20240710380 67

ÅRSREDOVISNING

för

K-Bygg Sverige AB

Org.nr. 556087-7325

Styrelsen får härmed avlämna årsredovisning för räkenskapsåret 2023-01-01 - 2023-12-31

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Undertecknad styrelseledamot i K-Bygg Sverige AB intygar härmed, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkning fastställts på årsstämma den 30 juni 2024.
Stämman beslöt tillika godkänna styrelsens förslag till vinstdisposition

Östersund 2024-06-30

Fredrik Kjellgren

20240710380 68

ÅRSREDOVISNING

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K-Bygg Sverige AB

Org.nr. 556087-7325

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K-Bygg Sverige AB
Org.nr. 556087-7325

FÖRVALTNINGSBERÄTTELSE

Årsredovisningen är upprättad i svenska kronor, TSEK.

Verksamheten

Verksamhetens art och inriktning
K-Bygg Sverige AB bedriver försäljning av färg- och byggvaror i Bollnäs, Funäsdalen, Färingsö, Hisings Backa, Huskvarna, Härnösand, Jönköping, Kramfors, Liared, Linköping, Mellerud, Mjölby, Motala, Norrköping, Norsjö, Rimforsa, Sollefteå, Storuman, Strömsund, Sundsvall, Söderhamn, Töreboda, Ulricehamn, Umeå, Undersåker, Vadstena, Vetlanda, Vilhelmina, Västerås, Åtvidaberg, Örnsköldsvik och Östersund.

Säte
Företagets säte är Östersund.

Viktiga förändringar i verksamheten
I februari 2023 ändrades bolagsnamnet från Fresks Försäljning AB till K-Bygg Sverige AB.
Sedan 1 mars 2023 använder bolaget Kesko Groups gemensamma ekonomisystem OneFico.

Viktiga externa faktorer som påverkat företagets ställning och resultat
Det allmänna marknadsläget i branschen har under år 2023 pressats av hög inflation och ett högre ränteläge. Den svenska ekonomin bedöms vara i en lågkonjunktur vilket har påverkat bolaget.

Uppgift om ägare som har mer än tio procent av antalet andelar eller röster i företaget
Bolaget är helägt av Kesko AB, org.nr: 556511-2991, som i sin tur är helägt av det finländska bolaget Kesko Oyj med registreringsnummer 0109862-8. Kesko Oyj avlämnar koncernredovisning för hela koncernen.

Övriga viktiga förhållanden och väsentliga händelser
År 2023 togs beslutet att moderbolaget Kesko ABs varumärke K-rauta ska upphöra under år 2024. Fokus kommer bli på varumärket K-Bygg därav kommer befintliga K-rauta varuhus i Sverige antingen konverteras till K-Bygg eller stängas.

Väsentliga händelser under räkenskapsåret
Försäljningen minskade med 21 % till 2 481 809 (3 146 523) MSEK på grund av en lägre efterfrågan under året på bolagets produkter och tjänster. Rörelseresultatet minskade till följd av den lägre försäljningen till -11 185 (154 226) MSEK.

Hållbarhetsupplysning
K-Bygg Sverige AB upprättar enligt 7 kap 31 § ÅRL inte någon lagstadgad Hållbarhetsrapport. Kesko Oyj är moderbolag i den största koncern K-Bygg Sverige AB ingår i. Hållbarhetsredovisningen för koncernen publiceras tillsammans med moderbolagets årsredovisning.

Flerårsöversikt

	2023	2022	2021	2020	2019
Nettoomsättning	2 481 809	3 146 523	2 019 437	1 308 880	744 480
Res. efter finansiella poster	-11 185	154 226	96 128	42 449	44 971
Res. i % av nettoomsättningen	-0,45	4,9	4,8	3,2	6,0
Balansomslutning	1 772 243	1 933 305	1 340 852	1 293 157	389 707
Soliditet (%)	27,64	28,8	20,9	16,5	53,2

Definitioner av nyckeltal, se noter

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K-Bygg Sverige AB
Org.nr. 556087-7325

Förändringar i eget kapital

	Aktiekapital	Reservfond	Fri överkursfond	Balanserat resultat inkl årets resultat	Summa eget kapital
Belopp vid årets ingång	5 000	500	255 987	95 160	356 647
Erhållna villkorade aktieägartillskott				50 000	50 000
Årets resultat				-97 589	-97 589
Belopp vid årets utgång	5 000	500	255 987	47 571	309 058

	2023-12-31	2022-12-31
Villkorade aktieägartillskott uppgår till:	225 000	175 000

Resultatdisposition (kronor)

Förslag till disposition av bolagets vinst

Till årsstämmans förfogande står	
balanserad förlust	-79 839 720
fri överkursfond	255 986 854
erhållna villkorade aktieägartillskott	225 000 000
årets förlust	-97 589 147
	303 557 987
Styrelsen föreslår att	
i ny räkning överföres	303 557 987
	303 557 987

Beträffande bolagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar med tillhörande noter.

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K-Bygg Sverige AB
Org.nr. 556087-7325

RESULTATRÄKNING

	Not	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Rörelsens intäkter m.m.			
Nettoomsättning	3	2 481 809	3 146 523
Övriga rörelseintäkter		35 530	6 943
		2 517 339	3 153 466
Rörelsens kostnader			
Handelsvaror		-1 688 973	-2 148 496
Övriga externa kostnader	4, 5	-379 190	-379 407
Personalkostnader	6	-317 372	-341 296
Av- och nedskrivningar av materiella och immateriella anläggningstillgångar		-102 336	-98 681
Övriga rörelsekostnader		-217	0
		-2 488 088	-2 967 880
Rörelseresultat		29 251	185 586
Resultat från finansiella poster			
Resultat från andelar i koncernföretag		-2 006	-12 000
Resultat från övriga värdepapper och fordringar som är anläggningstillgångar		0	74
Övriga ränteintäkter och liknande resultatposter		1 484	108
Räntekostnader och liknande resultatposter		-39 914	-19 542
		-40 436	-31 360
Resultat efter finansiella poster		-11 185	154 226
Bokslutsdispositioner			
Förändring av periodiseringsfonder		16 915	-26 407
Förändring av avskrivningar utöver plan		8 509	-10 108
Erhållna koncernbidrag		20 800	0
Lämnade koncernbidrag		-130 000	-30 500
		-83 776	-67 015
Resultat före skatt		-94 961	87 211
Skatt på årets resultat	7	-2 360	-36 001
Övriga skatter		-268	0
Årets resultat		**-97 589**	**51 210**

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K-Bygg Sverige AB
Org.nr. 556087-7325

BALANSRÄKNING

	Not	2023-12-31	2022-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Goodwill	8	211 432	291 961
Övriga immateriella anläggningstillgångar	9	4 926	1 998
		216 358	293 959
Materiella anläggningstillgångar			
Byggnader och mark	10	4 557	0
Inventarier, verktyg och installationer	11	90 594	98 956
Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar	12	7 291	0
		102 442	98 956
Finansiella anläggningstillgångar			
Andelar i koncernföretag	13	554 456	600 074
Andra långfristiga värdepappersinnehav	14	290	290
Uppskjuten skattefordran	15	1 726	1 355
		556 472	601 719
Summa anläggningstillgångar		875 272	994 634
Omsättningstillgångar			
Varulager m.m.	16		
Färdiga varor och handelsvaror		513 956	530 630
		513 956	530 630
Kortfristiga fordringar			
Kundfordringar		213 286	282 268
Fordringar hos koncernföretag		20 606	7 465
Aktuell skattefordran		45 465	0
Övriga fordringar	17	25 785	551
Förutbetalda kostnader och upplupna intäkter	18	77 873	117 757
		383 015	408 041
Summa omsättningstillgångar		896 971	938 671
SUMMA TILLGÅNGAR		**1 772 243**	**1 933 305**

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K-Bygg Sverige AB
Org.nr. 556087-7325

BALANSRÄKNING

	Not	2023-12-31	2022-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	19	5 000	5 000
Reservfond		500	500
		5 500	5 500
Fritt eget kapital			
Erhållet aktieägartillskott		50 000	175 000
Fusionsresultat		0	-21 669
Balanserat resultat		351 147	146 607
Årets resultat		-97 589	51 210
		303 558	351 148
Summa eget kapital		309 058	356 648
Obeskattade reserver			
Periodiseringsfond		198 122	215 038
Ackumulerade avskrivningar utöver plan		29 606	38 116
Summa obeskattade reserver		227 728	253 154
Kortfristiga skulder			
Förskott från kunder		2 639	2 160
Leverantörsskulder		288 417	430 104
Skulder till koncernföretag		807 012	745 625
Aktuella skatteskulder		0	23 853
Övriga skulder		17 160	9 296
Upplupna kostnader och förutbetalda intäkter	20	120 229	112 465
Summa kortfristiga skulder		1 235 457	1 323 503
SUMMA EGET KAPITAL OCH SKULDER		**1 772 243**	**1 933 305**

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KASSAFLÖDESANALYS

	Not	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Den löpande verksamheten			
Rörelseresultat		29 249	185 586
Justeringar för poster som inte ingår i kassaflödet	21	101 793	98 328
Erhållen ränta m.m.		1 484	108
Erlagd ränta		-39 914	-19 542
Betald inkomstskatt		-32 031	-19 659
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		60 581	244 821
Kassaflöde från förändringar av rörelsekapital			
Minskning(+)/ökning(-) av varulager/pågående arbete		16 674	-67 411
Minskning(+)/ökning(-) av kundfordringar		68 979	-45 467
Minskning(+)/ökning(-) av fordringar		-45 074	63 772
Minskning(-)/ökning(+) av leverantörsskulder		-141 687	-956
Minskning(-)/ökning(+) av kortfristiga skulder		57 143	19 980
Kassaflöde från den löpande verksamheten		16 616	214 739
Investeringsverksamheten			
Förvärv av övriga immateriella anläggningstillgångar	9	-1 838	-1 407
Förvärv av byggnader och mark	10	-247	0
Förvärv av inventarier, verktyg och installationer	11	-19 400	-31 071
Försäljning av inventarier, verktyg och installationer		1 100	555
Förvärv av pågående nyanläggningar och förskott avseende materiella anläggningstillgångar	12	-7 291	0
Förvärv av koncernföretag	13	-4 785	-404 639
Likvidering av dotterbolag		77 294	0
Justering förvärv dotterbolag		1 103	0
Försäljning av långfristiga värdepapper	14	0	125
Lämnade aktieägartillskott		-30 000	0
Kassaflöde från investeringsverksamheten		15 936	-436 437
Finansieringsverksamheten			
Erhållna aktieägartillskott		50 000	175 000
Ändring kortfristiga finansiella skulder		0	-504
Cash pool Kesko Oyj		-82 552	46 963
Kassaflöde från finansieringsverksamheten		-32 552	221 459
Förändring av likvida medel		0	-239
Likvida medel vid årets början		0	239
Likvida medel vid årets slut		**0**	**0**

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NOTER

Not 1 Redovisnings- och värderingsprinciper

20240710038075

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3). Principerna är oförändrade jämfört med föregående år.

Principerna är oförändrade jämfört med föregående år.

Allmän information
K-Bygg Sverige AB, org.nr: 556087-7325 är ett aktiebolag registrerat i Sverige med säte i Östersund. Adressen till huvudkontoret är K-Bygg Sverige AB, Box 376, 831 48 Östersund. Företagets verksamhet omfattar försäljning av färg- och byggvaror.

Moderföretag i den största koncernen som K-Bygg Sverige AB är dotterföretag till är Kesko Oyj 0109862-8 med säte i Finland. Kesko Oyj avlämnar koncernredovisning för hela koncernen enligt ÅRL 7 kap 2§.

Moderföretag i den minsta koncernen som K-Bygg Sverige AB är dotterföretag till är Kesko AB, org.nr: 556511-2991 med säte i Kista, Sverige.

Fordringar
Fordringar har upptagits till de belopp varmed de beräknas inflyta.

Övriga tillgångar, avsättningar och skulder
Tillgångar, avsättningar och skulder har värderats till anskaffningsvärden om inget annat anges nedan.

Intäktsredovisning
Inkomsten redovisas till det verkliga värdet av vad som erhållits eller kommer att erhållas. Företaget redovisar därför inkomsten till nominellt värde (fakturabelopp) om ersättningen erhålls i likvida medel direkt vid leverans. Avdrag görs för lämnade rabatter.

Varuförsäljning
Inkomsten från företagets försäljning av varor redovisas som intäkt när följande villkor är uppfyllda; de väsentliga risker och förmåner som är förknippade med varornas ägande har överförts till köparen, företaget behåller inte något engagemang i den löpande förvaltningen och utövar inte någon reell kontroll över de varor som sålts, inkomsten kan beräknas på ett tillförlitligt sätt, det är sannolikt att de ekonomiska fördelar som företaget ska få av transaktionen kommer att tillfalla företaget och de utgifter som uppkommit eller förväntas uppkomma till följd av transaktionen kan beräknas på ett tillförlitligt sätt.

Andelar i koncernföretag, intresseföretag, gemensamt styrda företag och företag som det finns ägarintresse i
Andelar i dotterföretag redovisas till anskaffningsvärde. Utdelning från dotterföretag redovisas som intäkt när rätten att få utdelning bedöms som säker och kan beräknas på ett tillförlitligt sätt.

Aktieägartillskott
Aktieägartillskott som en ägare lämnar redovisas som en ökning av andelens redovisade värde. Aktieägartillskott som en ägare erhåller redovisas direkt i eget kapital.

Materiella anläggningstillgångar
Materiella anläggningstillgångar redovisas till anskaffningsvärde med avdrag för ackumulerade avskrivningar och eventuella nedskrivningar. Tillgångarna skrivs av linjärt över tillgångarnas bedömda nyttjandeperiod. Nyttjandeperioden omprövas per varje balansdag. Följande nyttjandeperioder tillämpas:

	Antal år
Inventarier, verktyg och maskiner	3-20

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Immateriella anläggningstillgångar
Immateriella anläggningstillgångar redovisas till anskaffningsvärde med avdrag för ackumulerade avskrivningar och eventuella nedskrivningar. Tillgångarna skrivs av linjärt över tillgångarnas bedömda nyttjandeperiod. Nyttjandeperioden omprövas per varje balansdag. Pågående projekt skrivs inte av utan nedskrivningsprövas årligen. Följande nyttjandeperioder tillämpas:

	Antal år
Goodwill	5-10

Koncernmässig goodwill skrivs av på 10 år. Styrelsens bedömning är att koncernens strategiska marknadsposition på sina respektive orter tillsammans med ett starkt varumärke, våra unika kundrelationer samt personalens specifika kompetens, motiverar en avskrivningstid på goodwill motsvarande 10 år.

Leasing
Ett finansiellt leasingavtal är ett avtal enligt vilket de ekonomiska risker och fördelar som är förknippade med att äga en tillgång i allt väsentligt överförs från leasegivaren till leasetagaren. Övriga leasingavtal klassificeras som operationella leasingavtal. Samtliga leasingavtal redovisas enligt reglerna för operationell leasing.

Samtliga leasingavtal kostnadsförs linjärt över leasingperioden.

Varulager
Varulagret är värderat till genomsnittligt anskaffningspris, vilket är det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet per balansdagen. Inkuransavdrag har gjorts med ytterligare 3 %.

Inkomstskatt
Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats.
Aktuell skatt värderas till det sannolika beloppet enligt de skattesatser och skatteregler som gäller på balansdagen.

Ersättningar till anställda
Pensioner
Ersättningar till anställda i form av löner, bonus, betald semester, betald sjukfrånvaro med mera samt pensioner redovisas i takt med intjänandet. Beträffande pensioner och andra ersättningar efter avslutad anställning klassificeras dessa som avgiftsbestämda pensionsplaner. Det finns inga väsentliga övriga långfristiga ersättningar till anställda.

Avgifter för avgiftsbestämda pensionsplaner kostnadsförs löpande.

Kassaflödesanalys
Kassaflödesanalysen visar företagets förändringar av företagets likvida medel under räkenskapsåret. Kassaflödesanalysen har upprättats enligt den indirekta metoden. Det redovisade kassaflödet omfattar endast transaktioner som medfört in- och utbetalningar.

Not 2 Uppskattningar och bedömningar

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NOTER

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Inkurans i varulager
Bolaget anser att den schablonmässiga värderingsprincipen ger en rättvisande bild och att tre procent är tillräckligt.

Leverantörsbonus
Bolaget erhåller bonus från vissa leverantörer baserat på inköpsvolymer och/eller utförda marknadsaktiviteter. Detta är reglerat i avtal mellan parterna. I årsbokslut beräknas total utestående fordran baserat på gällande avtal och där tillämpas en försiktighetsprincip där total fordran värderas till 98%.

Värdering av kundfordringar
Bolaget använder sig av koncernens reserveringsmatris gällande värdering av kundfordringar. Reserveringsmatrisen är framtagen utifrån riskkategorier efter varje divisions affärsmodell och historiska realiserade kreditförluster, i detta fall division Building samt Technical Trade. Enligt principen åldersindelas kundfordringarna där varje intervall har en viss procent som nedskrives. Utöver denna matris görs även nedskrivningar i sin helhet vid kännedom om insolvens.

Kundbonus
Bolaget reserverar kundbonus baserat på försäljningsvolymer. Villkor är reglerat i avtal mellan parterna.

Andelar i dotterbolag
Bolaget gör regelbundet nedskrivningsprövning på sina bokförda andelar i dotterbolag. Utifrån denna prövning görs bedömning om det finns en indikation på nedskrivningsbehov vid varje balansdag.

