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ÅRSREDOVISNING

för

K-Bygg Försäljning AB

Org.nr. 556572-0231

Styrelsen får härmed avlämna årsredovisning för räkenskapsåret 2024-01-01 - 2024-12-31

Innehåll	**Sida**
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Undertecknad styrelseledamot i K-Bygg Försäljning AB intygar härmed, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkning fastställts på årsstämma den 30 juni 2025.
Stämman beslöt tillika godkänna styrelsens förslag till vinstdisposition.

Huddinge 2025-06-30

Fredrik Kjellgren

ank=20250702-20250704:0091

ÅRSREDOVISNING

för

K-Bygg Försäljning AB

Org.nr. 556572-0231

Styrelsen får härmed avlämna årsredovisning för räkenskapsåret 2024-01-01 - 2024-12-31

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K-Bygg Försäljning AB
Org.nr. 556572-0231

FÖRVALTNINGSBERÄTTELSE

Årsredovisningen är upprättad i svenska kronor, SEK.

Verksamheten

Verksamhetens art och inriktning
K-Bygg Försäljning AB bedriver handels- och logistikverksamhet med byggmaterial. Bolaget driver 21 anläggningar, belägna i Eskilstuna, Frövi, Färingsö, Föllinge, Halmstad, Hisings Backa, Högsbo, Järfälla, Kungälv, Sorunda, Söderköping, Södertälje, Sörred, Tullinge, Täby, Uppsala, Vallentuna, Vaxholm, Västberga, Älvängen och Örebro.

Säte
Företagets säte är Huddinge.

Viktiga förändringar i verksamheten
Under våren 2024 absorberades genom fusion koncernbolagen Djurbergs Järnhandel AB, org.nr. 556325-9869, Kungälvs Trävaruaktiebolag, org.nr. 556045-4786, Högsbo Trä Aktiebolag, org. 556180-8360, Sörred's Byggvaruhus AB, org. 556585-8221, samt K-Bygg Bergslagen org.nr. 556260-8140. Med dessa bolag har K-Bygg Försäljning fått sju nya anläggningar på orterna Söderköping, Kungälv, Älvängen, Högsbo, Sörred, Örebro och Frövi. Anläggningen i Örebro avvecklades senare under året.

Under året har koncernbolaget Kesko AB, org.nr 556511-2991, konsoliderat varumärken på den svenska marknaden från K-Rauta till K-Bygg och K-Rauta-anläggningarna Eskilstuna, Halmstad, Järfälla, Södertälje, Täby, Uppsala, Västberga och Örebro har därvid sålts via en inkråmsaffär till bolaget.

Under hösten 2024 har två anläggningar, på orterna Färingsö och Hisings Backa, övertagits från moderbolaget K-Bygg Sverige, org.nr 556087-7325, via en inkråmsaffär där de två anläggningarna naturligt hänger ihop med verksamheten regionalt inom K-Bygg Försäljning AB.

Logistikcentret och anläggningen i Segeltorp stängdes under året.

Viktiga externa faktorer som påverkat företagets ställning och resultat
Det allmänna marknadsläget i branschen har under år 2024 fortsatt pressats av hög inflation och ett högt 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 K-Bygg Sverige AB, org.nr 556087-7325 som i sin tur 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
Koncernbolaget Kesko ABs varumärke K-Rauta upphörde under året och fokus har varit på varumärket K-Bygg då de befintliga K-rauta varuhusen i Sverige antingen har konverterats till K-Bygg eller stängts.

Försäljningen har ökat till 757 148 (214 385) KSEK och rörelseresultatet har minskat till -88 647 (-18 169) KSEK.

Bolaget har under året erhållit ett villkorat aktieägartillskott på 90 MSEK från K-Bygg Sverige AB.

Förväntad framtida utveckling samt väsentliga risker och osäkerhetsfaktorer
Byggmaterialbranschen befinner sig fortsatt i ett utmanande marknadsläge, präglat av högt ränteläge och låg investeringsvilja inom både nybyggnation och renovering. Detta skapar en osäkerhet kring den kortsiktiga efterfrågan. Mot denna bakgrund gör bolaget bedömningen att marknadsutvecklingen kommer att präglas av försiktiga förändringar under den kommande perioden.

Samtidigt har bolaget under de senaste åren genomfört ett antal strukturella förändringar i syfte att stärka sin långsiktiga konkurrenskraft. Genom vidareutveckling av erbjudandet och säljkanalerna, realisering av skalfördelar i de administrativa funktionerna samt en översyn av närvaron i marknaden, skapas förutsättningar för förbättrad lönsamhet över tid.

Bolaget ser möjligheter till ökad effektivitet och tillväxt på längre sikt, men konstaterar att tillfälliga fluktuationer i kundernas efterfrågan kan komma att påverka både försäljning och resultat, såväl positivt som negativt, under enskilda år. Förmågan att snabbt anpassa verksamheten till förändrade marknadsförutsättningar är därför en fortsatt viktig framgångsfaktor.

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De väsentliga riskerna utgörs framför allt av konjunkturberoende efterfrågan, förändringar i ränteläge och råvarupriser samt bolagets förmåga att genomföra pågående effektiviseringsinitiativ och organisatoriska anpassningar.

Sammanfattningsvis visar byggbranschen tecken på återhämtning under 2025, med ökade investeringar och förbättrad köpkraft som positiva faktorer. Dock kvarstår utmaningar och osäkerheter som kräver fortsatt anpassning och strategisk planering.

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

Flerårsöversikt

Beloppen i Flerårsöversikt visas i KSEK

	2024	**2023**	**2022**	**2021**	**2020**
Nettoomsättning	757 148	214 385	283 781	207 906	190 360
Res. efter finansiella poster	-87 573	-19 574	18 994	8 215	883
Res. i % av nettoomsättningen	-11,56	-9,13	6,69	3,95	0,46
Balansomslutning	733 954	141 765	126 307	76 843	65 682
Soliditet (%)	43,56	57,35	52,3	46	45
Avkastning på eget kapital (%)	-43,40	-26,12	37,51	23	3

Definitioner av nyckeltal, se noter

Försäljningen fördelar sig på företagskunder med 82 (87) procent och konsumenter med 18 (13) procent.

