N/EL	N/EL	N/EL	Y; N
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	484.9	48.2%	EL	EL	N/EL	N/EL	N/EL	N/EL	Y; N
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)										
A. CapEx of Taxonomy eligible activities (A.1+A.2)										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES										
CapEx of Taxonomy-non-eligible activities										
Total	1,006.1	100%								

Codes
Climate change mitigation: CCM
Climate change adaptation: CCA
Circular economy: CE

Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

EL - Taxonomy-eligible activity for the relevant
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Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities 2023

Financial year 2023	2023		Substantial contribution criteria							Climate change mitigation
	Code	OpEx	Proportion of OpEx, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	
Economic activities	€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N
A. TAXONOMY-ELIGIBLE ACTIVITIES										
A.1 Environmentally sustainable activities (Taxonomy-aligned)										
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Of which Enabling	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Of which Transitional	0.0	0.0%	0.0%							
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
Transportation by motorbikes, passenger cars and light commercial vehicles	CCM 5.3 CCA 6.5	1.8	3.2%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	54.0	96.8%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	55.8	100%	100%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A. OpEx of Taxonomy eligible activities (A.1+A.2)	55.8	100%	100%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES										
OpEx of Taxonomy-non-eligible activities	0.0	0.0%								
Total	55.8	100%								

Codes: Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
 N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
 EL - Taxonomy-eligible activity for the relevant N/EL - Taxonomy-non-eligible activity for the



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In Kesko Group's income statement, operating expenditure as defined in the Taxonomy Regulation is included under 'Other operating expenses', which are presented in Note 2.5 of the consolidated financial statements. Operating expenditure under the Taxonomy Regulation in Kesko Group is in particular related to expenses for the use, maintenance and repair of properties – which in the financial statements are included in 'Property and store site maintenance expenses' – the total sum of which was €185.1 million (€181.5 million) in 2023. In addition to property maintenance and repair costs, the figure includes expenses related to e.g. heating, electricity and water consumption, and waste management, which are not included in the Taxonomy definition of operating expenditure. In addition, Taxonomy-eligible expenses include expenses for servicing of the leasing car fleet. In Kesko's business model, operating expenditure is not material in the transition to more sustainable activities, but instead, building renovation measures, such as those related to improving energy efficiency, are capital expenditure by nature.

Key events during the financial year

Kesko announced on 30 January 2023 that it would acquire the Norwegian technical trade company Elektroskandia Norge AS from Rexel Group. The acquisition strengthens Onninen's position in technical trade in Norway. Elektroskandia Norge AS had net sales of some €250 million in 2022 and it employs some 270 people. The company has 13 stores and sales offices and a highly automated distribution centre. The transaction was completed on 1 March 2023 (Investor news releases 30.1.2023 and 2.3.2023)

Kesko published its 2022 Annual Report, including a strategy review, the Report by the Board of Directors and

financial statements for 2022, the Corporate Governance Statement, the Remuneration Report for Governing Bodies, and a sustainability report, on 6 March 2023 on its website at www.kesko.fi. (Stock exchange release 6.3.2023)

Kesko announced it would be combining its customer loyalty scheme and share ownership in a new way with Shareholder's K-Plussa, which offers Finnish loyalty customers with shareholdings in Kesko an alternative way to access K Group's 'Best Customer' benefits. Shareholder's K-Plussa is available to Plussa loyalty customers in Finland with registered annual personal purchases from K Group stores of at least €3,000 for the past year and holdings of at least 100 shares in Kesko. (Investor news release 30.3.2023)

Kesko Corporation's Annual General Meeting was held on 30 March 2023 at Messukeskus in Helsinki. The Annual General Meeting adopted the 2022 financial statements and resolved to distribute a dividend of €1.08 per share. The Annual General Meeting discharged the Board members and the Managing Director from liability, approved the Remuneration Report for Governing Bodies, made resolutions concerning the Board members' remuneration, elected the firm of authorised public accountants Deloitte Oy as the company's Auditor, resolved to change the term of office of Board members from three years to one year, and authorised the Board to decide on the repurchase of the company's own shares, on the issuance of shares, and on donations for charitable purposes. Read more in the section: Resolutions of the 2023 Annual General Meeting (Stock exchange releases 2.2.2023 and 30.3.2023)

Sami Kiiski, M. Sc. (Economics and Business), 47, was appointed as the new President of Kesko's car trade division



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Kesko's Board of Directors appointed Jorma Rauhalta as the managing director of Kesko Corporation and President and CEO of Kesko Group as of 1 February 2024, after Mikko Helander announced his intentions to retire in 2024. Rauhalta currently acts as President of Kesko's building and technical trade division and Deputy CEO. (Stock exchange releases on 8.12.2023 and 19.12.2023)

Events after the financial year

Kesko announced in August 2023 it would expand its operations to Denmark by acquiring 90% of Davidsen Koncernen A/S. In January 2024, the EU Commission approved the acquisition, and it is expected to be completed by the end of January 2024.

Kesko is set to withdraw from operating the Neste K service stations. Kesko is currently responsible for the grocery trade operations and additional services at Neste K stations. Kesko plans to withdraw from operating 64 Neste K service stations by the end of 2024. The stations will continue as a service offered by Neste. Kesko's motive is that role of grocery trade at service stations has diminished. (Investor news release 23.1.2024)

Resolutions of the 2023 Annual General Meeting

The Annual General Meeting of Kesko Corporation held on 30 March 2023 adopted the company's financial statements for 2022. The Annual General Meeting resolved to distribute a dividend of €1.08 per share on shares held outside the company, paid in four instalments of €0.27 per share. The record date of the first dividend instalment was 3 April 2023 and the pay date 12 April 2023. The record date of the

second dividend instalment was 21 June 2023 and the pay date 28 June 2023. The record date of the third dividend instalment was 12 September 2023 and the pay date 19 September 2023. The record date of the fourth dividend instalment was 12 December 2023 and the pay date 19 December 2023. 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 changed or otherwise so required. The remaining distributable assets remain in equity.

The resolutions of the Annual General Meeting were communicated in more detail in a stock exchange release on 30 March 2023.

Information contained in the notes to the financial statements

Information on the Group's personnel is disclosed in Note 2.5

Financial risks are presented in Note 4.3 and information on financial instruments measured at fair value is disclosed in Note 4.5.

Related party transactions are disclosed in Note 5.2.

Information on disputes and legal and authority proceedings is disclosed in Note 5.4.

Risk management

Risk management at Kesko is proactive and an integral part of day-to-day management to assess and manage business-related opportunities and risks.



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on risk management to the Board as part of Audit Committee reporting. The most significant risks and uncertainties and emerging risks are reported to the market by the Board in the Report by the Board of Directors, and any material changes in them in the interim reports and the half-year financial report.

Significant risks and uncertainties

Weakened demand due to inflation, rising interest rates and economic downturn

Inflation, rising interest rates, weakened employment, and economic uncertainty have an impact on consumer purchasing power and companies' willingness to invest. In grocery trade, product price has an emphasised impact on consumer purchase decisions, while customers in car trade may postpone their purchases. In building and technical trade, construction and renovation projects may be postponed, which would impact sales and inventory management.

Geopolitical risks

Growing tensions in security policy as a result of the war in Ukraine and other military conflicts, as well as the potential expansion of the conflicts and tightened military and economic competition between superpowers could have a significant impact on Kesko's operating environment, supply chain continuity, and product availability.

Cybercrime

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

Compliance with laws and agreements

Changes in legislation and authority regulations could necessitate significant changes and result in additional costs. Compliance with laws and agreements is an important part of Kesko's corporate responsibility. Non-compliance can result in fines, claims for damages and other financial losses, as well as loss of trust and reputation.

Climate change

Delays in actions aimed at mitigating climate change and an increase in extreme weather phenomena can impact product availability and cause disturbances in logistics and the store site network. The impacts of Kesko's operations on the climate, in turn, are related to Kesko's energy solutions and emissions, and the lifecycle impact of products and services sold in the whole supply chain.

Product safety

A failure in product safety control or in the quality assurance of the supply chain could result in financial losses, the loss of reputation and customer trust, or, in the worst case, a health hazard to customers.

Store sites and properties

Good store sites are a key competitive factor for business growth and profitability. The acquisition of store sites can be delayed by town planning and permit procedures and the availability and pricing of sites. Considerable amounts of capital or lease liabilities are tied up in properties for years. As a result of urbanisation, changes in the market situation, growing significance of e-commerce, or a chain concept proving inefficient, there is a risk that a store site or a property becomes unprofitable, and operations are discontinued while long-term liabilities remain.



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Proposal for profit distribution

The Board of Directors of Kesko Corporation proposes to the Annual General Meeting to be held on 26 March 2024 that a dividend of €1.02 per share be paid for the year 2023 based on the adopted balance sheet on shares held outside the company at the date of dividend distribution. The remaining distributable assets will remain in equity. The Board proposes that the dividend be paid in four instalments.

The first instalment of €0.26 per share is to be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment's record date 28 March 2024. The Board proposes that the dividend instalment pay date be 9 April 2024.

The second instalment of €0.25 per share is to be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment's record date 16 July 2024. The Board proposes that the dividend instalment pay date be 23 July 2024.

The third instalment of €0.26 per share is to be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment's record date 15 October 2024. The Board proposes that the dividend instalment pay date be 22 October 2024.

The fourth instalment of €0.25 per share is to be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment's record date 14 January 2025. The Board proposes that the dividend instalment pay date be 21 January 2025.

The Board proposes it be authorised to decide, if necessary, on new dividend payment record dates and pay dates for the second, third and/or fourth instalments, if the rules and statutes of the Finnish book-entry system change or otherwise so require.

As at the date of the proposal for the distribution of profit, 29 January 2024, a total of 397,769,511 shares were held outside the company, and the corresponding total amount of dividends is €405,724,901.22.

The distributable assets of Kesko Corporation total €1,584,703,413.17, of which profit for the financial year is €509,617,838.22.

Annual General Meeting

The Board of Directors decided that Kesko's Annual General Meeting will be held on 26 March 2024 at 1.00 pm (EET).

Shares and securities markets

At the end of December 2023, the total number of shares in Kesko Corporation was 400,079,008, of which 126,948,028 or 31.7%, were A shares, and 273,130,980 or 68.3%, were B shares. On 31 December 2023, Kesko Corporation held 2,309,497 of its own B shares as treasury shares.

These treasury shares accounted for 0.85% of the total number of B shares, 0.58% of the total number of shares, and 0.15% 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



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Share performance and turnover

		2021	2022	2023
Share price as at 31 Dec.				
A share		77.15	20.35	18.02
B share	€	29.34	20.62	17.93
Average share price				
A share	€	26.73	21.89	18.47
B share	€	27.73	23.11	18.49
Market capitalisation as at 31 Dec., A share				
	€ million	3,446.6	2,583.4	2,287.6
Market capitalisation as at 31 Dec., B share				
	€ million	7,926.6	5,577.9	4,855.8
Turnover				
A share	Million pcs	8*	7*	6*
B share	Million pcs	165*	144*	143*
Relative turnover rate				
A share	%	6.8	5.8	4.4
B share		58.6	52.2	52.3
Diluted average number of shares				
	Thousand pcs	397,033	397,383	397,706

* Calculated with post-split number of shares



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Analysis of shareholding

Analysis of shareholding by shareholder type as at 31 Dec. 2023

All shares	Number of shares, pcs	Percentage of all shares, %
Nominee-registered and non-Finnish holders	135,649,101	33.91
Households	102,021,401	25.50
Non-financial corporations and housing corporations	95,122,697	23.78
General government*	32,203,992	8.05
Non-profit institutions serving households**	21,445,218	5.36
Financial and insurance corporations	13,635,650	3.41
Total	400,079,008	100.00

A shares	Number of shares, pcs	Percentage of A shares, %	Percentage of all shares, %
Non-financial corporations and housing corporations	74,746,304	58.88	18.68
Households	24,027,471	18.93	6.91
General government*	14,582,761	11.49	3.64
Non-profit institutions serving households**	10,301,798	8.59	2.73
Nominee-registered and non-Finnish holders	2,244,036	1.77	0.56
Financial and insurance corporations	443,658	0.35	0.11
Total	126,948,028	100.00	31.73

B shares	Number of shares, pcs	Percentage of B shares, %	Percentage of all shares, %
Nominee-registered and non-Finnish holders	135,405,065	48.84	33.54
Households	77,993,930	28.56	19.49
Non-financial corporations and housing corporations	20,376,393	7.46	5.39
General government*	17,621,130	6.45	4.40
Financial and insurance corporations	13,191,447	4.83	3.30
Non-profit institutions serving households**	10,142,721	3.86	2.64
Total	273,130,980	100.00	68.27

* General government, for example, municipalities, the provincial administration of Åland, authorised pension providers and social security funds

** Non-profit institutions, for example, foundations awarding scholarships, organisations safeguarding certain interests and various charitable associations

Analysis of shareholding

All shares
Number of shares

Nun
shareholders

1-100	11
101-500	
501-1,000	
1,001-5,000	
5,001-10,000	
10,001-50,000	
50,001-100,000	
100,001-500,000	
500,001-	
Total	11

A shares
Number of shares

Nun
shareholders

1-100	
101-500	
501-1,000	
1,001-5,000	
5,001-10,000	
10,001-50,000	
50,001-100,000	
100,001-500,000	
500,001-	
Total	



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B shares	Number of shares	Number of shareholders, pcs	Percentage of B shareholders, %	B share total, pcs	Percentage of B shares, %
1-100		33,675	40.29	1,403,256	0.51
101-500		25,354	30.34	1,151,341	2.44
501-1,000		9,031	10.81	6,805,904	2.49
1,001-5,000		11,931	14.27	26,835,212	9.83
5,001-10,000		1,968	2.38	14,060,646	5.15
10,001-50,000		1,383	1.65	26,938,643	9.86
50,001-100,000		105	0.13	7,218,621	2.64
100,001-500,000		88	0.11	18,156,965	6.65
500,001-		25	0.03	163,048,882	60.45
Total		83,580	100.00	273,130,980	100.00

10 largest shareholders

1	K-Retailers' Association
2	Ilmarinen Mutual Pension Insurance Company
3	Vähittäiskaupan Takaus Oy
4	Foundation for Vocational Training in the Retail Trade
5	K-Food Retailers' Club
6	Heimo Välinen Oy
7	Food Paradise Oy
8	Elo Mutual Pension Insurance
9	Pokela Oy Iso Omena
10	T.A.T. Invest Oy

10 largest shareholders by number of shares held as at 31 Dec. 2023

	Number of shares, pcs	Percentage of shares, %	Number of votes	Percentage of votes, %
1 K-Retailers' Association	21,070,422	5.27	210,704,220	13.66
2 Ilmarinen Mutual Pension Insurance Company	14,606,643	3.65	147,163,499	9.22
3 Vähittäiskaupan Takaus Oy	13,195,008	3.30	131,350,080	8.55
4 Elo Mutual Pension Insurance	6,101,725	1.53	9,753,250	0.63
5 Varma Mutual Pension Insurance Company	5,978,944	1.49	5,978,944	0.39
6 Foundation for Vocational Training in the Retail Trade	5,477,575	1.57	54,775,730	3.55
7 The State Pension Fund	3,400,000	0.85	3,400,000	0.22
8 K-Food Retailers' Club	2,486,307	0.62	24,863,070	1.61
9 Heimo Välinen Oy	2,280,000	0.57	22,800,000	1.49
10 Oy The English Tearoom Ab	2,300,000	0.50	2,000,000	0.13

Table above includes registered shareholders. The table does not contain shares held by Kesko Corporation, amounting to 2,309,497 on 31 December 2023.



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Management's shareholdings

At the end of December 2023, Kesko Corporation's Board members, the President and CEO and the corporations controlled by them held 1,396,510 Kesko Corporation A shares and 577,898 Kesko Corporation B shares, i.e. a total of 1,970,619 shares, which represents 0.49% of the total number of shares and 0.94% of votes carried by all shares of the Company.

At 31 December 2023, the President and CEO held 5,000 Kesko Corporation A shares and 431,385 B shares, which represented 0.11% of the total number of shares and 0.03% of votes carried by all shares of the Company. At 31 December 2023, the Group Management Board including the President and CEO held 7,824 Kesko Corporation A shares and 1,129,797 Kesko Corporation B shares, which represented 0.28% of the total number of shares and 0.08% of votes carried by all shares of the Company.

Board authorisations

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 2023, Kesko Corporation transferred 304,864 Kesko B shares held as treasury shares to members of management and other key persons in the company. Kesko issued related stock exchange releases on 15 March 2023 and 2 May 2023. Kesko issued a stock exchange release on 2 February 2023 regarding the most recent share-based commitment and incentive plans. Kesko Corporation also transferred a total of 6,000 of its own B shares held by the company as treasury shares to the members of Kesko's Board of Directors as part

of the Board members' annual remuneration, and issued a related stock exchange release on 2 May 2023.

Kesko's Annual General Meeting of 30 March 2023 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 2024. The authorisations were communicated in a stock exchange release on 30 March 2023.



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Group's key performance indicators

		2021	2022	2023
Income statement				
Net sales	€ million	11,300.2	11,809.0	11,783.8
Change in net sales		5.9	4.5	-0.2
Change in net sales, comparable		8.2	4.4	-0.8
Profitability				
Operating profit, comparable	€ million	775.5	815.1	712.0
Operating margin, comparable	%	6.9	6.9	6.0
Funding and financial position				
Operating profit	€ million	775.2	816.5	695.4
Operating margin	%	6.9	6.9	5.9
Profit for the year	€ million	571.8	609.9	495.6
Profit for the year as a percentage of net sales	%	5.1	5.2	4.2
Return on equity, group	%	24.2	23.1	18.0
Return on equity, comparable, group	%	24.1	23.2	18.5
Return on capital employed	%	17.2	17.0	13.1
Return on capital employed, comparable	%	17.2	16.9	13.4
Interest-bearing net debt, group	€ million	1,907.5	2,104.2	2,559.8
Interest-bearing net debt excluding lease liabilities	€ million	-21.3	184.1	561.9
Gearing, group	%	75.4	76.7	92.8
Equity ratio, group	%	36.6	36.9	35.8
Interest-bearing net debt/EBITDA excluding the impact of IFRS 16, group		0.0	0.2	0.7

Other performance indicators

Capital expenditure

Capital expenditure as percentage of sales

Cash flow from operating activities

Cash flow from investing activities

Average number of personnel converted to full-time employees

Personnel at 31 Dec

Share performance indicators

Earnings/share, basic and diluted

Earnings/share, comparable, basic

Equity/share

Dividend/share*

Payout ratio

Payout ratio, comparable

Cash flow from operating activities/s

Price/earnings ratio (P/E), A share

Price/earnings ratio (P/E), B share

Effective dividend yield, A share

Effective dividend yield, B share

* Proposal to the General Meeting



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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 financial year as well as the comparison year. 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, 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.