Not 3	**Inköp och försäljning inom koncernen**	**2023**	**2022**
	Andel av försäljningen som avser koncernföretag	1,33%	1,12%
	Andel av inköpen som avser koncernföretag	4,62%	3,28%

Not 4	**Leasingavtal - Operationell leasing leasetagare**	**2023**	**2022**
	Under året har företagets leasingavgifter uppgått till	108 770	95 813
	Framtida minimileasingavgifter för icke uppsägningsbara leasingavtal, förfaller till betalning enligt följande:		
	Inom 1 år	106 692	107 754
	Mellan 2 till 5 år	336 477	357 119
	Senare än 5 år	222 943	334 947
		666 112	799 820

Not 5	**Ersättning till revisorer**	**2023**	**2022**
	Deloitte AB		
	Revisionsuppdrag	594	667
		594	667

Med revisionsuppdrag avses revisors arbete för den lagstadgade revisionen och med revisionsverksamhet olika typer av kvalitetssäkringstjänster. Övriga tjänster är sådant som inte ingår i revisionsuppdrag, revisionsverksamhet eller skatterådgivning.

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NOTER

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Not 6	**Personal**	**2023**	**2022**
	Medelantal anställda		
	Medelantalet anställda bygger på av bolaget betalda närvarotimmar relaterade till en normal arbetstid.		
	Medelantal anställda har varit	521,00	587,00
	varav kvinnor	*105,00*	*121,00*
	varav män	*416,00*	*466,00*
	Löner, ersättningar m.m.		
	Löner, ersättningar, sociala kostnader och pensionskostnader har utgått med följande belopp:		
	Övriga anställda:		
	Löner och ersättningar	229 735	240 071
	Pensionskostnader	14 863	16 697
		244 598	256 768
	Sociala kostnader	72 763	79 240
	Summa styrelse och övriga	317 361	336 008
	Könsfördelning i styrelse och företagsledning		
	Antal styrelseledamöter	3	3
	varav kvinnor	*0*	*1*
	varav män	*3*	2

Not 7	**Skatt på årets resultat**	**2023**	**2022**
	Aktuell skatt	-2 731	-36 001
	Uppskjuten skatt	371	0
	Summa redovisad skatt	-2 360	-36 001
	Avstämning av effektiv skatt		
	Resultat före skatt	-94 961	87 211
	Skattekostnad 20,60% (20,60%)	19 562	-17 965
	Skatteeffekt av:		
	Ej avdragsgilla kostnader	-21 180	-17 732
	Ej skattepliktiga intäkter	9	16
	Schablonintäkt periodiseringsfond	-859	-194
	Tillägg på återförd periodiseringsfond	-263	-394
	Underskottsavdrag som nyttjas i år	0	268
	Förändring Uppskjuten skatt	371	0
	Summa redovisad skatt	-2 360	-36 001

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NOTER

Not 8 Goodwill	2023-12-31	2022-12-31
Ingående anskaffningsvärde	757 634	511 900
Inköp	0	126 286
Ansk.värde goodwill från fusion	0	119 448
Utgående ackumulerade anskaffningsvärden	757 634	757 634
Ingående avskrivningar	-465 673	-282 658
Ack. avskr. goodwill från fusion	0	-103 862
Årets avskrivningar	-80 529	-79 153
Utgående ackumulerade avskrivningar	-546 202	-465 673
Utgående redovisat värde	211 432	291 961

Not 9 Övriga immateriella anläggningstillgångar	2023-12-31	2022-12-31
Ingående anskaffningsvärde	10 150	10 957
Inköp	1 838	1 407
Försäljningar/utrangeringar	-215	-2 214
Omklassificeringar	3 645	0
Utgående ackumulerade anskaffningsvärden	15 418	10 150
Ingående avskrivningar	-8 151	-8 589
Försäljningar/utrangeringar	171	2 214
Årets avskrivningar	-2 512	-1 777
Utgående ackumulerade avskrivningar	-10 492	-8 152
Utgående redovisat värde	4 926	1 998

Not 10 Byggnader och mark	2023-12-31	2022-12-31
Ingående anskaffningsvärde	0	0
Inköp	247	0
Omklassificeringar	5 075	0
Utgående ackumulerade anskaffningsvärden	5 322	0
Ingående avskrivningar	0	0
Omklassificeringar	-253	0
Årets avskrivningar	-512	0
Utgående ackumulerade avskrivningar	-765	0
Utgående redovisat värde	4 557	0
Redovisat värde byggnader	4 557	0
	4 557	0

Not 11 Inventarier, verktyg och installationer	2023-12-31	2022-12-31
Ingående anskaffningsvärde	207 502	140 720
Inköp	19 400	68 106
Försäljningar/utrangeringar	-12 082	-1 324
Omklassificeringar	-13 838	0
Utgående ackumulerade anskaffningsvärden	200 982	207 502
Ingående avskrivningar	-108 545	-73 037
Försäljningar/utrangeringar	11 569	-17 759
Omklassificeringar	5 371	0
Årets avskrivningar	-18 783	-17 750
Utgående ackumulerade avskrivningar	-110 388	-108 546
Utgående redovisat värde	90 594	98 956

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Not 12 Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar

	2023-12-31	2022-12-31
Inköp	7 291	0
Utgående ackumulerade anskaffningsvärden	7 291	0
Utgående redovisat värde	7 291	0

Not 13 Andelar i koncernföretag

Företag Org.nummer Säte	Antal Kap.andel %	Eget kapital Resultat	Redovisat värde
Övik Låsteknik AB 556622-1288 Örnsköldsvik	1 500 100,00%	16 095 7	20 172
K-Bygg Försäljning AB 556572-0231 Segeltorp	5 000 100,00%	72 620 2 044	139 187
Kungälvs Trävaruaktiebolag 556045-4786 Göteborg	15 000 100,00%	69 074 -980	205 217
Djurbergs Järnhandel AB 556325-9869 Söderköping	10 000 100,00%	34 734 1 352	114 873
K-Bygg Bergslagen AB 556260-8140 Lindesberg	1 000 100,00%	29 050 -27	75 007
			554 456

	2023-12-31	2022-12-31
Ingående anskaffningsvärde	600 074	425 182
Inköp	4 785	404 639
Likvidering	-80 403	-229 747
Lämnade aktieägartillskott	30 000	0
Utgående redovisat värde	554 456	600 074

Not 14 Andra långfristiga värdepappersinnehav

	2023-12-31	2022-12-31
Ingående anskaffningsvärde	290	290
Anskaffningsvärde från fusion	0	51
Försäljningar/utrangeringar	0	-51
Utgående ackumulerade anskaffningsvärden	290	290
Utgående redovisat värde	290	290

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NOTER

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Not 15 Uppskjuten skatt

	2023-12-31		2022-12-31	
	Temporär skillnad	Uppskjuten skattefordran	Temporär skillnad	Uppskjuten skattefordran
Skattereduktion förvärv maskiner och inventarier	0	1 239	0	1 239
Skattereduktion från fusionsbolag K-Bygg Östergyllen AB	0	116	0	116
Uppskjuten skatt avsättningar	0	371	0	0
		1 726		1 355

Not 16 Varulager

	2023-12-31	2022-12-31
Färdiga varor och handelsvaror		
Bokfört värde	513 956	530 630

Not 17 Övriga fordringar

	2023-12-31	2022-12-31
Momsfordran	2 236	0
Leverantörsskulder debetsaldo	22 110	
Fordran kontokort	1 148	357
Övriga fordringar	291	194
Utgående redovisat värde	25 785	551

Not 18 Förutbetalda kostnader och upplupna intäkter

	2023-12-31	2022-12-31
Upplupen leverantörsbonus	72 024	91 205
Övriga poster	5 849	26 552
	77 873	117 757

Not 19 Upplysningar om aktiekapital

	Antal aktier	Kvotvärde per aktie
Antal/värde vid årets ingång	50 000	100,00
Antal/värde vid årets utgång	50 000	100,00

Not 20 Upplupna kostnader och förutbetalda intäkter

	2023-12-31	2022-12-31
Upplupna löner	35 210	42 489
Upplupna sociala avgifter	15 718	19 588
Upplupen kundbonus	25 497	32 271
Upplupna löne- och avkastningsskatter	7 961	8 005
Övriga poster	35 843	10 112
	120 229	112 465

Not 21 Justering för poster som inte ingår i kassaflödet

	2023-12-31	2022-12-31
Avskrivningar	102 336	98 681
Vinst vid försäljning av materiella och immateriella anläggninstillgångar	-760	-353
Förlust vid försäljning av materiella och immateriella anläggningtillgångar	217	0
	101 793	98 328

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K-Bygg Sverige AB
Org.nr. 556087-7325

NOTER

Not 22 Disposition av vinst eller förlust

Förslag till disposition av bolagets vinst

Till årsstämmans förfogande står	
balanserad förlust	-79 840
fri överkursfond	255 987
erhållna villkorade aktieägartillskott	225 000
årets förlust	-97 589
	303 558
Styrelsen föreslår att	
i ny räkning överföres	303 558
	303 558

Not 23 Ställda säkerheter

	2023-12-31	2022-12-31
Summa ställda säkerheter	0	0

Not 24 Väsentliga händelser efter räkenskapsårets slut

Under våren 2024 absorberades genom fusion dotterbolagen Djurbergs Järnhandel AB, org.nr. 556325-9869, Kungälvs Trävaruaktiebolag, org.nr. 556045-4786, samt K-Bygg Bergslagen org.nr. 556260-8140 in i K-Bygg Sverige ABs dotterbolag K-Bygg Försäljning AB, org.nr 556572-0231. Med dessa bolag har K-Bygg Försäljning fått sju nya butiker på orterna Söderköping, Kungälv, Älvängen, Högsbo, Sörred, Örebro och Frövi.

K-Bygg Sverige AB har under våren 2024 erhållit ett villkorat aktieägartillskott på 890 MSEK från Kesko AB. K-Bygg Sverige AB har i sin tur lämnat ett villkorat aktieägartillskott till dotterbolaget K-Bygg Försäljning AB på 90 MSEK.

Not 25 Definition av nyckeltal

Soliditet
Justerat eget kapital i procent av balansomslutning

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K-Bygg Sverige AB
Org.nr. 556087-7325

NOTER

Östersund

Endre Espeseth

Fredrik Kjellgren

Erik Öhlin

Vår revisionsberättelse har lämnats den .

Deloitte AB

Camilla Backlund
Auktoriserad revisor

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Participants

KESKO SVERIGE Sweden

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Name returned from Swedish BankID: ENDRE ESPESETH — Date

Endre Espeseth

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IP Address: 94.234.116.2

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Name returned from Swedish BankID: Erik Öhlin — Date

Erik Öhlin

Delivery channel: Email
IP Address: 157.144.241.30

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Name returned from Swedish BankID: PÄR FREDRIK KJELLGREN — Date

Fredrik Kjellgren

Delivery channel: Email
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DELOITTE AB Sweden

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Name returned from Swedish BankID: Sara Camilla Backlund — Date

Sara Camilla Backlund

Delivery channel: Email
IP Address: 163.116.168.117

20240710380085

Deloitte.

REVISIONSBERÄTTELSE

Till bolagsstämman i K-Bygg Sverige AB
organisationsnummer 556087-7325

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för K-Bygg Sverige AB för räkenskapsåret 2023-01-01 - 2023-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av K-Bygg Sverige ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till K-Bygg Sverige AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för K-Bygg Sverige AB för räkenskapsåret 2023-01-01 - 2023-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till K-Bygg Sverige AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdome och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Umeå den dag som framgår av vår elektroniska underskrift

Deloitte AB

Camilla Backlund
Auktoriserad revisor

Detta är ett elektroniskt undertecknat dokument

20240710038087

Underskrifterna i detta dokument uppfyller kraven för Avancerad Elektronisk Underskrift enligt definitionen i eIDAS (EU:s förordning 910/2014).

Äktheten kan kontrolleras i alla tjänster som kan validera underskrifter som godkänts av Myndigheten för digital förvaltning (DIGG). Använd till exempel valideringstjänsten Signport. För validering med Adobe Acrobat Reader, läs mer här.

Notera, om dokumentet skrivs ut på papper följer de elektroniska underskrifterna inte med och kan därför inte valideras.

Följande personer har genom sin elektroniska underskrift godkänt innehållet i detta dokument samt försäkrat att angivna uppgifter är korrekta.

Underskrift 1

Namn: Camilla Backlund
Identifieringsmetod: BankId
Datum och tid: 2024-06-30 21:24:14 GMT+02:00
Transaktions-ID: ab547baf53084ca58f940a7190a65135

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FINANCIAL STATEMENTS



Kesko's direction
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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	-670.7
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	-73.4	-68.4
Foreign exchange differences	4.4	-1.1	3.5
Total finance income and costs	4.4	-83.9	-56.0
Share of result of associates		2.1	0.6
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, Group total, €	7.8	1.25	1.53

Consolidated statement of comprehensive income

€ million	Note	1 Jan.–31 Dec. 2023	1 Jan.–31 Dec. 2022
Net profit for the year		495.6	609.9
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains and losses	7.7.3	-5.5	30.5
Items that may be reclassified subsequently to profit or loss			
Currency translation differences related to a foreign operation	2.7	19.5	-31.9
Share of other comprehensive income of associates and joint ventures	2.7	1.8	0.5
Cash flow hedge revaluation	2.7	-31.0	21.4
Total comprehensive income for the year, net of tax		-57.9	14.3
Total comprehensive income for the year		437.7	624.2
Comprehensive income for the year attributable to			
Owners of the parent		437.7	624.2

Kesko's direction
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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	969.3
Income tax assets	3.6	6.6	21.9
Other non-interest-bearing receivables	3.6 4.5	302.6	361.2
Other financial assets	4.3 4.5	15.4	68.6
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	Note	31 Dec. 2023	31 Dec. 2022
EQUITY AND LIABILITIES			
Share capital	4.2	197.5	197.3
Share premium	4.2	197.8	197.8
Other reserves	4.2	266.9	266.9
Currency translation differences	4.2	-71.7	-52.2
Revaluation reserve	4.2	4.3	35.3
Retained earnings		2,163.9	2,097.1
Total equity		2,758.4	2,742.2
Non-current liabilities			
Interest-bearing non-current liabilities	4.3 4.5 4.6	690.7	245.5
Lease liabilities	4.5 4.6	1,647.2	1,592.0
Non-interest-bearing non-current liabilities	4.3 4.5	24.5	24.3
Deferred tax liabilities	2.7	70.9	63.2
Provisions	3.9	6.9	10.3
Total non-current liabilities		2,440.2	1,935.3
Current liabilities			
Current interest-bearing liabilities	4.3 4.5 4.6	98.5	252.6
Lease liabilities	4.5 4.6	350.6	328.1
Trade payables	4.3 4.5	1,418.3	1,499.4
Other non-interest-bearing liabilities	4.3 4.5	250.0	242.4
Income tax liabilities	4.5	11.2	19.4
Accrued liabilities	4.3 4.5	415.1	442.6
Provisions	3.9	12.0	11.9
Total current liabilities		2,555.7	2,796.5
Total liabilities		4,995.9	4,731.8
Total equity and liabilities		7,754.3	7,474.0

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Consolidated statement of cash flows

€ million	Note	1 Jan.–31 Dec. 2023	1 Jan.–31 Dec. 2022
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	372.1
Finance income and costs		10.5	-12.4
Interest expense for lease liabilities		73.4	68.4
Other adjustments	7.9	-10.8	-20.2
		620.3	627.0
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	183.7
		-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	1.3
Dividends and capital repayments received from associated companies and joint ventures		24.4	33.1
Income taxes paid		-108.3	-176.7
Net cash flows from operating activities, total		**1,049.5**	**915.2**

€ million	Note	1 Jan.–31 Dec. 2023	1 Jan.–31 Dec. 2022
Cash flows from investing activities			
Payments for acquisition of subsidiary shares, net of cash acquired	5.1	-140.1	-45.3
Payments for property, plant, equipment and intangible assets	7.9	-539.2	-552.9
Proceeds from sale of subsidiaries and businesses, net cash deducted		9.9	2.2
Proceeds from sale of property, plant, equipment and intangible assets		24.8	16.0
Proceeds from sale of other investments		0.1	1.1
Loan receivables and other financial assets, increase (-)/decrease (+)		54.3	-5.4
Net cash flows from investing activities, total		**-590.2**	**-584.3**
Cash flows from financing activities			
Interest-bearing liabilities, increase (+)/decrease (-)	4.1	283.4	137.5
Repayments for lease liabilities	4.4, 4.1	-554.3	-552.7
Interest-bearing receivables, increase (-)/decrease (+)	4.3	2.2	2.1
Dividends paid		-430.3	-403.7
Other items		6.8	0.0
Net cash flows from financing activities, total		**-492.2**	**-604.7**
Change in cash and cash equivalents		**-32.9**	**-53.8**
Cash and cash equivalents as at 1 January	4.5	245.5	279.8
Currency translation difference adjustment and change in value		-0.7	-0.5
Cash and cash equivalents assets as at 31 December	4.5	**211.9**	**245.5**

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Consolidated statement of changes in equity

€ million	Share capital	Reserves	Currency translation differences	Revaluation reserve	Treasury shares	Retained earnings	Total equity
Balance as at 1 January 2023	197.3	464.7	-52.2	35.3	-28.1	2,125.2	2,742.2
Share-based payments					1.4		1.4
Dividends						-429.6	-429.6
Other changes		-0.0	-0.0			6.7	6.7
Transactions with owners, total		-0.0	-0.0		1.4	-422.8	-421.5
Comprehensive income							
Net profit for the year						495.6	495.6
Actuarial gains/losses						-5.5	-5.5
Currency translation differences related to a foreign operation			-19.5			-	-19.5
Share of other comprehensive income of associates and joint ventures						-1.8	-1.8
Cash flow hedge revaluation				-31.0		-	-31.0
Total comprehensive income for the year, net of tax			-19.5	-31.0		-7.3	-57.9
Total comprehensive income for the period			-19.5	-31.0		488.2	437.7
Balance as at 31 December 2023	197.3	464.7	-71.7	4.3	-26.7	2,190.6	2,758.4
Balance as at 1 January 2022	197.3	464.7	-10.2	9.1	-30.3	1,898.9	2,529.5
Share-based payments					2.1		2.1
Dividends						-421.3	-421.3
Other changes		-0.0	-			7.7	7.7
Transactions with owners, total		-0.0	-		2.1	-413.6	-411.4
Comprehensive income							
Net profit for the year						609.9	609.9
Actuarial gains/losses						30.6	30.6
Currency translation differences related to a foreign operation			-41.9			-	-41.9
Share of other comprehensive income of associates and joint ventures						-0.5	-0.5
Cash flow hedge revaluation				26.2		-	26.2
Total comprehensive income for the year, net of tax			-41.9	26.2		30.0	14.3
Total comprehensive income for the period			-41.9	26.2		639.9	624.2
Balance as at 31 December 2022	197.3	464.7	-52.2	35.3	-28.1	2,125.2	2,742.2

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 to components of other comprehensive income is presented in Note 2.7.