Bolaget har under år 2022 genom fusion absorberat systerbolaget Föllinge Såg AB, org.nr. 556952-6071. Under våren 2024 absorberades genom fusion koncernbolagen Djurbergs Järnhandel AB, org.nr. 556325-9869, Kungälvs Trävaruaktiebolag, org.nr. 556045-4786, Högsbo Trä Aktiebolag, org.nr 556180-8360, Sörred's Byggvaruhus AB, org.nr 556585-8221, samt K-Bygg Bergslagen org.nr. 556260-8140. Med dessa bolag har K-Bygg Försäljning fått sex nya anläggningar på orterna Söderköping, Kungälv, Älvängen, Högsbo, Sörred och Frövi. Under året har Kesko ABs, org.nr 556511-2991, K-Rauta-anläggningar Eskilstuna, Halmstad, Järfälla, Södertälje, Täby, Uppsala, Västberga och Örebro sålts via en inkråmsaffär till bolaget. Under hösten 2024 har två anläggningar, på orterna Färingsö och Hisings Backa, avyttrats från moderbolaget K-Bygg Sverige, org.nr 556087-7325, via en inkråmsaffär, till bolaget. Jämförelse av nyckeltalen mellan åren här ovan bör göras med beaktande av detta.

Förändringar i eget kapital

	Aktiekapital	**Reservfond**	**Balanserat resultat**	**Årets resultat**	**Summa eget kapital**
Belopp vid årets ingång	500 000	20 000	72 100 442	0	72 620 442
Reservfond från fusionsbolag		560 000	0	0	560 000
Aktieägartillskott från fusionsbolag			10 000 000	0	10 000 000
Erhållna aktieägartillskott			90 000 000		90 000 000
Fusionsdifferens			122 295 675		122 295 675
Årets resultat				-3 360 924	-3 360 924
Belopp vid årets utgång	500 000	580 000	294 396 117	-3 360 924	292 115 193

	2024-12-31	**2023-12-31**
Villkorade aktieägartillskott uppgår till:	120 000 000	20 000 000

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K-Bygg Försäljning AB

Org.nr. 556572-0231

Resultatdisposition

Förslag till disposition av bolagets vinst

Till årsstämmans förfogande står	
balanserad vinst	294 396 117
årets förlust	-3 360 924
	291 035 193
Styrelsen föreslår att	
i ny räkning överföres	291 035 193
	291 035 193

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

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K-Bygg Försäljning AB
Org.nr. 556572-0231

RESULTATRÄKNING

	Not	2024-01-01 2024-12-31	2023-01-01 2023-12-31
Rörelsens intäkter m.m.			
Nettoomsättning	3	757 148 036	214 385 035
Övriga rörelseintäkter		3 427 087	1 343 192
		760 575 123	215 728 227
Rörelsens kostnader			
Handelsvaror		-569 889 982	-158 104 746
Övriga externa kostnader	4, 5	-134 057 203	-38 089 730
Personalkostnader	6	-131 495 983	-33 072 873
Av- och nedskrivningar av materiella och immateriella anläggningstillgångar	9, 10, 11, 12, 13	-12 797 093	-4 630 504
Övriga rörelsekostnader		-982 288	0
		-849 222 549	-233 897 853
Rörelseresultat		-88 647 426	-18 169 626
Resultat från finansiella poster			
Resultat från övriga värdepapper och fordringar som är anläggningstillgångar		0	68 058
Ränteintäkter		609 836	175 693
Övriga ränteintäkter från koncernföretag		1 465 261	0
Räntekostnader och liknande resultatposter		-136 498	-55 683
Räntekostnader till koncernföretag		-864 524	-1 592 896
		1 074 075	-1 404 828
Resultat efter finansiella poster		-87 573 351	-19 574 454
Bokslutsdispositioner			
Förändring av periodiseringsfonder		14 011 800	1 200 000
Förändring av avskrivningar utöver plan		-31 268 680	4 255 530
Erhållna koncernbidrag		101 500 000	17 300 000
		84 243 120	22 755 530
Resultat före skatt		-3 330 231	3 181 076
Skatt på årets resultat	7	-30 693	-1 136 898
Årets resultat		**-3 360 924**	**2 044 178**

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K-Bygg Försäljning AB
Org.nr. 556572-0231

BALANSRÄKNING

	Not	2024-12-31	2023-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Goodwill	8	94 532 568	15 858 523
Övriga immateriella anläggningstillgångar	9	52 759	158 277
		94 585 327	16 016 800
Materiella anläggningstillgångar			
Byggnader och mark	10	1 010 336	1 054 405
Maskiner och andra tekniska anläggningar	11	39 383 512	6 242 357
Förbättringsutgifter på annans fastighet	12	2 890 431	3 347 598
Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar	13	10 059 349	0
		53 343 628	10 644 360
Finansiella anläggningstillgångar			
Fordringar hos koncernföretag		0	17 300 000
Andra långfristiga värdepappersinnehav	14	50 518	0
Uppskjuten skattefordran	15	372 076	368 186
		422 594	17 668 186
Summa anläggningstillgångar		148 351 549	44 329 346
Omsättningstillgångar			
Varulager m.m.			
Färdiga varor och handelsvaror		262 838 985	44 864 426
		262 838 985	44 864 426
Kortfristiga fordringar			
Kundfordringar		76 030 491	17 363 336
Fordringar hos koncernföretag		180 028 839	16 677 915
Aktuell skattefordran		3 532 587	3 394 880
Övriga fordringar		10 260 793	317 529
Förutbetalda kostnader och upplupna intäkter	16	52 910 814	14 817 859
		322 763 524	52 571 519
Summa omsättningstillgångar		585 602 509	97 435 945
SUMMA TILLGÅNGAR		**733 954 058**	**141 765 291**

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K-Bygg Försäljning AB
Org.nr. 556572-0231

BALANSRÄKNING

	Not	2024-12-31	2023-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	17	500 000	500 000
Reservfond		580 000	20 000
		1 080 000	520 000
Fritt eget kapital			
Balanserat resultat		294 396 117	70 056 265
Årets resultat		-3 360 924	2 044 178
		291 035 193	72 100 443
Summa eget kapital		292 115 193	72 620 443
Obeskattade reserver			
Periodiseringsfond		0	13 813 774
Ackumulerade avskrivningar utöver plan		34 831 147	242 760
Summa obeskattade reserver		34 831 147	14 056 534
Kortfristiga skulder			
Förskott från kunder		0	139 267
Leverantörsskulder		121 687 814	16 855 617
Skulder till koncernföretag		205 421 831	22 187 582
Övriga skulder		9 583 524	4 663 136
Upplupna kostnader och förutbetalda intäkter	18	70 314 549	11 242 712
Summa kortfristiga skulder		407 007 718	55 088 314
SUMMA EGET KAPITAL OCH SKULDER		**733 954 058**	**141 765 291**

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K-Bygg Försäljning AB
Org.nr. 556572-0231