Profitability

Operating profit, comparable Ope

Items affecting comparability - Ge
stru-

Return on equity, % (Pro
Shar
year

Return on equity, comparable, % (Pro
tax -
com
Shar
year

Return on capital employed, % Ope
(Noi
asse

Return on capital employed, comparable, % Com
(Noi
asse

EBITDA Ope
char

EBITDA excluding the impact of IFRS 16 EBIT



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Funding, capital expenditure and financial position

Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{IFRS 16}}{\text{Balance sheet total} + \text{IFRS 16} + \text{IFRS 17}}$
Gearing, %	$\frac{\text{Interest-bearing net debt} \times 100}{\text{Shareholders' equity}}$
Interest-bearing net debt	$\text{Interest-bearing liabilities} + \text{Lease liabilities} - \text{Other current financial assets} - \text{Cash and cash equivalents}$
Interest-bearing net debt excluding lease liabilities	$\text{Interest-bearing net debt} - \text{Lease Liabilities}$
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
Interest-bearing net debt excluding lease liabilities / EBITDA excluding the impact of IFRS 16	$\frac{\text{Interest-bearing net debt excluding lease liabilities}}{\text{EBITDA excluding the impact of IFRS 16}}$

Share performance indicators

Earnings/share, diluted	$\frac{\text{Net Income}}{\text{Average diluted shares}}$
Earnings/share, basic	$\frac{\text{Net Income}}{\text{Average basic shares}}$
Earnings/share, basic, comparable	$\frac{\text{Net Income}}{\text{Average basic shares (comparable)}}$
Equity/share	$\frac{\text{Equity}}{\text{Basic shares}}$
Payout ratio, %	$\frac{\text{Dividend}}{\text{Earnings}}$
Price/earnings ratio (P/E)	$\frac{\text{Share price}}{\text{Earnings}}$
Effective dividend yield, %	$\frac{\text{Dividend}}{\text{Share price}}$
Market capitalisation	Share price x Number of shares
Cash flow from operating activities/share	$\frac{\text{Cash flow from operating activities}}{\text{Average shares}}$
Yield of A share and B share	Share price x Dividend yield



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Reconciliation of alternative performance measures to IFRS financial statements

€ million	1-12/2023	1-12/2022
Items affecting comparability		
Gains on disposal	0.4	0.0
Losses on disposal	-1.0	-0.1
Structural arrangements	-16.1	1.6
Items in operating profit affecting comparability	-16.7	1.5
Items in financial items affecting comparability	-0.2	3.6
Items in income taxes affecting comparability	3.1	-0.0
Total items affecting comparability	-13.7	-2.2
Items in EBITDA affecting comparability		
Operating profit, comparable		
Operating profit	695.4	815.5
Net of		
Items in operating profit affecting comparability	-16.7	1.5
Operating profit, comparable	712.0	815.1
EBITDA		
Operating profit	695.4	815.5
Plus		
Depreciation and impairment charges	184.0	169.0
Depreciation and impairment charges for intangible assets	353.2	322.1
EBITDA	1,232.5	1,307.7
EBITDA, comparable		
EBITDA	1,232.5	1,307.7
Net of		
Items in EBITDA affecting comparability	-12.8	-0.1
EBITDA, comparable	1,245.3	1,307.8

€ million

Profit before tax, comparable

Profit before tax

Net of

Items in operating profit affecting comparability

Items in financial items affecting comparability

Profit before tax, comparable

Net profit, comparable

Comparable profit before tax

Net of

Income tax

Items in income taxes affecting comparability

Net profit, comparable

Net profit attributable to owners of Kesko

Net profit, comparable

Net profit attributable to owners of Kesko

Earnings/share, comparable, €

Net profit attributable to owners of Kesko

Average number of shares, basic, 1,000,000

Earnings/share, comparable, €

Return on capital employed, %

Operating profit

Capital employed, average

Return on capital employed, %

Return on capital employed, comparable

Operating profit, comparable

Capital employed, average

Return on capital employed, comparable



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€ million	1-12/2023	1-12/2022
Group		
Return on equity, %		
Net profit	495.6	609.9
Equity, average	2,750.3	2,635.8
Return on equity, %	18.0	23.1
Return on equity, comparable, %		
Net profit, comparable	509.3	612.0
Equity, average	2,750.3	2,635.8
Return on equity, comparable, %	18.5	23.2
Equity ratio, %		
Shareholders' equity	2,758.4	2,742.2
Total assets	7,754.3	7,474.0
Advances received	56.7	46.9
Equity ratio, %	35.8	36.9



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CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

Consolidated income statement

€ million	Note	1 Jan.-31 Dec. 2023	1 Jan.-31 Dec. 2022
Net sales	2.1	11,783.8	11,809.0
Material and services	2.3	10,035.0	10,304.5
Change in inventory		-72.0	237.0
Other operating income	2.4	975.2	998.7
Employee benefit expenses	2.5	-786.6	-785.8
Depreciation, amortisation and impairment charges	3.2, 3.3	-184.0	-169.0
Depreciation and impairment charges for right-of-use assets	3.4	-353.2	-322.1
Other operating expenses	2.5	-651.8	670.2
Share of result of joint ventures		19.0	23.5
Operating profit		695.4	816.5
Interest income and other finance income	4.4	16.9	13.0
Interest expense and other finance costs	4.4	-26.3	2.9
Interest expense for lease liabilities	4.4	-75.4	-68.4
Foreign exchange differences	4.4	-1.1	3.5
Total finance income and costs	4.4	-85.9	-55.0
Share of result of associates		2.1	0.5
Profit before tax		613.5	761.1
Income tax	2.7	-118.0	-151.2
Net profit for the year		495.6	609.9
Net profit for the year attributable to Owners of the parent		495.6	609.9
Earnings per share for net profit attributable to owners of the parent			
Basic and diluted, KESKO total, €	7.8	1.25	1.53

Consolidated statement

€ million
Net profit for the year
Items that will not be reclassified su profit or loss
Actuarial gains and losses
Items that may be reclassified subse profit or loss
Currency translation differences rela a foreign operation
Share of other comprehensive incom and joint ventures
Cash flow hedge revaluation
Total comprehensive income for the year
Total comprehensive income for the year
Comprehensive income for the year
Owners of the parent



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Consolidated statement of financial position

€ million	Note	31 Dec. 2023	31 Dec. 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3.2	2,055.6	1,745.5
Goodwill	3.3	663.7	588.9
Intangible assets	3.3	211.4	190.2
Right-of-use assets	3.4	1,816.9	1,737.6
Shares in associates and joint ventures	3.8.5.1	232.8	231.9
Other investments	4.3.4.5	14.0	13.2
Non-current receivables	4.3.4.5	71.4	90.8
Deferred tax assets	2.7	13.7	2.2
Pension assets	3.7	79.6	86.9
Total non-current assets		5,159.1	4,687.2
Current assets			
Inventories	3.5	1,083.9	1,115.4
Interest-bearing receivables	3.6.4.5	4.3	4.4
Trade receivables	3.6.4.3.4.5	970.5	959.3
Income tax assets	3.6	6.6	21.9
Other non-interest-bearing receivables	3.6.4.5	302.6	351.2
Other financial assets	4.3.4.5	15.4	68.5
Cash and cash equivalents	4.5	211.9	245.5
Total current assets		2,595.2	2,786.4
Non-current assets classified as held for sale		-	0.5
Total assets		7,754.3	7,474.0

€ million	
EQUITY AND LIABILITIES	
Share capital	
Share premium	
Other reserves	
Currency translation differences	
Revaluation reserve	
Retained earnings	
Total equity	
Non-current liabilities	
Interest-bearing non-current liabilities	
Lease liabilities	
Non-interest-bearing non-current liabilities	
Deferred tax liabilities	
Provisions	
Total non-current liabilities	
Current liabilities	
Current interest-bearing liabilities	
Lease liabilities	
Trade payables	
Other non-interest-bearing liabilities	
Income tax liabilities	
Accrued liabilities	
Provisions	
Total current liabilities	
Total liabilities	
Total equity and liabilities	



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Consolidated statement of cash flows

€ million	Note	1 Jan.-31 Dec. 2023	1 Jan.-31 Dec. 2022	€ million
Cash flows from operating activities				
Profit before tax		613.5	761.1	
Adjustments				
Depreciation according to plan		184.0	169.0	
Depreciation and impairment for right-of-use assets		353.2	322.1	
Finance income and costs		10.5	-12.4	
Interest expense for lease liabilities		73.4	68.4	
Other adjustments	2.9	-10.8	-20.2	
		610.3	527.0	
Change in working capital				
Current non-interest-bearing receivables, increase (-)/decrease (+)		69.3	-107.2	
Inventories, increase (-)/decrease (+)		58.3	-225.8	
Current non-interest-bearing liabilities, increase (+)/decrease (-)		-137.1	163.7	
		-9.5	169.3	
Interest paid and other finance costs		-24.9	-5.4	
Interest paid on lease liabilities		-73.4	68.4	
Interest received		15.0	10.5	
Dividends received		2.4	1.5	
Dividends and capital repayments received from associated companies and joint ventures		24.4	33.1	
Income taxes paid		-108.3	-174.7	
Net cash flows from operating activities, total		1,049.5	915.2	
Cash flows from investing activities				
Payments for acquisition of subsidiary net of cash acquired				
Payments for property, plant, equipment and intangible assets				
Proceeds from sale of subsidiaries and net cash deducted				
Proceeds from sale of property, plant and intangible assets				
Proceeds from sale of other investments				
Loan receivables and other financial (-)/decrease (+)				
Net cash flows from investing activities				
Cash flows from financing activities				
Interest-bearing liabilities, increase (-)/decrease (+)				
Repayments for lease liabilities				
Interest-bearing receivables, increase (-)/decrease (+)				
Dividends paid				
Other items				
Net cash flows from financing activities				
Change in cash and cash equivalent:				
Cash and cash equivalents as at 1 Jan				
Currency translation difference and change in value				
Cash and cash equivalents assets as at 31 December				



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Consolidated statement of changes in equity

€ million	Share capital	Reserves	Currency translation differences	Revaluation
Balance as at 1 January 2023	197.3	464.7	-52.2	
Share-based payments				
Dividends				
Other changes		-0.0	-0.0	
Transactions with owners, total		-0.0	-0.0	
Comprehensive income				
Net profit for the year				
Actuarial gains/losses				
Currency translation differences related to a foreign operation			-19.5	
Share of other comprehensive income of associates and joint ventures				
Cash flow hedge revaluation				
Total comprehensive income for the year, net of tax			-19.5	
Total comprehensive income for the period			-19.5	
Balance as at 31 December 2023	197.3	464.7	-71.7	
Balance as at 1 January 2022	197.3	464.7	-10.2	
Share-based payments				
Dividends				
Other changes		-0.0		
Transactions with owners, total		-0.0		
Comprehensive income				
Net profit for the year				
Actuarial gains/losses				
Currency translation differences related to a foreign operation			41.9	
Share of other comprehensive income of associates and joint ventures				
Cash flow hedge revaluation				
Total comprehensive income for the year, net of tax			41.9	
Total comprehensive income for the period			41.9	
Balance as at 31 December 2022	197.3	464.7	-52.2	

Further information on share capital and reserves is disclosed in Note 4.2 and on share-award plans in Note 5.3. Deferred tax related in Note 2.7



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The notes to the consolidated financial statements have been grouped into sections based on their subject. The basis of preparation is described as part of this note, while the accounting policies directly related to a specific note are presented as part of the note in question. The notes contain the relevant financial information as well as a description of the accounting policies and key estimates and judgements applied for the topics of the individual note.

1.1 Basic information about the Company

Kesko is a Finnish listed trading sector company. Kesko has approximately 1,800 stores engaged in chain operations in the Nordic and Baltic countries and Poland.

Kesko Group's reportable segments consist of its business divisions, namely the grocery trade, the building and technical trade, and the car trade.

The Group's parent company, Kesko Corporation, is a Finnish public limited company constituted in accordance with the laws of Finland. The Company's business ID is 0109862-8, it is domiciled in Helsinki, Finland and its registered address is PO Box 1, FI-00016 KESKO, Finland. Copies of Kesko Corporation's financial statements and the consolidated financial statements are available from Kesko Corporation, visiting address Työpajankatu 12, Helsinki, Finland and from the internet at www.kesko.fi/en.

These consolidated financial statements were authorised for issue by the Board of Directors on 29 January 2024.

Kesko has issued an XHTML financial review complying with the ESEF requirements on Kesko's website. The Audit firm Deloitte Oy has provided to company an independent auditor's reasonable assurance report in accordance with ISAE 3000 (Revised) on Kesko's ESEF Financial Statements.

1.2 Basis of preparation

Kesko's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) approved for adoption by the European Union, and they comply with the IAS and IFRS standards and respective SIC and IFRIC Interpretations effective on 31 December 2023. The International Reporting Standards refer to standards and their interpretations approved for adoption within the EU in accordance with the procedure enacted in EU regulation (EC) 1606/2002, included in the Finnish Accounting Act and regulations based on it. The Group has applied new and amended standards that became effective in the financial year that began on 1 January 2023. The improvements and amendments to existing standards did not have an impact on the consolidated financial statements. Accounting standards not yet effective have not been adopted voluntarily for the consolidated financial statements. The notes to the consolidated financial statements also include compliance with Finnish accounting and corporate legislation.



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other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical accounting estimates and assumptions used in the preparation of consolidated financial statements are further described in the corresponding notes.

- Income tax (Note 2.7)
- Acquisitions (Note 3.1)
- Intangible assets (Note 3.3)
- Leases (Note 3.4)
- Inventories (Note 3.5)
- Trade and other current receivables (Note 3.6)
- Pension assets (Note 3.7)
- Provisions (Note 3.9)

1.4 Critical judgements in applying accounting policies

The Group's management uses its judgement in the adoption and application of accounting policies in the financial statements. The management has exercised its judgement in the application of accounting policies in the income statement with regard to the presentation of income (Note 2.1), the existence of control over subsidiaries (Note 1.5), measuring receivables, determining provisions for restructuring, and measuring assets and liabilities recognised in the balance sheet based on lease agreements (Note 3.4).

1.5 Consolidation principles

Subsidiaries

The consolidated financial statements combine the financial statements of Kesko Corporation and subsidiaries controlled by the Group. Control exists when the Group has more than half of the voting rights of a subsidiary or otherwise exercises control. An investor controls an investee when

it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Acquired subsidiaries are consolidated from the date on which the Group gains control until the date on which control ceases. The existence of potential voting rights has been considered when assessing the existence of control in the case that the instruments entitling to potential control are currently exercisable. Subsidiaries are listed in Note 5.1.

Mutual shareholding is eliminated by using the acquisition cost method. The cost of assets acquired is determined on the basis of the fair value of the acquired assets as at the acquisition date, the issued equity instruments and liabilities resulting from or assumed on the date of the exchange transaction. The identifiable assets, liabilities and contingent liabilities acquired are measured at the fair value at the acquisition date, gross of non-controlling interest.

Intragroup transactions, receivables and payables, unrealised profits and internal distributions of profits are eliminated when preparing the consolidated financial statements. Unrealised losses are not eliminated if the loss is due to the impairment of an asset. Non-controlling interest in the profit for the period is disclosed in the income statement and the amount of equity attributable to the non-controlling interests is disclosed separately in equity.

The Group accounts for its real estate company acquisitions as acquisitions of assets.

Associates

Associates are companies over which the Group has significant influence but not control. In Kesko Group, significant influence accompanies a shareholding or



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in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses.

Unrealised gains on transactions between the Group and the joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Dividends received from joint ventures are deducted from the Group's result and the cost of the shares. An investment in a joint venture includes the goodwill generated by the acquisition. Goodwill is not amortised.

Mutual real estate companies are consolidated as common functions on a line-by-line basis in proportion to ownership. The Group's share of mutual real estate companies' loans and reserves is accounted for separately in the consolidation.

Associates and joint ventures and proportionately consolidated mutual real estate companies are listed in Note 5.1.

Foreign currency items

The consolidated financial statements are presented in euros, which is both the functional currency of the environment in which the Group's parent operates and the presentation currency. On initial recognition, the amounts with respect to the result and financial position of the Group companies located outside the euro zone are recorded in the functional currency of each of their operating environments.

Foreign currency transactions are recorded in euros by applying the exchange rate at the date of the transaction. Receivables and liabilities denominated in foreign currency are translated into euros using the closing rate. Exchange rate gains and losses on foreign currency transactions as well

as receivables and liabilities denominated in foreign currency are recognised in the income statement, with the exception of monetary items that form a part of a net investment in a foreign operation and loans designated as hedges for foreign net investments and regarded as effective. These exchange differences are recognised in equity and their changes are presented in other comprehensive income. The exchange differences are presented in the income statement on disposal of the foreign operation or settlement of the hedges. The Group has currently no loans designated as hedges for foreign net investments. Foreign exchange gains and losses resulting from operating activities are included in the respective items above operating profit. Foreign exchange gains and losses from foreign exchange forward contracts and options used for hedging financial transactions, and from foreign currency borrowings are included in finance income and costs.

The income statements of the Group companies operating outside the euro zone have been translated into euros at the average rate of the financial year, and their balance sheets at the closing rate. The foreign exchange difference resulting from the use of different rates, the translation differences arising from the elimination of the acquisition cost of subsidiaries outside the euro zone, exchange differences arising from monetary items that form a part of a net investment in a foreign operation and the hedging results of net investments are recognised in equity, and the changes are presented in other comprehensive income. In connection with the disposal of a subsidiary, translation differences are recognised in the income statement as part of the gains or losses on the disposal.

Goodwill arising on the acquisition of foreign operations and the fair value adjustments of assets and liabilities made upon

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The legislation will be effective for the financial year beginning on 1 January 2024.

Kesko Group has performed an assessment of the potential exposure to Pillar Two income taxes. This assessment is based on the recent information available regarding the financial performance of the entities in Kesko Group. Kesko expects that exposure, if any, of Pillar Two to income taxes would be minimal.

Other annual improvements or amendments to existing standards that become effective for annual periods beginning on or after 1 January 2024 are not estimated to have a material impact on the consolidated financial statements.



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the fair values of intra-Group foreign exchange forward contracts entered into and realised gains and losses are reported as part of other operating income and expenses to the extent that they hedge the divisions' foreign exchange risk.

The assets and liabilities of a division's capital employed consist of operating items that can be justifiably allocated to the divisions. The assets of capital employed comprise property, plant and equipment and intangible assets, right-of-use assets related to leases, interests in associates and joint ventures and other investments, pension assets, inventories, trade receivables and other non-interest-bearing receivables, interest-bearing receivables, and assets held for sale. The liabilities of capital employed consist of trade payables, the share of other non-interest-bearing liabilities and provisions. The Group's real estate assets and the revenue and costs generated from them have been allocated to the divisions. Capital employed does not include deferred tax assets and liabilities, financial assets at fair value through profit or loss with the exception of fair value of foreign exchange forward contracts recognised in the balance sheet, cash and cash equivalents, or interest-bearing liabilities

The same revenue recognition policies apply to segment information as to the consolidated financial statements and consolidated statement of financial position. The revenue recognition policies are presented in Note 2.1.

Kesko's business models

Kesko's principal business model in the Finnish market is the chain business model, in which independent K-retailers run retail stores in Kesko's chains and B2B trade. Kesko manages the operations of the chains made up of the stores. Chain operations ensure higher competitiveness and a strong operational basis for K-retailers in terms of purchasing goods, building selections, marketing and price competition. Outside Finland, Kesko mainly engages in own retailing and B2B trade. Retailer operations accounted for 46% (45%) of the Group's net sales in 2023. B2B trade accounted for 39% (40%) of the Group's net sales in 2023. Kesko's own retailing accounted for 15% (14%) of the Group's net sales. The management views that these categories depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

New segments structure

Kesko changed its division structure and segment reporting as of 1 April 2023. Sports trade is now part of the car trade division, while it previously was part of the building and technical

trade division. Data concerning the new segment structure.

Grocery trade

The grocery trade division comprises of home and speciality goods in Finland by K-retailers in Finland. These stores include Neste K grocery retail chains. Kesko is also part of K-Citymarket's home and

Building and technical trade

The building and technical trade division operates in Finland, Sweden, Norway, the Baltics, and the UK. In Finland, Kesko operates with the K-Chain (Sweden) and Byggmakker (Norway) home improvement trade operations. Improvement stores serve both construction and electrical products and have 140 places of business in Finland.

Car trade

The car trade division comprises of car leasing, the new cars business including SEAT, CUPRA, Porsche and Bentley in Finland, and the import of SEAT in Finland. The service business includes the purchase of cars in Finland. The service business includes sales and accessories services in Finland for both private and corporate customers. Kesko also includes the K-Lataus charging network and the divestment of its MAN business (

Sports trade is included in the car trade division. Budget Sport chains.



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Common functions

Common functions comprise Group support functions.