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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.

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.

All amounts in the consolidated financial statements are in millions of euros and based on original cost, with the exception of items specified below, which have been measured at fair value in compliance with the standards.

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 it's 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.

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.

1.3 Critical accounting estimates and assumptions

The preparation of consolidated financial statements in conformity with international accounting standards requires the use of certain estimates and assumptions about the future that affect the reported amounts of assets and liabilities, contingent liabilities, and income and expense. The actual results may differ from these estimates and assumptions.

The impact of climate risks has been assessed on the Group's business operations and the consolidated financial statements. Climate change related risks on Kesko are assessed based on selected climate scenarios. Kesko Group has not identified any business operations subject to material climate risks in terms of business continuity or valuation of asset items. Kesko owns and manages via leases a substantial number of properties in all its operating countries. Individual asset items may be subject to risks of damage or investment needs due to, for example, extreme weather phenomena.

The estimates and judgements made are continuously evaluated, and they are based on historical experience and

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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 agreement of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognised at cost.

The Group's share of post-acquisition profits or losses is recognised in the income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses.

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

Joint agreements

Joint agreements are arrangements in which the sharing of joint control has been contractually agreed between two or more parties. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint agreement whereby the parties that have joint control of the agreement have rights to the net assets of the agreement. Investments in joint ventures are accounted for using the equity method, and on initial recognition, they are recognised at cost.

The Group's share of post-acquisition profits or losses is recognised in the income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses

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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 their acquisition are treated as assets and liabilities of these foreign operations and translated into euros at the closing rate.

1.6 Discontinued operations and non-current assets classified as held for sale and related liabilities

Non-current assets (or a disposal group) are classified as held for sale if their carrying amount will be recovered principally through the disposal of the assets and the sale is highly probable. If their carrying amount will be recovered principally through their disposal rather than through their continuing use, they are measured at the lower rate of the carrying amount and fair value net of costs to sell.

The comparative information in the income statement is adjusted for operations classified as discontinued during the latest financial period being reported. Consequently, the result of discontinued operations is presented as a separate line item also for the comparatives. The Group did not have any discontinued operations in the 2023 and 2022 financial years.

1.7 New IFRS standards and IFRIC interpretations and the impact of new and updated standards

Amendment to IAS 12 Income Taxes

Kesko Group has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. Kesko has applied the exception from deferred tax accounting in relation to top-up tax.

Pillar Two legislation was enacted in 2023 in several jurisdictions in which Kesko Group operates, including Finland where the Group's parent company is a tax resident.

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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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2. FINANCIAL RESULTS

2.1 Revenue recognition

Accounting policies

In the consolidated income statement, net sales comprise the sales of goods, services and energy based on customer agreements. The share of sales of services and energy of total net sales is not significant. The Group sells products to retailers and other business customers and engages in own retailing. Income from sales of goods and services is recognised when the customer obtains control of the goods or services. Customers obtain control when they have the ability to direct the use of and obtain the benefits from the goods or services. As a rule, income from sales of goods can be recognised at the time of transfer. Income from services is recognised as the service is being performed. Sales to retailers and business customers are based on invoicing. Sales to consumers are mainly in cash or by credit card.

When calculating net sales, sales revenue is adjusted for indirect taxes, sales adjustment items and the exchange differences of foreign-currency-denominated sales. In businesses in Finland that are part of the K-Plussa customer loyalty scheme, sales adjustment items include loyalty award credits, recognised as part of sales transactions. Income from corresponding sales is recognised when the award credits are redeemed or expire. Contract liability is recognised in the balance sheet. Loyalty award credits affect the net sales of those businesses that grant K-Plussa customer loyalty award credits in Finland and engage in retailing.

Other operating income includes income other than that associated with the sale of goods or services based on customer agreements, such as lease income, store site and chain fees charged from retailers, and various other service fees and commissions. Fees charged from retailer entrepreneurs are based on a partnership agreement (chain agreement) based on which the retailers engage in business in line with the chain's operating models and objectives. Store site fees and chain fees vary depending on the growth and profitability of the retailer's business operations under the chain agreement. Chain marketing fees and data system fees are cost-based charges. More detailed information on other operating income is presented in Note 2.4.

Other operating income also includes gains on the disposal of property, plant and equipment and intangible assets as well as gains on disposal of businesses and realised and unrealised gains on derivatives used for hedging foreign currency risks associated with commercial transactions.

Interest income is recognised on a time apportionment basis using the effective interest method. Dividend income is recognised when the right to receive payment is established.

2.2 Segment information

Accounting Policies

The Group's reportable segments are composed of the Group's divisions, namely the grocery trade, the building and technical trade, and the car trade.

Division information is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, responsible for allocating resources to the divisions, has been identified as the Group Management Board. The reportable operating segments derive their net sales from the grocery trade, the building and technical trade, and the car trade. Sales between divisions are charged at prevailing market rates.

The Group Management Board uses alternative performance measures alongside the IFRS financial statements indicators in the Group's results reporting. The Group Management Board assesses the divisions' performances based on operating profit, comparable operating profit, and comparable return on capital employed. Results reporting to management corresponds to the accounting policies of the consolidated financial statements apart from items affecting comparability. Finance income and costs are not allocated to the divisions as the Group's cash and cash equivalents and financial liabilities are managed by the Group Treasury. Changes in

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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% (46%) 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 comparison periods have been adjusted to correspond to the new segment structure.

Grocery trade

The grocery trade division comprises the wholesale and B2B trade of groceries and the retailing of home and speciality goods in Finland. There are approximately 1,200 K-food stores operated by K-retailers in Finland. These stores form the K-Citymarket, K-Supermarket, K-Market and Neste K grocery retail chains. Kespro is a foodservice provider and wholesaler in Finland. For the part of K-Citymarket's home and speciality goods trade Kesko operates as a retailer in Finland.

Building and technical trade

The building and technical trade division operates in the wholesale, retail and B2B trade in Finland, Sweden, Norway, the Baltic countries and Poland. In building and home improvement trade, Kesko operates with the K-retailer business model in Finland, and as a retail operator in Sweden and Norway. The retail store chains are K-Rauta (Finland and Sweden), K-Bygg (Sweden) and Byggmakker (Norway). In 2023, Kesko decided to concentrate its building and home improvement trade operations in Sweden under the K-Bygg chain. The building and home improvement stores serve both consumers and business customers. Technical trade provides HEPAC and electrical products and services to business customers. Technical trade has around 140 places of business in Finland, Sweden, Norway, Poland and the Baltic countries.

Car trade

The car trade division comprises the business operations of new cars, used cars, services and leasing. The new cars business includes the import, marketing and retail of Volkswagen, Audi, SEAT, CUPRA, Porsche and Bentley passenger cars and of Volkswagen commercial vehicles in Finland, and the import of SEAT and CUPRA passenger cars in the Baltics. The used car business includes the purchase of used cars from Finland and elsewhere and the retail of the cars in Finland. The service business includes repair and maintenance services, spare parts sales and accessories services in Finland. The leasing business provides car leasing services for both private and corporate customers. Services provided by the car trade division also include the K-Lataus charging network for electric vehicles. In 2023, Kesko completed the divestment of its MAN business (trucks and buses).

Sports trade is included in the car trade division, and comprises in Finland the Intersport and 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	Car trade	Common functions	Total
Division net sales	6,351.6	4,193.2	1,262.3	-0.0	11,807.1
of which intersegment sales	-16.5	0.9	-7.4	-0.3	-23.3
Net sales from external customers	6,335.1	4,194.1	1,254.9	-0.3	11,783.8
Change in net sales in local currency excluding acquisitions and disposals, %	3.7	-10.5	23.9	-	0.8
Change in net sales, %	3.7	-8.7	12.2	-	0.2
Other division income	803.6	135.8	29.3	10.6	979.3
of which intersegment income	-0.4	-1.8	0.1	-2.0	-4.1
Other operating income from external customers	803.2	133.9	29.4	8.7	975.2
Depreciation and amortisation	-93.6	-30.8	-28.6	-31.0	-184.0
Depreciation and impairment charges for right-of-use assets	-232.0	-91.9	-22.8	-6.4	-353.2
Share of result of joint ventures		19.0			19.0
Operating profit	443.6	201.9	82.4	-32.6	695.4
Items affecting comparability	-1.3	-10.5	-0.1	-4.8	-16.7
Comparable operating profit	444.8	212.5	82.6	-27.8	712.0
Finance income and costs					-83.9
Share of result of associates					2.1
Profit before tax					613.5

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Assets and liabilities

€ million	Grocery trade	Building and technical trade	Car trade	Common functions	Elimina-tions	Total
Property, plant, equipment and intangible assets	1,534.9	1,035.5	265.7	96.4	-1.8	2,930.7
Right-of-use assets	1,233.1	441.4	81.1	61.2		1,816.9
Interests in associates and joint ventures and other investments	5.5	155.7	0.1	86.2	-0.6	246.8
Pension assets	18.6	4.9		56.0		79.6
Inventories	271.9	578.2	233.8			1,083.9
Trade receivables	389.8	509.9	71.2	2.1	-2.5	970.5
Other non-interest-bearing receivables	80.3	189.2	28.1	35.9	-15.6	318.0
Interest-bearing receivables	1.7	0.0		65.3		66.9
Assets included in capital employed	3,535.9	2,914.9	680.0	403.1	-20.6	7,513.3
Unallocated items						
Deferred tax assets						13.7
Other financial assets						15.4
Cash and cash equivalents						211.9
Total assets	3,535.9	2,914.9	680.0	403.1	-20.6	7,754.3

€ million	Grocery trade	Building and technical trade	Car trade	Common functions	Elimina-tions	Total
Trade payables	620.4	717.7	55.4	26.5	-1.7	1,418.3
Other non-interest-bearing liabilities	295.0	242.2	96.6	47.3	-16.6	664.5
Provisions	0.2	5.2	13.2	0.4		18.9
Liabilities included in capital employed	915.5	965.0	165.2	74.2	-18.3	2,101.7
Unallocated items						
Interest-bearing liabilities						789.2
Lease liabilities						1,997.9
Other non-interest-bearing liabilities						36.3
Deferred tax liabilities						70.9
Total liabilities	915.5	965.0	165.2	74.2	-18.3	4,995.9
Total capital employed as at 31 December	2,620.4	1,949.8	514.7	329.0	-2.3	5,411.6
Average capital employed	2,555.4	1,865.1	523.6	371.5	-2.3	5,313.3
Return on capital employed, %, comparable	17.4	11.4	15.8			13.4
Number of personnel as at 31 December	8,184	6,934	1,641	943		17,702
Average number of personnel converted into full-time employees	6,257	6,073	1,531	905		14,766

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Segment information 2022

Profit

€ million	Grocery trade	Building and technical trade	Car trade	Common functions	Total
Division net sales	6,124.7	4,591.1	1,129.8	0.0	11,845.6
of which intersegment sales	-23.3	-0.6	7.5	0.3	-36.6
Net sales from external customers	**6,101.4**	**4,590.6**	**1,117.3**	**-0.3**	**11,809.0**
Change in net sales in local currency excluding acquisitions and disposals, %	3.6	9.7	-9.2		4.1
Change in net sales, %	3.6	10.0	9.6		4.5
Other division income	789.0	153.0	35.9	28.8	1,006.6
of which intersegment income	-0.1	-2.9	-0.2	-4.8	-7.9
Other operating income from external customers	**788.9**	**150.1**	**35.6**	**24.1**	**998.7**
Depreciation and amortisation	-84.4	-27.8	-2.2	-29.1	-143.6
Depreciation and impairment charges for right-of-use assets	-213.7	-80.7	-21.8	-4.9	-321.1
Share of result of joint ventures		23.5			23.5
Operating profit	**461.5**	**324.8**	**63.9**	**-33.6**	**816.5**
Items affecting comparability	-1.1	0.9	0.4	-0.1	-1.0
Comparable operating profit	**460.4**	**323.8**	**64.3**	**-33.5**	**815.1**
Finance income and costs					-50.3
Share of result of associates					-3.6
Profit before tax					**761.1**

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Assets and liabilities

€ million	Grocery trade	Building and technical trade	Car trade	Common functions	Elimina-tions	Total
Property, plant, equipment and intangible assets	1,333.6	842.2	245.3	105.1	-1.6	2,524.6
Right-of-use assets	1,189.3	402.9	83.2	62.1		1,737.6
Interests in associates and joint ventures and other investments	4.3	160.4	0.1	81.0	-0.6	245.2
Pension assets	19.6	4.5		62.8		86.9
Inventories	270.3	611.7	233.4			1,115.4
Trade receivables	369.2	517.7	84.5	2.9	-5.1	969.3
Other non-interest-bearing receivables	121.6	223.9	22.8	73.7	-33.0	409.0
Interest-bearing receivables	0.8			68.6		69.4
Non-current assets classified as held for sale				0.5		0.5
Assets included in capital employed	3,308.7	2,763.3	669.4	456.7	-40.3	7,157.7
Unallocated items						
Deferred tax assets						2.2
Other financial assets						68.6
Cash and cash equivalents						245.5
Total assets	3,308.7	2,763.3	669.4	456.7	-40.3	7,474.0

€ million	Grocery trade	Building and technical trade	Car trade	Common functions	Elimina-tions	Total
Trade payables	596.7	794.1	79.0	32.3	-2.6	1,499.4
Other non-interest-bearing liabilities	294.7	278.5	97.7	55.8	-35.4	691.1
Provisions	0.8	2.2	19.1	0.2		22.2
Liabilities included in capital employed	892.2	1,074.5	195.8	88.3	-38.1	2,212.7
Unallocated items						
Interest-bearing liabilities						498.2
Lease liabilities						1,920.1
Other non-interest-bearing liabilities						37.6
Deferred tax liabilities						63.2
Total liabilities	892.2	1,074.5	195.8	88.3	-38.1	4,731.8
Total capital employed as at 31 December	2,416.5	1,688.8	473.6	368.4	-2.2	4,945.0
Average capital employed	2,353.6	1,693.5	438.2	328.9	-2.2	4,811.9
Return on capital employed, %, comparable	19.6	19.1	14.7			16.9
Number of personnel as at 31 December	8,316	6,863	1,661	1,001		17,841
Average number of personnel converted into full-time employees	6,288	5,871	1,519	955		14,633

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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

€ million	2023	2022
Gains on disposal	+0.4	+0.3
Losses on disposal	-1.0	-0.1
Structural arrangements	-16.1	+1.3
Items in operating profit affecting comparability, total	**-16.7**	**+1.5**

Items related to structural arrangements are presented on the following lines in the consolidated income statement: other operating income (€+0.8 million), change in inventory (€-1.0 million), employee benefit expenses (€-7.5 million), depreciation, amortisation and impairment charges (€-0.5 million), depreciation and impairment charges for right-of-use assets (€-3.4 million) and other operating expenses (€-5.1 million).

In 2022 items related to structural arrangements are presented on the following lines in the consolidated income statement: employee benefit expenses (€-1.1 million), depreciation and impairment charges for right-of-use assets (€+1.6 million), other operating expenses (€-1.6 million) and share of result of joint ventures (€+2.6 million).

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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, %
Comparable operating profit x 100

(Property, plant and equipment + Goodwill + Intangible assets + Right-of-use assets + Shares in associates and joint ventures + Financial assets at fair value through profit or loss + Non-current receivables + Pension assets + Inventories + Trade receivables + Income tax assets + Other non-interest-bearing receivables + Non-current assets classified as held for sale - Non-interest-bearing non-current liabilities - Pension obligations - Provisions - Trade payables - Other non-interest bearing liabilities - Income tax liabilities - Accrued liabilities - Liabilities related to available-for-sale non-current assets) 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 sales of goods. The amount derived from sales of services is minor.

Kesko Group does not have net sales derived from a single customer, which exceeds 10 % of Kesko Group's total net sales.

2023 € million	Finland	Other Nordic countries	Baltic countries	Others	Eliminations	Total
Net sales	9,714.0	1,612.5	129.1	336.9	-8.7	11,783.8
Assets included in capital employed	5,733.1	1,417.5	211.3	151.4		7,513.3
Average number of personnel converted into full-time employees	10,314	3,167	357	927		14,766

2022 € million	Finland	Other Nordic countries	Baltic countries	Others	Eliminations	Total
Net sales	9,610.7	1,729.3	130.8	349.2	-10.9	11,809.0
Assets included in capital employed	5,492.6	1,294.5	216.0	154.6		7,157.7
Average number of personnel converted into full-time employees	10,372	3,036	337	888		14,633

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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	16.1
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 expenses other than the cost of goods sold, such as employee benefit expenses, marketing costs, property and store site maintenance costs, information system expenses, and lease payments recognised in the income statement on leases classified as short-term leases or leased assets classified as of low value. Other operating expenses also include losses on the disposal of property, plant and equipment and intangible assets, losses on disposal of business operations as well as realised and unrealised losses on derivatives used for hedging foreign currency risks associated with commercial transactions.

Employee benefit expenses

€ million	2023	2022
Salaries and fees	-629.8	-626.0
Social security costs	-58.4	-58.8
Pension costs		
Defined benefit plans	-1.2	-4.1
Defined contribution plans	-89.2	-86.2
Share-based payment	-8.1	-10.6
Total	-786.6	-785.8

Information on the defined benefit plans is presented in Note 3.7. Information on the employee benefits of the Group's management personnel and other related party transactions are presented in Note 5.2, and information on share-based compensation in Note 5.3.