KASSAFLÖDESANALYS

	Not	2024-01-01 2024-12-31	2023-01-01 2023-12-31
Den löpande verksamheten			
Rörelseresultat		-88 647 426	-18 169 626
Justeringar för poster som inte ingår i kassaflödet	19	13 466 522	4 536 328
Erhållen ränta m.m.		2 075 098	175 693
Erlagd ränta		-1 001 022	-1 648 579
Betald inkomstskatt		5 978 551	-7 779 489
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		-68 128 277	-22 885 673
Kassaflöde från förändringar av rörelsekapital			
Minskning(+)/ökning(-) av varulager/pågående arbete		18 423 692	664 114
Minskning(+)/ökning(-) av kundfordringar		-25 027 994	7 269 114
Minskning(+)/ökning(-) av fordringar		69 559 567	-18 785 600
Minskning(-)/ökning(+) av leverantörsskulder		39 779 244	-23 584 151
Minskning(-)/ökning(+) av kortfristiga skulder		32 560 970	7 997 840
Kassaflöde från den löpande verksamheten		67 167 202	-49 324 356
Investeringsverksamheten			
Förvärv av maskiner och andra tekniska anläggningar	11	0	-6 136 925
Försäljning av maskiner o andra tekniska anläggningar		468 769	140 000
Förvärv av förbättringsutgifter på annans fastighet	12	-491 725	-893 373
Förvärv av pågående nyanläggningar och förskott avseende materiella anläggningstillgångar	13	-7 131 406	0
Utdelning från långfristiga värdepapper		0	68 058
Kassaflöde från investeringsverksamheten		-7 154 362	-6 822 240
Finansieringsverksamheten			
Förändring cash pool Kesko Oyj		-167 312 840	33 138 353
Erhållna aktieägartillskott		90 000 000	20 000 000
Erhållna koncernbidrag		17 300 000	0
Kassaflöde från finansieringsverksamheten		-60 012 840	53 138 353
Förändring av likvida medel		0	-3 008 243
Likvida medel vid årets början		0	3 008 243
Likvida medel vid årets slut	20	**0**	**0**

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K-Bygg Försäljning AB
Org.nr. 556572-0231

NOTER

Not 1 Redovisnings- och värderingsprinciper

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 Försäljning AB, org.nr: 556572-0231 är ett aktiebolag registrerat i Sverige med säte i Huddinge. Adressen till huvudkontoret är K-Bygg Försäljning AB, Box 1035, 164 21 Kista. Företagets verksamhet omfattar försäljning av färg- och byggvaror.

Moderföretag i den största koncernen som K-Bygg Försäljning 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-Försäljning AB är dotterföretag till är K-Bygg Sverige AB, org.nr: 556087-7325 med säte i Östersund, Sverige.

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

Övriga tillgångar, avsättningar och skulder
Övriga 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
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 förutom mark som inte skrivs av. Nyttjandeperioden omprövas per varje balansdag. Följande nyttjandeperioder tillämpas:

	Antal år
Maskiner och andra tekniska anläggningar	5-10 år
Förbättringsutgifter på annans fastighet	10 år

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NOTER

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 år
Övriga immateriella anläggningstillgångar	5 år

Förvärvsgoodwill 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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Nedan redogörs för viktigaste källan till osäkerhet i uppskattningar per balansdagen, som innebär en betydande risk för väsentliga justeringar i redovisade värden för tillgångar och skulder under nästa räkenskapsår.

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%.

Avsättningar
Bolaget gör avsättningar vid beslut om stängning av butiker och dessa avsättningar motsvarar framtida utgifter som finns i direkt anknytning till detta.

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.

Immateriella anläggningstillgångar
Bolaget gör regelbundet nedskrivningsprövning på sina bokförda immateriella anläggningstillgångar. Utifrån denna prövning görs bedömning om det finns en indikation på nedskrivningsbehov vid varje balansdag.

Not 3	**Inköp och försäljning inom koncernen**	**2024**	**2023**
	Andel av försäljningen som avser koncernföretag	1,06%	0,75%
	Andel av inköpen som avser koncernföretag	4,09%	3,93%

Not 4	**Leasingavtal - Operationell leasing leasetagare**	**2024**	**2023**
	Under året har företagets leasingavgifter uppgått till	56 575 835	10 765 647
	Framtida minimileasingavgifter för icke uppsägningsbara leasingavtal, förfaller till betalning enligt följande:		
	Inom 1 år	54 356 226	10 538 448
	Mellan 2 till 5 år	178 757 337	23 834 817
	Senare än 5 år	116 714 829	10 370 720
		349 828 392	44 743 985

Leasingavgifterna avser hyror på lokaler samt leasing av maskiner och inventarier.

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Not 5	**Ersättning till revisorer**	**2024**	**2023**
	Deloitte AB		
	Revisionsuppdrag	398 500	156 950
		398 500	156 950

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.

Not 6	**Personal**	**2024**	**2023**
	Medelantal anställda		
	Medelantalet anställda bygger på av bolaget betalda närvarotimmar relaterade till en normal arbetstid.		
	Medelantal anställda har varit	386,00	47,00
	varav kvinnor	*96,00*	*3,00*
	varav män	*290,00*	*44,00*
	Löner, ersättningar m.m.		
	Löner, ersättningar, sociala kostnader och pensionskostnader har utgått med följande belopp:		
	Övriga anställda:		
	Löner och ersättningar	90 811 088	23 134 246
	Pensionskostnader	6 974 646	1 819 504
		97 785 734	24 953 750
	Sociala kostnader	32 736 271	7 967 698
	Summa styrelse och övriga	130 522 005	32 921 448
	Könsfördelning i styrelse och företagsledning		
	Antal styrelseledamöter	3	3
	varav kvinnor	*1*	*0*
	varav män	*2*	*3*

Not 7	**Skatt på årets resultat**	**2024**	**2023**
	Aktuell skatt	-30 693	-1 136 898
	Summa redovisad skatt	-30 693	-1 136 898
	Avstämning av effektiv skatt		
	Resultat före skatt	-3 330 231	3 181 076
	Skattekostnad 20,60% (20,60%)	686 028	-655 302
	Skatteeffekt av:		
	Ej avdragsgilla kostnader	-657 989	-389 268
	Ej skattepliktiga intäkter	54 174	2 482
	Schablonintäkt periodiseringsfond	-75 624	-60 001
	Tillägg på återförd periodiseringsfond	-52 983	-37 080
	Skatt hänförlig till tidigare år	11 812	0
	Förändring Uppskjuten skatt	3 889	2 271
	Summa redovisad skatt	-30 693	-1 136 898

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Not 8	**Goodwill**	**2024-12-31**	**2023-12-31**
	Ingående anskaffningsvärde	35 341 783	35 341 783
	Rörelseförvärv	84 582 957	0
	Utgående ackumulerade anskaffningsvärden	119 924 740	35 341 783
	Ingående avskrivningar	-19 483 259	-17 288 521
	Årets avskrivningar	-5 908 913	-2 194 738
	Utgående ackumulerade avskrivningar	-25 392 172	-19 483 259
	Utgående redovisat värde	94 532 568	15 858 524