Segment information 2023

Profit

€ million	Grocery trade	Building and technical trade
Division net sales	6,351.6	4,193.2
of which intersegment sales	16.5	0.9
Net sales from external customers	6,335.1	4,194.1
Change in net sales in local currency excluding acquisitions and disposals, %	3.7	-10.5
Change in net sales, %	3.7	-8.7
Other division income	803.6	135.8
of which intersegment income	-0.4	-1.8
Other operating income from external customers	803.2	133.9
Depreciation and amortisation	-93.6	-30.8
Depreciation and impairment charges for right-of-use assets	-232.0	-91.9
Share of result of joint ventures		19.0
Operating profit	443.6	201.9
Items affecting comparability	-1.3	-10.5
Comparable operating profit	444.8	212.5
Finance income and costs		
Share of result of associates		
Profit before tax		



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Assets and liabilities

	Assets and liabilities					Total	€ million	Gross
	€ million	Grocery trade	Building and technical trade	Car trade	Common functions			
Property, plant, equipment and intangible assets	1,534.9	1,035.5	265.7	96.4	-1.8	2,930.7	Trade payables	5
Right-of-use assets	1,233.1	441.4	81.1	61.2		1,816.9	Other non-interest-bearing liabilities	2
Interests in associates and joint ventures and other investments	5.5	155.7	0.1	86.2	-0.6	246.8	Provisions	
Pension assets	18.6	4.9		56.0		79.6	Liabilities included in capital employed	9
Inventories	271.9	578.2	233.8			1,083.9	Unallocated items	
Trade receivables	389.8	509.9	71.2	2.1	-2.5	970.5	Interest-bearing liabilities	
Other non-interest-bearing receivables	80.3	189.2	28.1	35.9	-15.6	318.0	Lease liabilities	
Interest-bearing receivables	1.7	0.0		65.3		66.9	Other non-interest-bearing liabilities	
Assets included in capital employed	3,535.9	2,914.9	680.0	403.1	-20.6	7,513.3	Deferred tax liabilities	
Unallocated items							Total liabilities	9
Deferred tax assets						13.7	Total capital employed as at 31 December	2,6
Other financial assets						15.4	Average capital employed	2,5
Cash and cash equivalents						211.9	Return on capital employed, %, comparable	
Total assets	3,535.9	2,914.9	680.0	403.1	-20.6	7,754.3	Number of personnel as at 31 December	8
							Average number of personnel converted into full-time employees	6



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Segment information 2022

Profit

€ million	Grocery trade	Building and technical trade
Division net sales	6,124.7	4,591.1
of which intersegment sales	-23.3	-0.6
Net sales from external customers	6,101.4	4,590.6
Change in net sales in local currency excluding acquisitions and disposals, %	3.6	9.7
Change in net sales, %	3.6	10.0
Other division income	789.0	153.0
of which intersegment income	-0.1	-2.9
Other operating income from external customers	788.9	150.1
Depreciation and amortisation	84.4	27.8
Depreciation and impairment charges for right-of-use assets	-213.7	-80.7
Share of result of joint ventures		23.5
Operating profit	461.5	324.8
Items affecting comparability	1.1	0.9
Comparable operating profit	460.4	323.8
Finance income and costs		
Share of result of associates		
Profit before tax		



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Assets and liabilities

	€ million	Grocery trade	Building and technical trade	Car trade	Common functions	Eliminations	Total	€ million	Gross
Property, plant, equipment and intangible assets	1,333.6		842.2	245.3	105.1	-1.6	2,524.6	Trade payables	5
Right-of-use assets	1,189.3		402.9	83.2	62.1		1,737.6	Other non-interest-bearing liabilities	2
Interests in associates and joint ventures and other investments	4.3		160.4	0.1	81.0	-0.6	245.2	Provisions	
Pension assets	19.6		4.5		62.8		86.9	Liabilities included in capital employed	8
Inventories	270.3		511.7	233.4			1,115.4	Unallocated items	
Trade receivables	369.2		517.7	84.5	2.9	-5.1	969.3	Interest-bearing liabilities	
Other non-interest-bearing receivables	121.6		223.9	77.8	73.7	-33.0	409.0	Lease liabilities	
Interest-bearing receivables	0.8				68.6		69.4	Other non-interest-bearing liabilities	
Non-current assets classified as held for sale					0.5		0.5	Deferred tax liabilities	
Assets included in capital employed	3,308.7	2,763.3	669.4	456.7	-40.3	7,157.7	Total liabilities	8	
Unallocated items								Total capital employed as at 31 December	2,4
Deferred tax assets						2.2	2.2	Average capital employed	2,3
Other financial assets						63.6	63.6	Return on capital employed, %, comparable	
Cash and cash equivalents						245.5	245.5	Number of personnel as at 31 December	8
Total assets	3,308.7	2,763.3	669.4	456.7	-40.3	7,474.0	Average number of personnel converted into full-time employees	6	



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Alternative performance measures in segment reporting

Kesko uses alternative performance measures in internal reporting of business performance and profitability to the highest operational decision-making body, i.e. the Group Management Board. The alternative performance measures should be examined together with the IFRS 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.

Exceptional transactions outside the ordinary course of business are treated as items affecting comparability. Performance indicators reflecting comparable profit and profitability are used to improve the comparability of operational performance between periods. Gains and losses on the disposal of real estate, shares and business operations, impairments and significant restructurings are identified as items affecting comparability. Gains on disposals are presented in the income statement within other operating income, and losses on disposals within other operating expenses. Impairment charges and significant profit and loss items related to changes in lease agreements are presented in the income statement under depreciation, amortisation and impairment charges.

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. The indicator is presented in Note 4.1 Capital management.

Items affecting comparability

€ million

- Gains on disposal
- Losses on disposal
- Structural arrangements

Items in operating profit affecting c

Items related to structural arrangements consolidated income statement: c (€-1.0 million), employee benefit impairment charges (€-0.5 million) and other o

In 2022 items related to structural arrangements consolidated income statement: e impairment charges for right-of-use assets (€-3.4 million) and share of result of joint



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Reconciliation of alternative performance measures to IFRS financial statements

€ million	2023	2022
Operating profit, comparable		
Operating profit	695.4	816.5
Net of		
Items in operating profit affecting comparability	-16.7	1.5
Operating profit, comparable	712.0	815.1
Return on capital employed, comparable, %		
Operating profit, comparable	712.0	815.1
Capital employed, average	5,313.3	4,811.9
Return on capital employed, comparable, %	13.4	16.9
Comparable change in net sales		
Net sales, building and technical trade	4,193.2	4,591.1
Foreign exchange effects	172.4	
Effect of acquisitions and divestments	258.5	
Change in net sales, comparable, %	-10.5	9.7
Net sales, Group	11,783.8	11,809.0
Foreign exchange effects	172.4	
Effect of acquisitions and divestments	-258.5	-5.3
Change in net sales, comparable	-0.8	4.4

Calculation of performance indicators

Operating profit, comparable
 Operating profit +/- items affecting comparability

Return on capital employed, comparable
 $\frac{\text{Comparable operating profit} \times 100}{\text{Capital employed}}$
 (Property, plant and equipment + Geographical associates and joint ventures + Financial receivables + Pension assets + Inventories + Non-current liabilities - Pension obligations - Income tax liabilities - Accrued liabilities) on average for the reporting period



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Geographical information

The Group operates in Finland, Sweden, Norway, Estonia, Latvia, Lithuania and Poland.

The grocery trade operates in Finland. The building and technical trade operates in Finland, Sweden, Norway, the Baltic countries and Poland, and the car trade operates in Finland. Net sales, assets, capital expenditure and personnel are presented by location.

Net sales are mostly derived from is minor

Kesko Group does not have net sales in the Baltic countries. Kesko Group's total net sales

2023 € million	Finland	Other Nordic countries	Baltic countries
Net sales	9,714.0	1,612.5	129.1
Assets included in capital employed	5,733.1	1,417.5	211.3
Average number of personnel converted into full-time employees	10,514	3,167	357

2022 € million	Finland	Other Nordic countries	Baltic countries
Net sales	9,610.7	1,729.3	130.8
Assets included in capital employed	5,492.6	1,294.5	216.0
Average number of personnel converted into full-time employees	10,372	3,036	337



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2.3 Material and services

€ million	2023	2022
Material and services	-9,814.8	-10,088.5
External services	-220.2	-216.0
Total	-10,035.0	-10,304.5

2.4 Other operating income

Revenue recognition, including the definition of income reported under other operating income, is presented in Note 2.1.

€ million	2023	2022
Income from services	780.3	773.7
Lease income	46.1	44.0
Gains on disposal of property, plant, equipment and intangible assets	1.6	0.7
Gains on disposal of businesses	-	0.0
Realised gains on derivative contracts and changes in fair value	1.4	15.1
Others	145.9	164.3
Total	975.2	998.7

Income from services mainly comprises chain and store site fees paid by retailers' chain companies.

More information on lease income is provided in Note 3.4.

2.5 Operating expenses

Accounting policies

Other operating expenses include employee benefit expenses, information system expenses, leases classified as short-term leases. Expenses also include losses on assets, losses on disposal of derivatives used for hedging fo

Employee benefit expenses

€ million
Salaries and fees
Social security costs
Pension costs
Defined benefit plans
Defined contribution plans
Share-based payment
Total

Information on the defined benefit benefits of the Group's management presented in Note 5.2, and inform

Average number of the Gr

Grocery trade
Building and technical trade
Car trade
Common functions
Total, Group

Average number of the Group pe employees.



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Other operating expenses

€ million	2023	2022
Marketing costs	-208.5	210.2
Property and store site maintenance expenses	-185.1	-181.5
ICT expenses	-111.9	-117.6
Lease payments in the income statement	-7.7	7.4
Losses on disposal of property, plant, equipment and intangible assets	-1.1	-0.4
Realised losses on derivative contracts and changes in fair value	-1.7	-11.1
Other operating expenses	-135.8	-142.0
Total	-651.8	-670.2

Lease payments in the income statement consist of payments for short-term leases and payments for leases of low-value assets as well as variable lease payments. Property and store site maintenance expenses also include maintenance expenses for leased properties. More information on lease expenditure is provided in Note 3.4.

Auditors' fees

€ million	2023	2022
Audit	-1.2	-1.2
Tax consultation	-0.0	-0.0
Other services	-0.2	-0.1
Total	-1.4	-1.3

Kesko Corporation's Auditor is Deloitte Oy. A statutory audit fee of €0.1 million is paid to an audit firm outside of Deloitte-group.

2.6 Foreign exchange differences recognised in operating profit

€ million	2023	2022
Net sales	-0.2	-0.0
Other operating income	1.4	15.1
Material and services	-1.0	1.2
Other operating expenses	-1.7	-11.1
Total	-1.4	6.1

2.7 Income tax

Accounting policies

The taxes recognised in the consolidated income statement are taxes on current net profits on deferred taxes. The Group's income of each company determined in other comprehensive income.

Deferred tax assets and liabilities are recognised for the tax bases and carrying amount of deferred tax liability has not been deductible. Deferred tax on the distribution of earnings is probable.

Deferred tax has been determined and as the rates changed, at the end of the reporting period to the extent that it is probable that the Group's deferred income tax assets will be deductible by the same tax authority.

The most significant temporary differences are related to property, plant and equipment measurements at fair value of .

Group's tax positions are assessed based on an interpretation taken by the tax authorities in the financial year or deferred taxes.



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€ million	2023	2022
Current tax	-113.9	141.5
Tax for prior years	-0.5	-0.9
Change in deferred taxes	3.6	8.8
Total	-118.0	-151.2

Reconciliation between tax expense shown in the income statement and tax calculated at parent's rate

€ million	2023	2022
Profit before tax	613.5	761.1
Tax at parent's rate 20.0%	-122.7	-152.2
Effect of foreign subsidiaries' different tax rates	-3.5	2.8
Effect of tax-free income	0.4	0.3
Effect of expenses not deductible for tax purposes	-2.0	-1.2
Effect of unrecognized deferred tax assets	-0.6	0.1
Effect of consolidation of share of result of associates and joint ventures	4.2	4.8
Tax for prior years	-0.5	-0.9
Adjustment and revaluation of deferred tax for previous years	7.0	0.6
Others	-0.3	0.1
Tax charge	-118.0	-151.2
Effective tax rate	19.2%	19.9%

Balance sheet division of net deferred tax assets (liabilities)

€ million	2023	2022
Deferred tax assets	13.7	2.2
Deferred tax liabilities	70.9	63.2
Total	57.2	-61.0

Movements in deferred tax

€ million	2023
Deferred tax assets	
Leases	1
Provisions	1
Defined benefit pension plans	1
Tax loss carry-forwards	1
Other temporary differences	1
Total	5
Deferred tax liabilities	
Difference between accounting depreciation and tax depreciation	6
Fair value allocation	2
Defined benefit pension plans	1
Other temporary differences	1
Total	12
Net deferred tax asset (+) / liability (-)	1



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2.8 Earnings per share

Accounting policies

Basic earnings per share are calculated by dividing the net profit for the period attributable to the parent's equity holders by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by adjusting the weighted average number of all shares to assume conversion of all potentially dilutive shares.

	2023	2022
Net profit for the period attributable to equity holders of the parent, € million	495.6	609.9
Number of shares		
Weighted average number of shares outstanding	397,705,620	397,383,187
Diluted weighted average number of shares outstanding	397,705,620	397,383,187
Earnings per share from net profit attributable to equity holders of the parent		
Basic and diluted, Group total, €	1.25	1.53

2.9 Additional details re

Adjustments to cash flows

€ million

Adjustment of non-cash transactions and items presented elsewhere in the
Change in provisions
Share of results of associates and joint
Credit losses
Gains on disposal of property, plant, and intangible assets and business of
Losses on disposal of property, plant and intangible assets and business of
Share-based compensation
Defined benefit pensions
Others

Total

The group 'Others' within the adjustment of unrealised foreign currency adjustment of other transactions

Capital expenditure and no

€ million

Total acquisitions of property, plant, and intangible assets
Total acquisitions of subsidiaries and other investments
Total capital expenditure
of which cash payments
Loans relating to acquired companies and cash equivalents
Payments arising from prior period in
Capital expenditure financed with
Pension Fund return of surplus assets

Total



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3. CAPITAL EMPLOYED

3.1. Acquisitions

Accounting policies

Assets acquired and liabilities assumed in business combinations are measured at their fair values at the date of acquisition. The fair values on which the allocation of assets and liabilities is based are determined by reference to market values to the extent they are available. If market values are not available, the measurement is based on the estimated earnings-generating capacity of the asset and its future use in Kesko's operating activities.

Critical accounting estimates and assumptions

The measurement of intangible assets is based on the present values of future cash flows and requires management estimates regarding future cash flows and the use of assets.

Acquisitions in 2023

Acquisitions in Sweden

Zenitec Sweden AB

Kesko's Swedish subsidiary Kesko AB acquired Zenitec Sweden AB, a solar power system wholesaler, on 5 April 2023. The consideration paid for the acquisitions totalled €4.9 million. The acquisition expands the selection, expertise and customer base in technical trade in Sweden's fast growing renewable energy market.

The fair value of the assets acquired for Kesko Group amounted to €6.0 million and the fair value of the liabilities assumed to €4.6 million. The fair value of the intangible assets acquired at the date of acquisitions totalled €0.5 million. The goodwill arising from the acquisition is not tax deductible. The consolidated income statement includes minor acquisition-related costs under "Other operating expenses", presented as items affecting comparability. The impact of the acquired businesses to the Group's net sales and operating profit was minor.

Acquisitions in Norway

Elektroskandia Norge AS

Kesko's subsidiary Onninen acquired Elektroskandia Norge AS, a technical trade operator, on 1 March 2023. The acquisition strengthens Kesko's position in Norway and its role in advancing the green transition.

The fair value of the assets acquired for Kesko Group amounted to €84.7 million and the fair value of the liabilities assumed to at the date of acquisition totalled €84.7 million, represents the synergies, selection, and logistics as well as the acquisition is not tax deductible. The consolidated income statement includes minor acquisition-related costs under "Other operating expenses", presented as items affecting comparability.

Geitanger Bygg AS

Kesko's Norwegian subsidiary Byggeservice acquired Geitanger Bygg AS, a technical trade operator. The acquisition was €8.0 million.

The fair value of the assets acquired for Kesko Group amounted to €8.0 million and the fair value of the liabilities assumed to at the date of acquisition totalled €8.0 million, represents the synergies, selection, and logistics as well as the acquisition is not tax deductible. The consolidated income statement includes minor acquisition-related costs under "Other operating expenses", presented as items affecting comparability. The impact of the acquired business to the Group's net sales and operating profit was minor.



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The following table provides a summary of the consideration paid, the values of assets acquired and liabilities assumed by Kesko Group at the date of acquisition, and the cash flow impact of the acquisitions.

€ million	2023		
	Zenitec Sweden AB	Elektroskandia Norge AS	Geitanger Bygg AS
Acquisition price	4.9	120.8	8.0
Fair values of assets acquired and liabilities assumed at the date of acquisition			
Intangible assets	0.6	15.6	0.6
Property, plant, equipment, right-of-use assets and investments	0.3	15.1	1.8
Inventories	2.8	38.6	3.0
Receivables	2.3	45.8	1.9
Deferred tax asset	-	1.3	-
Cash and cash equivalents	-0.0	5.3	2.4
Total assets	6.0	121.6	9.6
Trade payables, other payables, provisions, lease liabilities	4.5	81.6	2.9
Deferred tax liability	0.1	3.8	0.2
Total liabilities	4.6	85.4	3.1
Net assets acquired, total	1.4	36.2	6.5
Goodwill	3.5	84.7	1.5
Cash flow impact of acquisition			
Consideration paid	-4.9	-120.8	-8.0
Cash and cash equivalents acquired	-0.0	5.3	2.4
Cash flow impact of acquisition	-5.0	-115.5	-5.6

Acquisitions in 2022

Acquisitions in Sweden

Kesko's Swedish subsidiary Fresko a company that serves profession Aktiebolag and Föllinge Säg AB on 1 October 2022. The consideration for these acquisitions complete Kesko's group.

The fair value of the assets acquired and the fair value of the liabilities assumed at the date of acquisition totalled

Acquisitions in Norway

Kesko's Norwegian subsidiary Byg AS on 1 June 2022. The consideration for this acquisition complete Kesko's group.

The fair value of the assets acquired and the fair value of the liabilities assumed at the date of acquisition totalled



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€ million	2022	
	Acquisitions in Sweden	Acquisitions in Norway
Acquisition price	38.3	12.5
Fair values of assets acquired and liabilities assumed at the date of acquisition*		
Intangible assets	4.0	1.1
Property, plant, equipment, right-of-use assets and investments	14.5	2.5
Inventories	10.2	2.8
Receivables	8.5	1.4
Deferred tax asset	0.0	0.1
Cash and cash equivalents	5.9	1.3
Total assets	43.1	9.2
Trade payables, other payables, provisions, lease liabilities	22.2	3.7
Deferred tax liability	1.6	0.3
Total liabilities	23.8	4.0
Net assets acquired, total	19.3	5.2
Goodwill	19.0	7.3
Cash flow impact of acquisition		
Consideration paid	-38.3	-12.5
Cash and cash equivalents acquired	5.9	1.3
Cash flow impact of acquisition	-32.4	-11.2

3.2 Property, plant and equipment

Accounting policies

Property, plant and equipment
Property, plant and equipment
possible impairment charges. They
measured at fair value at the date of

Subsequent costs relating to it
asset's carrying amount or reclassifying
economic benefits associated with it
can be measured reliably. The carrying
asset is derecognised when the
separate assets and any significant
other repair, service and maintenance
are charged to the income statement.

Depreciation on property, plant and
equipment is calculated over their estimated useful lives.

The most common estimated useful lives are:

- Buildings 10–33 years
- Components of buildings 8 years
- Machinery and equipment 2–10 years
- Cars and transport equipment 3–5 years

The residual values and useful lives are reviewed at the end of each financial year. If changes in the estimates of the residual values or useful lives are different from previous estimates, the carrying amount of the property, plant and equipment is adjusted.

Gains and losses on disposals of property, plant and equipment are included in the income statement and stated as other income.

The Group has not capitalised development costs because the Group does not have sufficient resources to complete the development of the intangible asset.



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3.3 Intangible assets

Accounting policies

Goodwill and trademarks

Goodwill is not amortised but is instead tested for impairment whenever there is an indication of impairment, and at least annually. For testing purposes, goodwill is allocated to the cash generating units. Goodwill is measured at initial cost. Any negative goodwill is immediately recognised as income. For goodwill, a recognised impairment loss is not reversed.

Intangible assets with indefinite useful lives are not amortised. They are tested for impairment whenever there is an indication of impairment, and at least annually. Costs for intangible assets with finite useful lives are initially measured at cost and amortised over the useful life of the assets. The intangible assets with indefinite useful lives include trademarks capitalised upon acquisitions, recognised at their fair values at the acquisition date.

Other intangible assets

The intangible assets with finite useful lives are initially measured at cost and amortised over their useful lives. Such intangible assets include software licences, customer relationships and licences measured at the fair value at the date of acquisition, and leasehold interests that are amortised during their probable lease terms.

The estimated useful lives are:

- Software and licences 3–5 years
- Customer and supplier relationships 5–10 years

Research and development expenses

The costs of research and development activities have been expensed as incurred, because the Group does not have development costs eligible for capitalisation. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Software

Costs directly attributable to the software cost. On the balance sheet, the cost of software are recognised as an

Impairment of non-financial assets

At each balance sheet date, the asset may be impaired. If any impairment is estimated. The recoverable amount is assessed every year when an impairment test is performed.

The recoverable amount is the maximum cash flow expected to be derived from the use of the asset.

Often, it is not possible to estimate the recoverable amount. Then, as in the case of goodwill, an impairment test is performed for the cash generating unit to which the asset belongs.