Average number of the Group personnel

	2023	2022
Grocery trade	6,257	6,288
Building and technical trade	6,073	5,871
Car trade	1,531	1,519
Common functions	905	955
Total, Group	14,766	14,633

Average number of the Group personnel by segment is calculated as full-time equivalent employees.

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Other operating expenses

€ million	2023	2022
Marketing costs	-208.5	-210.7
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	-2.1	-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	16.1
Material and services	-1.0	1.7
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 include the Group companies' taxes on current net profits on an accrual basis, prior period tax adjustments and changes in deferred taxes. The Group companies' taxes have been calculated from the taxable income of each company determined by local jurisdiction. The tax impact of items recognised in other comprehensive income has been recognised correspondingly in other comprehensive income.

Deferred tax assets and liabilities are recognised on temporary differences arising between the tax bases and carrying amounts of assets and liabilities and for unused tax losses. Deferred tax liability has not been calculated on goodwill insofar as goodwill is not tax deductible. Deferred tax on subsidiaries' undistributed earnings is not recognised unless a distribution of earnings is probable, causing tax implications.

Deferred tax has been determined using the tax rates enacted at the balance sheet date and as the rates changed at the known new rate. A deferred income tax asset is recognised to the extent that it is probable that it can be utilised against future taxable income. The Group's deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority.

The most significant temporary differences arise from leases, defined benefit pension plans, property, plant and equipment (depreciation difference), provisions and measurements at fair value of asset items in connection with acquisitions.

Group's tax positions are assessed regularly to identify situations requiring interpretation. If an interpretation taken by the Group is deemed unlikely to be approved, a provision is made in accounting of income taxes. An uncertain tax position may affect taxes for the financial year or deferred taxes or both.

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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 unrecognised 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 in 2023

€ million	1 Jan. 2023	Income statement charge	Tax charged/ credited to equity	Exchange differences	Other changes	31 Dec. 2023
Deferred tax assets						
Leases	37.1	-0.1	-	-0.1	-	36.8
Provisions	8.9	-1.6	-	-0.1	-0.1	7.1
Defined benefit pension plans	0.0	0.4	-	-	-	0.5
Tax loss carry-forwards	0.1	9.9	-	0.3	0.1	10.5
Other temporary differences	12.9	1.7	0.3	0.0	0.4	15.3
Total	59.0	10.3	0.3	0.2	0.4	70.2
Deferred tax liabilities						
Difference between accounting depreciation and tax depreciation	62.0	8.0	-	-	0.0	70.0
Fair value allocation	28.1	1.5	-	-0.7	2.8	31.7
Defined benefit pension plans	17.2	-0.0	-1.4	-	-	15.8
Other temporary differences	12.8	4.5	-7.5	-0.0	0.1	9.9
Total	120.0	13.9	-8.8	-0.7	2.9	127.3
Net deferred tax asset (+)/ liability (-)	-61.0					-57.2

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Movements in deferred tax in 2022

€ million	1 Jan. 2022	Income statement charge	Tax charged/ credited to equity	Exchange differences	Other changes	31 Dec. 2022
Deferred tax assets						
Leases	34.2	-1.9	-	-0.2	-	37.1
Provisions	10.4	-1.3	-	-0.2	0.1	8.9
Defined benefit pension plans	0.1	-0.0	-	-	-	0.0
Tax loss carry-forwards	0.5	-0.4	-	-	-	0.1
Other temporary differences	13.5	-0.7	0.1	-0.1	0.1	12.9
Total	63.7	-4.3	0.1	0.5	0.0	59.0
Deferred tax liabilities						
Difference between accounting depreciation and tax depreciation	49.4	12.3	-	-	0.3	62.0
Fair value allocation	28.4	-0.9	-	-0.6	1.1	28.1
Defined benefit pension plans	18.9	-9.4	7.6	-	-	17.2
Other temporary differences	3.7	2.3	6.7	-0.0	-0.0	12.8
Total	100.5	4.5	14.3	-0.6	1.4	120.0
Net deferred tax asset	36.8					61.0

Deferred tax related to components of other comprehensive income

€ million	2023 Before tax	Tax charge/ credit	After tax	2022 Before tax	Tax charge/ credit	After tax
Items that will not be reclassified subsequently to profit or loss						
Actuarial gains and losses	-6.9	1.4	-5.5	58.2	-7.6	50.6
Items that may be reclassified subsequently to profit or loss						
Currency translation differences relating to a foreign operation	-19.5		-19.5	41.9		41.9
Share of other comprehensive income of associates and joint ventures	-1.8		-1.8	-0.5		0.5
Cash flow hedge revaluation	-38.8	7.8	-31.0	32.8	-6.6	26.2
Total	-67.0	9.1	-57.9	28.6	-14.2	14.3

Tax loss carry-forwards

In the 31 December 2023 consolidated financial statements, the Group has recognised €10.2 million deferred tax asset on tax losses carried forward by the Swedish Group companies. The profitability of the Swedish operations has significantly improved due to reorganisation of loss-making operations, and acquisitions. Considering the uncertainties related to the overall economy, the recognised tax asset is based on estimated utilisation of the tax losses over a limited time period. In Sweden tax losses may be carried forward indefinitely. As at 31 December 2023, the Group still had €149.2 million of unused tax losses for which deferred tax assets have not been recognised.

Tax losses carried forward for which tax assets have not been recognised expire as follows:

€ million	2024	2025	2026	2027	2028	2029-	Total
		-			-	149.2	149.2

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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 related to the statement of cash flows

Adjustments to cash flows from operating activities

€ million	2023	2022
Adjustment of non-cash transactions in the income statement and items presented elsewhere in the statement of cash flows:		
Change in provisions	-2.4	-7.5
Share of results of associates and joint ventures	-21.0	-24.1
Credit losses	5.1	4.0
Gains on disposal of property, plant, equipment and intangible assets and business operations	-1.6	3.5
Losses on disposal of property, plant, equipment and intangible assets and business operations	5.5	0.4
Share-based compensation	-2.3	-9.7
Defined benefit pensions	0.5	5.5
Others	5.5	7.3
Total	-10.8	-20.2

The group 'Others' within the adjustments to cash flows from operating activities includes the adjustment of unrealised foreign exchange gains and losses on purchases and sales, and the adjustment of other transactions of a non-cash nature.

Capital expenditure and non-cash financing activities

€ million	2023	2022
Total acquisitions of property, plant, equipment and intangible assets	550.0	399.1
Total acquisitions of subsidiaries and investments in associates and other investments	129.0	50.1
Total capital expenditure	678.9	449.2
of which cash payments	643.5	386.4
Loans relating to acquired companies and cash and cash equivalents	40.3	19.9
Payments arising from prior period investing activities	-39.0	-21.9
Capital expenditure financed with liabilities	34.2	24.4
Pension Fund return of surplus assets	-	40.3
Total	678.9	449.2

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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 €0.6 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 Norwegian technical trade operator, on 1 March 2023. The consideration paid was €120.8 million. The acquisition strengthens Kesko's position in Norwegian technical trade, and further increases its growing role in advancing the green transition.

The fair value of the assets acquired for Kesko Group amounted to €121.6 million and the fair value of the liabilities assumed to €85.4 million. The fair value of intangible assets acquired at the date of acquisition totalled €15.6 million. The goodwill arising from the acquisition, €84.7 million, represents the synergies that are expected to be realised in sales, procurement, selections, and logistics as well as in efficiency of operations. 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.

Geitanger Bygg AS

Kesko's Norwegian subsidiary Byggmakker Handel AS acquired Norwegian building and home improvement trade operator Geitanger Bygg AS on 2 October 2023. The consideration paid was €8.0 million.

The fair value of the assets acquired for Kesko Group amounted to €9.6 million and the fair value of the liabilities assumed to €3.1 million. The fair value of the intangible assets acquired at the date of acquisition totalled €0.6 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 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.

	2023		
€ million	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 Fresks Försäljning AB acquired Kungälvs Trävaruaktiebolag, a company that serves professional builders, on 1 March 2022, Djurbergs Järnhandel Aktiebolag and Föllinge Såg AB on 1 September 2022, and XL-BYGG Bergslagen AB on 1 October 2022. The consideration paid for the acquisitions totalled €38.3 million. The acquisitions complete Kesko's growing K-Bygg chain for professional builders.

The fair value of the assets acquired for Kesko Group amounted to €43.1 million and the fair value of the liabilities assumed to €23.8 million. The fair value of the intangible assets acquired at the date of acquisitions totalled €4.0 million.

Acquisitions in Norway

Kesko's Norwegian subsidiary Byggmakker CF AS acquired the Norwegian Seljord Elektriske AS on 1 June 2022. The consideration paid was €12.5 million.

The fair value of the assets acquired for Kesko Group amounted to €9.2 million and the fair value of the liabilities assumed to €4.0 million. The fair value of the intangible assets acquired at the date of acquisition totalled €1.1 million.

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	2022	
€ million	Acquisitions in Sweden	Acquisitions in Norway
Acquisition price	38.5	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	1.9
Deferred tax asset	0.0	0.1
Cash and cash equivalents	5.9	1.3
Total assets	43.2	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	38.5	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 mainly comprise land, buildings, machinery and equipment. Property, plant and equipment are carried at cost less any accumulated depreciation and possible impairment charges. The property, plant and equipment of acquired subsidiaries are measured at fair value at the date of acquisition.

Subsequent costs relating to items of property, plant and equipment are included in the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. The machinery and equipment of buildings are treated as separate assets and any significant expenditure related to their replacement is capitalised. All other repair, service and maintenance expenditures of items of property, plant and equipment are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method over their estimated useful lives. Land is not depreciated.

The most common estimated useful lives are:

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

The residual values and useful lives of property, plant and equipment are reviewed at least at the end of each financial year. If the estimates of useful life and the expected pattern of economic benefits are different from previous estimates, the change in the estimate is accounted for.

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

The Group has not capitalised interest costs incurred as part of the acquisition of assets, because the Group does not have qualifying assets.

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2023 € million	Land and waters	Buildings	Machinery and equipment	Other tangible assets	Prepay-ments and construction in progress	Total 2023
Cost						
Cost as at 1 January	352.5	1,647.8	665.8	33.4	113.8	2,813.3
Exchange differences	-0.7	0.0	-1.3	0.3	0.2	-1.5
Additions	38.8	173.7	100.1	2.0	196.6	511.2
Acquisitions	-	1.5	1.9	-	0.3	3.7
Deductions	-1.0	-1.5	-74.9	-0.9	-2.0	-80.3
Transfers between items	1.6	44.8	9.0	2.6	-76.6	-18.7
Cost as at 31 December	391.2	1,866.2	700.6	37.4	232.3	3,227.7
Accumulated depreciation and impairment charges						
Accumulated depreciation and impairment charges as at 1 January	-7.3	-658.5	-380.5	-21.6		-1,067.8
Exchange differences	0.1	0.2	0.9	-0.1		1.1
Accumulated depreciation on deductions	0.3	-3.1	43.1	0.9		41.2
Accumulated depreciation on transfers	-	1.5	-0.6	-1.0		0.0
Depreciation and impairment charges for the year	-0.3	-80.8	-63.3	-2.1		-146.5
Accumulated depreciation and impairment charges as at 31 December	-7.2	-740.7	-400.3	-23.9		-1,172.0
Carrying amount as at 1 January	345.3	989.3	285.3	11.8	113.8	1,745.5
Carrying amount as at 31 December	384.1	1,125.5	300.3	13.5	232.3	2,055.6

2022 € million	Land and waters	Buildings	Machinery and equipment	Other tangible assets	Prepay-ments and construction in progress	Total 2022
Cost						
Cost as at 1 January	317.6	1,474.0	642.5	37.6	51.8	2,523.5
Exchange differences	-1.7	-4.3	-5.1	-0.6	-0.1	-11.7
Additions	35.5	148.5	79.6	1.7	104.8	370.0
Acquisitions	-	0.6	1.0	-	0.0	1.6
Deductions	-0.1	-3.0	-63.1	-0.8	-1.7	-68.8
Transfers between items	1.2	31.9	11.0	-4.5	-41.1	-1.4
Cost as at 31 December	352.5	1,647.6	665.8	33.4	113.8	2,813.3
Accumulated depreciation and impairment charges						
Accumulated depreciation and impairment charges as at 1 January	-7.3	-588.9	-367.5	-22.3		-985.9
Exchange differences	0.1	2.1	3.5	0.4		6.2
Accumulated depreciation on deductions	-	2.2	46.0	1.0		49.2
Accumulated depreciation on transfers	-	0.2	-1.0	1.0		0.2
Depreciation and impairment charges for the year	-0.0	-74.2	-61.5	-1.7		-137.5
Accumulated depreciation and impairment charges as at 31 December	-7.3	-658.5	-380.5	-21.6		-1,067.8
Carrying amount as at 1 January	310.3	885.1	275.0	15.3	51.8	1,537.6
Carrying amount as at 31 December	345.3	989.3	285.3	11.8	113.8	1,745.5

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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 development of new software are capitalised as part of the software cost. On the balance sheet, software is included in intangible assets and its cost is amortised over the useful life of the software. Costs associated with maintaining the software are recognised as an expense as incurred.

Impairment of non-financial assets

At each balance sheet date, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount of goodwill and intangible assets with indefinite useful lives is assessed every year whether or not there is an indication of impairment. In addition, an impairment test is performed whenever there is an indication of impairment.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Often, it is not possible to estimate the recoverable amount for an individual asset. Then, as in the case of goodwill, the recoverable amount is determined for the cash generating unit to which the goodwill or asset belongs.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in the income statement. An impairment loss recognised for an asset in prior years is reversed, if the revaluation shows an increase in the recoverable amount. However, the reversal of an impairment loss of an asset should not exceed the carrying amount of the asset without impairment loss recognition. For goodwill, a recognised impairment loss is not reversed under any circumstances.

Critical accounting estimates and assumptions

The recoverable amounts of cash generating units have been determined using calculations based on value in use. In the calculations, forecast cash flows are based on financial plans approved by management, covering a period of three years.

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

2022 € million	Goodwill	Trademarks	Other intangible assets	Prepay-ments	Total 2022
Cost					
Cost as at 1 January	634.9	97.0	258.8	12.6	1,003.2
Exchange differences	-25.9	-1.7	-3.6	-	-31.2
Additions	0.0	0.1	21.1	7.3	28.6
Acquisitions	26.1	0.7	3.2	-	30.0
Deductions	0.0	-	-42.4	-0.1	-42.5
Transfers between items	-	-	12.2	-10.7	1.5
Cost as at 31 December	635.1	96.1	249.4	9.1	989.7
Accumulated amortisation and impairment charges					
Accumulated amortisation and impairment charges as at 1 January	-46.1	-8.8	-169.4		-224.3
Exchange differences	-0.1	0.5	2.6		2.9
Accumulated amortisation and impairment charges on disposals		-	42.5		42.5
Accumulated amortisation on transfers			-0.2		-0.2
Amortisation and impairment charges for the year	-	-1.0	-30.6		-31.6
Accumulated amortisation and impairment charges as at 31 December		-9.3	-155.1		-210.6
Carrying amount as at 1 January	588.8	88.2	89.3	12.6	779.0
Carrying amount as at 31 December	588.9	86.8	94.2	9.1	779.1

Other intangible assets include software and licences amounting to €55.0 million (€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
Byggmakker, 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 testing are the terminal growth rate, discount rate and EBITDA margin-%. The following table presents the pre-tax discount rate and terminal growth rate-% for each cash-generating unit.

€ million	Pre-tax discount rate 2023	Terminal growth rate 2023	Pre-tax discount rate 2022	Terminal growth rate 2022
Grocery trade				
Grocery trade, chain operations	6.8%	0.5%	6.8%	0.5%
Grocery trade, Kespro	6.5%	1.5%	6.5%	1.5%
Building and technical trade				
Technical trade	7.6%	2.0%	7.8%	2.0%
Byggmakker, Norway	7.2%	2.0%	7.2%	2.0%
K-Bygg, Sweden	7.1%	2.0%	7.1%	2.0%
Car trade	7.2%	1.5%	7.2%	1.5%

The discount rate used is the weighted average cost of capital (WACC) after tax, specific for each division and country and adjusted for tax effect in connection with the test. The WACC-calculation formula inputs are risk-free rate of return, market risk premium, industry-specific beta factor, target capital structure, borrowing cost and country risks.

In the impairment testing carried out in 2023 the recoverable amount exceeded the carrying amount in all cash-generating units. There were no impairment charges recognised on goodwill or intangible rights in the financial years 2023 and 2022.

Sensitivity analysis

According to management estimates, a foreseeable change in any key variable would not create a situation in which the unit's recoverable amount would be lower than its carrying amount. The most sensitive to movements in assumptions is the goodwill impairment test for K-Bygg. For the K-Bygg impairment test a foreseeable change in the key variables would not result in impairment of goodwill.

K-Bygg's net sales in 2023 totalled €280.0 million. During the forecast period, the range for change in K-Bygg's net sales is 3.3–31.4%, which is affected by the opening of new stores. By the end of the forecast period, K-Bygg's EBITDA margin is expected to have grown by 2.2 percentage points from the EBITDA margin achieved in 2023. In K-Bygg's impairment test,

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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 remeasured when there is a change in lease term due to reassessment of an option to continue or terminate the lease, or when there is a change in future lease payments due to changes of an index or a rate. The amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset. If the reduction in lease liability exceeds the right-of-use asset, the difference is recognised in profit or loss.

Right-of-use asset is measured at cost at the commencement date of the lease. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability. In addition, the cost comprises any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred and an estimate of costs to be incurred to restore the asset. Subsequently the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses and adjusted with any remeasurement of the lease liability. The right-of-use asset is depreciated from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

If the use of a leased asset is discontinued or a sublease is made to the lease at a lower rate, the lease contract becomes loss-making and an impairment is recognised to the corresponding right-of-use asset.