Not 9	**Övriga immateriella anläggningstillgångar**	**2024-12-31**	**2023-12-31**
	Ingående anskaffningsvärde	1 427 580	0
	Omklassificeringar	0	1 427 580
	Utgående ackumulerade anskaffningsvärden	1 427 580	1 427 580
	Ingående avskrivningar	-1 269 303	0
	Omklassificeringar	0	-1 131 606
	Årets avskrivningar	-105 518	-137 697
	Utgående ackumulerade avskrivningar	-1 374 821	-1 269 303
	Utgående redovisat värde	52 759	158 277

Not 10	**Byggnader och mark**	**2024-12-31**	**2023-12-31**
	Ingående anskaffningsvärde	1 334 154	1 334 155
	Omklassificeringar	0	-1
	Utgående ackumulerade anskaffningsvärden	1 334 154	1 334 154
	Ingående avskrivningar	-279 749	-235 682
	Årets avskrivningar	-44 069	-44 067
	Utgående ackumulerade avskrivningar	-323 818	-279 749
	Utgående redovisat värde	1 010 336	1 054 405
	Redovisat värde byggnader	615 104	659 173
	Redovisat värde mark	395 232	395 232
		1 010 336	1 054 405

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K-Bygg Försäljning AB
Org.nr. 556572-0231

NOTER

Not 11 Maskiner och andra tekniska anläggningar	2024-12-31	2023-12-31
Ingående anskaffningsvärde	14 724 771	11 440 742
Inköp	33 449 460	6 136 925
Försäljningar/utrangeringar	-6 941 443	-1 425 316
Omklassificeringar	142 018 404	-1 427 580
Utgående ackumulerade anskaffningsvärden	183 251 192	14 724 771
Ingående avskrivningar	-8 482 414	-9 341 095
Försäljningar/utrangeringar	2 535 001	1 339 141
Omklassificeringar	-131 651 439	1 131 606
Årets avskrivningar	-6 268 828	-1 612 066
Utgående ackumulerade avskrivningar	-143 867 680	-8 482 414
Utgående redovisat värde	39 383 512	6 242 357

Summan för omklassificering anskaffningsvärde år 2024, 142 018 404 kr, består av 4 526 737 kr omklassificering samt 137 491 667 kr anskaffningsvärde från fusion av systerbolagen Djurbergs Järnhandel AB, Kungälvs Trävaruaktiebolag, Högsbo Trä AB, Sörreds Trävaru AB samt K-Bygg Bergslagen AB. Summan för omklassificering avskrivningar, 135 206 889 kr, består av 3 555 450 kr omklassificering samt ackumulerade avskrivningar från fusion 131 651 439 kr.

Not 12 Förbättringsutgifter på annans fastighet	2024-12-31	2023-12-31
Ingående anskaffningsvärde	7 095 721	4 623 579
Inköp	491 725	893 373
Försäljningar/utrangeringar	-1 680 512	-96 841
Omklassificeringar	-1 908 521	1 675 610
Utgående ackumulerade anskaffningsvärden	3 998 413	7 095 721
Ingående avskrivningar	-3 748 123	-3 243 383
Försäljningar/utrangeringar	1 394 306	64 698
Omklassificeringar	1 715 600	0
Årets avskrivningar	-469 765	-569 438
Utgående ackumulerade avskrivningar	-1 107 982	-3 748 123
Utgående redovisat värde	2 890 431	3 347 598

Summan för omklassificering anskaffningsvärde år 2024, -1 908 521 kr, består av -4 526 737 kr omklassificering samt 2 618 216 kr anskaffningsvärde från fusion av systerbolagen Djurbergs Järnhandel AB, Kungälvs Trävaruaktiebolag, Högsbo Trä AB, Sörreds Trävaru AB samt K-Bygg Bergslagen AB. Summan för omklassificering avskrivningar, 1 715 600kr, består av 3 555 450 kr omklassificering samt ackumulerade avskrivningar från fusion -1 839 850 kr.

Not 13 Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar	2024-12-31	2023-12-31
Ingående anskaffningsvärde	0	1 675 610
Inköp	10 059 349	0
Omklassificeringar	0	-1 675 610
Utgående ackumulerade anskaffningsvärden	10 059 349	0
Utgående redovisat värde	10 059 349	0

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NOTER

Not 14 Andra långfristiga värdepappersinnehav	2024-12-31	2023-12-31
Försäljningar/utrangeringar	-1 000	0
Anskaffningsvärde från fusion	51 518	0
Utgående ackumulerade anskaffningsvärden	50 518	0
Utgående redovisat värde	50 518	0

Not 15 Uppskjuten skatt	2024-12-31		2023-12-31	
	Temporär skillnad	Uppskjuten skattefordran	Temporär skillnad	Uppskjuten skattefordran
Byggnader och mark	0	367 285	0	368 186
Uppskjuten skatt avsättningar	0	4 791	0	0
		372 076		368 186

Not 16 Förutbetalda kostnader och upplupna intäkter	2024-12-31	2023-12-31
Upplupen leverantörsbonus	52 189 237	14 770 337
Övriga förutbetalda kostnader och upplupna intäkter	721 577	47 522
	52 910 814	14 817 859

Not 17 Upplysningar om aktiekapital

	Antal aktier	Kvotvärde per aktie
Antal/värde vid årets ingång	5 000	100,00
Antal/värde vid årets utgång	5 000	100,00

Not 18 Upplupna kostnader och förutbetalda intäkter	2024-12-31	2023-12-31
Upplupna löner	25 547 379	0
Upplupna sociala avgifter	11 683 200	0
Upplupna löne- och avkastningsskatter	1 842 963	0
Upplupna personalkostnader	0	6 072 908
Upplupen kundbonus	9 520 925	1 355 876
Övriga upplupna kostnader	21 720 082	3 813 928
	70 314 549	11 242 712

Not 19 Justering för poster som inte ingår i kassaflödet	2024-12-31	2023-12-31
Avskrivningar	12 797 093	4 558 009
Vinst vid försäljning av materiella och immateriella anläggninstillgångar	-313 859	-94 177
Förlust vid försäljning av materiella och immateriella anläggningtillgångar	983 288	72 495
	13 466 522	4 536 328

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NOTER

Not 20 Justering av kassaflödesanalysen med anledning av förvärv av inkråm

Under 2024 har bolaget genomfört två förvärv av inkråm från andra koncernbolag. Förvärven har resulterat i att vissa tillgångar och skulder tagits upp i balansräkningen.