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

The impairment loss is recognised in the profit and loss account. However, if the impairment loss exceeds the carrying amount of a recognised impairment loss, the impairment loss is limited to the carrying amount of the asset.

Critical accounting estimates

The recoverable amounts of cash generating units are based on value in use. In the case of goodwill, the recoverable amount is approved by management. The recoverable amount is based on value in use.



	2023 € million	Goodwill	Trademarks	Other intangible assets	Prepay- ments	Total 2023	2022 € million	Gr
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	Cost						Cost	
	Cost as at 1 January	635.1	96.1	249.4	9.1	989.7	Cost as at 1 January	
	Exchange differences	15.0	-2.0	-3.1	-	-20.1	Exchange differences	
	Additions	-	0.0	19.7	2.2	21.9	Additions	
	Acquisitions	90.0	2.0	14.3	-	106.4	Acquisitions	
	Deductions	-	-	-10.0	-0.0	-10.0	Deductions	
	Transfers between items	-	-0.1	28.0	-7.2	20.7	Transfers between items	
	Cost as at 31 December	710.1	96.0	298.2	4.2	1,108.5	Cost as at 31 December	
	Accumulated amortisation and impairment charges						Accumulated amortisation and impairment charges	
	Accumulated amortisation and impairment charges as at 1 January	-46.2	-9.3	-155.1	-	-210.6	Accumulated amortisation and impairment charges as at 1 January	
	Exchange differences	-0.2	0.5	2.2	-	2.5	Exchange differences	
	Accumulated amortisation and impairment charges on disposals	-	-	14.5	-	14.5	Accumulated amortisation and impairment charges on disposals	
	Accumulated amortisation and impairment on transfers	-	0.0	-2.1	-	-2.1	Accumulated amortisation on transfers	
	Amortisation and impairment charges for the year	-	-1.3	-36.6	-	37.8	Amortisation and impairment charges for the year	
	Accumulated amortisation and impairment charges as at 31 December	-46.4	-10.0	-177.0	-	-233.5	Accumulated amortisation and impairment charges as at 31 December	
	Carrying amount as at 1 January	588.9	86.8	94.2	9.1	779.1	Carrying amount as at 1 January	
	Carrying amount as at 31 December	663.7	86.0	121.2	4.2	875.1	Carrying amount as at 31 December	
							Other intangible assets include so	
							(€52.9 million).	



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Impairment testing

Goodwill is allocated to cash-generating units (CGUs) for impairment testing purposes. The cash-generating units have been identified at maximum at the level of reportable segments. The following table presents the allocation of goodwill and trademarks to cash-generating units. The trademarks presented in the table are assessed to have indefinite useful lives.

€ million	Trademarks 2023	Goodwill 2023	Trademarks 2022	Goodwill 2022
Grocery trade				
Grocery trade, chain operations	-	76.1	-	76.1
Grocery trade, Kespro	5.3	2.0	5.3	2.0
Building and technical trade				
Technical trade	58.3	152.2	58.3	66.0
Byggnaker, Norway	20.8	199.3	22.3	211.5
K-Bygg, Sweden	-	191.0	-	190.3
Car trade	-	43.1	-	43.1
Total	84.4	663.7	85.9	588.9

Goodwill is tested for impairment whenever there is indication of impairment, and at least annually. Impairment tests have been carried out during the fourth quarter of 2023 for goodwill and trademarks with indefinite useful lives. Trademarks with indefinite useful lives are part of assets acquired in connection with business combinations.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. In the calculations, forecast cash flows are based on financial plans approved by management, covering a period of three years. The plans are based on external sources concerning projections for total market growth, weighted with the cash-generating unit's own business' share of the market in question. The key variable used in determining the forecast cash flows is the development in profitability based on plans approved by management. The development in profitability is influenced by growth predictions, changes in products and services selection and pricing, changes in store site network and development of operating expenses.

The average compound annual growth rate for the forecast period was 2.3–6.6% and the EBITDA ratio range 6.7–13.0%. Cash flows after the forecast period are estimated based on a 0.5–2.0% growth projection, taking into account country-specific differences.

The key variables in impairment tests are EBITDA margin-%. The following table presents the EBITDA margin-% for each cash-generating unit.

€ million
Grocery trade
Grocery trade, chain operations
Grocery trade, Kespro
Building and technical trade
Technical trade
Byggnaker, Norway
K-Bygg, Sweden
Car trade

The discount rate used is the weighted average cost of capital (WACC) for each division and country and adjusted for risk-free rate of return and target capital structure, borrowing costs.

In the impairment testing carried out, the amount in all cash-generating units is goodwill or intangible rights in the units.

Sensitivity analysis

According to management estimates, a situation is created in which the unit's EBITDA margin-% is lower than the amount. The most sensitive to management estimates are K-Bygg. For the K-Bygg impairment test, changes in EBITDA margin-% result in impairment of goodwill.

K-Bygg's net sales in 2023 totaled 3.3 billion NOK. A 1 percentage point change in K-Bygg's net sales is 3.3 percentage points from the EBITDA margin-%.



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the recoverable amount exceeded the carrying amount of the assets tested by €67.8 million. Impairment would be recognised if the post-forecast period EBITDA margin would decrease by more than 0.9 percentage points, if the post-forecast period growth percentage would be below 1.0%, or if the pre-tax discount rate was above 8.1%.

3.4 Leases

Accounting policies

Group as a lessee

The Group leases properties, machinery and equipment for use in its business operations. At inception of a contract the Group determines whether the contract is, or contains, a lease. A contract is deemed as a lease if the contract gives the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date of the lease the Group recognises a right-of-use asset and a lease liability except for leases of low-value assets and for leases for which the lease term is 12 months or less, for which the Group applies the practical expedient of the standard. Lease payments for the short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term. The Group separates the non-lease components, such as service components, and expenses them as they incur.

Lease liability is recognised at the commencement date of the lease and measured at the present value of the future lease payments payable during the lease term. The lease payments are discounted using the interest rate implicit in the lease, if readily available. The interest rate implicit in the lease is not available for all leases. In such cases, the incremental borrowing rate is used, which comprises the reference rate, credit spread for the incremental borrowing, and a potential country and currency risk premium. At the commencement date of the lease, the measurement of the lease liability includes fixed lease payments, variable lease payments that depend on an index or a rate, potential residual value guarantees, and the price of a purchase option if it is reasonably certain the option will be exercised. Payments of penalties for terminating the lease are also included in the measurement of the lease liability if the lease term reflects the option to terminate the lease.

Lease liability is subsequently re-assessed if there is a change in future lease payments. A reduction in lease payments results in a remeasurement of the lease liability. If the reduction in lease payments results in a remeasurement of the lease liability, the remeasurement is recognised in profit or loss.

Right-of-use asset is measured at the commencement date of the lease. The right-of-use asset comprises the cost of the asset less any lease incentives and less any accumulated depreciation and impairment losses at the commencement date of the lease. The right-of-use asset is measured at the end of the lease term.

If the use of a leased asset is discontinued before the end of the lease term, the lease contract becomes a purchase contract and the corresponding right-of-use asset is recognised.

In sale and leaseback transactions, the seller recognises a right-of-use asset if the sale satisfies the requirements of IFRS 15. The carrying amount of the original asset remains with the seller. Only the rights transferred to the buyer are recognised as an adjustment to the carrying amount of the original asset. If the sale and leaseback transaction is accounted for as a prepayment, the seller will continue to recognise the asset and the transfer proceeds as financial income.



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Critical accounting estimates and assumptions

When recognising leases in the balance sheet, assessments must be made concerning the lease term, use of extension options and the discount rate used. When assessing the lease term of a new lease, extension options are not acknowledged until a commitment has been made to use the extension option. The assessments may differ from the actualised future lease terms and conditions.

Right-of-use assets

The Group leases for its business operations facilities required for retail and for the logistics operations serving retail. The Group's lease contracts are typically fixed term and in line with local market practices. Some of the leases for the properties contain extension options. The Group also leases machinery and equipment used in its business operations, such as vehicles, logistics machinery and equipment, and equipment for recycling waste at stores and logistics operations. The Group has classified office machinery and equipment as low-value assets, and lease payments for them are recognised as an expense in the income statement.

2023 € million	Land and buildings	Machinery and equipment	Total
Carrying amount as at 1 January	1,718.9	18.6	1,737.6
Additions	431.0	6.2	437.3
Acquisitions	14.8	0.9	15.7
Depreciation	-539.3	-8.0	-347.3
Impairment charges	-5.9	-	-5.9
Deductions	-10.2	-0.4	-10.6
Exchange differences	-9.5	-0.3	-9.8
Carrying amount as at 31 December	1,799.9	17.0	1,816.9

2022 € million

Carrying amount as at 1 January
Additions
Acquisitions
Depreciation
Impairment charges
Deductions
Exchange differences
Carrying amount as at 31 December

The lease commitments for leases Group is committed totalled €23.

Lease expenditure

€ million

Operating profit
Depreciation and impairment charge
Lease payments for short-term lease
Lease payments for low value assets
Variable lease payments
Financial expenses
Interest expense for lease liabilities
Total

Maturity of lease liabilities and rel

Cash flow from leases

€ million

Interest expense for lease liabilities
Repayments of lease liabilities
Lease payments in the income statement
Total



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Accounting policies

Group as a lessor

In lessor accounting leases are classified as operating leases or finance leases. The Group assesses at the commencement date of a lease whether it is classified as an operating lease or a finance lease. Leases where the risks and rewards incidental to ownership are transferred to the lessee are classified as finance lease agreements. At the commencement date of the lease, the lessor recognises in the balance sheet a finance lease receivable that corresponds to the net investment in the lease. Lease income for operating leases is recognised in the income statement on a straight-line basis over the lease term.

Kesko leases premises to entrepreneurs other than K-retailers to ensure that the combination of services at a store site supports Kesko's overall profit generation. Such premises typically include so-called store entrance shops at large retail outlets. Kesko has store entrance shops both in its own properties and in leased properties. The entrance shops in leased properties include a sublease agreement where Kesko has the head lease. The entrance shop leases are classified as operating leases. The business premises owned or leased by Kesko and used by K-retailers to conduct chain operations are provided to the retailers under chain agreements, and are not treated as leases. The treatment of income based on chain agreements is detailed in Note 2.1. K Auto Leasing practices: leasing operations of vehicles. Vehicle lease contracts are classified as operating leases.

Lease income

€ million	2023	2022
Lease income for operating leases	68.5	63.5

3.5 Inventories

Accounting policies

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less direct costs necessary to make the sale. The cost is determined using weighted average costs. The cost of finished goods comprises all costs of purchase including freight. The cost of self-constructed goods

comprises all costs of conversion and production overheads. The cost

Critical accounting estimates
The Group regularly reviews its accounting estimates. Possible changes in customers' receivables in future periods.

€ million

Goods	
Prepayments	
Total	-

Write-down of inventories to net realisable value

3.6 Trade and other current receivables

Accounting policies

Trade receivables and other current receivables are measured at the lower of cost and net realisable value. According to the IFRS approach for recognising impairment, Group companies apply the impairment model. Group companies recognise impairment on the basis of their business model and the expected credit loss. Impairment is recognised as an expense if there is other evidence that the carrying amount of the receivable is not recoverable. Impairment is subsequently settled when the receivable is written off.

Critical accounting estimates
The Group companies apply the impairment model. Possible changes in customers' receivables in future periods.



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€ million	2023	2022
Interest-bearing receivables		
Interest-bearing loans and receivables	4.3	4.4
Total interest-bearing receivables	4.3	4.4
Trade receivables	970.5	969.3
Income tax assets	6.6	21.9
Other non-interest-bearing receivables		
Non-interest-bearing loans and receivables	44.6	80.2
Prepaid expenses and deferred income	258.0	281.0
Total other non-interest-bearing receivables	302.6	361.2
Total	1,284.0	1,356.9

Prepaid expenses mainly relate to purchases. The fair values of current trade and loan receivables, and those of current interest-bearing receivables are estimated to equal the carrying amounts due to their short maturities.

Ageing analysis of trade receivables

Business entities are responsible for managing the credit risk associated with amounts due from customers. Terms and conditions of credit sale and collateral requirements as well as decision-making authorisations for credit facilities have been determined for managing credit risk within businesses. Credit control identifies customers with risk and ensures that credit decisions are based on up-to-date information on a customer's solvency and any changes in solvency are considered. The economic uncertainty is taken into account when estimating expected credit losses in connection with measurement of trade receivables. The Group's trade receivables are from a large number of individual customers, and receivables do not contain significant risk concentrations. The seasonality of businesses impacts the amount of trade receivables in the consolidated statement of financial position. The amount of credit losses remained moderate despite the economic uncertainty.

€ million
Trade receivables not due
1-7 days past due trade receivables
8-30 days past due trade receivables
31-60 days past due trade receivables
Over 60 days past due trade receivables
Total

In Finland the key part of the business receivables, €382.7 million (€391.1 million) is an overdraft retailer receivables is an overdraft from the K-retailer's company and Takaus Oy, with the maximum allowed amount of €5 million (€5 million). In addition, the collateral mortgages and other pledged assets

Trade receivables include an impairment of €5.1 million (€5.1 million). The aggregate amount of credit losses in the financial year was €5.1 million (€5.1 million).

The amount of trade receivables v



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assets to Finnish Group companies. The return of surplus assets included the property of K-Citymarket in Turtola in Tampere, €40.3 million.

The defined benefit asset recognised in the balance sheet is determined as follows

€ million	2023	2022
Present value of defined benefit obligation	-241.0	-225.2
Fair value of plan assets	320.3	312.1
Net assets recognised in the balance sheet	79.6	86.9

Movement in the net assets recognised in the balance sheet

As at 1 January	86.9	94.7
Income/cost recognised in the income statement	-1.2	-4.1
Remeasurement	-6.8	38.3
Return of surplus assets	0.0	-42.9
Contributions to plan and plan costs	0.3	1.0
As at 31 December	79.6	86.9

€ million	Present value of defined benefit obligation	Fair value of plan assets	Total
As at 1 January 2023	-225.2	312.1	86.9
Current service cost	2.3		-2.3
Gains or losses on settlement	1.5		-1.5
Interest cost/income	-7.7	10.9	3.2
Plan costs		-0.5	-0.5
	-11.6	10.4	-1.2
Remeasurement			
Return on plan assets		11.4	11.4
Gain/loss from changes in financial assumptions	-15.1		-15.1
Experience gains/losses	3.2		-3.2
	-18.3	11.4	-6.8
Contributions to plan		0.3	0.3
Benefit payments	14.0	-14.0	-
As at 31 December 2023	-241.0	320.3	79.6

€ million

As at 1 January 2022
Current service cost
Gains or losses on settlement
Interest cost/income
Plan costs

Remeasurement

Return on plan assets
Gain/loss from changes in financial assumptions

Experience gains/losses

Contributions to plan and plan costs
Return of surplus assets
Benefit payments

As at 31 December 2022

Plan assets were comprised

€ million

Europe

Equity instruments
Debt instruments
Investment funds
Properties

United States

Investment funds

Other countries

Investment funds

Total



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Plan assets were comprised as follows in 2022

€ million	Quoted	Unquoted	Total
Europe			
Equity instruments		29.2	29.2
Debt instruments	49.8	20.4	70.2
Investment funds	56.1	15.1	71.2
Properties		86.9	86.9
United States			
Investment funds	47.2		47.2
Other countries			
Investment funds	18.5		18.5
Total	171.6	151.6	323.2
€ million			
		2023	2022
Kesko Corporation shares included in fair value		-	-
Properties leased by Kesko Group included in fair value		85.5	86.9

Principal actuarial assumptions

	2023	2022
Discount rate	3.02%	3.56%
Salary growth rate	2.96%	2.97%
Inflation	2.48%	2.49%
Pension growth rate	2.67%	2.68%
Average service expectancy, years	5	5

Weighted average duration analysis of undiscounted p

Weighted average duration of pension liabilities
Expected maturity analysis of undiscounted pension liabilities, € million
Less than 1 year
Between 1-10 years
Between 10-20 years
Between 20-30 years
Over 30 years
Total

Risks related to pension plan

Asset related risks

The Pension Fund's investments consist of unlisted shares and both long-term and short-term investments. The Pension Fund's investment policy defines the types and the allowed investments. The board, sets the investment allocation. The objective of investing activity is to secure a cash, as well as ensuring appropriate return on investment. On an annual basis, the objective is to ensure that contributions need not be made. The return on investment activity is 5.0%. The Pension Fund continuously monitors the market risk potential of the investments. The breakdown of investments are reported in the annual report. The return on investing activity was 7.9%.

If the return on investment assets is lower than the return on the present value of defined pension liabilities, diversification of assets is aimed to



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is created in the pension plan, such that the pension obligation is not fully covered, Pension Fund members are obligated to pay contributions to the Fund in order to cover the obligation. Calculated in compliance with the IAS 19 standard, the amount of plan assets exceeded the plan obligation by €82.1 million as at 31 December 2023. Local rules concerning the Pension Fund may also create a contribution obligation in situations in which the IAS 19 obligation is fully covered. In such a case, the amount of contributions charged increases the amount of pension assets according to IAS 19.

Obligation related risks

In addition to the general level of interest rates, the defined benefit obligation may be impacted by changes in the statutory pension provision, future salary increases, index-based pension increases and changes in life expectancy. The pension promise made to the Fund's beneficiaries is tied to the amount of pensionable salary and it is a lifelong benefit. The total pension amount consists of the statutory pension and the supplementary pension provided by the Fund. Salary increases will increase the future pension amount. If changes in statutory pension provision, such as an increase in the retirement age or reduction of pension provision, were compensated to pensioners by the supplementary pension, the changes would increase the defined benefit obligation. The amount of future pensions is adjusted annually with an index-based increase in accordance with the terms and conditions of the plan. The extension of life expectancy will result in an increase in plan obligation.

Changes in the general level of interest rates and the market yield of high-quality bonds have an impact on the present value of the defined benefit obligation. When the level of interest rates falls, the present value of the defined benefit obligation rises. Because the Pension Fund's investment assets are invested and their return targets are set for long terms, changes in the annual return on investments do not necessarily correlate in the short term with changes in the discount rate applied to the defined benefit obligation.

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the principal assumptions is presented in the following table.

Actuarial assumption

2023

Discount rate

Salary growth rate

Pension growth rate

2022

Discount rate

Salary growth rate

Pension growth rate

The impacts of sensitivity analysis the assumption is calculated while practice, this is unlikely to occur. each other. The sensitivity of the same method as when calculating financial position.

3.8 Shares in associates

Associates and joint ventures

Associates and joint ventures are associates and joint ventures are listed in Note 5.1 Related party in

Significant joint ventures

The Group has a significant joint ventures engages in building and home imp The Group's parent company, UAB registered in Lithuania, Kesko Gr

UAB KS Holding is a limited liability estate development and real estate of Kesko Senukai Group, Kesko G



	Summary of financials of significant joint ventures, € million	31 Dec. 2023	31 Dec. 2022	Reconciliation for balance sheet value, € million
Kesko's direction				
Year 2023	Current assets	413.9	427.4	Net assets of joint ventures
Strategy and operating environment	Non-current assets	426.8	422.1	Minority interest in net assets
	Current liabilities	301.0	285.8	Group interest in net assets
Business	Non-current liabilities	292.9	296.2	Goodwill
				Fair value allocations
Investors	The above-mentioned balance sheet items contain the following items:			Balance sheet value of joint ventures
Sustainability report	Cash and cash equivalents	69.7	72.8	
	Current interest-bearing liabilities	47.1	39.8	Significant associates
	Non-current interest-bearing liabilities	292.8	296.1	Mercada Oy is a limited liability company investment, Mercada owns, managed in Finland. Kesko Corporation's holds equal stakes in the company.
Sustainability strategy		1 Jan.-31 Dec. 2023	1 Jan.-31 Dec. 2022	
	Climate and nature			Summary of financials of a significant associate
Value chain	Net sales	1,174.9	1,224.3	Current assets
	Net profit attributable to owners of the parent	37.9	47.1	Non-current assets
Our people	Comprehensive income for the year attributable to owners of the parent	34.3	48.2	Current liabilities
				Non-current liabilities
Good governance	Group share of profit for the year	19.0	23.5	Equity attributable to equity holders
	Share of result of the joint venture consolidated in the consolidated financial statements	19.0	23.5	Net sales
Sustainability reporting	Share of other comprehensive income of the joint venture consolidated in the consolidated financial statements	17.1	24.1	Net profit for the year
				Comprehensive income for the year
Financial review	The above-mentioned income statement items contain the following items:			Reconciliation for balance sheet value, € million
	Depreciation, amortisation and impairment	-53.9	-49.3	Net assets of the associate
Report by the Board of Directors	Interest income	1.1	0.6	Group interest in net assets
	Interest expense	-11.9	-12.3	Balance sheet value of the associate
Consolidated financial statements (IFRS)	Income tax	-4.7	-7.9	
	Dividends and repayment of capital received from joint ventures	-21.7	-35.0	
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Other associates

Summary of financials of other associates, € million	2023	2022
Group share of profits for the year	2.8	-3.5
Group share of comprehensive income for the year	2.8	-3.5
Balance sheet value of associates in the consolidated statement of financial position	72.7	65.9

The table presents the associates Vähittäiskaupan Takaus Oy and Vähittäiskaupan Tilipalvelu Oy, which sell services to Kesko and retail companies of K-retailers

3.9 Provisions

Accounting policies

A provision is recognised when the Group has a present legal or constructive obligation as the result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and that a reliable estimate can be made of the amount of the obligation. Provision amounts are reviewed on each balance sheet date and adjusted to reflect the current best estimate. Changes in provisions are recorded in the income statement in the same item in which the provision was originally recognised.