In sale and leaseback transactions, the parties assess whether the transfer of the asset satisfies the requirements of IFRS 15 for a sale. If the transfer is accounted for as a sale, the right-of-use asset recognised in the balance sheet will be measured by the portion of the carrying amount of the original asset that corresponds to the value of the right to use that remains with the seller. Only the portion of the sales proceeds of the asset corresponding to the rights transferred to the buyer is presented as sales gain or loss. If the consideration for the sale of the asset or payments for the lease do not equal the fair value, the difference is recognised as an adjustment to the asset's sales proceeds. Any below-market terms are accounted for as a prepayment of lease payments, and any above-market terms are accounted for as financial liability. If the requirements for a sale are not satisfied, the Group will continue to recognise the transferred asset in its balance sheet, and will present the transfer proceeds as financial liability.

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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	-339.3	-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	Land and buildings	Machinery and equipment	Total
Carrying amount as at 1 January	1,731.1	17.9	1,749
Additions	346.0	8.0	354.0
Acquisitions	14.7	0.9	15.6
Depreciation	-313.8	-7.5	-321.3
Impairment charges	-2.4		-2.4
Deductions	-30.0	-0.9	-30.9
Exchange differences	15.5	-0.6	15.0
Carrying amount as at 31 December	1,718.9	18.6	1,737.6

The lease commitments for leases not commenced on 31 December 2023 to which the Group is committed totalled €233.2 million (€102.4 million).

Lease expenditure

€ million	2023	2022
Operating profit		
Depreciation and impairment charges on right-of-use assets	-353.2	-32[illegible]
Lease payments for short-term leases	-3.2	-[illegible]
Lease payments for low-value assets	-3.6	-3.4
Variable lease payments	-1.0	-1.0
Financial expenses		
Interest expense for lease liabilities	-75.4	-68.4
Total	-434.3	-397.9

Maturity of lease liabilities and related finance costs are detailed in Note 4.3

Cash flow from leases

€ million	2023	2022
Interest expense for lease liabilities	-75.4	-68.4
Repayments of lease liabilities	-354.3	-332.7
Lease payments in the income statement	-7.7	-7.4
Total	-435.4	-408.5

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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	63.6

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 including direct costs and allocations of variable and fixed production overheads. The cost excludes borrowing costs.

Critical accounting estimates and assumptions

The Group regularly reviews inventories for obsolescence and turnover, and for possible reduction of net realisable value below cost, and records a write-down as necessary. Such reviews require assessments of future demand for products. Possible changes in these estimates may cause changes in inventory measurement in future periods.

€ million	2023	2022
Goods	1,078.4	1,113.0
Prepayments	5.5	7.3
Total	1,083.9	1,115.4
Write-down of inventories to net realisable value	72.3	56.7

3.6 Trade and other current receivables

Accounting policies

Trade receivables and other current receivables are recognised in the amounts of the initial receivable. According to the IFRS 9 impairment model, impairments must be recognised on the basis of expected credit losses. The Group has adopted the standard's simplified approach for recognising impairment of trade receivables using the provision matrix. For the impairment model, Group companies have been classified into risk categories on the basis of their business model and realised historical credit losses. In addition, impairment is recognised, if there is other evidence of a debtor's insolvency, bankruptcy or liquidation. Impairment is recognised as an expense in other operating expenses. If an amount previously written off is subsequently settled, it is recognised as a reduction of other operating expenses.

Critical accounting estimates and assumptions

The Group companies apply a uniform practice to measuring receivables past due. Possible changes in customers' solvency may cause changes in the measurement of trade 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	2023	2022
Trade receivables not due	875.8	880
1–7 days past due trade receivables	58.0	58.1
8–30 days past due trade receivables	14.7	15.0
31–60 days past due trade receivables	4.2	4.2
Over 60 days past due trade receivables	17.1	10.8
Total	970.5	969.3

In Finland the key part of the business is done in cooperation with retailers and within trade receivables, €382.7 million (€395.6 million) were from chain retailers. The collateral for retailer receivables is an overdraft facility granted by a Kesko associate, Vähittäiskaupan Takaus Oy, with the maximum always limited to the realisable value of the counter security from the K-retailer's company and its entrepreneur to Vähittäiskaupan Takaus Oy. At the end of the financial year, the aggregate value of counter securities was €199.5 million (€238.6 million). In addition, the collateral for receivables includes other collaterals, such as business mortgages and other pledged assets.

Trade receivables include an impairment charge to a total of €24.4 million (€19.4 million). The aggregate amount of credit losses and impairments recognised in the profit for the financial year was €5.1 million (€4.0 million).

The amount of trade receivables with renegotiated terms totalled €1.4 million (€2.3 million).

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3.7 Pension assets

Accounting policies

The Group operates both defined contribution pension plans and defined benefit pension plans. The contributions payable under defined contribution plans are recognised as expenses in the income statement for the period to which the payments relate. In defined contribution plans, the Group does not have a legal or constructive obligation to pay further contributions, in case the payment recipient is unable to pay the retirement benefits.

In defined benefit plans, the Group may incur obligations or assets after the payment of the contribution. The pension obligation represents the present value of future cash flows from the benefits payable. The present value of pension obligations has been calculated using the projected unit credit method. Pension costs are expensed during employees' service lives based on actuarial calculations. The discount rate assumed in calculating the present value of the pension obligation is the market yield of high-quality corporate bonds. Their maturity substantially corresponds to the maturity of the pension liability. The assets corresponding to the pension obligation of the retirement benefit plan are carried at fair values at the balance sheet date. Actuarial gains and losses are recognised in comprehensive income in the income statement.

Critical accounting estimates and assumptions

Items relating to employee benefits are calculated using several factors that require the application of judgement. Pension calculations under defined benefit plans in compliance with IAS 19 are based on, among others, the following factors that rely on management estimates:

- discount rate used in calculating pension expenses and obligations and net finance cost for the period
- future salary increase
- employee service life.

Changes in these assumptions can significantly impact the amounts of pension obligation and future pension expenses. In addition, a significant part of the pension plan assets is invested in real estate and shares, whose value adjustments impact the recognised amount of pension assets.

The Group operates several pension plans in different operating countries. In Finland, the statutory pension provision of personnel is provided through pension insurance companies and the voluntary supplementary pension provision is mainly provided through Kesko Pension Fund. The statutory pension provision provided through pension insurance companies is a defined contribution plan. Defined benefit plans comprise mainly supplementary pension provision provided through Kesko Pension Fund.

Pension plans in foreign subsidiaries are managed in accordance with local regulations and practices, and they are mainly defined contribution plans.

Kesko Pension Fund

Kesko Pension Fund is a pension provider of its members providing supplementary retirement benefits to employees who are beneficiaries of the Pension Fund. New members have not been included in the Pension Fund after 9 May 1998. As the conditions set out in the Fund's rules are met, beneficiaries between 60 and 65 years of age are granted an old-age pension. The amount of retirement benefit granted by the Fund is the difference between the employee's retirement benefit based on his/her pensionable salary calculated in accordance with the Fund's rules and the statutory pension. In addition to the individually calculated pensionable salary, the retirement benefit amount of each beneficiary is impacted by the duration of his/her membership of the Pension Fund. The Pension Fund had 2,072 beneficiaries, of whom 259 were active employees and 1,813 were retired employees. Kesko Group's contribution to the Pension Fund's obligation is 96.4% (96.4%). The notes present Kesko Group's interest in the Pension Fund except for the analysis of assets by category and the maturity analysis of the obligation.

In addition to its rules, the Pension Fund's operations are regulated by the Employee Benefit Funds Act, the decrees under the Act and official instructions, and the Fund's operations are supervised by the Financial Supervisory Authority. The regulations include stipulations on the calculation of pension obligation and its coverage, for example. The pension obligation shall be fully covered by the plan assets, any temporary deficit is only allowed exceptionally. In addition, the regulations include detailed stipulations on the acceptability of the covering assets and the diversification of investment risks.

Kesko Pension Fund did not charge contributions from its members during this or the previous financial year. In 2022 Kesko Pension Fund paid €42.9 million in total in return of surplus

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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	Present value of defined benefit obligation	Fair value of plan assets	Total
As at 1 January 2022	-282.7	376.9	94.2
Current service cost	-4.0		-4.0
Gains or losses on settlement	0.3		0.3
Interest cost/income	-2.5	3.1	0.6
Plan costs		-0.5	-0.5
	-6.8	2.6	-4.1
Remeasurement			
Return on plan assets		-12.1	-12.1
Gain/loss from changes in financial assumptions	58.5		58.5
Experience gains/losses	-8.0		-8.0
	50.5	-12.1	38.3
Contributions to plan and plan costs		1.0	1.0
Return of surplus assets		-42.9	-42.9
Benefit payments	13.5	-13.5	0.0
As at 31 December 2022	**-225.2**	**312.1**	**86.9**

Plan assets were comprised as follows in 2023

€ million	Quoted	Unquoted	Total
Europe			
Equity instruments		28.5	28.5
Debt instruments	57.4	3.2	60.6
Investment funds	72.9	15.9	88.8
Properties		85.5	85.5
United States			
Investment funds	51.2		51.2
Other countries			
Investment funds	16.9		16.9
Total	**198.5**	**133.1**	**331.6**

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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 of pension obligations and expected maturity analysis of undiscounted pension obligations

	2023	2022
Weighted average duration of pension obligations, years	12	12
Expected maturity analysis of undiscounted pension obligations, € million		
Less than 1 year	15.4	15.4
Between 1–10 years	121.4	120.5
Between 10–20 years	109.2	110.2
Between 20–30 years	75.6	76.9
Over 30 years	55.5	59.4
Total	377.0	382.3

Risks related to pension plan

Asset related risks

The Pension Fund's investments comprise properties, equity index funds, private equity funds, unlisted shares and both long-term and short-term money market investments. The Pension Fund's investment policy defines the investment restrictions pertaining to classes of assets and the allowed investees. The investment plan, annually approved by the Pension Fund board, sets the investment allocation and return targets for the year ahead. The objective of investing activity is to secure a return on the investments and their convertibility into cash, as well as ensuring appropriate diversity and diversification of investments. On an annual basis, the objective is to exceed the Pension Fund's obligation expenses and costs, so that contributions need not be charged to the members. The long-term target return on investment activity is 5.0%. The risks involved in investment activity are managed by continuously monitoring market developments and analysing the adequacy of the return and risk potential of the investments. The returns compared to chosen reference indices and the breakdown of investments are reported on a monthly basis. In 2023, the realised return on investing activity was 7.9%.

If the return on investment assets underperforms the discount rate applied to the calculation of the present value of defined pension obligation, a deficit in the plan may arise. The diversification of assets is aimed to reduce this risk in varying financial conditions. If a deficit

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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	Change in assumption	Impact on defined benefit obligation, increase	Impact on defined benefit obligation, decrease
2023			
Discount rate	0.50%	-5.87%	6.52%
Salary growth rate	0.50%	0.74%	-0.56%
Pension growth rate	0.50%	5.60%	-5.10%
2022			
Discount rate	0.50%	-5.70%	6.33%
Salary growth rate	0.50%	0.72%	-0.70%
Pension growth rate	0.50%	5.50%	-4.90%

The impacts of sensitivity analysis have been calculated so that the impact of a change in the assumption is calculated while assuming that all other assumptions are constant. In practice, this is unlikely to occur, and changes in some of the assumptions may correlate with each other. The sensitivity of the defined benefit obligation has been calculated using the same method as when calculating the pension obligation recognised within the statement of financial position.

3.8 Shares in associates and joint ventures

Associates and joint ventures

Associates and joint ventures are treated as equity-accounted investments. The shares in associates and joint ventures are not quoted on the market. Associates and joint ventures are listed in Note 5.1. Related party information is presented in Note 5.7.

Significant joint ventures

The Group has a significant joint venture, UAB Kesko Senukai Lithuania. Kesko Senukai Group engages in building and home improvement trade in Lithuania, Estonia, Latvia and Belarus. The Group's parent company, UAB Kesko Senukai Lithuania, is a limited liability company registered in Lithuania. Kesko Group has a 50.0% holding in Kesko Senukai Group.

UAB KS Holding is a limited liability company registered in Lithuania that engages in real estate development and real estate rental. Its operations are closely related to the operations of Kesko Senukai Group. Kesko Group's holding in KS Holding Group is 50.0%.

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Summary of financials of significant joint ventures, € million	31 Dec. 2023	31 Dec. 2022
Current assets	413.9	427.4
Non-current assets	426.8	422.1
Current liabilities	301.0	285.8
Non-current liabilities	292.9	296.2
The above-mentioned balance sheet items contain the following items:		
Cash and cash equivalents	69.7	72.8
Current interest-bearing liabilities	47.1	39.8
Non-current interest-bearing liabilities	292.8	296.1

	1 Jan.–31 Dec. 2023	1 Jan.–31 Dec. 2022
Net sales	1,174.9	1,224.3
Net profit attributable to owners of the parent	37.9	47.1
Comprehensive income for the year attributable to owners of the parent	34.3	48.2
Group share of profit for the year	19.0	23.5
Share of result of the joint venture consolidated in the consolidated financial statements	19.0	23.5
Share of other comprehensive income of the joint venture consolidated in the consolidated financial statements	17.1	24.1
The above-mentioned income statement items contain the following items:		
Depreciation, amortisation and impairment	-53.9	-49.3
Interest income	1.1	0.6
Interest expense	-11.9	-12.3
Income tax	-4.7	-7.9
Dividends and repayment of capital received from joint ventures	-21.7	-33.0

Reconciliation for balance sheet value of joint ventures, € million	2023	2022
Net assets of joint ventures	246.7	267.6
Minority interest in net assets	22.0	34.0
Group interest in net assets	112.6	117.2
Goodwill	19.2	19.2
Fair value allocations	15.0	15.0
Balance sheet value of joint ventures	146.8	151.3

Significant associates

Mercada Oy is a limited liability company registered in Finland, which operates in real estate investment. Mercada owns, manages and develops retail sites mainly used by Kesko Group in Finland. Kesko Corporation's holding in Mercada is 33.3%. Mercada's three shareholders have equal stakes in the company.

Summary of financials of a significant associate, € million	2023	2022
Current assets	22.1	27.7
Non-current assets	506.7	516.3
Current liabilities	11.1	11.4
Non-current liabilities	477.6	488.5
Equity attributable to equity holders of the parent	40.1	44.1
Net sales	51.8	48.7
Net profit for the year	-4.1	10.5
Comprehensive income for the year, total	-4.2	9.6

Reconciliation for balance sheet value of an associate, € million	2023	2022
Net assets of the associate	40.1	44.1
Group interest in net assets	13.4	14.7
Balance sheet value of the associate	13.4	14.7

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Other associates

Summary of financials of other associates, € million	2023	2022
Group share of profit for the year	2.8	3.5
Group share of comprehensive income for the year	2.8	-1.5
Balance sheet value of associates in the consolidated statement of financial position	72.7	65.9

The table presents the associates Vahittaiskaupan Takaus Oy and Vahittaiskaupan 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	Warranty provisions	Other provisions	Total
Provisions as at 1 Jan. 2023	7.9	14.3	22.2
Foreign exchange effects	-0.0	0.1	0.1
Additional provisions	4.5	6.8	11.0
Unused amounts reversed	-3.4	-1.5	-4.9
Amounts charged against provision	2.1	7.3	9.4
Provisions as at 31 Dec. 2023	6.6	12.3	18.9
Analysis of total provisions			
Non-current	2.7	4.3	6.9
Current	3.9	8.1	12.0

The biggest items in other provisions are costs related to care plans of vehicles and machines sold by Group companies, real estate costs for empty store sites, and restructuring costs. The average duration for care plans is 3–4 years.

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4. CAPITAL STRUCTURE AND FINANCIAL RISKS

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 by deducting the Group's liquid assets, which comprise cash and cash equivalents and other current financial assets, from interest-bearing short-term and long term-liabilities.

The Group had liquid assets of €227.3 million (€314.1 million) on 31 December 2023. Interest-bearing liabilities on 31 December 2023 totalled €2,787.0 million (€2,418.3 million), of which lease liabilities accounted for €1,997.9 million (€1,920.1 million). Interest-bearing net debt totalled €2,559.8 million (€2,104.2 million), and interest-bearing net debt excluding lease liabilities totalled €561.9 million (€184.1 million).

€ million	2023	2022
Financial assets at amortised cost (maturing in less than 3 months)	3.3	17.0
Cash and cash equivalents	208.6	228.5
Other current financial assets	15.4	68.6
Borrowings - repayable within one year (including overdraft)	-98.5	-252.6
Lease liabilities - repayable within one year	-350.6	-328.1
Borrowings - repayable after one year	-690.7	-245.5
Lease liabilities - repayable after one year	-1,647.2	-1,592.0
Cash and debt, net	-2,559.8	-2,104.2

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€ million	Carrying amount as at 1 Jan. 2023	Cash flows	Business acquisitions and divestments	Net changes of lease liabilities	Foreign exchange adjustments	Carrying amount as at 31 Dec. 2023
Lease liabilities due within 1 year	-328.1	354.3	-3.4	-374.8	1.4	-350.6
Lease liabilities due after 1 year	-1,592.0		-12.1	-51.6	8.4	-1,647.2
Borrowings due within 1 year	-252.6	154.2	-		0.0	-98.5
Borrowings due after 1 year	-245.5	-445.2	-		-	-690.7
Other current financial assets	68.6	53.2	-			15.4
Cash and overdraft	228.5	-28.1	8.2		-0.1	208.6
Financial assets at amortised cost	17.0	-13.7	-		-	3.3
Net debt	-2,104.2	-31.7	-7.3	-426.4	9.8	-2,559.8

€ million	Carrying amount as at 1 Jan. 2022	Cash flows	Business acquisitions and divestments	Net changes of lease liabilities	Foreign exchange adjustments	Carrying amount as at 31 Dec. 2022
Lease liabilities due within 1 year	-327.9	352.7	-1.6	-343.8	[illegible]	-328.1
Lease liabilities due after 1 year	-1,610.7		-12.3	19.0	11.9	-1,592.0
Borrowings due within 1 year	160.1	-92.5	-		0.0	75.6
Borrowings due after 1 year	-206.4	39.1	-0.3		0.0	-245.5
Other current financial assets	107.9	39.3	-			68.6
Cash and overdraft	197.9	23.5	7.4		0.3	228.5
Financial assets at amortised cost	32.0	-15.0				17.0
Financial assets at fair value through profit or loss	50.0	50.0				
Net debt	-1,907.3	120.2	-6.4	-324.8	14.1	-2,104.2

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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 equity instruments of its own, their cost is deducted from equity.