Då ingen likvidöverföring skett under 2024 har kassaflödesanalysen justerats så att de förvärvade posterna inte påverkar kassaflödet från den löpande verksamheten eller investeringsverksamheten. Kassaflödespåverkan kommer att redovisas i samband med betalning.

Not 21 Disposition av vinst eller förlust

Förslag till disposition av bolagets vinst

Till årsstämmans förfogande står	
balanserad vinst	294 396 117
årets förlust	-3 360 924
	291 035 193
Styrelsen föreslår att	
i ny räkning överföres	291 035 193
	291 035 193

Not 22 Uppgift om fusion

Djurbergs Järnhandel AB, org.nr 556325-9869
Fusionsdatum 2024-01-09
Anläggningstillgångar: 643 KSEK
Omsättningstillgångar: 39 569 KSEK
Skulder: -4 071 KSEK
Obeskattade reserver: -302 KSEK
Eget kapital: - 34 734 KSEK

Nettoomsättning: 1 141 KSEK
Resultat: 1105 KSEK

Kungälvs Trävaruaktiebolag, org.nr 556045-4786
Fusionsdatum 2024-03-01
Anläggningstillgångar: 25 408 KSEK
Omsättningstillgångar: 94 413 KSEK
Skulder: -51 994 KSEK
Obeskattade reserver: - 1 322 KSEK
Eget kapital: -69 074 KSEK

Nettoomsättning: 51 674 KSEK
Resultat: -2 568 KSEK

Högsbo Trä aktiebolag, org.nr 556180-8360
Fusionsdatum 2024-03-01
Anläggningstillgångar: 1 482 KSEK
Omsättningstillgångar: 25 353 KSEK
Skulder: -9 676 KSEK
Obeskattade reserver: -1 015 KSEK
Eget kapital: - 15 989 KSEK

Nettoomsättning: 15 028 KSEK
Resultat: 156 KSEK

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NOTER

Sörred's Byggvaruhus AB, org.nr 556585-8221
Fusionsdatum 2024-03-01
Anläggningstillgångar: 1 033 KSEK
Omsättningstillgångar: 8 988 KSEK
Skulder: -2 137 KSEK
Obeskattade reserver: -680 KSEK
Eget kapital: -7 087 KSEK

Nettoomsättning: 2 945 KSEK
Resultat: 117 KSEK

K-Bygg Bergslagen, org.nr 556260-8140
Fusionsdatum 2024-05-21
Anläggningstillgångar: 1 183 KSEK
Omsättningstillgångar: 30 367 KSEK
Skulder: -6 171 KSEK
Obeskattade reserver: -198 KSEK
Eget kapital: -29 050 KSEK

Nettoomsättning: 17 739 KSEK
Resultat: -3 869 KSEK

Ovanstående belopp omfattar de absorberade bolagen per respektive fusionsdatum och alltså de värden som absorberats i K-Bygg Försäljning ABs resultat- och balansräkning vid respektive fusionstillfälle. Tillgångar och skulder har intagits i det övertagande bolaget till sina koncernmässiga värden.

Not 23 Ställda säkerheter	**2024-12-31**	**2023-12-31**
Summa ställda säkerheter	0	0

Not 24 Pelare 2 – Upplysning om global minimiskatt	**2024-12-31**	**2023-12-31**

Som en del av Kesko-koncernen omfattas företaget av lagstiftningen om global minimiskatt enligt Pelare 2, som tillämpas för första gången för det räkenskapsår som börjar den 1 januari 2024. Eftersom det svenska regelverket K3 för närvarande inte innehåller någon vägledning om hur skatter enligt den nya lagstiftningen ska redovisas, har vägledning inhämtats från IAS 12. Företaget tillämpar det obligatoriska undantaget i IAS 12 från att redovisa uppskjuten skatt avseende inkomstskatter enligt Pelare 2. Företagets aktuella skattekostnad för 2024 inkluderar inte någon tilläggsskatt enligt reglerna för Pelare 2. Bedömningen baseras på den finansiella information som finns tillgänglig för år 2024 och bolaget förväntar sig ingen exponering för tilläggsskatt enligt Pelare 2 i Sverige under detta år.

Not 25 Väsentliga händelser efter räkenskapsårets slut

Magnus Johansson har utsetts till ny Landschef för Kesko Sverige – där varumärkena K-Bygg och Onninen ingår - från och med den 5 maj 2025. Han efterträder Endre Espeseth, som i oktober 2024 utsågs till VD för Kesko Norge.

K-Bygg Försäljning AB har under juni 2025 erhållit ett villkorat aktieägartillskott på 250 MSEK från K-Bygg Sverige AB.

Not 26 Definition av nyckeltal

Soliditet
Justerat eget kapital i procent av balansomslutning

Avkastning på eget kapital
Resultat efter finansiella poster i procent av genomsnittligt justerat eget kapital

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K-Bygg Försäljning AB
Org.nr. 556572-0231

NOTER

Huddinge
datering enligt elektronisk signatur

Magnus Johansson
Ordförande

Fredrik Kjellgren
Styrelseledamot

Erik Öhlin
Styrelseledamot

Vår revisionsberättelse har lämnats den dag som framgår av min elektroniska underskrift

Deloitte AB

Sara Andersson
Auktoriserad revisor

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Deltagare

KESKO CORPORATION Finland

Signerat med Svenskt BankID — *2025-06-27 13:32:34 UTC*

Undertecknare — Datum

Namn returnerat från Svenskt BankID: PÄR FREDRIK KJELLGREN

Fredrik Kjellgren

Leveranskanal: E-post
IP-adress: 195.67.187.114

Signerat med Svenskt BankID — *2025-06-27 13:56:15 UTC*

Undertecknare — Datum

Namn returnerat från Svenskt BankID: Erik Öhlin

Erik Öhlin

Leveranskanal: E-post
IP-adress: 81.225.249.23

MAGNUS JOHANSSON Sverige

Signerat med Svenskt BankID — *2025-06-27 13:58:51 UTC*

Undertecknare — Datum

Namn returnerat från Svenskt BankID: MAGNUS JOHANSSON

Magnus Johansson

Leveranskanal: E-post
IP-adress: 81.236.180.26

SARA ANDERSSON Sverige

Signerat med Svenskt BankID — *2025-06-30 13:51:09 UTC*

Undertecknare — Datum

Namn returnerat från Svenskt BankID: Sara Maria Kristina Andersson

Sara Andersson

Leveranskanal: E-post
IP-adress: 163.116.168.118

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Deloitte.