A warranty provision is recognised when a product covered by warranty provisions is sold. The provision amount is based on historical experience about the level of warranty expenses.

Critical accounting estimates and assumptions

The existence of criteria for recognising provisions and the amounts of provisions are determined based on estimates of the existence and amount of the obligation. Estimates may differ from the actual future amount of the obligation and with respect to the existence of the obligation.

€ million

Provisions as at 1 Jan. 2023
Foreign exchange effects
Additional provisions
Unused amounts reversed
Amounts charged against provision
Provisions as at 31 Dec. 2023

Analysis of total provisions

Non-current
Current

The biggest items in other provisions sold by Group companies, real estate average duration for care plans is



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4. CAPITAL STRUCTURE AND FINANCIAL RISK

4.1 Capital management

Kesko Group's objectives in capital management include target rates set for the Group's solvency and liquidity. The Group's capital structure (equity-to-debt ratio) is managed at Group level. The targets for the Group's solvency and liquidity are set with the purpose of securing the Group's liquidity in all market situations, enabling the implementation of Group strategy, and increasing shareholder value. The targets have been set for the performance indicator 'interest-bearing net debt/EBITDA'. Some of the Group's interest-bearing liabilities include covenants, whose terms and conditions have been taken into account in the above target rate. The Group does not have a credit rating from any external credit rating institution.

Target levels for Kesko Group's performance indicators are approved by the Board of Directors of Kesko Corporation. The Board confirmed an updated version of the company's strategy and new medium-term financial targets for the company on 27 May 2021. The new medium-term financial targets for profitability are a comparable operating margin of over 6.0% (previously 5.5%) and a comparable return on capital employed of over 14.5% (previously 12.5%). As for financial position, the Group continues to target a maximum interest-bearing net debt/EBITDA of 2.5, excluding the impact of IFRS 16.

€ million	2023	2022
Interest-bearing liabilities and lease liabilities in the consolidated statement of financial position	2,787.0	2,418.3
- Lease liabilities	1,997.9	1,920.1
- Other current financial assets	15.4	68.6
Cash and cash equivalents	211.9	245.5
Interest-bearing net debt excluding lease liabilities	561.9	184.1
Operating profit	695.4	816.5
+ depreciation, amortisation and impairment	184.0	169.0
+ depreciation and impairment charges for right-of-use-assets	353.2	322.1
- lease payments for right-of-use-assets	430.7	399.1
EBITDA excluding the impact of IFRS 16	801.8	908.5
Interest bearing net debt/EBITDA excluding the impact of IFRS 16	0.7	0.2

Reconciliation of net debt

The Group determines net debt based on interest-bearing liabilities and cash equivalents and other current and long term-liabilities.

The Group had liquid assets of €2 million and interest-bearing liabilities of €2 million on 31 December 2023. Interest-bearing liabilities excluding lease liabilities totalled €2,559 million and cash equivalents and other current and long term-liabilities totalled €2,559 million.

€ million
Financial assets at amortised cost (maturing in less than 3 months)
Cash and cash equivalents
Other current financial assets
Borrowings - repayable within one year
Lease liabilities - repayable within one year
Borrowings - repayable after one year
Lease liabilities - repayable after one year
Cash and debt, net



	€ million	Carrying amount as at 1 Jan. 2023	Cash flows	Business acquisitions and divestments
Kesko's direction				
Lease liabilities due within 1 year		-328.1	354.3	-3.4
Year 2023				
Lease liabilities due after 1 year		-1,592.0		-12.1
Strategy and operating environment				
Borrowings due within 1 year		-252.6	154.2	-
Borrowings due after 1 year		-245.5	-445.2	-
Other current financial assets		68.6	-53.2	-
Business				
Cash and overdraft		228.5	-28.1	8.2
Investors				
Financial assets at amortised cost		17.0	-13.7	-
Net debt		-2,104.2	-31.7	-7.3
Sustainability report				
Sustainability strategy				
Climate and nature				
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Our people				
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4.2 Shareholders' equity

Accounting policies

The Group classifies the instruments it has issued either in equity or in financial liabilities based on their nature. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Expenses related to the issuance or acquisition of equity instruments are presented as an allowance for

equity. If Kesko Corporation acquires from equity.

The dividend proposed by the General Meeting is deducted from equity. Instead, the General Meeting

Change in share numbers and equity reserves

Share capital	Number of shares			Share capital € million	Reserve non-re
	A	B	Total		
1 January 2022	126,948,028	770,167,316*	397,110,344*	197.3	
Transfer of treasury shares		348,303	348,303		
31 December 2022	126,948,028	270,510,619*	397,458,647*	197.3	
Transfer of treasury shares		310,864	310,864		
31 December 2023	126,948,028	270,821,483*	397,769,511*	197.3	
Number of votes	1,269,480,280	270,821,483	1,540,301,763		

* Excluding treasury shares, which totalled 2,509,497 (2,820,581) at the end of the financial year.

Treasury shares

On 31 December 2023, the company held a total of 2,309,497 of its own B-shares that had been acquired based on the Board authorisation granted by the General Meeting in the financial years 2018 and 2014. The current number of shares acquired in the year 2018 totals 2,000,000 and the number of shares acquired in 2014 309,497. The share numbers correspond to numbers calculated after the share split carried out in 2020. The shares are held by the company as treasury shares and the Board has the right to issue them. The €2.4 million cost of shares for the B shares acquired in the 2018 financial year and held by the company and the €2.4 million cost of shares for the B shares acquired in 2014 have been deducted from retained earnings in equity. The Board has the authorisation granted by the Annual General Meeting on 30 March 2023 to decide on the issuance of a maximum of 33,000,000 B series shares and to decide on the repurchase of a maximum of 16,000,000

Kesko B shares. The authorisation payments has been given in Note

B shares held by the Company as at
Transfer, share-based compensation
Returned during the period

B shares held by the Company as at

Dividends

After the balance sheet date, the €1.02 per share. The dividend dis



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Equity and reserves

Equity consists of share capital, share premium, reserve of invested non-restricted equity, other reserves, revaluation reserve, currency translation differences and retained earnings net of treasury shares.

Share premium

The amount exceeding the par value of share received by the Company in connection with share subscriptions was recorded in the share premium in cases where options had been granted under the old Limited Liability Companies Act (29 Sept. 1978/734). As at the end of the financial year, the share premium was €197.8 million.

Reserve of invested non-restricted equity

The reserve of invested non-restricted equity, €24.1 million, includes the other equity-related investments and share subscription prices to the extent not designated to be included in share capital.

Other reserves

Other reserves, a total of €242.7 million, have mainly been created and increased as a result of resolutions by the General Meeting. Other reserves mainly comprise contingency reserves to a total amount of €242.3 million at the end of the financial year.

Currency translation differences

Currency translation differences arise from the translation of foreign operations' financial statements. Exchange differences arising from monetary items that form a part of a net investment in a foreign operation or exchange differences from loans designated as hedges for foreign net investments and regarded as effective, are also included in currency translation differences. The change in currency translation differences is stated within comprehensive income.

Revaluation reserve

The revaluation reserve includes the effective portion of the change in the fair value of derivatives for which cash flow hedge accounting is applied. Cash flow hedges include electricity derivatives. The change in the reserve is stated within comprehensive income. The result of cash flow hedging has been presented in Note 4.3 Financial risks.

4.3 Financial risks

With respect to financial risk management that has been approved by the Board and developments in the Group's Committee. The Group Treasury is the Group, for liquidity management of financial risks. In the main, the parent company, and the Group 1 functional currencies. For subsidiaries guaranteed financial liabilities in €

Foreign exchange risks

Kesko Group conducts business purchases from numerous countries exchange risks arising from net investments from assets, liabilities and forecast currencies.

The Group companies' financial risk parent company bears the ensuing derivatives or borrowings denominated

Translation risks

The Group is exposed to foreign currency subsidiaries outside the euro zone has not been hedged. The hedging is expected to be exposed to a significant exposures are the Norwegian kron operations and the balance sheet

Group's translation exposure as at 31.12.2023
€ million

Net investment



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Group's translation exposure as at 31 Dec. 2022

€ million	NOK	SEK	PLN
Net investment	381.6	263.4	71.0

The following table shows how a 10% weakening or strengthening of the functional currencies of Group companies against the euro would affect the Group's equity.

Sensitivity analysis, impact on equity as at 31 Dec. 2023

€ million	NOK	SEK	PLN
Weakening 10%	-44.3	-27.0	-7.7
Strengthening 10%	54.1	33.1	9.5

Sensitivity analysis, impact on equity as at 31 Dec. 2022

€ million	NOK	SEK	PLN
Weakening 10%	34.7	-23.9	-6.5
Strengthening 10%	42.4	29.3	7.9

Transaction risks

International purchasing activities and foreign currency denominated financial resources arranged by the parent to subsidiaries expose the Group to transaction risks relating to several currencies. The currency-specific transaction risk exposure comprises foreign currency denominated receivables and liabilities in the balance sheet, forecast foreign currency cash flows, and foreign subsidiaries' liabilities and receivables with respect to the parent. The risk is commercially managed by, for example, transferring exchange rate changes to selling prices, or by replacing suppliers. The remaining exposures are hedged using foreign currency derivatives. The subsidiaries report their foreign exchange exposures to the Group Treasury on a monthly basis.

In the main, the subsidiaries hedge their risk exposures with the Group Treasury, which in turn hedges risk exposures using market transactions within the limits confirmed for each currency. Intra-Group derivative contracts are allocated to the segments in segment reporting.

As a rule, the Group does not apply hedge accounting in accordance with IFRS 9 to hedge the transaction risk relating to purchases and sales. In initial measurement, derivative instruments are recognised at fair value and subsequently in the financial statements, they are remeasured at fair value. The change in fair value of foreign currency derivatives used for hedging purchases and sales is recognised in other operating income or expenses.

Insofar as the Group applies hedge derivatives is recognised in the re-treatment similarly to the hedged item.

Group's transaction exposure as at 31 Dec. 2023

Group's transaction risk
Hedging derivatives
Open exposure

Group's transaction exposure as at 31 Dec. 2022

Group's transaction risk
Hedging derivatives
Open exposure

The Group monitors the transaction cash flows. The table above presented does not include the Group's actual foreign exposures. As at 31 December 2023.

A sensitivity analysis of the transaction cash flows to a +/-10% exchange rate change in foreign currencies and foreign currencies.

Sensitivity analysis, impact on pre-tax income as at 31 Dec. 2023

Change +10%
Change -10%

Sensitivity analysis, impact on pre-tax income as at 31 Dec. 2022

Change +10%
Change -10%



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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.

Liquid assets comprise cash and cash equivalents in the balance sheet, financial assets at amortised cost, and current financial assets at fair value through profit or loss. Changes in these balance sheet items are presented in the consolidated statement of cash flows under change in cash and cash equivalents for cash and cash equivalents, and in cash flow from investing activities for other financial assets.

The Group's liquid assets have mainly been invested in the debt instruments of major Finnish companies, in certificates of deposit and banks deposits operating in Kesko's market area, in bonds of selected companies and in corporate bond funds. The return on these investments in 2023 was 6.0% (-1.1%) and the duration 1.1 years at the end of the financial year. The maximum credit risk is the fair value of these investments on the balance sheet at the balance sheet date.

Interest-bearing net debt reconcili

Payables to K-retailers consist of t
retailers' prepayments to Kesko ar

Kesko has drawn down five bilater
margin of these loans accounts for
waste, and in the value chain, emis
and services

At the balance sheet date, the tota
million (€300 million). According t
of control, the lenders have the rig
drawn. According to the terms and
retailers or an association of retail
Group's uncommitted financial res
denominated in euros totalling an

€ million	31 Dec. 2023			Total
	<1 year	1-5 years	>5 years	
Maturities of financial liabilities and related finance costs				
Borrowings from financial institutions	0.2	650.6	0.8	651.6
finance costs	29.6	17.3	0.1	47.0
Pension loans	12.0	32.3	-	44.3
finance costs	0.6	0.9	-	1.5
Lease liabilities	350.6	1,064.2	583.0	1,997.9
finance costs	69.6	164.5	68.4	302.5
Payables to K-retailers	64.5	-	-	64.5
finance costs	-	-	-	-
Other interest-bearing liabilities	21.7	7.9	0.0	29.6
finance costs	0.1	0.4	-	0.5
Non-current non-interest-bearing liabilities	0.6	3.9	19.7	24.1
Current non-interest-bearing liabilities				
Trade payables	1,418.3	-	-	1,418.3
Accrued expenses	415.1	-	-	415.1
Other non-interest-bearing liabilities	193.4	-	-	193.4

Financial liabilities in the balance sheet include €3.9 million (€1.2 million) in items related to derivatives, of which €2.3 million will mat

More information on leases is presented in Note 3.4



Kesko's direction	€ million	31 Dec. 2023			Total
		<1 year	1-5 years	>5 years	
Year 2023	Cash flows of derivatives				
	Payables				
Strategy and operating environment	Foreign currency derivatives	125.1	-	-	125.1
Business	Interest rate derivatives	3.9	4.8	-	8.7
Investors	of which derivatives under hedge accounting	3.0	2.9	-	5.9
	Electricity derivatives	0.5	1.3	-	1.9
Sustainability report	Receivables				
Sustainability strategy	Foreign currency derivatives	123.5	-	-	123.5
Climate and nature	Interest rate derivatives	9.4	7.0	-	16.3
Value chain	of which derivatives under hedge accounting	-	3.6	2.1	5.6
Our people	Electricity derivatives	-	5.3	2.7	7.5

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Interest rate risk on borrowings and sensitivity analysis

Changes in the interest rate level have an impact on the Group's interest expense. The policy for hedging interest rate risk is aimed at balancing the effects of changes in the interest rate level on profit or loss for different financial periods. Hedge accounting can be applied for interest rate derivatives according to Kesko Treasury policy.

Hedge accounting is applied to hedging the interest rate risk of specifically determined Kesko Corporation loans. Interest rate swaps with the same maturity as the loan have been used for hedging. Thus the hedging of the interest rate risk of the loan is 67%. During the financial year, no ineffectiveness was recorded in the income statement for the hedging of the loan in question.

The interest rate risk is centrally managed by the Group Treasury, which adjusts the duration by using interest rate derivative contracts. The target duration is between 1 and 4 years. The actual duration during the financial year was 1.1 (1.7) years on average.

The sensitivity analysis calculated at the balance sheet date of 31 December 2023, the effect of variable rate borrowings on the pre-tax profit would have been €-/+4.1 million (€-/+1.1 million), if the interest rate level had risen or fallen by 1 percentage point.

Pension loans, €44.3 million in total, have fixed rates, and their effective interest cost was 1.4%. Other borrowings from financial institutions have variable interest rates. At the end

of the financial year, the average interest-bearing liabilities was 4.2

Credit and counterparty risk
Financial instruments involve the managed with agreements with financial institutions and brokers, within the counterparties are also invested in money market instruments of deposit issued by conservative banks regularly depending on the market conditions.

Further information about credit risk is provided in Note 3.6.

Supply chain financing arrangements
The Group has established a supply chain financing arrangement in the consolidated statement of financial position of €354.6 million with the bank. In supply chain financing, the bank pays them to the supplier



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access to the cash flows related to trade receivables. The Group does not pay commission to the banks for the supply chain financing, and the payment terms do not materially deviate from the payment terms applied with suppliers. Open purchase accounts covered by the scheme are presented under trade payables on the Group balance sheet. The impact of these trade payables can be seen in cash flow from operating activities as change in working capital.

Current interest-bearing receivables and sensitivity analysis

The objective is to invest liquidity consisting of financial assets in the money markets using efficient combinations of return and risk. At regular intervals, the Group's management approves the investment instruments and limits for each counterparty among those analysed by the Group Treasury. The risks and actual returns on investments are monitored regularly.

Financial assets at amortised cost € million	2023	2022
Carrying amount as at 1 January	38.7	52.7
Changes	-23.5	-14.1
Carrying amount as at 31 December	15.4	38.7

The financial assets at amortised costs include investments in commercial papers, certificates of deposits and other interest rate instruments

In the sensitivity analysis of floating rate receivables, balances of invested assets at balance sheet date have been used. The receivables include customer financing receivables, other interest-bearing receivables, and within investments money market funds. The sensitivity of money market funds has been determined based on duration. If the interest rate level had changed by +/- 1 percentage point, the effect of these items on the pre-tax profit would have been € +/- 1.5 million (€ +/- 1.8 million).

Maturity of non-current receivables

Maturity analysis of non-current receivables as at 31 Dec. 2023 € million	2025	2026	2027	2028	2029-	Total
Non-interest-bearing non-current receivables	1.9	2.5	3.5	0.2	0.6	8.8
Loans and receivables from associates and joint ventures	3.4	0.5	1.5		56.0	61.4
Other non-current receivables	1.1	0.0	0.0	0.0	0.0	1.3
Total	6.4	3.0	5.1	0.2	56.6	71.4

The carrying amount of non-inter-

Maturity analysis of non-current receivables as at 31 Dec. 2022 € million

Non-interest-bearing non-current
receivables

Loans and receivables from associate
and joint ventures

Other non-current receivables

Total

Commodity risks and their

The Group uses electricity derivative contracts to hedge electricity price risk. The risk is assessed to be low. The price of electricity is hedged through derivatives hedging the price of electricity. Hedge accounting is applied to these purchases. Hedge accounting is a component of the effective portion of the hedge accounting is recognised in income under Revaluation of cash

Result of cash flow hedging

As a result of hedge accounting for electricity price risk, a net gain of 0.3 million has been recorded in the revaluation reserve. In addition, a €0.3 million adjustment for these interest rate

As a result of hedge accounting for electricity price risk, a net gain of 0.3 million was removed from equity adjustment, and €27.0 million (€27.0 million) combined effect on the revaluation reserve before accounting for deferred tax

As at the balance sheet date, a total of 0.3 million had been purchased with electricity



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under fixed price purchase agreements. The 1-12 month hedging level for system price was 79% (89%), the 13-24 month level was 66% (73%), the 25-36 month level was 41% (56%), the 37-48 month level was 27% (22%), and the 49-60 month level was 27% (19%).

The sensitivity analysis of electricity derivatives assumes that derivatives maturing in less than 12 months have an impact on profit. If the market price of electricity derivatives changed by +/- 20% from the balance sheet date 31 December 2023, it would contribute €-/+3.3 million (€-/+8.5 million) to the 2024 income statement and €-/+4.6 million (€-/+5.6 million) to equity. The impact has been calculated before taxes.

Derivatives

Fair values of derivative contracts € million	31 Dec. 2023	31 Dec. 2023	31 Dec. 2022	31 Dec. 2022
	Positive fair value (balance sheet value)	Negative fair value (balance sheet value)	Positive fair value (balance sheet value)	Negative fair value (balance sheet value)
Interest rate derivatives	14.8	-8.5	12.2	-0.1
Foreign currency derivatives	0.2	-1.8	2.4	-0.6
Commodity derivatives	7.5	-1.9	44.8	-0.7

Notional principal amounts of derivative contracts € million

	31 Dec. 2023	31 Dec. 2022
Interest rate derivatives	530.0	530.0
Foreign currency derivatives	125.3	141.7
Electricity derivatives	39.4	69.7

The fair values of derivatives are presented as gross amounts. Kesko has entered into netting arrangements under ISDA contracts with all bank counterparties engaged in transactions with derivatives. All of these contracts provide for mutual posting of collateral. The threshold level for collateral posting had not been exceeded at the balance sheet date. Analysed by counterparty, derivative financial liabilities could be set off in a total of €0.8 million.