The dividend proposed by the Board of Directors to the General Meeting has not been deducted from equity. Instead, dividends are recognised on the basis of the resolution by the General Meeting.

Change in share numbers and equity reserves

	Number of shares						
Share capital	A	B	Total	Share capital € million	Reserve of invested non-restricted equity € million	Share premium € million	Total € million
1 January 2022	126,948,028	270,162,316*	397,110,344*	197.3	197.8	266.9	662.0
Transfer of treasury shares		348,303	348,303				
31 December 2022	126,948,028	270,510,619*	397,458,647*	197.3	197.8	266.9	662.0
Transfer of treasury shares		310,864	310,864				
31 December 2023	126,948,028	270,821,483*	397,769,511*	197.3	197.8	266.9	662.0
Number of votes	1,269,480,280	270,821,483	1,540,301,763				

* Excluding treasury shares, which totalled 2,309,497 (2,620,361) 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 €24.4 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 is valid until 30 June 2024. Information on share-based payments has been given in Note 5.3.

	pcs
B shares held by the Company as at 31 Dec. 2022	2,620,361
Transfer, share-based compensation plan	-310,864
Returned during the period	-
B shares held by the Company as at 31 Dec. 2023	2,309,497

Dividends

After the balance sheet date, the Board of Directors proposed the distribution of a dividend of €1.02 per share. The dividend distributed for the profit for 2022 was €1.08 per share.

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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, the Group observes a uniform treasury policy that has been approved by the Company's Board of Directors. Compliance with this policy and developments in the Group's financial situation are monitored by the Board's Audit Committee. The Group Treasury is centrally responsible for obtaining financial resources for the Group, for liquidity management, relations with providers of finance, and the management of financial risks. In the main, the Group's financial resources have been obtained through the parent company, and the Group Treasury arranges financial resources for subsidiaries in their functional currencies. For subsidiaries with significant external ownership, the Group has not guaranteed financial liabilities in excess of its ownership interest.

Foreign exchange risks
Kesko Group conducts business operations in seven countries, in addition to which it makes purchases from numerous countries. In consequence, the Group is exposed to various foreign exchange risks arising from net investments in foreign operations (translation risks) and from assets, liabilities and forecast transactions (transaction risks) denominated in foreign currencies.

The Group companies' financial resources are arranged in their functional currencies. The parent company bears the ensuing foreign exchange risk and hedges the risk exposure using derivatives or borrowings denominated in the relevant foreign currencies.

Translation risks
The Group is exposed to foreign currency translation risks relating to net investments in subsidiaries outside the euro zone held on the balance sheet. This balance sheet exposure has not been hedged. The hedge can be designated if equity is repatriated, or if a currency is expected to be exposed to a significant devaluation risk. The most significant translation exposures are the Norwegian krone and the Swedish krona. Relative to the Group's volume of operations and the balance sheet total, the foreign currency translation risk is low.

Group's translation exposure as at 31 Dec. 2023 € million	NOK	SEK	PLN
Net investment	487.2	297.5	85.7

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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 accounting to hedge purchases, the valuation of derivatives is recognised in the revaluation reserve of equity. When a derivative matures, it is treated similarly to the hedged item.

Group's transaction exposure as at 31 Dec. 2023 € million	USD	SEK	NOK	PLN
Group's transaction risk	-2.9	57.5	51.7	-11.6
Hedging derivatives	17.2	-47.3	-42.3	5.1
Open exposure	14.3	10.2	9.5	-6.6

Group's transaction exposure as at 31 Dec. 2022 € million	USD	SEK	NOK	PLN
Group's transaction risk	-1.2	74.9	23.7	11.9
Hedging derivatives	23.4	-56.2	-20.9	-10.7
Open exposure	22.3	18.7	2.8	1.2

The Group monitors the transaction risk exposure in respect of existing balances and forecast cash flows. The table above presents transaction exposure excluding future cash flows. It does not include the Group's actual foreign exchange risk after hedging. When forecast amounts are included in the transaction exposure, the most significant difference to the table is in the USD exposures. As at 31 December 2023, the exposure with respect to USD was €-5.5 million.

A sensitivity analysis of the transaction exposure shows the impact on profit or loss of a +/-10% exchange rate change in intra-Group receivables and liabilities denominated in foreign currencies and foreign currency derivatives and borrowings used for hedging.

Sensitivity analysis, impact on pre-tax profit as at 31 Dec. 2023 € million	USD	SEK	NOK	PLN
Change +10%	-1.3	-0.9	-0.9	0.6
Change -10%	1.6	1.1	1.1	-0.7

Sensitivity analysis, impact on pre-tax profit as at 31 Dec. 2022 € million	USD	SEK	NOK	PLN
Change +10%	-2.0	-1.7	-0.3	-0.1
Change -10%	2.5	2.1	0.3	0.1

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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 reconciliation is presented in Note 9.1

Payables to K-retailers consist of two types of interest-bearing liabilities by Kesko to K-retailers' retailers' prepayments to Kesko and Kesko's chain rebate liabilities to retailers

Kesko has drawn down five bilateral loans, which combined total €650 million. The interest margin of these loans accounts for Kesko's sustainability targets for its carbon footprint and food waste, and in the value chain, emission reduction targets set by Kesko's direct suppliers of goods and services.

At the balance sheet date, the total equivalent of undrawn committed credit facilities was € 300 million (€ 300 million). According to the terms and conditions of loan agreements, at change of control, the lenders have the right to terminate the credit facility and loan amounts possibly drawn. According to the terms and conditions of the loan facility, the change of ownership to retailers or an association of retailers does not constitute a change of control. In addition, the Group's uncommitted financial resources available contained commercial paper programmes denominated in euros totalling an equivalent of € 546 million (€ 506 million).

	31 Dec. 2023				31 Dec. 2022			
€ million	<1 year	1–5 years	>5 years	Total	<1 year	1–5 years	>5 years	Total
Maturities of financial liabilities and related finance costs								
Borrowings from financial institutions	0.2	650.6	0.8	651.6	0.2	200.6	0.9	201.7
finance costs	29.6	17.3	0.1	47.0	0.2	9.2	0.1	9.5
Pension loans	12.0	32.3	-	44.3	12.0	38.6	5.7	56.3
finance costs	0.6	0.9	-	1.5	0.6	1.4	0.1	2.2
Lease liabilities	350.6	1,064.2	583.0	1,997.9	326.1	1,012.4	579.7	1,920.1
finance costs	69.6	164.5	68.4	302.5	61.6	144.2	52.1	257.9
Payables to K-retailers	64.5	-	-	64.5	82.1	-	-	82.1
finance costs	-	-	-	-	0.2	-	-	0.2
Other interest-bearing liabilities	21.7	7.9	0.0	29.6	158.3	-	0.0	158.3
finance costs	0.1	0.4		0.5	1.3			1.3
Non-current non-interest-bearing liabilities	0.6	3.9	19.7	24.1	1.0	2.6	20.5	24.1
Current non-interest-bearing liabilities								
Trade payables	1,418.3			1,418.3	1,499.4			1,499.4
Accrued expenses	415.1			415.1	442.6			442.6
Other non-interest-bearing liabilities	193.4			193.4	195.5			195.5

Financial liabilities in the balance sheet include €3.9 million (€1.2 million) in items related to derivatives, of which €2.3 million will mature within the next 12 months

More information on leases is presented in Note 3.4

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	31 Dec. 2023				31 Dec. 2022			
€ million	<1 year	1–5 years	>5 years	Total	<1 year	1–5 years	>5 years	Total
Cash flows of derivatives								
Payables								
Foreign currency derivatives	125.1	-	-	125.1	140.9	-	-	140.9
Interest rate derivatives	3.9	4.8	-	8.7	1.0	3.0	-	4.0
of which derivatives under hedge accounting	3.0	2.9	-	5.9				
Electricity derivatives	0.8	1.3	-	1.9	0.6	0.1	-	0.7
Receivables								
Foreign currency derivatives	123.5	-	-	123.5	142.8	-	-	142.8
Interest rate derivatives	9.4	7.0	-	16.3	3.3	8.2	-	11.5
of which derivatives under hedge accounting	3.6	2.1	-	5.6				
Electricity derivatives	5.3	2.2	0.0	7.5	29.3	15.5	-	44.8

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 rate of these borrowings, payables to retailers, and other interest-bearing liabilities was 4.2%.

Credit and counterparty risk

Financial instruments involve the risk of non-performance by counterparties. Credit risk is managed with agreements with financially sound Finnish and foreign banks, financial institutes and brokers, within the counterparty risks limits set in the treasury policy. Financial assets are also invested in money market funds and the bonds, commercial papers and certificates of deposit issued by conservatively selected companies and banks. The limits are reviewed regularly depending on the market situation.

Further information about credit and counterparty risk of trade receivables can be found in Note 3.6.

Supply chain financing arrangements

The Group has established a supply chain financing scheme with three banks. Trade payables in the consolidated statement of financial position on 31 December 2023 totalled €1,418.2 million, of which €354.6 million were liabilities related to open purchase accounts covered by the schemes. In supply chain financing, the supplier utilises the buyer's credit rating when selling its receivables to a financing institution. Once the buyer approves the purchase accounts, the bank pays them to the supplier without a right of recourse, meaning the supplier has quick

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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	-23.3	-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-interest-bearing non-current receivables equals their fair value.

Maturity analysis of non-current receivables as at 31 Dec. 2022 € million	2024	2025	2026	2027	2028–	Total
Non-interest-bearing non-current receivables	9.8	5.2	4.2	5.9	0.7	25.9
Loans and receivables from associates and joint ventures	3.4	3.4	0.5	1.5	56.0	64.7
Other non-current receivables	0.2	-	-	-	-	0.2
Total	**13.4**	**8.6**	**4.7**	**7.4**	**56.7**	**90.8**

Commodity risks and their sensitivity analysis

The Group uses electricity derivatives for the purpose of balancing out energy costs. The electricity price risk is assessed for five-year periods. The changes in the fair values of derivatives hedging the price of electricity supplied during the financial year are recognised within adjustments to purchases. Hedge accounting is applied to contracts hedging future purchases. Hedge accounting is applied in accordance with IFRS 9 to hedge the risk component. The effective portion of the change in the value of derivatives that qualify for hedge accounting is recognised in the revaluation reserve of equity. The change in the revaluation reserve recognised in equity is presented in the statement of comprehensive income under Revaluation of cash flow hedge.

Result of cash flow hedging

As a result of hedge accounting for interest-bearing loans, a change in fair value of €-0.5 million has been recorded in the revaluation reserve before accounting for deferred tax. In addition, a €0.3 million adjustment for interest expenses has been recorded in the income statement for these interest rate derivatives.

As a result of hedge accounting applied to electricity, an amount of €11.5 million (€34.8 million) was removed from equity and included in the income statement as purchase cost adjustment, and €-27.0 million (€67.7 million) was recognised in equity, respectively. Their combined effect on the revaluation reserve for the year was €5.7 million (€44.2 million) before accounting for deferred tax.

As at the balance sheet date, a total quantity of 881,560 MWH (810,336 MWH) of electricity had been purchased with electricity derivatives and 9,802,890 MWH (1,196,839 MWH)

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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 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)
Interest rate derivatives	14.8	-8.5	12.2	-0.1
Foreign currency derivatives	0.2	-1.8	2.4	-0.6
Electricity 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	330.0
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 costs

€ million	2023	2022
Interest income and other finance income		
Income on investments at amortised cost	0.6	1.0
Interest income on loans and receivables	13.4	9.7
Income on investments at fair value through profit or loss	0.6	1.0
Other finance income	2.4	1.3
Total interest income and other finance income	16.9	13.0
Interest expense and other finance costs		
Interest expense on financial liabilities at amortised cost	-24.9	-4.0
Losses on investments at amortised cost	1.2	-2.2
Losses on investments at fair value through profit or loss	-0.3	-3.5
Other finance costs	-2.2	12.7
Total interest expense and other finance costs	-26.3	2.9
Interest expense for lease liabilities	-73.4	-68.4
Exchange differences		
Exchange differences and changes in fair values of derivatives, borrowings denominated in foreign currencies not qualifying for hedge accounting, and cash at bank	-1.1	-3.5
Total exchange differences	-1.1	-3.5
Total finance income and costs	-83.9	-56.0

Interest expenses and other finance costs in comparison year include positive change in fair 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 other comprehensive income comprise derivatives that meet the hedge accounting criteria. Financial assets that do not meet the criteria of the other groups are classified as financial assets measured at fair value through profit or loss.

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with banks as well as liquid funds measured at amortised cost which are invested in instruments with maturities of less than three months from acquisition. Investments in money market funds recognised at fair value through profit or loss, for which liquidity is assessed as very good, are also classified as cash and cash equivalents. The cash and cash equivalents in the consolidated balance sheet also include amounts relating to the retail operations of the group companies, used as cash floats in stores, or amounts being transferred to the respective companies.

Financial liabilities

Financial liabilities have initially been recognised at fair value, net of transaction costs. In the financial statements, financial liabilities are measured at amortised cost using the effective interest rate method. Arrangement fees paid on the establishment of loan facilities and financial liabilities are amortised over the period of the facility to which it relates. Financial liabilities having maturities of more than 12 months after the balance sheet date are classified as non-current liabilities. Those maturing within 12 months after the balance sheet date are classified as current liabilities.

Derivative financial instruments and hedge accounting

When derivative contracts are entered into, they are recognised at fair value and in the financial statements, they are re-measured at their fair value. The recognition of changes in the fair value of derivatives depends on whether the derivative instrument qualifies for

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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 at the balance sheet date. Currency options are measured using the counterparty's price quotation, but the Group also verifies the price by applying the Black–Scholes method. Electricity derivatives are measured at fair value using the market quotations at the balance sheet date.

Hedging a net investment in foreign operations

During the financial year, the Group has not hedged net investments in foreign operations. If a hedge is initiated, the Group applies hedge accounting in accordance with IFRS 9 to hedge foreign currency net investments in foreign operations. Foreign exchange forward contracts or foreign currency borrowings are used as hedging instruments. Spot price changes in foreign exchange forward contracts are recognised in translation differences under equity, and disclosed in other comprehensive income. The premiums of forward contracts are recognised as income under financial items. The exchange difference of foreign currency borrowings is recognised in translation differences under equity. When a foreign operation is partially or wholly disposed of or wound up, cumulative gains or losses from the hedging instruments are recognised in profit or loss.

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As at 31 December 2023

Balance, € million	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets								
Other investments	14.0		-	14.0	14.0			14.0
Non-current receivables		64.1		64.1	64.1			
Non-current receivables, derivatives	5.6		1.7	7.3	7.3		7.3	
Current financial assets								
Trade receivables		970.5		970.5	970.5			
Other receivables		299.9		299.9	299.9			
Other receivables, derivatives	1.2		5.8	7.0	7.0		7.0	
Other financial assets		15.4	-	15.4	15.5		-	
Cash and cash equivalents	-	211.9	-	211.9	211.9		-	
Total financial assets	20.8	1,561.7	7.5	1,590.1	1,590.2		14.3	14.0

Balance, € million	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial liabilities								
Non-current interest-bearing liabilities		690.7		690.7	691.0			
Non-current lease liabilities		1,647.2		1,647.2	1,647.2			
Non-current non-interest-bearing liabilities		22.6		22.6	22.6			
Non-current non-interest-bearing liabilities, derivatives			1.6	1.6	1.6		1.6	
Current financial liabilities								
Current interest-bearing liabilities		98.5		98.5	98.1			
Current lease liabilities		350.6		350.6	350.6			
Trade payables		1,418.3		1,418.3	1,418.3			
Other non-interest-bearing liabilities		606.1		606.1	606.1			
Other non-interest-bearing liabilities, derivatives	1.8		0.6	2.3	2.3		2.3	
Total financial liabilities	1.8	4,834.0	2.1	4,837.8	4,837.8		3.9	

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As at 31 December 2022

Balance, € million	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets								
Other investments	13.2			13.2	13.2			13.2
Non-current receivables		66.0		66.0	66.0			
Non-current receivables, derivatives	12.1		12.8	24.9	24.9		24.9	
Current financial assets								
Trade receivables		969.3		969.3	969.3			
Other receivables		331.2		331.2	331.2			
Other receivables, derivatives	2.4		32.1	34.4	34.4		34.4	
Other financial assets	29.9	38.7		68.6	68.6		29.9	
Cash and cash equivalents	-	245.5		245.5	245.5			
Total financial assets	57.6	1,650.6	44.8	1,753.1	1,753.1		89.2	13.2

Balance, € million	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial liabilities								
Non-current interest-bearing liabilities		245.5		245.5	243.4			
Non-current lease liabilities		1,592.0		1,592.0	1,592.0			
Non-current non-interest-bearing liabilities		24.1		24.1	24.1			
Non-current non-interest-bearing liabilities, derivatives								
Current financial liabilities								
Current interest-bearing liabilities		252.6		252.6	252.2			
Current lease liabilities		328.1		328.1	328.1			
Trade payables		1,499.4		1,499.4	1,499.4			
Other non-interest-bearing liabilities		636.9		636.9	636.9			
Other non-interest-bearing liabilities, derivatives	0.6		0.7	1.2	1.2		1.2	
Total financial liabilities	0.6	4,578.7	0.7	4,579.9	4,577.3		1.2	

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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 contingencies

€ million	2023	2022
Collateral given for own commitments		
Pledges	9.0	9.0
Mortgages	183.2	179.6
Guarantees	60.0	63.6
Other commitments and contingent liabilities	64.0	98.4
Collateral given for others		
Guarantees		
Other commitments and contingent liabilities		

The guarantees given do not include guarantees related to the items presented within liabilities in the consolidated statement of financial position or as a lease liability in Note 4.4.