REVISIONSBERÄTTELSE

Till bolagsstämman i K-Bygg Försäljning AB
organisationsnummer 556572-0231

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för K-Bygg Försäljning AB för räkenskapsåret 2024-01-01 - 2024-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av K-Bygg Försäljning ABs finansiella ställning per den 31 december 2024 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 Försäljning 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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Deloitte.

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 Försäljning AB för räkenskapsåret 2024-01-01 - 2024-12-31 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 Försäljning 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 omdöme 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.

Östersund den dag som framgår av vår elektroniska underskrift

Deloitte AB

Sara Andersson
Auktoriserad revisor

Detta är ett elektroniskt undertecknat dokument

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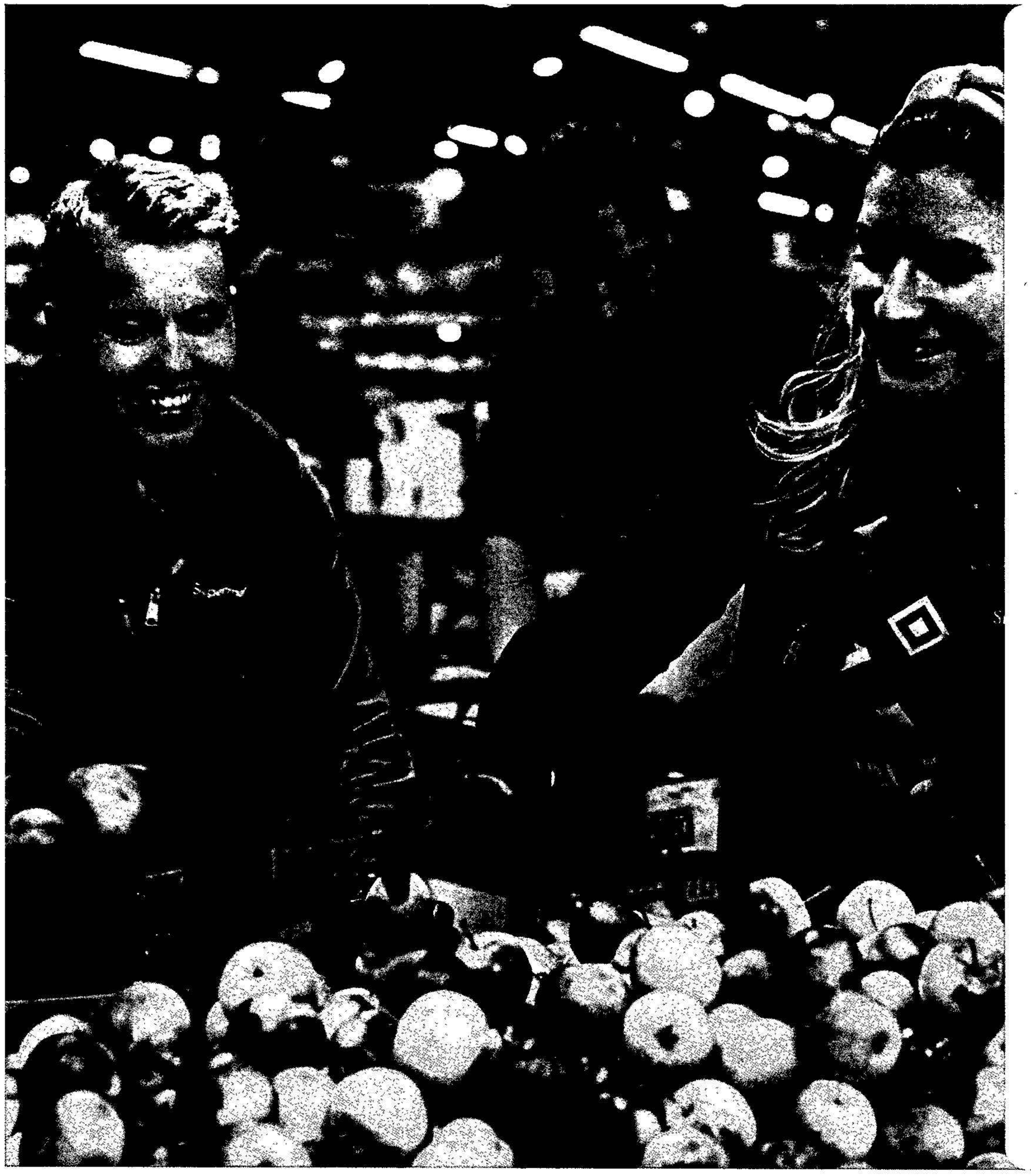
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Följande personer har genom sin elektroniska underskrift godkänt innehållet i detta dokument samt försäkrat att angivna uppgifter är korrekta.

Underskrift 1

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KESKO ANNUAL REPORT 2024

Kesko's Annual Report comprises three sections:

KESKO'S DIRECTION



The section describes Kesko and its divisions, key events in 2024 and the progress made in strategy execution, as well as the operating environment and focus areas for sustainability.

Read more ›

REPORT BY THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS



The section comprises the Report by the Board of Directors and financial statements for 2024. The sustainability statement is part of the Report by the Board of Directors.

Read more ›

CORPORATE GOVERNANCE



The section comprises Kesko's Corporate Governance Statement, the Remuneration Report for Governing Bodies, and résumés for the members of Kesko's Board of Directors and Group Management Board.