The maximum credit risk from derivatives is the fair value of the balance sheet at the reporting date.

4.4 Finance income and

€ million

Interest income and other finance income

Income on investments at amortised cost

Interest income on loans and receivables

Income on investments at fair value through profit or loss

Other finance income

Total interest income and other finance income

Interest expense and other finance costs

Interest expense on financial liabilities

Losses on investments at amortised cost

Losses on investments at fair value through profit or loss

Other finance costs

Total interest expense and other finance costs

Interest expense for lease liabilities

Exchange differences

Exchange differences and changes in borrowings denominated in foreign currencies, hedge accounting, and cash at bank

Total exchange differences

Total finance income and costs

Interest expenses and other finance costs less the value of interest rate derivatives.



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4.5 Financial assets and liabilities by category

Accounting policies

Financial assets

The Group classifies financial assets into three groups in accordance with IFRS 9. Financial assets are classified either as instruments measured at amortised cost, or as instruments measured at fair value through profit or loss or in other comprehensive income, depending on the business model targets and cash flows based on agreements.

Regular way purchases or sales of financial assets are recognised on settlement date.

Financial assets are classified as non-current, if they have a maturity of more than 12 months after the balance sheet date. If financial assets are expected to be settled within 12 months, they are classified as current.

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred from the Group, and when the risks and rewards of ownership have been transferred from the Group.

Financial assets at amortised cost and financial assets at fair value are only invested in counterparties deemed creditworthy. The impairment model for expected credit losses in line with the standard requires credit losses to be recognised with a forward-looking approach. As for other financial assets, lacking historical credit losses, counterparty risk is monitored actively and credit losses are recognised if risk is observed.

Financial assets at amortised cost

Financial assets at amortised cost consist of assets that are to be held to maturity and whose cash flows consist solely of payments of principal and interest. Financial assets at amortised cost also include trade receivables and other receivables.

Financial assets at fair value
Financial assets at fair value in the hedge accounting criteria groups are classified as financial

Level 1 instruments are traded quoted market prices. The fair value of level 3 instruments (not observable).

Cash and cash equivalents

Cash and cash equivalents include funds measured at amortised cost with a maturity of less than three months from acquisition value through profit or loss, for example, as cash and cash equivalents. The balance sheet also includes amounts related to cash floats in stores, or amounts

Financial liabilities

Financial liabilities have initially been recognised at fair value. In the financial statements, financial liabilities are measured at the effective interest rate method. Financial liabilities with a maturity of less than three months from the balance sheet date are classified as non-current.

Derivative financial instruments

When derivative contracts are included in the financial statements, they are measured at fair value. Derivatives are measured at fair value of derivatives



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hedge accounting or not and, if so, on the hedged item. When entered into, derivative contracts are treated either as fair value hedges of receivables or liabilities, or in the case of interest rate risk and electricity price risk, as cash flow hedges, as hedges of net investments in a foreign entity, or as derivative contracts that do not meet the hedge accounting criteria. If the hedge accounting criteria are not met, the results of instruments hedging a commercial foreign exchange risk are recognised in profit or loss within other operating income or expenses. Concerning derivatives hedging financial transactions, the amount to be recognised in the income statement is included in financial items.

When a hedging arrangement is entered into, the relationship between the hedged item and the hedging instrument, as well as the objectives of the Group's risk management are documented. The effectiveness of the hedge relationship is tested regularly and the effective portion is recognised, according to the nature of the hedged item, against the change in the fair value of the hedged item, in translation differences in equity, or in the revaluation reserve. The ineffective portion is recognised, according to its nature, either in financial items or other operating income and expenses.

Hedge accounting is discontinued when the hedging instrument expires or is sold, or when the contract is terminated or exercised. Any cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction has occurred.

Measurement principles

The fair value of forward rate agreements is determined by reference to the market prices at the balance sheet date. The fair value of interest rate swaps is calculated on the basis of the present value of future cash flows, using the market prices at the balance sheet date. The fair value of foreign exchange forward contracts is determined by measuring

the forward contracts at the forward rate, measured using the counterparty's market quotations at the balance sheet date, applying the Black-Scholes model.

Hedging a net investment in a foreign entity. During the financial year, the Group's net investment in a foreign entity is hedged. If a hedge is initiated, the Group's net investment in a foreign entity is hedged. Changes in foreign exchange risk are recognised as changes in foreign exchange risk under equity, and disclosed in the financial statements. Foreign currency net investments in foreign operations is partially or fully hedged from the hedging instruments.



As at 31 December 2023

Kesko's direction	Balance, € million	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Carrying amount
Year 2023					
Strategy and operating environment	Non-current financial assets				
	Other investments	14.0		-	14.0
Business	Non-current receivables		64.1		64.1
Investors	Non-current receivables, derivatives	5.6		1.7	7.3
Sustainability report	Current financial assets				
Sustainability strategy	Trade receivables		970.5		970.5
Climate and nature	Other receivables		299.9		299.9
Value chain	Other receivables, derivatives	1.2		5.8	7.0
Our people	Other financial assets		15.4	-	15.4
Good governance	Cash and cash equivalents		211.9	-	211.9
Sustainability reporting	Total financial assets	20.8	1,561.7	7.5	1,590.1
Financial review	Balance, € million	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Carrying amount
Report by the Board of Directors	Non-current financial liabilities				
Consolidated financial statements (IFRS)	Non-current interest-bearing liabilities		690.7	-	690.7
Parent company's financial statements (FAS)	Non-current lease liabilities		1,647.2		1,647.2
Signatures	Non-current non-interest-bearing liabilities		22.6		22.6
Corporate governance	Non-current non-interest-bearing liabilities, derivatives			1.6	1.6
Corporate Governance Statement	Current financial liabilities				
Remuneration Report	Current interest-bearing liabilities		98.5		98.5
Data balance sheet	Current lease liabilities		350.6		350.6
Data at the core of Kesko	Trade payables		1,418.3		1,418.3
Sustainable value from data	Other non-interest-bearing liabilities		606.1		606.1
	Other non-interest-bearing liabilities, derivatives	1.8		0.6	2.3
	Total financial liabilities	1.8	4,834.0	2.1	4,837.8

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In addition to cash on hand and deposits with banks, cash and cash equivalents include liquid assets measured at amortised cost due in less than three months from acquisition of €3.3 million (€17.0 million)

Non-current receivables from associates and joint ventures contain the shareholder loan granted to Mercada Oy and the financing loans granted to UAB Kesko Senukai.

Deferred tax assets, income tax receivables, deferred tax liabilities and income tax liabilities are not classified as financial assets or financial liabilities and are not included in the table above. Prepayments received of €56.7 million (€46.9 million) are not classified as financial liabilities and are not included in the table above in other non-interest-bearing liabilities.

The fair values of borrowings have been calculated based on the present value of future cash flows using the 2.4% - 3.9% market rates of interest of the balance sheet date. The fair value of current interest-bearing liabilities has been estimated to approximately equal their balance sheet value. The maturity structure of non-current borrowings has been presented in Note 4.3.

Changes in level 3 instruments € million	2023	2022
Private equity funds and other shares and interests as at 1 January	13.2	15.5
Purchases	1.3	0.3
Gains and losses through profit or loss	-0.5	-0.4
Changes in fair value	0.0	-2.2
Private equity funds and other shares and interests as at 31 December	14.0	13.2

Level 3 includes private equity funds and other shares and interests. These investments have been classified as financial assets at fair value through profit or loss. Level 3 financial assets are measured based on computations received from the companies. A loss of €0.5 million has been recorded on these investments for the financial year 2023.

4.6 Commitments and c

€ million

Collateral given for own commitmen

Pledges

Mortgages

Guarantees

Other commitments and contingent l

Collateral given for others

Guarantees

Other commitments and contingent l

The guarantees given do not inclu liabilities in the consolidated state

Guarantee maturities are €2.2 mi

Leases not commenced yet but to 31 December 2023 are present



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5.1 Subsidiaries, associates, joint ventures and proportionately consolidated mutual real estate companies

Subsidiaries

Owned by the parent	Domicile	Group's ownership interest, %	Parent's ownership interest, %	Owned by the parent
Ankkuri-Energia Oy	Helsinki, Finland	100.00	100.00	Kiinteistö Oy Hietalahti-Onnela
Asinto Oy Kirkkonummen Västeruddintie 33	Kirkkonummi, Finland	100.00	100.00	Kiinteistö Oy Kittilän Saastokulma
Asunto Oy Porvoon Taiteilija	Porvoo, Finland	100.00	100.00	Kiinteistö Oy Kuopion Tulliportinkatu
Byggmakker Handel AS	Oppedgård, Norway	100.00	100.00	Kiinteistö Oy Lappeenranta Oksase
Fiesta Real Estate AS	Tallinn, Estonia	100.00	100.00	Kiinteistö Oy Mariannen Liiketila
Intersport Finland Oy	Helsinki, Finland	100.00	100.00	Kiinteistö Oy Pontsonkulma
Jyväskylä Oy	Jyväskylä, Finland	100.00	100.00	Kiinteistö Oy Riistaveden Keskustie
JK-Kiinteistöt Oy	Hyvinkää, Finland	100.00	100.00	Kiinteistö Oy Sarviniitynkatu 4
Kalatakku E. Eriksson Oy	Helsinki, Finland	100.00	100.00	Kiinteistö Oy Sunan Hallitilo
K Auto Oy	Helsinki, Finland	100.00	100.00	Kiinteistö Oy Tarkkaiikka
Keskinäinen Kiinteistö Oy Malmin Kankrauta	Helsinki, Finland	100.00	100.00	Kiinteistö Oy Voisalmen Liiketalo
Keskinäinen Kiinteistö Oy Voisalmentie 9 Lappeenranta	Helsinki, Finland	100.00	100.00	Klintercenter Ab
Kesko AB	Stockholm, Sweden	100.00	100.00	Kompass Invest Oy
Kesko Export Oy	Helsinki, Finland	100.00	100.00	K-Market Oy
Kiinteistöosakeyhtiö Varkauden Kauppaatu 29	Varkaus, Finland	52.29	52.29	Koskelan Ostokeskus Oy
Kiinteistö Oy Espoonortti	Espoo, Finland	66.60	66.60	ML 84 Dormant Oy
Kiinteistö Oy Espoon Asemakuja 2	Espoo, Finland	100.00	100.00	Onninen Oy
Kiinteistö Oy Espoon Asematori	Espoo, Finland	54.10	54.10	Rake Siendom AS
Kiinteistö Oy Eteläkoivulan Kauppakeskus	Pori, Finland	78.45	78.45	Reinin Liha Oy
Kiinteistö Oy Helsingin Itäkeskus	Helsinki, Finland	100.00	100.00	Tampereen Länsikeskus Oy
Kiinteistö Oy Hiukkavaaran Kauppa	Oulu, Finland	100.00	100.00	



Kesko's direction	Owned by other Group companies	Domicile	Group's ownership interest, %	Parent's ownership interest, %	Owned by other Group companies
Year 2023	Arn Eiendom AS	Vefsn, Norway	100.00		Peltosaaren Liikekeskus Oy
Strategy and operating environment	Djurbergs Järnhandel Aktieföretag	Östersund, Sweden	100.00		Profelco Oy
Business	Elektroskandia Norge AS	Langhus, Norway	100.00		Rake Bergen AS
Investors	Espoontorin Pysäköintitalo Oy	Espoo, Finland	68.80		Sport1 Flokkmann Mosjøen AS
Sustainability report	Geitanger Bygg AS	Bergen, Norway	100.00		Sørba AS
Sustainability strategy	Hasti-Ari AS	Oppegård, Norway	100.00		Sörred's Byggsvaruhus AB
Climate and nature	Hogsbo Trä Aktieföretag	Västra Frölunda, Sweden	100.00		Tau & Järpeland Eiendom
Value chain	K Auto AC Oy	Helsinki, Finland	100.00		Trögstadveien 13 AS
Our people	K Auto PC Oy	Helsinki, Finland	100.00		Zenitec Sweden AB
Good governance	K Auto Leasing Oy	Helsinki, Finland	100.00		Övik Låsteknik AB
Sustainability reporting	K Auto Retail Oy	Helsinki, Finland	100.00		
Financial review	Kesko Onninen International Trading Co., Ltd	Shanghai, China	100.00		
Report by the Board of Directors	K rauta SIA	Riga, Latvia	100.00		Associates and joint ventures
Consolidated financial statements (IFRS)	Kestra Kiinteistöpalvelut Oy	Helsinki, Finland	100.00		Associates and joint ventures are
Parent company's financial statements (FAS)	Kiinteistö Oy Kokkolan Kaanaanmaantie 2-4	Kokkola, Finland	64.78		
Signatures	Kiinteistö Oy Lappeenranta Rakuunoparkki	Lappeenranta, Finland	57.12		
Corporate governance	Kiinteistö Oy Vantaan Simonsaamen	Vantaa, Finland	100.00		
Corporate Governance Statement	KR Fastigheter i Järfälla AB	Järfälla, Sweden	100.00		Owned by the parent
Remuneration Report	KR Fastigheter i Långå AB	Sollentuna, Sweden	100.00		Graanin Liikekeskus Oy
Data balance sheet	KR Fastigheter i Täby AB	Sollentuna, Sweden	100.00		Kesko Senukai Lithuania UAB
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Sustainable value from data	K-Bygg Försäljning AB	Segeltorp, Sweden	100.00		Kiinteistö Oy Janakkalan Linnatuuli
	K-Bygg Sverige AB	Östersund, Sweden	100.00		Kiinteistö Oy Joensuu Kaupunginpo
	K-rauta Fastigheter i Malmö AB	Sollentuna, Sweden	100.00		Mercada Oy
	Kungälv Trävaruaktieföretag	Helsinki, Finland	100.00		Vähtäläiskaupan Takaus Oy
	Mark & Infra Sverige AB	Täby, Sweden	100.00		Vähtäläiskaupan Tilipalvelu VTP Oy
	Onninen AS	Espoo, Finland	100.00		
	Onninen SIA	Skedsmo, Norway	100.00		Owned by other Group companies
	Onninen Group Ltd	Tallinn, Estonia	100.00		EDISON Data AS
	Onninen UAB	Riga, Latvia	100.00		Proffsenterei AS
		Warsaw, Poland	100.00		KS Holding UAB
		Vilnius, Lithuania	100.00		



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Proportionately consolidated mutual real estate companies

Owned by the parent and others	Domicile	Group's ownership interest, %	Parent's ownership interest, %
Asunto Oy Harjutie	Espoo, Finland	46.22	46.22
Asunto Oy Helsingin Ströcken	Helsinki, Finland	25.42	25.42
Asunto Oy Kajaanin Louhikatu 2	Kajaani, Finland	42.96	42.96
Asunto Oy Naantalin Tullinkulma	Naantali, Finland	24.45	
Asunto Oy Soukan Itäinentorni	Espoo, Finland	46.60	46.60
Asunto-Oy Punkalaitumen Pankkitalo	Punkalaidun, Finland	33.82	
Itäkeskuksen Pysäköintitalo Oy	Helsinki, Finland	36.16	36.16
Kiinteistö Oy Iso Roobertinkatu 70-72	Helsinki, Finland	25.64	25.64
Kiinteistö Oy Lahden Lyhytkatu 1	Lahti, Finland	50.00	50.00
Kiinteistö Oy Lukonmäen Palvelukeskus	Tampere, Finland	34.54	
Kiinteistö Oy Taidetehtaanparkki	Porvoo, Finland	24.06	24.06
Kiinteistö Oy Ulvilan Hansa	Ulvila, Finland	43.47	43.47
Kiinteistö Oy Vantaanportin Liikekeskus	Vantaa, Finland	27.81	27.81
Lapin Tehdastalo Oy	Tampere, Finland	21.24	21.24
Munkkivuoren Ostoskeskus Oy	Helsinki, Finland	39.20	39.20
Raksilan Paikoitus Oy	Oulu, Finland	33.33	33.33
Talo Oy Kalevanpuisto	Kuopio, Finland	47.60	47.60
Voisalmien Ostoskeskus Oy	Laoppeenranta, Finland	50.00	

5.2 Related party transa

The Group's related parties include CEO and the Group Management members and companies controlled and joint ventures, and Kesko Per are listed in Note 5.1

The related party transactions disclosed are not eliminated in the consolidated financial statements.

Some members of the Kesko Board of Directors have purchased services to companies controlled or purchased from related parties or

Kesko reports Kesko Senukai Group and technical trade segment, as a

The associated company consolidated which have been leased for use by Tilipalvelu Oy sell their services to associates mainly comprise business been consolidated in the financial

Kesko Pension Fund is a stand-alone assets related to the voluntary pension of 2023 or 2022, the pension assets owned by Pension Fund have been

During the financial years 2023 and Pension Fund.



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The following transactions were carried out with related parties:

Income statement	Associates and joint ventures		Board and management		Pension Fund	
	2023	2022	2023	2022	2023	2022
€ million						
Sales of goods	7.2	9.9	87.8	88.2		
Sales of services	4.7	5.2	0.9	1.0	0.0	0.2
Purchases of goods	0.0	-0.6	-10.7	-13.1		
Purchases of services	0.0	-0.1	0.0	0.0		
Other operating income	0.8	0.8	19.1	19.1		
Other operating costs	-4.4	-3.9	-0.0	-0.0	-0.1	-0.2
Finance income	6.1	6.0				
Finance expenses	-0.2	-0.3			-0.2	

Balance sheet	Associates and joint ventures		Board and management		Pension Fund	
	2023	2022	2023	2022	2023	2022
€ million						
Current receivables	9.9	25.8	7.6	7.2		0.0
Non-current receivables	61.4	64.7				
Current liabilities	5.8	10.1	3.8	2.3	2.8	4.8

Items related to leases	Associates and joint ventures		Board and management		Pension Fund	
	2023	2022	2023	2022	2023	2022
€ million						
Cash flow from leases	38.7	55.9			6.0	6.2
Lease liabilities	222.7	231.9			40.5	41.7

At the balance sheet date, receivables arisen from Kesko's sales to companies controlled by the Board members were €7.6 million (€7.2 million). The receivables are collateralised by a commercial credit granted by Vähittäiskaupan Takaus Oy, a Kesko associate, with the maximum amount always limited to the maximum realisable value of the counter security from the K-retailer company and entrepreneur to Vähittäiskaupan Takaus. At the end of the financial year, the counter security was valued at €10.6 million (€12.0 million).

Non-current receivables from associates and joint ventures contain the shareholder loan granted to Mercada Oy and the financing loans granted to UAB Kesko Senukai Lithuania

Current receivables contain €3.4 million (€3.4 million) of chain rebates and other liabilities include, for example, chain rebates and other liabilities. Chain rebates are an amount of actual annual purchase

During the financial year 2022, K-Citymarket Turtola in Tampe transferred to Kesko Corporation

The Group joint ventures UAB Kesko total €21.7 million as dividends at 2023 financial year. The Group as dividend to Kesko Corporation

Management's employee benefits. The top management comprises 10. The compensation paid to them for

Monetary salaries, fees, fringe benefits and share-based compensation €1,000

Mikko Helander	President
Group Management Board	other members
Esa Kiiskinen	Board Chair
Peter Fagerås	Board Director
Jannica Fagerholm	Board member
Piia Karhu	Board member
Jussi Perälä	Board member
Toni Pokela	Board member
Timo Ritakallio	Board member
Total	

Approximately 30% of the annual and the remaining fee amount was



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granted 6,000 Kesko Corporation B shares in 2023. The figures in the table are presented as payment-based. Remunerations to be paid in the later years are not included in the figures.

Retirement benefits

The statutory pension provision for the President and CEO and other members of the Group Management Board is provided through a pension insurance company. Three Group Management Board members are provided with a supplementary pension based on a defined benefit plan in line with the rules of Kesko Pension Fund and personal service contracts. Four Group Management Board members are provided with a defined contribution supplementary pension. President and CEO Mikko Helander's old-age pension based on a defined benefit plan accrued until 30 June 2023. The amount of the defined benefit based old-age pension is 60% of the pensionable earnings for the final 10 years in accordance with the Employees' Pensions Act (TyEL). The President and CEO's supplementary pension is based on a defined contribution plan as of 1 July 2023. The cost of the defined benefit supplementary pension for the period, calculated on an accrual basis, was €0.6 million (€1.3 million) and the related pension asset in the balance sheet was €0.1 million (€0.9 million). Payment to the defined contribution pension plan, in effect as of 1 July 2023, was €0.5 million. The pension cost of the President and CEO's statutory pension provision, calculated on an accrual basis, was €0.3 million (€0.3 million).