Guarantee maturities are €2.2 million in 2024 and €57.9 million in 2025–2028.

Leases not commenced yet but to which the Group is committed at the balance sheet date 31 December 2023 are presented in Note 5.4.

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5. OTHER

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, %
Ankkuri-Energia Oy	Helsinki, Finland	100.00	100.00
Asunto Oy Kirkkonummen Västeruddintie 33	Kirkkonummi, Finland	100.00	100.00
Asunto Oy Porvoon Taiteilija	Porvoo, Finland	100.00	100.00
Byggmakker Handel AS	Oppegård, Norway	100.00	100.00
Fiesta Real Estate AS	Tallinn, Estonia	100.00	100.00
Intersport Finland Oy	Helsinki, Finland	100.00	100.00
Jyväscool Oy	Jyväskylä, Finland	100.00	100.00
JK-Kiinteistöt Oy	Hyvinkää, Finland	100.00	100.00
Kojatukku E. Erikssoo Oy	Helsinki, Finland	100.00	100.00
K Auto Oy	Helsinki, Finland	100.00	100.00
Keskinäinen Kiinteistö Oy Malmin Kankiraula	Helsinki, Finland	100.00	100.00
Keskinäinen Kiinteistö Oy Voisalmentie 9 Lappeenranta	Helsinki, Finland	100.00	100.00
Kesko AB	Stockholm, Sweden	100.00	100.00
Kesko Export Oy	Helsinki, Finland	100.00	100.00
Kiinteistoosakeyhtiö Varkauden Kauppakatu 29	Varkaus, Finland	52.29	52.29
Kiinteistö Oy Espoontori	Espoo, Finland	66.60	66.60
Kiinteistö Oy Espoon Asemakuja 2	Espoo, Finland	100.00	100.00
Kiinteistö Oy Espoon Asematori	Espoo, Finland	54.10	54.10
Kiinteistö Oy Etelakoivulan Kauppakeskus	Pori, Finland	78.45	78.45
Kiinteistö Oy Helsingin Itäkeskus	Helsinki, Finland	100.00	100.00
Kiinteistö Oy Hiukkavaaran Kauppa	Oulu, Finland	100.00	100.00

Owned by the parent	Domicile	Group's ownership interest, %	Parent's ownership interest, %
Kiinteistö Oy Hyvinkään Onnela	Helsinki, Finland	100.00	100.00
Kiinteistö Oy Kitulan Säästökulma	Helsinki, Finland	100.00	100.00
Kiinteistö Oy Kuopion Tulliportinkatu 33	Kuopio, Finland	100.00	100.00
Kiinteistö Oy Lappeenrannan Oksasenkatu 4	Helsinki, Finland	100.00	100.00
Kiinteistö Oy Mariannen Liiketila	Helsinki, Finland	100.00	100.00
Kiinteistö Oy Pontsonkulma	Helsinki, Finland	94.60	94.60
Kiinteistö Oy Riistaveden Keskustie 15	Helsinki, Finland	79.50	79.50
Kiinteistö Oy Sarviniitynkatu 4	Kerava, Finland	100.00	100.00
Kiinteistö Oy Sunan Hallitalo	Helsinki, Finland	100.00	100.00
Kiinteistö Oy Tarkkailkka	Oulu, Finland	100.00	100.00
Kiinteistö Oy Volsalmen Liiketalo	Helsinki, Finland	100.00	100.00
Klintcenter Ab	Mariehamn, Åland	100.00	100.00
Kompass Invest Oy	Kemiönsaari, Finland	100.00	100.00
K-Market Oy	Helsinki, Finland	100.00	100.00
Koskelan Ostokeskus Oy	Oulu, Finland	58.64	29.32
ML 84 Dormant Oy	Helsinki, Finland	100.00	100.00
Onninen Oy	Helsinki, Finland	100.00	100.00
Rake Eiendom AS	Oppegård, Norway	100.00	100.00
Reinin Liha Oy	Helsinki, Finland	100.00	100.00
Tampereen Länsikeskus Oy	Tampere, Finland	100.00	100.00

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Owned by other Group companies	Domicile	Group's ownership interest, %	Parent's ownership interest, %
Arn Fiendom AS	Vefsn, Norway	100 00	
Djurbergs Jarnhandel Aktiebolag	Osters und, Sweden	100 00	
Elektroskandia Norge AS	Langhus, Norway	100.00	
Espoontori Pysakointitalo Oy	Espoo, Finland	68 80	
Gerlanger Bygg AS	Bergen, Norway	100.00	
Hasli-Ari AS	Oppegård, Norway	100 00	
Hogsbo Tra Aktiebolag	Vastra Frolunda, Sweden	100 00	
K Auto AC Oy	Helsinki, Finland	100 00	
K Auto PC Oy	Helsinki, Finland	100 00	
K Auto Leasing Oy	Helsinki, Finland	100 00	
K Auto Retail Oy	Helsinki, Finland	100.00	
Kesko Onninen International Trading Co., Ltd	Shanghai, China	100 00	
K rauta SIA	Riga, Latvia	100 00	
Kestra Kuntoistopalvelut Oy	Helsinki, Finland	100 00	
Kunteisto Oy Kokkolan Kaasaanmaantie 2–4	Kokkola, Finland	84 78	
Kunteisto Oy Lappeenrannan Rakuunaparkki	Lappeenranta, Finland	57 12	
Kunteisto Oy Vantaan Simonsampo	Vantaa, Finland	100.00	
KR Fastigheter i Järfalla AB	Sollentuna, Sweden	100.00	
KR Fastigheter i Linkoping AB	Sollentuna, Sweden	100,00	
KR Fastigheter i Taby AB	Sollentuna, Sweden	100 00	
K Bygg Bergslagen AB	Sollentuna, Sweden	100.00	
K-Bygg Forsaljning AB	Segeltorp, Sweden	100 00	
K-Bygg Sverige AB	Ostersund, Sweden	100.00	
K-rauta Fastigheter i Malmo AB	Sollentuna, Sweden	100 00	
K-Rauta Holding Finland Oy	Helsinki, Finland	100.00	
Kungalvs Travaruaktiebolag	Kungalv, Sweden	100 00	
Mark & Infra i Sverige AB	Taby, Sweden	100.00	
Olarin Autokunteisto Oy	Espoo, Finland	100 00	
Onninen AS	Skedsmo, Norway	100.00	
Onninen AS	Tallinn, Estonia	100.00	
Onninen SIA	Riga, Latvia	100 00	
Onninen Sp z o o	Warsaw, Poland	100 00	
Onninen UAB	Vilnius, Lithuania	100 00	

Owned by other Group companies	Domicile	Group's ownership interest, %	Parent's ownership interest, %
Petrosaaren Lukekeskus Oy	Rauma, Finland	54 57	
Proleco Oy	Vantaa, Finland	100 00	
Rake Berger AS	Oppegård, Norway	100 00	
Sport 1 Hokkmann Mosjøen AS	Mosjøen, Norway	100 00	
Søiba AS	Skedsmokorset, Norway	100 00	
Sorred's Byggvaruhus AB	Goteborg, Sweden	100 00	
Tau & Jorpeland Eiendom	Jorpeland, Norway	100 00	
Trogstadveien 13 AS	Oppegard, Norway	100 00	
Zenter Sweden AB	Hasselda, Sweden	100 00	
Ovik Lasteknik AB	Ornskoldsvik, Sweden	100 00	

Associates and joint ventures

Associates and joint ventures are consolidated using the equity method.

Owned by the parent	Domicile	Group's ownership interest, %	Parent's ownership interest, %
Graanin Liikekeskus Oy	Mikkeli, Finland	50 00	50 00
Kesko Senukai Lithuania UAB	Vilnius, Lithuania	50 00	50 00
Kunteisto Oy Raauvko	Lahti, Finland	26 20	26 20
Kunteisto Oy Jarakkalan Liikenaut	Jarakkala, Finland	29 86	29 86
Kunteisto Oy Joensuun Kaupunginportti	Joensuu, Finland	22 77	22 77
Mestrada Oy	Helsinki, Finland	33 33	33 33
Vahittaiskaupan Takaus Oy	Helsinki, Finland	47 84	47 84
Vahittaiskaupan Tilapalvelu VTP Oy	Helsinki, Finland	30 00	30 00

Owned by other Group companies	Domicile	Group's ownership interest, %	Parent's ownership interest, %
EDISON Data AS	Oslo, Norway	50 00	
Proffsenteret AS	Ringebu, Norway	34 11	
KS Holding UAB	Vilnius, Lithuania	50 01	

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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 Stroken	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 20–22	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 Taidetehtaanpark	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 Palkoltus Oy	Oulu, Finland	33.33	33.33
Talo Oy Kalevanpuisto	Kuopio, Finland	47.60	47.60
Voisalmen Ostoskeskus Oy	Lappeenranta, Finland	50.00	

5.2 Related party transactions

The Group's related parties include its 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, Kesko's subsidiaries, associates and joint ventures, and Kesko Pension Fund. The subsidiaries, associates and joint ventures are listed in Note 5.1.

The related party transactions disclosed consist of such transactions carried out with related parties that are not eliminated in the consolidated financial statements.

Some members of the Kesko Board are K-retailers. The Group companies sell goods and services to companies controlled by them. Goods and services have been sold to and purchased from related parties on normal market terms and conditions and at market prices.

Kesko reports Kesko Senukai Group and KS Holding Group that are part of Kesko's building and technical trade segment, as joint ventures using the equity method.

The associated company consolidated using the equity method, Mercada Oy, owns properties which have been leased for use by the Group. Vähittäiskaupan Takaus Oy and Vähittäiskaupan Tilipalvelu Oy sell their services to Kesko's and K-retailers' retail companies. The other associates mainly comprise business property companies. Mutual real estate companies have been consolidated in the financial statements in proportion to their ownership interests.

Kesko Pension Fund is a stand-alone legal entity which manages the majority of the pension assets related to the voluntary pensions of the Group's employees in Finland. At the end of 2023 or 2022, the pension assets did not include Kesko Corporation shares. Properties owned by Pension Fund have been leased to Kesko Group.

During the financial years 2023 and 2022, Kesko Group did not pay contributions to 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	
€ million	2023	2022	2023	2022	2023	2022
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	-0.5	-	-	-0.2	

Balance sheet	Associates and joint ventures		Board and management		Pension Fund	
€ million	2023	2022	2023	2022	2023	2022
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	
€ million	2023	2022	2023	2022	2023	2022
Cash flow from leases	38.7	35.9	-		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 of the current portion of these loans. Other current liabilities include, for example, chain rebate payables to companies controlled by the Kesko Board members. Chain rebates are paid retrospectively based on criteria related to the amount of actual annual purchases and the quality of operations.

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

The Group joint ventures UAB Kesko Senukai Lithuania and UAB KS Holding distributed in total €21.7 million as dividends and equity repayments to Kesko Group companies in the 2023 financial year. The Group associate Vähittäiskaupan Takaus Oy distributed €2.6 million as dividend to Kesko Corporation in the 2023 financial year.

Management's employee benefits

The top management comprises the Board of Directors and the Group Management Board. The compensation paid to them for their employee services consists of the following items:

Monetary salaries, fees, fringe benefits and share-based compensation €1,000		2023	2022
Mikko Helander	President and CEO	5,570.1	6,666.4
Group Management Board	other members	8,232.9	9,801.4
Esa Kaikonen	Board Chairman	114.6	117.6
Peter Fagernas	Board Deputy Chairman	70.2	71.4
Jannica Fagerholm	Board member	74.4	75.6
Piia Karhu	Board member	55.9	57.1
Jussi Pesola	Board member	52.9	54.1
Tom Pokela	Board member	52.9	54.1
Timo Ritakallio	Board member	57.7	58.9
Total		12,081.6	15,156.0

Approximately 30% of the annual fees for Board members was paid in shares in the Company and the remaining fee amount was paid in cash. The members of the Board of Directors were

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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 the salary for the period of notice, termination compensation or, in case of retirement, pensionable salary. If an executive resigns, he/she is only entitled to a salary for the period of notice and fringe benefits. When a service relationship terminates due to retirement, the executive is paid a pension based on his/her service contract without other compensations.

Shareholdings

At 31 December 2023, the President and CEO held 5,000 Kesko Corporation A shares and 431,385 Kesko Corporation 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.

5.3 Share-based compensation

Accounting policies

The costs relating to share-based payments are recorded in the income statement and the corresponding liability for share-based payments settled in cash is recognised in the balance sheet. For equity-settled share-based payment transactions, an increase corresponding to the expensed amount is recorded in equity.

The Company's Board of Directors has granted a share-based compensation plan to management under which an award consisting of B series shares and an amount in cash is paid upon fulfilling the plan's terms. The fair value of the award paid in shares is the value of the share at the grant date and it is recognised as an expense on a straight-line basis over the vesting and commitment period of the plan. The expensed amount is based on the Group's estimate of the amount of award payable in shares at the end of the vesting period. The effects of non-market conditions are not included in the fair value of the awards. Instead, they are accounted for in the assumptions of the number of shares expected to vest at the end of the vesting period. A cash component is paid to cover the taxes and tax-like charges incurred under the award. The cash component is recognised as an expense during the vesting period. Changes in estimates are recorded in the income statement.

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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 calculations	PSP 2023–2026	PSP 2022–2025	PSP 2021–2024	PSP 2020–2023
Grant dates	1.2.2023	2.2.2022	2.2.2021	4.2.2020
Grant date fair value of share award, €	20.56	22.75	21.01	19.85
Share price at grant date, €	21.64	23.72	21.76	19.95
Shares transferred in	2025	2024	2023	2022
Number of share awards granted, maximum, pcs*	651,430	517,550	646,970	842,850
Changes in the number of shares granted, pcs	-121,890	31,725	100,950	116,760
Actual amount of share award, pcs*	-		605,539	656,729
Number of plan participants at end of financial year	59	60	49	45
Share price at balance sheet date, €	17.95	20.62	29.34	21.04
Fulfilment of performance criteria, %	-		75.0	90.0
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 representing the equity component of the reward and the estimated number of shares

The performance-based share award plan Key Personnel Share Plan (KPSP) and Restricted Share Pool (RSP)

KPSP plan consists of individual annually commencing share plans, each with a one-year performance period and a two-year commitment period. Kesko's Board decides annually whether to initiate a new plan. 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. The performance criteria for the KPSP comprise indicators related to Kesko's profitability and the profitability growth and capital efficiency of the participant's area of responsibility, and Kesko's share performance.

RSP is a secondary share plan for special situations, to be decided upon separately. The plan consists of annually commencing individual share plans that each have a three-year commitment period, after which the potentially promised share awards for an individual plan will be paid to the participants, provided that their employment or service relationship with Kesko Group continues until the payment of the awards. The number of shares granted based

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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*	293,850	214,980	256,769	291,700
Changes in the number of shares granted, pcs	-8,500	-14,610	-23,612	-54,370
Actual amount of share award, pcs*	-	88,246	191,450	209,320
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
Fulfilment 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 of Onninen from Onvest Oy on 1 June 2016. Consequences resulting to Onninen from the investigation were addressed in the acquisition terms and conditions. Onninen denies the FCCA claims of suspected violation of competition law as unfounded. Kesko is not suspected of participation in the alleged infringement.

Legal proceedings concerning UAB Kesko Senukai Lithuania – Kesko has disclosed, for example in its financial statements 2022, that it was party to an arbitration and a legal proceeding concerning the shareholder agreement of Kesko's joint venture UAB Kesko Senukai Lithuania and the disagreements concerning the management and development of the company and its subsidiary. The other parties to these legal proceedings have included, for example, the minority shareholders of UAB Kesko Senukai Lithuania. The arbitration process ended during 2023 and the judgement given is final. In the legal proceeding concerning the annulation and reversal of the arbitral award issued in 2022, the District Court of Helsinki gave its decision in 2023. The opposing parties have appealed the District Court decision to the Helsinki Court of Appeal, where the matter is pending.

5.5 Events after the balance sheet date

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.