Read more ›

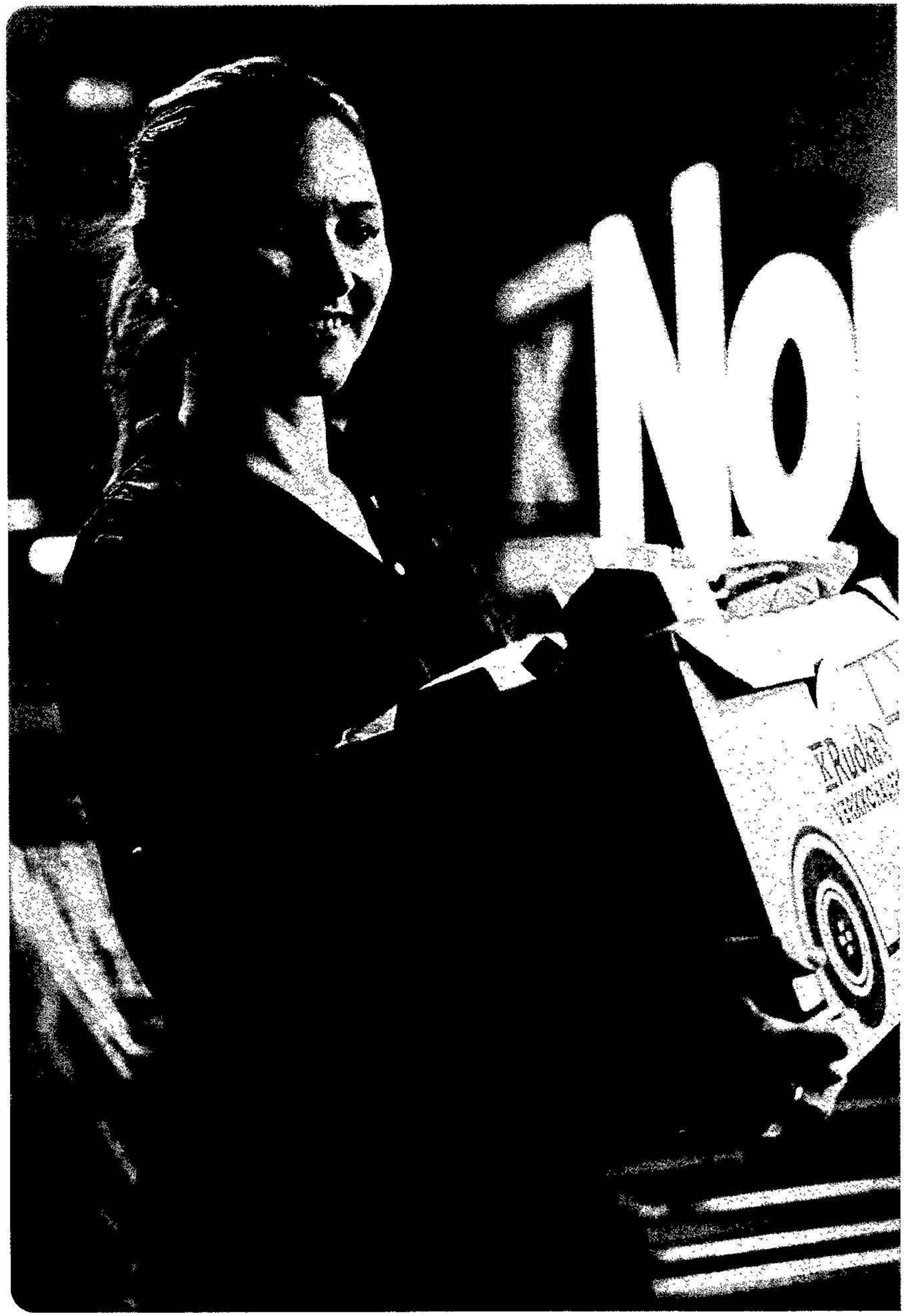
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KESKO IN BRIEF

Kesko is a Finnish trading sector forerunner. We operate in grocery trade, building and technical trade, and car trade. Our business divisions and chains act in close cooperation with retailer entrepreneurs and other partners.

Kesko has around 1,700 stores engaged in business operations in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and Poland. By combining online sales and digital services with our extensive store network, we enable a seamless customer experience for all channels.

Kesko's business areas are grocery trade, building and technical trade, and car trade. These are areas where Kesko has strong expertise and market positions, and they offer good potential for profitable growth in the long term.

Kesko and K-retailers together form K Group*, which is the biggest trading sector operator in Finland and one of the biggest in Northern Europe. K Group's retail sales in 2024 totalled some €16 billion. Kesko and K-retailers combined employ 39,000 people, and overall K Group employs some 45,000 people.

Sustainability is a competitive advantage for Kesko, and our actions impact our surrounding communities on a wide scale. We strive to enable sustainable choices for customers and drive change throughout the value chain, from production to consumption. The focus areas of our sustainability strategy are climate and nature, value chain, our people, and good governance.

Kesko's shares are listed on Nasdaq Helsinki. The company's domicile and main premises are located in Helsinki, Finland.

Biggest trading sector operator in Finland, one of the biggest in Northern Europe

Profitable growth strategy, 3 divisions, some 1,700 stores in 8 countries, extensive digital services

Ranked among world's most sustainable companies since 2005 (Global 100)

Strong financial position with good dividend capacity

Market cap €7.2 billion (31 Dec. 2024), nearly 114,000 shareholders

* Kesko Senukai, a joint venture that engages in building and home improvement trade in the Baltics, is part of K Group.

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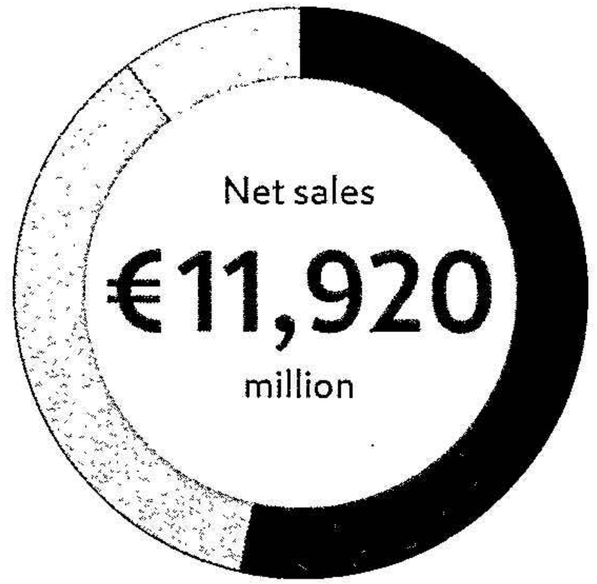
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2024 IN FIGURES

- Group net sales in 2024 totalled €11,920.1 million (€11,783.8 million); reported net sales grew by 1.2%, while comparable net sales decreased by 2.3%
- Comparable operating profit totalled €650.1 million (€712.0 million)
- Cash flow from operating activities totalled €1,008.2 million (€1,049.5 million)
- Comparable earnings per share €1.11 (€1.28)
- Divisions:
  - Grocery trade: net sales increased, profit slightly down
  - Building and technical trade: cycle historically low, net sales up thanks to the Davidsen acquisition, comparable operating profit down
  - Car trade: net sales and profit down, profitability at a good level
- Dividend proposal to the Annual General Meeting: €0.90 per share, payout ratio 81%

+ Read more in the Business section



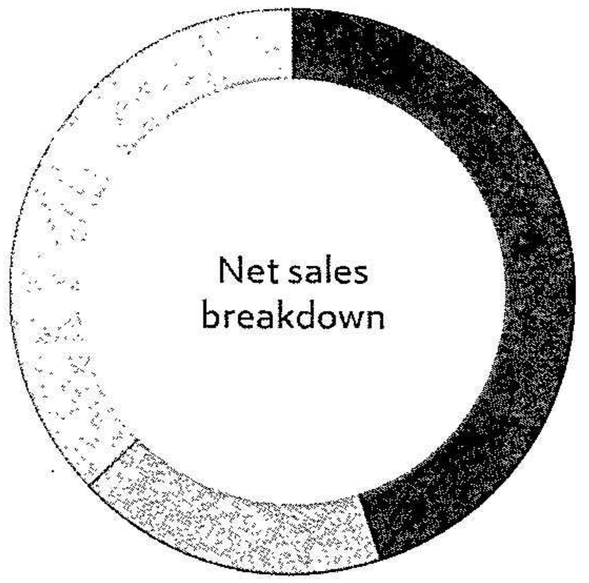
- Grocery trade €6,381.4 million
- Building and technical trade €4,351.6 million
- Car trade €1,209.4 million