Share awards

During the 2023 reporting period, members of the Group Management Board were granted 238,500 shares based on the PSP 2021-2024, while the maximum number of shares to be granted was 318,000. The number of shares represents gross earnings, from which withholding tax and transfer tax are deducted. During the 2022 reporting period, members of the Group Management Board were granted 371,397 shares based on the PSP 2020-2023. The number of shares represents gross earnings, from which withholding tax and transfer tax are deducted.

Termination benefits

If the service contract of the President and CEO or some other Group Management Board member is terminated by the Company, he/she is entitled to a monetary salary and fringe benefits for the period of notice and a separate non-recurring termination compensation determined on the basis of the executive's monetary salary and fringe benefits for the month of notice. The termination compensation is not part of the executive's salary and it is not

included in the determination of total compensation. In case of retirement, pension is a salary for the period of notice and due to retirement, the executive is entitled to other compensations.

Shareholdings

At 31 December 2023, the President and CEO held 4,311,385 Kesko Corporation shares and 0.03% of votes carried by the Group Management Board, including 1,129,797 Kesko Corporation shares and 0.08% of votes.

5.3 Share-based compensation

Accounting policies

The costs relating to share-based compensation are recognized in the balance sheet. For equity-based compensation, the corresponding liability for the expense is recognized in the balance sheet.

The Company's Board of Directors determines the accounting policy for share-based compensation under which an expense is recognized upon fulfilling the plan's terms. The expense is recognized over the vesting and commitment period. The effects of non-market conditions are accounted for over the vesting and commitment period. Instead, they are accounted for as a separate expense at the end of the vesting period. Like charges incurred under the plan are accounted for during the vesting period. Changes in the fair value of the shares during the vesting period are accounted for as a separate expense.



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As of 1.1.2018 cash-settled share-based payments for which the employer shall deduct, on behalf of the employee, from the share award such number of shares which covers taxes and tax-like charges paid in cash, shall be classified in their entirety as equity-settled share-based payments.

Share-based commitment and incentive scheme

The purpose of the share-based compensation schemes is to promote Kesko's business and increase the Company's value by aligning the objectives of the shareholders and executives. The schemes also aim to commit the grantees to Kesko Group and give them the opportunity to receive Company shares upon fulfilling the objectives set in the share-based compensation plan.

The impact of the share-based compensation plans on the Group's profit for 2023 was €-8.1 million (€-10.6 million).

As at 31 December 2023, the amount to be recognised as expense for the financial years 2024-2026 is estimated at a total of €8.6 million. The actual amount may differ from the estimate

The performance Share Plan (PSP)

PSP plan is a share-award plan that consists of individual annually commencing share plans, each with a two-year performance period and a two-year commitment period following the payment of the potential share award. Kesko's Board decides annually whether to initiate a new plan. During the commitment period, the shares cannot be pledged or transferred, but the other rights attached to the shares remain in force. If a person's employment or service relationship terminates prior to the expiry of a commitment period, the person must, as a rule, return the shares under transfer restriction to Kesko or its designate for no consideration. The number of shares granted based on the share-based compensation plan represents gross earnings, from which the applicable withholding tax is deducted and the remaining net amount is paid to the participants in shares. Kesko Group's tax free sales (%), Kesko Group's comparable return on capital employed (ROCE, %) and the absolute total shareholder return (TSR, %) of a Kesko B share are the performance criteria for the PSPs initiated during 2020-2021. In addition, the target measuring Kesko's sustainability, is included as the performance criteria for the PSP plan initiated from 2022 onwards

Assumptions for share award calculation

Grant dates

Grant date fair value of share award,

Share price at grant date, €

Shares transferred in

Number of share awards granted, maximum, pcs*

Changes in the number of shares granted, pcs

Actual amount of share award, pcs*

Number of plan participants at end of financial year

Share price at balance sheet date, €

Fulfillment of performance criteria, %

Estimated number of share awards received prior to the end of commitment period

*Gross number of shares from which the actual amount of share award is calculated in shares.

The performance-based share and Restricted Share Pool (KPSP)

plan consists of individual annually commencing share plans, each with a two-year performance period and a two-year commitment period following the payment of the potential share award. Kesko's Board decides annually whether to initiate a new plan. The compensation plan represents gross earnings, from which the applicable withholding tax is deducted and the remaining net amount is paid to the participants in shares. Kesko Group's tax free sales (%), Kesko Group's comparable return on capital employed (ROCE, %) and the absolute total shareholder return (TSR, %) of a Kesko B share are the performance criteria for the KPSP. In addition, the target measuring Kesko's sustainability, is included as the performance criteria for the KPSP plan initiated from 2022 onwards

RSP is a secondary share plan for plan consists of annually commencing share plans, each with a two-year performance period and a two-year commitment period, after which the amount of the share award will be paid to the participants, provided that the participant remains employed in Kesko Group until the end of the commitment period.



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on the share-based compensation plan represents gross earnings, from which the applicable withholding tax is deducted and the remaining net amount is paid to the participants in shares.

Assumptions for share award calculations	KPSP and RSP 2023	KPSP and RSP 2022	KPSP and RSP 2021	KPSP and RSP 2020
Grant dates	1.2.2023	2.2.2022	2.2.2021	4.2.2020
Grant date fair value of share award, €	20.56	27.71	21.01	14.85
Share price at grant date, €	21.64	28.77	21.76	15.48
Shares transferred in	2026	2025	2024	2023
Number of share awards granted, maximum, pcs*	793,850	214,404	256,769	291,700
Changes in the number of shares granted, pcs	-8,500	-14,610	-23,512	-54,370
Actual amount of share award, pcs*	-	88,246	191,450	209,370
Number of plan participants at end of financial year	161	139	126	83
Share price at balance sheet date, €	17.93	20.62	29.34	21.04
Fulfillment of performance criteria, %	-	21.9	89.3	82.0
Estimated number of share awards returned prior to the end of commitment period, %	2.5	2.5	2.5	2.5

*Gross number of shares from which the applicable withholding tax is deducted and the remaining net amount is paid in shares.

5.4 Legal disputes and possible legal proceedings

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

Investigation by the Finnish Competition and Consumer Authority regarding Onninen Oy - The Finnish Competition and Consumer Authority has been investigating Kesko Group company Onninen's suspected violation of competition law for almost 10 years, and finally decided on 8 September 2022 to take the matter to the Market Court. The investigation has concerned a wide range of companies operating in the HPAC infra plastic pipe product market in Finland. The FCCA proposes a penalty payment of €16 million for Onninen for the alleged infringement. The suspected violation concerns almost in its entirety a period of time before

Kesko acquired the capital stock resulting to Onninen from the inv-conditions. Onninen denies the FC unfounded. Kesko is not suspecte

Legal proceedings concerning UA example in its financial statement proceeding concerning the share Senukai Lithuania and the disagree the company and its subsidiary. T for example, the minority shareho process ended during 2023 and t concerning the annulation and rev of Helsinki gave its decision in 20 decision to the Helsinki Court of i

5.5 Events after the balance sheet date

Kesko announced in August 2023 90% of Davidsen Koncernen A/S acquisition, and it is expected to

Kesko is set to withdraw from ope responsible for the grocery trade Kesko plans to withdraw from ope The stations will continue as a ser trade at service stations has dimir



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PARENT COMPANY'S FINANCIAL STATEMENTS

Parent company's income statement

€	1 Jan.–31 Dec. 2023	1 Jan.–31 Dec. 2022
Net sales	6,662,223,788.54	6,620,483,911.52
Other operating income	898,211,500.06	896,343,273.82
Materials and services	-5,893,409,138.14	-5,922,332,251.39
Change in inventory	-23,008,211.48	57,389,050.87
Employee benefit expenses	384,770,788.96	348,288,605.22
Depreciation, amortisation and impairment	-113,426,865.45	102,891,749.91
Other operating expenses	-754,854,973.67	-741,397,846.78
Operating profit	390,905,310.40	459,305,782.91
Finance income and costs	160,251,693.28	63,859,871.87
Profit before appropriations and taxes	551,157,003.68	523,145,654.78
Appropriations		
Change in depreciation reserve	23,549,009.97	28,327,307.66
Group contribution	64,919,581.06	-3,441,310.30
Profit before taxes	591,527,574.77	491,376,441.82
Income taxes	-82,909,736.55	-82,430,821.94
Profit for the financial year	509,617,838.22	408,925,619.88



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Parent company's balance sheet

€	31 Dec. 2023	31 Dec. 2022	€
ASSETS			RECEIVABLES
NON-CURRENT ASSETS			Long-term
INTANGIBLE ASSETS			Receivables from subsidiaries
Intangible rights	5,125,872.64	5,467,058.98	Receivables from associates
Other intangible assets	219,153,791.56	196,023,659.20	Loan receivables
Prepayments	4,150,302.51	8,843,638.88	Other receivables
	228,429,966.71	210,334,357.06	
PROPERTY, PLANT AND EQUIPMENT			Short-term
Land and waters			Trade receivables
Owned	277,174,152.62	247,306,198.38	Receivables from subsidiaries
Leasehold interests and connection fees	7,289,059.93	6,656,847.26	Receivables from associates
Buildings			Loan receivables
Owned	658,740,908.91	556,902,410.32	Other receivables
Machinery and equipment	88,443,233.36	97,574,724.25	Prepayments and accrued income
Other tangible assets	5,341,067.34	6,489,657.89	
Prepayments and construction in progress	113,022,536.55	87,473,806.60	OTHER FINANCIAL ASSETS
	1,151,010,958.71	1,002,403,644.70	
INVESTMENTS			CASH AND CASH EQUIVALENTS
Investments in subsidiaries	1,281,768,095.60	1,080,275,454.12	TOTAL ASSETS
Investments in associates	121,662,739.85	115,989,719.85	
Other investments	24,695,432.49	23,741,379.16	
	1,427,923,827.94	1,218,006,553.13	
CURRENT ASSETS			
INVENTORIES			
Finished products/goods	302,380,900.60	325,389,112.08	
	302,380,900.60	325,389,112.08	



	€	31 Dec. 2023	31 Dec. 2022
Kesko's direction	EQUITY AND LIABILITIES		
Year 2023	CAPITAL AND RESERVES		
Strategy and operating environment	Share capital	197,282,584.00	197,282,584.00
Business	Share premium	197,498,010.90	197,498,010.90
Investors	Reserve of invested non-restricted equity	22,753,307.40	22,753,307.40
	Other reserves	243,415,795.55	243,415,795.55
	Retained earnings	302,916,472.00	823,451,129.66
	Profit for the financial year	509,617,838.22	408,925,619.88
Sustainability report		1,979,484,008.07	1,893,326,447.39
Sustainability strategy	APPROPRIATIONS		
Climate and nature	Depreciation reserve	206,658,990.11	185,109,980.14
Value chain	PROVISIONS		
Our people	Provisions	2,017,574.84	2,258,581.83
Good governance	LIABILITIES		
Sustainability reporting	Non-current		
	Loans from financial institutes	651,300,000.00	200,000,000.00
	Pension loans	32,349,000.00	44,343,000.00
	Other creditors	19,001,617.22	10,372,880.37
Financial review		701,350,617.22	254,715,880.37
Report by the Board of Directors	Current		
Consolidated financial statements (IFRS)	Pension loans	11,994,000.00	11,994,000.00
Parent company's financial statements (FAS)	Advances received	31,541,172.75	26,638,337.94
Signatures	Trade payables	739,185,366.57	745,125,341.50
	Payables to subsidiaries	262,814,413.54	516,683,528.79
	Payables to associates	5,728,650.62	5,621,438.75
	Other payables	183,827,426.62	328,588,060.01
	Accruals and deferred income	225,433,186.07	231,368,773.28
Corporate governance		1,460,574,716.17	1,866,022,480.27
Corporate Governance Statement	TOTAL LIABILITIES	4,350,035,406.41	4,199,413,370.00
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Parent company's cash flow statement

€	1 Jan.–31 Dec. 2023	1 Jan.–31 Dec. 2022	€
Cash flows from operating activities			Cash flows from financing activities
Profit before appropriations	551,153,503.68	523,145,654.78	Interest-bearing liabilities, increase (+)/decrease (-)
Adjustments			Dividends paid
Depreciation according to plan	113,486,865.95	102,891,749.91	Group contributions received and paid
Finance income and costs	-160,251,693.28	-63,839,871.87	Other items
Other adjustments	-7,413,552.15	-51,392,533.62	Net cash used in financing activities
	496,975,124.20	510,804,999.20	Net cash used in financing activities
Change in working capital	—	—	Change in cash and cash equivalent:
Current non-interest-bearing receivables, increase (-)/decrease (+)	27,535,297.96	-38,448,516.52	Cash and cash equivalents as at 1 Jan.
Inventories increase (-)/decrease (+)	23,008,211.48	-57,389,050.87	Impairment of financial assets at fair value through profit or loss
Current non-interest-bearing liabilities, increase (+)/decrease (-)	-19,265,630.51	56,750,795.21	Cash and cash equivalents as at 31 Dec.
	31,277,878.93	-39,086,772.18	
Interests paid and other finance costs	-44,423,936.93	-14,410,293.32	
Interests received	34,714,965.24	16,608,267.57	
Dividends received	168,684,828.28	66,587,990.30	
Income tax paid	-58,598,511.77	-12,321,475.44	
	100,377,344.82	-41,315,440.94	
Net cash generated from operating activities	628,630,347.95	430,402,786.08	
Cash flows from investing activities			
Purchases of property, plant, equipment and intangible assets	-416,858,310.90	268,730,614.35	
Acquisitions of subsidiaries	-96,464,969.71	-27,133,141.86	
Sales of subsidiaries, net of cash	-	5,987,807.34	
Investments in other investments	-	-1,000.00	
Proceeds from other investments	71,393.23	363,780.00	
Proceeds from disposal of property, plant, equipment and intangible assets	364,804.87	155,466.99	
Long-term receivables, increase (-)/decrease (+)	48,113,571.58	11,569,386.95	
Other financial assets, increase (-)/decrease (+)	35,826,114.02	38,945,717.30	
Net cash used in investing activities	-428,947,396.91	-238,871,597.22	



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Notes to the parent company's financial statements

Note 1. Principles used for preparing the financial statements

Kesko Corporation's financial statements have been prepared in compliance with the Finnish Accounting Standards (FAS).

Non-current assets

Intangible assets

Intangible assets are stated in the balance sheet at cost less depreciation according to plan and possible amortisations.

Depreciation plan

Other capitalised expenditure	5–10 years
IT software and licences	5–5 years

Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less depreciation according to plan and possible amortisations.

Depreciation plan

Depreciation according to plan is calculated on a straight line basis so as to write off the cost of property, plant and equipment over their estimated useful lives

The most common estimated useful lives are:

Buildings	10–33 years
Fixtures and fittings	8 years
Machinery and equipment	25% reducing balance method, from 1st January 2023 8 years
Warehouse automation equipment	10 years
Transportation fleet	5 years
IT equipment	3–8 years
Other tangible assets	5–14 years

Leasehold interests are depreciated. Leasehold fees have not been depreciated. The depreciation reserve comply with the depreciation reserve has been treated as appropriate.

Valuation of inventories

Inventories are stated, using the replacement cost and probable realisable value.

Valuation of financial assets

Marketable securities have been valued at fair value.

Foreign currency items

Foreign currency transactions have been recorded at the date of transaction. Foreign currency items are translated into euros using the rate of exchange in force at the balance sheet date. If the rate of exchange is fixed, it has been recognised in profit or loss.

Derivative contracts

Interest rate derivatives

Interest rate derivatives are used to manage interest rate risk. Interest rate derivatives are used in between 1 and 4 years. Cash flows are recognised during the financial year as interest expense. During the financial statements, outstanding contracts, interest rate option contracts, interest rate option contracts, but unrealised revaluation interest expenses.

Foreign currency derivatives

Foreign currency derivatives are used to manage foreign exchange risk. Foreign exchange forward contracts are used in the balance sheet date. The exchange rate is used to calculate the fair value.



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are reported in financial items and adjustment items of sales and purchases. If a derivative has been used for hedging a foreign-currency-denominated asset, the change in value has been recognised against that of the asset item. The premiums of option contracts are included in the balance sheet accruals until they expire, or if a value change at the balance sheet date so requires, recognition in profit or loss.

Commodity derivatives

Ankkuri-Energia Oy, a Kesko Corporation subsidiary, uses electricity derivatives to balance the energy costs of the Group and its retailers. Kesko Corporation is an external counterparty in electricity derivatives with a bank, and enters into corresponding internal hedge with Ankkuri-Energia Oy. At no stage does Kesko Corporation have derivative positions, and thus there are no effects on profit or loss. The electricity price risk is reviewed on a 5-year time span. With respect to derivatives hedging the price of electricity supplied during the financial year, change in fair value is recognised at Kesko under finance income and cost. Unrealised gains and losses on contracts hedging future purchases are not recognised in profit or loss.

Pension plans

Personnel's statutory pension provision is organised through pension insurance companies and the voluntary supplementary pension provision is mainly organised through Kesko Pension Fund. Pension costs are recognised as expense in the income statement.

Provisions

Provisions stated in the balance sheet include items committed to under agreements or otherwise but not yet realised. Changes in provisions are included in the income statement. Rent liabilities for vacant rented premises no longer used for the Group's business operations, as well as losses resulting from renting the premises to third parties, are included in provisions.

Income tax

Income tax includes the income tax payments for the period calculated based on the profit for the period, and taxes payable for prior periods, or tax refunds. Deferred taxes are not included in the parent company's income statement and balance sheet.

Notes to the income

Note 2. Net sales by divi

€ million
Grocery trade
Building and home improvement trade
Others
Total

Note 3. Material and ser

€ million
Material and services
Change in inventory
External services
Total

Note 4. Other operating

€ million
Gains on sales of real estate and shares
Rent income
Fees for services
Profits from mergers
Others
Total



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Note 5. Employee benefit expenses

€ million	2023	2022
Salaries and fees	-316.5	-322.4
Social security costs		
Pension costs	-56.7	-13.8
Other social security costs	-11.5	-12.1
Total	-384.8	-348.3

The 2022 pension costs include a €40.3 million return of surplus assets by Kesko Pension Fund.

The average number of personnel at Kesko Corporation was 7,402 (7,308) people.

Salaries and fees to the management

€ million	2023	2022
Managing Director	3.4	4.9
Members of the Board of Directors	0.5	0.5
Total	3.8	5.4

An analysis of the management's salaries and fees is included in the notes to the consolidated financial statements.

Note 6. Depreciation, amortisation and impairment

€ million	2023	2022
Depreciation according to plan	-113.0	-102.2
Impairment, non-current assets	-0.5	-0.7
Total	-113.5	-102.9

Note 7. Other operating

€ million
Rent expenses
Marketing expenses
Maintenance of real estate and store
Losses on disposals of non-current assets
ICT expenses
Losses from mergers
Other operating expenses
Total

Auditors' fees

€ million
Audit firm Deloitte
Audit
Tax consultation
Other services
Total



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Note 8. Finance income and costs

€ million	2023	2022
Income from long-term investments		
Dividend income from subsidiaries	146.7	39.5
Dividend income from associates	19.6	26.9
Dividend income from others	2.3	0.1
Gains on disposal of shares	-	0.0
Gains on sales of investments	0.4	0.0
Income from long-term investments, total	169.0	66.6
Other interest and finance income		
From subsidiaries	24.0	8.9
From others	21.9	22.9
Interest and finance income, total	45.9	31.8
Impairment of investments held as non-current assets		
Impairment of shares	-	0.3
Changes in fair value	0.1	0.0
Impairment and changes in fair value of investments held as non-current assets, total	0.1	0.3
Interest and other finance costs		
To subsidiaries	-20.5	-11.4
To others	-34.2	-23.5
Interest and finance costs, total	-54.7	-34.9
Total	160.2	63.8

Note 9. Appropriations

€ million	2023	2022
Difference between depreciation according to plan and depreciation in taxation	-23.5	-28.3
Group contributions received	88.9	36.9
Group contributions paid	-24.0	-40.4
Total	41.4	-31.8

As of the 2020 financial year, an increased 50% depreciation on machinery and equipment and similar fixed assets acquired has been made in compliance with the Finnish Business Tax Act

Note 10. Changes in pro

€ million
Other changes
Total

Note 11. Income taxes

€ million
Income taxes on group contributions
Income taxes on ordinary activities
Taxes for prior years
Total

Note 12. Deferred taxes

Deferred tax assets and liabilities tax liability on accumulated appropriations or assets is not material.