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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	-5,922,332,251.59
Change in inventory	-23,008,211.48	57,589,050.87
Employee benefit expenses	-384,770,788.96	-348,288,605.22
Depreciation, amortisation and impairment	-113,486,865.95	-107,891,749.91
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	63,839,871.87
Profit before appropriations and taxes	551,157,003.68	523,145,654.78
Appropriations		
Change in depreciation reserve	-23,549,009.97	-28,327,302.66
Group contribution	64,919,581.06	5,641,910.30
Profit before taxes	592,527,574.77	491,376,441.82
Income taxes	-82,909,736.55	-82,450,821.94
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		
NON-CURRENT ASSETS		
INTANGIBLE ASSETS		
Intangible rights	5,125,872.64	5,467,058.98
Other intangible assets	219,153,791.56	196,023,659.20
Prepayments	4,150,302.51	8,843,638.88
	228,429,966.71	210,334,357.06
PROPERTY, PLANT AND EQUIPMENT		
Land and waters		
Owned	277,174,152.62	247,306,198.38
Leasehold interests and connection fees	7,289,059.93	6,656,847.26
Buildings		
Owned	658,740,908.91	555,902,410.32
Machinery and equipment	88,443,233.36	97,574,724.25
Other tangible assets	6,341,067.34	6,489,657.89
Prepayments and construction in progress	113,022,536.55	87,473,806.60
	1,151,010,958.71	1,002,403,644.70
INVESTMENTS		
Investments in subsidiaries	1,281,768,095.60	1,080,275,454.12
Investments in associates	121,462,239.85	113,989,719.85
Other investments	24,693,492.49	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
RECEIVABLES		
Long-term		
Receivables from subsidiaries	34,933,925.92	80,431,580.19
Receivables from associates	61,386,166.16	64,758,166.16
Loan receivables	1,071,723.22	198,289.59
Other receivables	10,320,055.51	10,120,166.55
	107,711,870.81	155,508,202.49
Short-term		
Trade receivables	401,544,346.37	408,603,965.96
Receivables from subsidiaries	419,460,312.16	458,263,141.09
Receivables from associates	9,491,959.99	25,277,501.01
Loan receivables	276,310.07	415,425.56
Other receivables	12,647,229.78	7,034,007.06
Prepayments and accrued income	89,145,137.15	122,462,451.29
	932,565,295.52	1,022,056,491.97
OTHER FINANCIAL ASSETS	-	35,826,114.07
CASH AND CASH EQUIVALENTS	200,012,586.12	229,888,894.55
TOTAL ASSETS	4,350,035,406.41	4,199,413,370.00

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€	31 Dec. 2023	31 Dec. 2022
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	197,282,584.00	197,282,584.00
Share premium	197,498,010.90	197,498,010.90
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	808,916,472.00	823,451,129.66
Profit for the financial year	509,617,858.22	408,925,619.88
	1,979,484,008.07	1,893,326,447.39
APPROPRIATIONS		
Depreciation reserve	206,658,990.11	183,109,980.14
PROVISIONS		
Provisions	2,017,574.84	2,238,581.83
LIABILITIES		
Non-current		
Loans from financial institutes	650,000,000.00	200,000,000.00
Pension loans	32,349,000.00	44,343,000.00
Other creditors	19,001,617.22	10,372,880.37
	701,350,617.22	254,715,880.37
Current		
Pension loans	11,994,000.00	11,994,000.00
Advances received	31,541,172.75	26,638,337.94
Trade payables	739,185,366.57	745,126,341.50
Payables to subsidiaries	262,814,413.54	516,685,528.79
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
	1,460,524,216.17	1,866,022,480.27
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		
Profit before appropriations	551,153,503.68	523,145,694.78
Adjustments		
Depreciation according to plan	113,486,865.95	102,891,749.91
Finance income and costs	-160,251,693.28	-63,839,871.87
Other adjustments	-7,413,552.15	-51,392,533.62
	496,975,124.20	510,804,999.20
Change in working capital		
Current non-interest-bearing receivables, increase (-)/decrease (+)	27,535,297.96	-38,448,516.52
Inventories increase (-)/decrease (+)	23,008,211.48	-57,389,050.87
Current non-interest-bearing liabilities, increase (+)/decrease (-)	-18,265,630.51	56,750,795.21
	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	16,608,267.52
Dividends received	168,684,828.28	66,587,990.30
Income tax paid	-58,598,511.77	-110,101,405.44
	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	-268,739,614.55
Acquisitions of subsidiaries	-96,464,969.71	-27,133,141.86
Sales of subsidiaries, net of cash	-	5,987,807.94
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	135,466.99
Long-term receivables, increase (-)/decrease (+)	48,113,571.58	11,569,386.96
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

€	1 Jan.–31 Dec. 2023	1 Jan.–31 Dec. 2022
Cash flows from financing activities		
Interest-bearing liabilities, increase (+)/decrease (-)	86,878,735.01	226,769,185.97
Dividends paid	34,350,288.54	-44,199,882.78
Group contributions received and paid	-430,315,181.18	-406,670,233.05
Other items	64,919,581.06	-3,441,910.30
Net cash used in financing activities	14,600,317.10	-3,394,705.32
Net cash used in financing activities	-229,566,259.47	-230,937,545.48
Change in cash and cash equivalents	-29,876,308.43	-39,406,356.62
Cash and cash equivalents as at 1 Jan.	229,888,894.55	269,250,914.39
Impairment of financial assets at fair value through profit or loss	-	44,336.78
Cash and cash equivalents as at 31 Dec.	200,012,586.12	229,888,894.55

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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	3–5 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 during their likely lease period. Land and connection fees have not been depreciated. The total of depreciation according to plan and the change in depreciation reserve comply with the Finnish Business Tax Act. The change in depreciation reserve has been treated as appropriations.

Valuation of inventories

Inventories are stated, using the moving-average cost method, at lower of direct purchase cost, replacement cost and probable selling price.

Valuation of financial assets

Marketable securities have been valued at the lower of cost and net realisable value.

Foreign currency items

Foreign currency transactions have been recorded in euros using the rate of exchange at the date of transaction. Foreign currency receivables and payables have been translated into euros using the rate of exchange at the balance sheet date. If a receivable or a payable is tied to a fixed rate of exchange, it has been used for translation. Exchange rate differences have been recognised in profit or loss.

Derivative contracts

Interest rate derivatives

Interest rate derivatives are used to modify the durations of borrowings. The target duration is between 1 and 4 years. Cash flows arising from interest rate derivatives are recognised during the financial year as interest income or expenses, according to the maturity date. In the financial statements, outstanding interest rate forward contracts, interest rate future contracts, interest rate option contracts and interest rate swap contracts are stated at fair value, but unrealised revaluation is not stated as income. Any valuation losses are included in interest expenses.

Foreign currency derivatives

Foreign currency derivatives are used for hedging against translation and transaction risks. Foreign currency derivatives are used for hedging against commercial foreign exchange risk. Foreign exchange forward contracts are valued using the forward exchange rate of the balance sheet date. The exchange differences arising from outstanding derivative contracts

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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 statement

Note 2. Net sales by division

€ million	2023	2022
Grocery trade	5,724.6	5,493.9
Building and home improvement trade	937.7	1,126.6
Others	0.0	0.0
Total	6,662.2	6,620.5

Note 3. Material and services

€ million	2023	2022
Material and services	-5,782.8	-5,811.6
Change in inventory	-23.0	57.4
External services	-110.6	-110.7
Total	-5,916.4	-5,864.9

Note 4. Other operating income

€ million	2023	2022
Gains on sales of real estate and shares	0.2	0.0
Rent income	99.4	90.9
Fees for services	580.6	576.7
Profits from mergers	26.1	28.4
Others	192.0	200.3
Total	898.2	896.3

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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 €40.5 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 expenses

€ million	2023	2022
Rent expenses	350.6	[illegible]
Marketing expenses	-152.7	[illegible]
Maintenance of real estate and store sites	-102.8	[illegible]
Losses on disposals of non-current assets	0.0	[illegible]
ICT expenses	-78.0	[illegible]
Losses from mergers	11.8	[illegible]
Other operating expenses	-58.9	[illegible]
Total	-754.9	-741.4

Auditors' fees

€ million	2023	2022
Audit Firm Deloitte		
Audit	0.4	[illegible]
Tax consultation		[illegible]
Other services	0.2	[illegible]
Total	0.5	0.5

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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 provisions

€ million	2023	2022
Other changes	-0.2	0.2
Total	-0.2	0.2

Note 11. Income taxes

€ million	2023	2022
Income taxes on group contributions	-13.0	0.7
Income taxes on ordinary activities	-69.8	-82.5
Taxes for prior years	-0.1	-0.6
Total	-82.9	-82.5

Note 12. Deferred taxes

Deferred tax assets and liabilities have not been recorded on the balance sheet. The deferred tax liability on accumulated appropriations is €41.3 million. The amount of other deferred tax liabilities 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	1.6
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	-31.1
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	-42.6
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	12.6
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 and equipment

€ million	2023	2022
Land and waters, owned		
Acquisition cost as at 1 Jan.	247.3	22[illegible]
Increases	27.3	[illegible]
Transferred in mergers	1.9	[illegible]
Decreases	-0.1	
Transfers between items	0.8	[illegible]
Acquisition cost as at 31 Dec.	277.2	247.3
Book value as at 31 Dec.	277.2	247.3
Land and waters, leasehold interests		
Acquisition cost as at 1 Jan.	7.1	[illegible]
Increases	0.4	[illegible]
Transferred in mergers	0.1	
Transfers between items	0.2	[illegible]
Acquisition cost as at 31 Dec.	7.8	[illegible]
Accumulated depreciation as at 1 Jan.	-0.5	[illegible]
Depreciation for the financial year	-0.0	[illegible]
Accumulated depreciation as at 31 Dec.	-0.5	[illegible]
Book value as at 31 Dec.	7.3	6.7
Buildings		
Acquisition cost as at 1 Jan.	942.5	871.1
Increases	84.8	38.[illegible]
Transferred in mergers	8.7	[illegible]
Decreases	-	[illegible]
Transfers between items	48.2	[illegible]
Acquisition cost as at 31 Dec.	1,084.3	[illegible]
Accumulated depreciation as at 1 Jan.	-385.6	[illegible]
Transferred in mergers	-7.0	[illegible]
Accumulated depreciation on decreases and transfers	0.0	[illegible]
Depreciation for the financial year	-37.9	[illegible]
Accumulated depreciation as at 31 Dec.	-425.5	-385.6
Book value as at 31 Dec.	658.7	556.9

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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	22.2
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	-33.6
Acquisition cost as at 31 Dec.	113.0	87.5
Book value as at 31 Dec.	113.0	87.5

Note 15. Investments

€ million	2023	2022
Investments in subsidiaries		
Acquisition cost as at 1 Jan.	1,093.9	1,080.5
Increases	229.2	42.5
Decreases	-27.7	-29.1
Acquisition cost as at 31 Dec.	1,295.4	1,093.9
Impairment as at 1 Jan.	-13.6	-27.7
Accumulated impairments on decreases		14.1
Impairment as at 31 Dec.	-13.6	-13.6
Book value as at 31 Dec.	1,281.8	1,080.3
Investments in associates		
Acquisition cost as at 1 Jan.	114.0	111.7
Increases	7.5	2.3
Book value as at 31 Dec.	121.5	114.0
Other investments		
Acquisition cost as at 1 Jan.	23.7	15.2
Increases	1.0	8.5
Transferred in mergers	0.0	
Decreases	-0.1	-0.0
Transfers between items	0.1	0.0
Acquisition cost as at 31 Dec.	24.7	23.7
Book value as at 31 Dec.	24.7	23.7

An analysis of Kesko Corporation's ownership interests in other companies as at 31 December 2023 is presented in the notes to the consolidated financial statements.

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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	3.6
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	2023	2022
Taxes		
Fees for services	5.5	
Employee benefit expenses	6.6	
Purchases	31.1	
Others	45.9	
Total	89.1	122.5

Note 17. Shareholders' equity

€ million	Share capital	Share premium	Contingency fund	Reserve of invested non-restricted equity	Retained earnings	Total equity
Balance sheet 1 January 2022	197.3	197.5	245.4	22.8	1,236.0	1,899.0
Dividends					-423.5	-423.5
Treasury shares					8.7	8.7
Profit for the year					408.4	408.4
Balance as at 31 December 2022	197.3	197.5	245.4	22.8	1,231.4	1,894.4
Dividends					-429.6	-429.6
Treasury shares					6.1	6.1
Profit for the year					509.6	509.6
Balance as at 31 December 2023	**197.3**	**197.5**	**245.4**	**22.8**	**1,318.5**	**1,979.5**

Restricted equity	2023	2022
Share capital	197.3	197.3
Share premium	197.5	197.5
Total	**394.8**	**394.8**

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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 transferred a total of 6,000 of its own B shares (KESKOB) held by the Company as treasury shares to the members of Kesko's Board of Directors. The transfer was based on the resolution made by the Annual General Meeting on 30 March 2023 to pay a portion of the Board members' annual fees in Kesko B shares.

	Shares
Own B shares held by the Company as at 31 Dec. 2022	2,620,361
Transferred, share-based compensation scheme	-304,864
Transferred, Board of Directors	-6,000
Returned during the financial year	-
Own B shares held by the Company as at 31 Dec. 2023	2,309,497

Note 18. Provisions

€ million	2023	2022
Provisions for leases	1.4	1.7
Other provisions	0.6	0.5
Total	2.0	2.2

Note 19. Non-current liabilities

Kesko has drawn down five bilateral loans, which combined total €650 million. The interest margin of these loans accounts for Kesko's sustainability targets for its carbon footprint and food waste, and in the value chain, emission reduction targets set by Kesko's direct suppliers 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	25.3
Taxes	4.2	0.8
Transaction prices	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, commitments and contingencies

€ million	2023	2022
Real estate mortgages		
For own debt	167.1	1[illegible]5
For subsidiaries	0.7	[illegible]
Pledged shares	9.0	[illegible]
Guarantees		
For own debt	0.5	[illegible]
For subsidiaries	70.9	[illegible]
Other liabilities and liability engagements		
For own debt	49.4	[illegible]
Rent liabilities on machinery and fixtures		
Due within a year	7.1	[illegible]
Due later	7.0	[illegible]
Rent liabilities on real estate		
Due within a year	306.6	[illegible]
Due later	1,597.9	1,[illegible]

Foreign currency risks

The result of the Company's operating activities is affected by the amount of working capital financing granted by the Company to its foreign subsidiaries and in part also in its capacity as the Group's parent company, the subsidiaries' hedgings against their parent.

The foreign currency exposure is hedged using foreign currency derivatives in accordance with the confirmed foreign currency risk policy. The fair value of foreign currency derivatives is calculated by measuring them based on quoted market prices at the balance sheet date.

The measurement of derivatives is based on direct market data, in other words, they are classified at level 2. The maximum credit risk of these derivatives corresponds to their fair value at the balance sheet date.

The results of derivatives are recognised in financial items.

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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	0.6	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	31 Dec. 2023 Notional amount	31 Dec. 2022 Notional amount
Currency derivatives	133.0	153.3
Interest rate derivatives	530.0	330.0

All currency derivatives mature in 2024. Interest rate derivatives mature in 2024, 2025, 2026 and 2027.

€ million	2023	Fair value	2022	Fair value
Liabilities arising from derivative instruments				
Values of underlying instruments as at 31 Dec.				
Interest rate derivatives				
Interest rate swaps	530	6.3	330	12.1
Foreign currency derivatives				
Forward and future contracts	133	-1.3	153	1.9
Outside the Group	125	-1.5	142	1.8
Inside the Group	8	0.2	12	0.1
Commodity derivatives				
Electricity derivatives	79	-	139	-
Outside the Group	39	5.7	70	44.2
Inside the Group	39	-5.7	70	-44.2

Note 23. Cash and cash equivalents within the statement of cash flows

€ million	2023	2022
Financial assets at fair value through profit or loss	-	0.0
Available-for-sale financial assets	3.3	17.0
Cash and cash equivalents	196.7	212.9
Total	200.0	229.9

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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

Signatures for financial statements and report by the Board of Directors

Helsinki, 29. January 2024

Esa Kiiskinen | Peter Fagernäs | Jannica Fagerholm | Piia Karhu | Jussi Perälä | Jukka Vattulainen
APA

Toni Pokela | Timo Ritakallio | Mikko Helander
President and CEO

The Auditor's note

Our auditor's report has been issued today.

Helsinki, 29 January 2024

Deloitte Oy

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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 of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014.

The non-audit services that we have provided have been disclosed in note 2, 9 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

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Key audit matter	How our audit addressed the key audit matter
Revenue recognition Refer to accounting policies for the consolidated financial statements and note 2.1. Consolidated Net Sales of Kesko Oyj amounted to EUR 11,783.8 million (EUR 11,809.0 million). Kesko operates in grocery trade, building and technical trade, and car trade through wide sales- and retail network. 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. 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. Revenue recognition due to its significance require specific attention both from the accounting and the auditing perspective	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. 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. 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. 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.

Key audit matter	How our audit addressed the key audit matter
Impairment testing of Goodwill and trademarks Refer to Note 3.3 in the consolidated financial statements of Kesko Oyj. Consolidated statement of financial position includes goodwill of EUR 663.7 million (EUR 588.9 million). In addition, consolidated statement of financial position includes EUR 86.0 million (EUR 86.8 million) Trademarks. Goodwill is subject to management's annual impairment test. As a result of management's goodwill impairment test, no impairment was identified. Goodwill impairment testing requires substantial management judgment over the projected future business performance, cash flows and applied discount rate. Note 3.3 in the Consolidated financial statements describes key assumptions used by management and sensitivity analysis for the impairment tests approved by the Board.	As part of our audit procedures we have assessed the impairment testing calculations prepared by management and approved by the board, and assessed key controls over impairment testing for each cash generating unit. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. Estimated cash flows used in these calculations are based on three-year financial plans approved by management. The key assumptions used for the plans are total market growth and profitability trends, changes in store network, product and service selection, pricing and movements in operating costs. We have assessed the key assumptions used by management in the Goodwill impairment tests: - comparing the growth and profitability estimates to historical performance. - comparing the estimates with the latest approved budgets and strategic plans. - comparing applied discount rates to external sources. - testing the mathematical accuracy of the impairment calculations. We have also assessed the related disclosure information.

We have no key audit matters to report with respect to our audit of the parent company financial statements. There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the parent company financial statements.

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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, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the President and CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current

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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 statements and consolidated financial statements should be adopted. The proposal by the Board of Directors regarding the use of profit shown on the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the President and CEO of the parent company should be discharged from liability from the financial period audited by us.

Helsinki, 29 January, 2024

Deloitte Oy
Audit Firm

Jukka Vattulainen
Authorised Public Accountant (KHT)

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INDEPENDENT AUDITOR'S REPORT ON THE ESEF CONSOLIDATED FINANCIAL STATEMENTS OF KESKO OYJ (Translation of the Finnish original)

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 (743700OX6HSVMCAHPB95-2023-12-31.FI.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 Standard on Quality Management 1 and, accordingly, an audit firm shall design, implement and maintain a system of quality control including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Auditor's Responsibilities

In accordance with the engagement letter, we express an opinion on whether the tagging of the consolidated financial statements in the ESEF financial statements has been prepared in all material respects in accordance with the requirements of Article 4 of ESEF RTS. We conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000.

The engagement includes procedures to obtain evidence on

- whether the tagging of the consolidated financial statement's primary statements in the ESEF financial statements has been prepared in all material respects in accordance with the requirements of Article 4 of ESEF RTS
- whether the tagging of the consolidated financial statements' disclosures and identifying information in the ESEF financial statements has been prepared in all material respects in accordance with the requirements of Article 4 of ESEF RTS, and
- whether the ESEF financial statements are consistent with the audited financial statements.

The nature, timing and extent of the procedures selected depend on the auditor's judgment. This includes the assessment of risk of material departures from the requirements set out in ESEF RTS, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for 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_FI.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

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