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Notes to the balance sheet

Note 13. Intangible assets

€ million	2023	2022
Intangible rights		
Acquisition cost as at 1 Jan	16.5	16.3
Increases	1.3	1.1
Decreases	-1.0	-2.8
Transfers between items	0.0	1.9
Acquisition cost as at 31 Dec	16.9	16.5
Accumulated depreciation as at 1 Jan	-11.1	-12.3
Accumulated depreciation on decreases and transfers	1.0	2.8
Depreciation and amortisations for the financial year	-1.7	-1.5
Accumulated depreciation as at 31 Dec	-11.8	-11.1
Book value as at 31 Dec.	5.1	5.5
Other intangible assets		
Acquisition cost as at 1 Jan	405.2	369.9
Increases	49.9	48.9
Decreases	-5.8	-51.1
Transfers between items	19.1	17.5
Acquisition cost as at 31 Dec	468.4	405.2
Accumulated depreciation as at 1 Jan	-209.2	197.7
Accumulated depreciation on decreases and transfers	5.8	31.1
Depreciation and amortisations for the financial year	-45.9	-42.5
Accumulated depreciation as at 31 Dec	-249.2	-209.2
Book value as at 31 Dec.	219.2	196.0
Prepayments		
Acquisition cost as at 1 Jan	8.8	12.5
Increases	2.5	7.0
Decreases	-0.0	-0.1
Transfers between items	-7.2	-10.7
Acquisition cost as at 31 Dec	4.2	8.8
Book value as at 31 Dec.	4.2	8.8

Note 14. Property, plant

€ million	
Land and waters, owned	
Acquisition cost as at 1 Jan	
Increases	
Transferred in mergers	
Decreases	
Transfers between items	
Acquisition cost as at 31 Dec	
Book value as at 31 Dec.	
Land and waters, leasehold interest	
Acquisition cost as at 1 Jan	
Increases	
Transferred in mergers	
Transfers between items	
Acquisition cost as at 31 Dec	
Accumulated depreciation as at 1 Jan	
Depreciation for the financial year	
Accumulated depreciation as at 31 Dec	
Book value as at 31 Dec.	
Buildings	
Acquisition cost as at 1 Jan	
Increases	
Transferred in mergers	
Decreases	
Transfers between items	
Acquisition cost as at 31 Dec	
Accumulated depreciation as at 1 Jan	
Transferred in mergers	
Accumulated depreciation on decreases	
Depreciation for the financial year	
Accumulated depreciation as at 31 Dec	
Book value as at 31 Dec.	



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€ million	2023	2022
Machinery and equipment		
Acquisition cost as at 1 Jan	311.1	295.1
Increases	14.8	32.0
Transferred in mergers	0.1	0.0
Decreases	-17.8	19.6
Transfers between items	3.0	3.6
Acquisition cost as at 31 Dec	311.2	311.1
Accumulated depreciation as at 1 Jan	-213.5	-206.1
Transferred in mergers	-0.1	0.0
Accumulated depreciation on decreases and transfers	17.1	19.2
Depreciation for the financial year	-26.3	-26.6
Accumulated depreciation as at 31 Dec	222.7	-213.5
Book value as at 31 Dec.	88.4	97.6
Other tangible assets		
Acquisition cost as at 1 Jan	23.3	21.2
Increases	0.4	1.2
Transferred in mergers	0.1	
Transfers between items	0.7	1.0
Acquisition cost as at 31 Dec	24.4	23.3
Accumulated depreciation as at 1 Jan	16.8	-15.6
Transferred in mergers	-0.1	
Depreciation for the financial year	-1.2	-1.2
Accumulated depreciation as at 31 Dec	-18.1	-16.8
Book value as at 31 Dec.	6.3	6.5
Prepayments and construction in progress		
Acquisition cost as at 1 Jan	87.5	45.7
Increases	92.1	76.4
Decreases	-1.6	-1.0
Transfers between items	-64.9	-33.5
Acquisition cost as at 31 Dec	113.0	87.5
Book value as at 31 Dec.	113.0	87.5

Note 15. Investments

€ million
Investments in subsidiaries
Acquisition cost as at 1 Jan
Increases
Decreases
Acquisition cost as at 31 Dec
Impairment as at 1 Jan.
Accumulated impairments on decrease as at 31 Dec
Book value as at 31 Dec.
Investments in associates
Acquisition cost as at 1 Jan.
Increases
Book value as at 31 Dec.
Other investments
Acquisition cost as at 1 Jan
Increases
Transferred in mergers
Decreases
Transfers between items
Acquisition cost as at 31 Dec
Book value as at 31 Dec.

An analysis of Kesko Corporation 2023 is presented in the notes to



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Note 16. Receivables

Receivables from subsidiaries

€ million	2023	2022
Long-term receivables		
Loan receivables	34.9	80.4
Long-term receivables, total	34.9	80.4
Short-term receivables		
Trade receivables	10.3	9.9
Loan receivables	380.0	418.9
Prepayments and accrued income	29.2	29.5
Short-term receivables, total	419.5	458.3
Total	454.4	538.7

Receivables from associates and joint ventures

€ million	2023	2022
Long-term receivables		
Loan receivables	61.4	64.7
Other receivables	0.0	0.0
Long-term receivables, total	61.4	64.8
Short-term receivables		
Accrued income	1.0	21.7
Other receivables	8.5	3.5
Short-term receivables, total	9.5	25.3
Total	70.9	90.0

Kesko Corporation has advanced a long-term loan to its associated company, Mercada Oy, in the amount of €56.0 million and to its joint venture, UAB Kesko Senukai, in the amount of €3.8 million.

Prepayments and accrued income

€ million
Taxes
Fees for services
Employee benefit expenses
Purchases
Others
Total

Note 17. Shareholders' equity

€ million	5 ca
Balance as at 1 January 2022	1
Dividends	
Treasury shares	
Profit for the year	
Balance as at 31 December 2022	1
Dividends	
Treasury shares	
Profit for the year	
Balance as at 31 December 2023	1

Restricted equity

Share capital
Share premium
Total



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Non-restricted equity	2023	2022
Contingency fund	243.4	243.4
Reserve of invested non-restricted equity	22.8	22.8
Retained earnings	1,318.5	1,232.4
Total	1,584.7	1,498.5

Calculation of distributable profits	2023	2022
Other reserves	266.2	266.2
Retained earnings	808.9	823.5
Profit for the year	509.6	408.9
Total	1,584.7	1,498.5

On 31 December 2023, Kesko's distributable assets totalled €1,584,703,413.17.

Breakdown of parent company shares	Pcs
A shares	126,948,028
B shares	273,130,980
Total	400,079,008

Votes attached to shares	Number of votes
A share	10
B share	1

Board's authorisations to acquire and issue own shares

Authorised by the General Meeting, the Board acquired a total of 500,000 of the Company's own B shares during the 2018 financial year. The Board also acquired a total of 1,200,000 of the Company's own B shares during the financial years 2011 and 2014. The shares are held by the Company as treasury shares and the Board is entitled to transfer them. The acquisition cost of the B shares held by the Company and acquired during the 2018 financial year was €24.4 million, and the acquisition cost of shares acquired during the 2011 and 2014 financial years was €23.5 million. These costs have been deducted from retained earnings in equity. The Board has an authorisation, granted by the Annual General Meeting of 30 March 2023 and valid until 30 June 2024, to issue a maximum of 33,000,000 B shares and acquire a maximum of 16,000,000 B shares.

Treasury shares

On 2 May 2023, Kesko Corporation (KESKOB) held by the Company's Board of Directors. The transfer was based on 30 March 2023 to pay a portion of

Own B shares held by the Company

Transferred, share-based compensation
Transferred, Board of Directors
Returned during the financial year

Own B shares held by the Company

Note 18. Provisions

€ million
Provisions for leases
Other provisions
Total

Note 19. Non-current li

Kesko has drawn down five bilateral margin of these loans accounts for food waste, and in the value chain of goods and services.



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Note 20. Current liabilities

€ million	2023	2022
Liabilities to subsidiaries		
Trade payables	7.6	6.8
Other payables	11.4	25.1
Accruals and deferred income	243.7	484.9
Total	262.8	516.7
Liabilities to associates		
Trade payables	0.0	0.1
Accruals and deferred income	0.0	0.0
Other payables	5.6	5.5
Total	5.7	5.6
Accruals and deferred income		
Employee benefit expenses	108.5	111.7
Accruals and deferred income from purchases	20.0	25.2
Taxes	4.2	0.8
Transaction charges	0.4	0.0
Fees for services	16.9	17.8
Others	75.5	75.9
Total	225.4	231.4

Note 21. Non-interest-bearing liabilities

€ million	2023	2022
Current liabilities	1,141.4	1,157.4
Total	1,141.4	1,157.4

Note 22. Guarantees, c

€ million
Real estate mortgages
For own debt
For subsidiaries
Pledged shares
Guarantees
For own debt
For subsidiaries
Other liabilities and liability engage
For own debt
Rent liabilities on machinery and fix
Due within a year
Due later
Rent liabilities on real estate
Due within a year
Due later

Foreign currency risks

The result of the Company's operating financing granted by the Company and the Group's parent company, the

The foreign currency exposure is measured with the confirmed foreign currency value at the balance sheet date.

The measurement of derivatives is classified at level 2. The maximum value at the balance sheet date.

The results of derivatives are recorded



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Company's transaction exposure as at 31 Dec. 2023 € million	USD	SEK	NOK	PLN
Transaction risk	-4.8	58.4	54.4	-11.2
Hedging derivatives	17.2	-47.3	-42.3	5.1
Exposure	12.4	11.1	12.1	-6.1

Company's transaction exposure as at 31 Dec. 2022 € million	USD	SEK	NOK	PLN
Transaction risk	-5.5	75.2	26.6	10.8
Hedging derivatives	23.4	-56.2	20.9	10.7
Exposure	17.9	19.0	5.6	0.1

The sensitivity analysis of transaction exposure shows the profit impact of a +/- 10% exchange rate change on the Company's foreign currency denominated acquisitions and hedging foreign currency derivatives.

Sensitivity analysis, impact on pre-tax profit as at 31 Dec. 2023 € million	USD	SEK	NOK	PLN
Change +10%	-1.1	-1.0	-1.1	0.6
Change -10%	1.4	1.2	1.3	-0.7

Sensitivity analysis, impact on pre-tax profit as at 31 Dec. 2022 € million	USD	SEK	NOK	PLN
Change +10%	1.6	-1.7	-0.5	0
Change -10%	2.0	2.1	0.5	0

Derivatives

Fair values of derivative contracts € million	31 Dec. 2023 Positive fair value (balance sheet value)	31 Dec. 2023 Negative fair value (balance sheet value)	31 Dec. 2022 Positive fair value (balance sheet value)	31 Dec. 2022 Negative fair value (balance sheet value)
Currency derivatives	0.4	-1.8	2.6	-0.7
Interest rate derivatives	14.8	-8.5	12.2	-0.1

Notional amounts of derivative contracts € million

Currency derivatives	3
Interest rate derivatives	

All currency derivatives mature in 2026 and 2027.

€ million

Liabilities arising from derivative instruments

Values of underlying instruments as at 31 Dec.

Interest rate derivatives

Interest rate swaps

Foreign currency derivatives

Forward and future contracts

Outside the Group

Inside the Group

Commodity derivatives

Electricity derivatives

Outside the Group

Inside the Group

Note 23. Cash and cash the statement of cash flow

€ million

Financial assets at fair value through

Available-for-sale financial assets

Cash and cash equivalents

Total



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In the statement of cash flows, cash and cash equivalents include those recognised in the balance sheet and portions of available-for-sale financial assets with maturities of less than three months from acquisition and also financial assets at fair value through profit and loss.

Note 24. Related parties

Kesko Corporation's related parties include the company's management (the Board of Directors, President and CEO 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, and Kesko Pension Fund. The subsidiaries, associates and joint ventures are listed in a separate note (note 5.2).

Some members of the Kesko Board are K-retailers. Kesko Corporation sells goods and services to companies controlled by them. Goods and services have been sold to related parties on normal market terms and conditions and at market prices.



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Signatures for financial statements and report by the Board of Directors

Helsinki, 29 January 2024

Esa Kiiskinen

Peter Fagerhäls

Jannica Fagerholm

Piia Karhu

Jussi Perälä

Toni Pokela

Timo Ritakallio

Mikko Helander
 President and CEO

The Auditor's note

Our auditor's report has been issued

Helsinki, 29 January 2024

Deloitte Oy

Jukka Vattulainen
 APA



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AUDITOR'S REPORT (Translation of the Finnish original)

To the Annual General Meeting of Kesko Oyj

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Kesko Oyj (business identity code 0109862-8) for the year ended 31 December, 2023. The financial statements comprise the consolidated income statement, statement of comprehensive income, financial position, statement of cash flows, statement of changes in equity and notes, including material information in the accounting policies, as well as the parent company's income statement, balance sheet, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU,
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements

Our opinion is consistent with the additional report submitted to the Audit Committee

Basis for opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the parent company and group companies and have fulfilled our other ethical requirements that are

In our best knowledge and understanding, we have not identified any material misstatements in the consolidated financial statements of Kesko Oyj in Finland regarding these services referred to in Article 5(1)

The non-audit services that we have provided to Kesko Oyj in connection with the consolidated financial statements

We believe that the audit evidence obtained is sufficient to form a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, are of greatest significance in our audit of the financial statements. We have addressed the risk of material misstatement due to fraud

We have also addressed the risk of material misstatement due to fraud in the consolidated financial statements of Kesko Oyj in Finland regarding these services referred to in Article 5(1)



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Key audit matter	How our audit addressed the key audit matter	Key audit matter
<p>Revenue recognition</p> <p>Refer to accounting policies for the consolidated financial statements and note 2.1.</p> <p>Consolidated Net Sales of Kesko Oyj amounted to EUR 11,783.3 million (EUR 11,809.0 million). Kesko operates in grocery trade, building and technical trade, and car trade through wide sales and retail network.</p> <p>Consolidated net sales comprise the sale of goods, services and energy from contracts with customers. The share of the of service and energy sales in total net sales is not significant. The Group sells products to retailers and other retail dealers and engages in own retailing.</p> <p>Net sales is a key business and economic indicator and consists of a significant volume of transactions. For this reason, the functionality of information system controls is emphasised in revenue recognition. A significant part of the Kesko Group's net sales is automatically recognised in accounting through IT systems based on the fulfilment of the sales performance obligation.</p> <p>Revenue recognition due to its significance require specific attention both from the accounting and the auditing perspective.</p>	<p>We have evaluated the IT systems related to revenue recognition by testing access and change management controls. We also evaluated process level controls by performing walkthroughs of each significant class of revenue transactions, assessed the design of key controls and tested the operating effectiveness of those controls.</p> <p>We have analyzed the revenue transactions recorded to net sales to identify entries originating from automated processes and entries from manual journals, and to focus our audit procedures to transactions estimated as higher risk transactions.</p> <p>Our audit procedures to ensure appropriateness of revenue recognition for sales transaction population recorded to net sales have consisted among others, performing comprehensive data analytics based substantive audit procedures together with sample based test of details.</p> <p>We have made a focused risk assessment for addressing fraud risk relating to revenue recognition, and identified manual journal entries by applying data analytics. Based on our revenue related risk assessment, we have focused our substantive audit procedures for the transactions identified to ensure the appropriateness and accuracy.</p>	<p>Impairment testing of Goodwill and</p> <p>Refer to Note 3.3 in the consolidated statements of Kesko Oyj</p> <p>Consolidated statement of financial position includes goodwill of EUR 663.7 million (588.9 million). In addition, consolidated financial position includes EUR 86 (EUR 86.8 million) Trademarks.</p> <p>Goodwill is subject to management's impairment test. As a result of management's goodwill impairment test, no impairment identified.</p> <p>Goodwill impairment testing requires management judgment over the projected business performance, cash flows and discount rate.</p> <p>Note 3.3 in the Consolidated financial statements describes key assumptions used by management and sensitivity analysis for the impairment approved by the Board.</p> <p>We have no key audit matters to report on statements. There are no significant changes in Regulation (EU) No 537/2014 with regard to</p>



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Responsibilities of the Board of Directors and the President and CEO for the financial statements

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the President and CEO are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities in the audit of financial statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to operate those procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting estimates and related disclosures.
- Conclude on the appropriateness of the going concern basis of accounting. We also conclude on the appropriateness of the going concern basis of accounting, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's and the group's ability to continue as a going concern. If we conclude that there is a material uncertainty, we will draw attention in our auditor's report to such disclosures and, if the disclosures are inadequate, we will issue a qualified opinion or a disclaimer of opinion. If we conclude that a material uncertainty exists, we will issue a disclaimer of opinion.
- Evaluate the overall presentation of the financial statements, including the disclosures, and the consistency of transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence to support our opinion on the financial statements. We are not responsible for the preparation of the financial statements. We remain so

We communicate with those charged with governance about the planned scope and timing of the audit, significant findings from the audit, and deficiencies in internal control that we identified during the audit.

We also provide those charged with governance with relevant ethical requirements that apply to the audit, relationships and other matters that may be relevant to the audit, and where applicable, related safeguards.

From the matters communicated to those charged with governance, we highlight those matters that were of most significance to the audit.



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period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Kesko's Annual General Meeting on 28th of April 2020, and our appointment represents a total period of uninterrupted engagement of 4 years.

Other information

The Board of Directors and the President and CEO are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Statements

We support that the financial statement adopted. The proposal by the Board of Directors is in compliance with the balance sheet. The Members of the Board of Directors are discharged from liability from 1

Helsinki, 29 January, 2024

Deloitte Oy
Audit Firm

Jukka Vattulainen
Authorised Public Accountant (KI)



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INDEPENDENT AUDITOR'S REPORT ON THE ESEF FINANCIAL STATEMENTS OF KESKO OYJ (Translation of)

To the Board of Directors of Kesko Oyj

We have performed a reasonable assurance engagement on whether the iXBRL tagging of the consolidated financial statements in the ESEF consolidated financial statements (743700OX6 H5VMCAHPB95-2023-12-31_FL.zip) of Kesko Oyj (0109862-8) for the financial year 1 1 -31.12.2023 has been prepared in accordance with the requirements of Article 4 of Commission Delegated Regulation (EU) 2018/815 (ESEF RTS)

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and Managing Director are responsible for the preparation of the report of the Board of Directors and financial statements (ESEF financial statements) that comply with the requirements of ESEF RTS. This responsibility includes:

- preparation of ESEF financial statements in XHTML format in accordance with Article 3 of ESEF RTS
- tagging the consolidated financial statements' primary statements, disclosures and identifying information in the ESEF financial statements with iXBRL tags in accordance with Article 4 of ESEF RTS, and
- ensuring consistency between ESEF financial statements and audited financial statements.

The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance with the requirements of ESEF RTS

Auditor's Independence and Quality Control

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The auditor applies International Standards on Auditing (ISA) and the applicable legal and regulatory requirements. The audit firm shall design, implement and procedures regarding compliance with applicable legal and regulatory requirements.

Auditor's Responsibilities

In accordance with the engagement terms, the auditor has conducted a reasonable assurance engagement in accordance with the requirements of International Standards on Assurance Engagements (ISAE) 3000 (Assurance Engagements ISAE 3000).

The engagement includes procedures to:

- whether the tagging of the consolidated financial statements has been performed in accordance with the requirements of Article 4 of ESEF RTS
- whether the tagging of the consolidated financial statements' primary statements, disclosures and identifying information in the ESEF financial statements has been performed in accordance with the requirements of Article 4 of ESEF RTS
- whether the ESEF financial statements are consistent with the audited financial statements.

The nature, timing and extent of the audit procedures performed by the auditor are determined by the auditor in accordance with the requirements of ESEF RTS, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to support our opinion.



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Opinion

In our opinion, the tagging of the consolidated financial statements in the ESEF financial statements (743700OX6HSVMCAHPB95-2023-12-31_11.zip) of Kesko Oyj for the financial year 1.1.-31.12.2023 has been prepared in all material respects in accordance with the requirements of Article 4 of ESEF RTS.

Our audit opinion on the consolidated financial statements of Kesko Oyj for the financial year 1.1.-31.12.2023 has been expressed in our auditor's report dated 29.1.2024. In this report, we do not express an audit opinion or any other assurance conclusion on the consolidated financial statements.

Helsinki, 29 January, 2024

Deloitte Oy
Audit Firm

Jukka Vattulainen
APA