- Grocery trade €438.0 million
- Building and technical trade €169.1 million
- Car trade €69.3 million

Key figures	1-12/2024	1-12/2023	1-12/2022	1-12/2021	1-12/2020
Net sales, € million	11,920.1	11,783.8	11,809.0	11,300.2	10,669.2
Operating profit, € million*	650.1	712.0	815.1	775.5	567.8
Operating margin, %*	5.5	6.0	6.9	6.9	5.3
Earnings/share, basic, €*	1.11	1.28	1.54	1.43	0.97
Capital expenditure, € million	675.9	678.9	449.2	276.6	398.4
Return on capital employed, %*	11.3	13.4	16.9	17.2	12.0
GHG emissions from own operations, (Scope 1 and 2), tCO_2e**	84,576	77,947	75,505	81,417	70,353
Women in middle management, %	32.8	36.1	38.9	34.6	31.9
Women in top management, %	27.7	28.4	23.9	28.1	28.6

* Comparable figures **Years not comparable due to boundary changes.



- Kesko's wholesale to retailers 45%
- Kesko's B2C trade 18%
- Kesko's B2B trade 37%

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KEY EVENTS IN 2024

Changes in Group Management



Jorma Rauhala assumed the role of Kesko's President and CEO on 1 February 2024, when Mikko Helander retired as previously announced. Rauhala previously acted as President of the building and technical trade division and Kesko's Deputy CEO.



Sami Kiiski was appointed President of the building and technical trade division and a member of Group Management Board as of 1 April 2024, having previously acted as President of the car trade division.



Johanna Ali was appointed President of the car trade division and a member of Group Management Board as of 4 June 2024, having previously served as acting division President as of 1 April 2024, and as Vice President of Audi Finland.



Anu Hämäläinen was appointed Chief Financial Officer (CFO) and a member of Group Management Board as of 1 June 2024, having previously acted as Kesko's Vice President for Group Finance and Treasury.



Lasse Luukkainen was appointed Executive Vice President, Legal and Sustainability, and a member of Group Management Board as of 1 June 2024, having previously acted as Kesko's Group General Counsel.

Kesko's strategy updated

The main pillars of Kesko's strategy remain intact, while each division's competitive advantages and objectives were refined further. Profitable growth in three selected divisions – *grocery trade, building* and technical trade, and car trade – remains at the core of Kesko's growth strategy.



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Growth through acquisitions

In line with its growth strategy, Kesko is set to establish its subsidiary Davidsen as an even more significant player on the Danish building and home improvement trade market by acquiring three local operators. The acquisitions are subject to authority approvals.

Investments in the grocery store network

Our work to strengthen and update our network of grocery stores sites in Finland continues. In new store openings, our focus is on growth centres, and we intend to open several new K-Citymarket hypermarket stores in upcoming years.

In 2024, we opened 15 new and updated 44 grocery stores

New logistics centre under construction

The Onnela logistics centre in Hyvinkää, southern Finland is the biggest construction project in Kesko's history, and a significant growth investment. When the centre is completed, starting in autumn 2025, it will serve Onninen's technical trade and K-Auto's spare parts business. Special attention has been paid to the centre's energy consumption and to minimising its carbon footprint.

Kesko ranks sector-best globally on the '100 Most Sustainable Corporations in the World' list

Kesko is the only company in the world to have made the list every year since its inception in 2005. Overall, Kesko ranked 29th on the 2024 list (74th in 2023).

Sustainability strategy updated

Strategic focus areas in sustainability continue to be climate and nature, value chain, our people, and good governance. Kesko set new emission reduction targets for its own operations extending to 2034, and committed to setting net-zero targets for its whole value chain extending to 2050.

Kesko included in the Dow Jones Sustainability Indices

Kesko was once again included in the Dow Jones Sustainability Indices the DJSI World and the DJSI Europe. Kesko ranked highest in its industry (Consumer Staples Distribution & Retail) in Europe for the third year in a row. In the global DJSI World, Kesko ranked fourth highest in its industry.

Green notes issue

In September 2024, Kesko announced it would issue senior unsecured green notes of €300 million. The net proceeds from the issue are used for financing projects or assets aligned with the Green Finance Framework established by Kesko in May, such as the new Onnela logistics centre.

Campaign to encourage young people to move

Only a third of Finnish children get enough exercise, which is why Kesko and the K-retailers launched a large-scale campaign with the national Finnish football, basketball, tennis and ice hockey associations and the popular artists JVG to organise over 100 free events across the country with nearly 73,000 participants, encouraging kids and young people to exercise and be more active.



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DIVISIONS IN BRIEF

Grocery trade



K Group is the second biggest grocery trade operator in Finland. Some 860 K-retailer entrepreneurs ensure good customer experiences for 1.2 million daily customers at K Group's 1,100 grocery stores. Nearly 800 of the stores also offer online grocery services, supported by express deliveries with Wolt. Our grocery store chains are K-Citymarket, K-Supermarket and K-Market. Kespro is the leading foodservice wholesale provider in Finland.

	2024	2023
Net sales, € million	6,381.4	6,351.6
Operating profit, comparable, € million	438.0	444.8
Operating margin, comparable, %	6.9	7.0
Return on capital employed, comparable, %	16.0	17.4
Capital expenditure, € million	276.0	303.7
Average number of personnel converted into full-time employees	6,346	6,257

+ More about the division and its key events in 2024

Building and technical trade



The division operates in eight countries: Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and Poland. The division has some 500 stores and offers extensive online services via its chains: Onninen serves technical trade customers, while K-Rauta, Byggmakker, K-Bygg and Davidsen serve professional builders and consumers. Building and home improvement trade operations in the Baltics are handled by the joint venture Kesko Senukai.

	2024	2023
Net sales, € million	4,351.6	4,193.2
Operating profit, comparable, € million	169.1	212.5
Operating margin, comparable, %	3.9	5.1
Return on capital employed, comparable, %	7.8	11.4
Capital expenditure, € million	293.7	273.0
Average number of personnel converted into full-time employees	6,538	6,073

+ More about the division and its key events in 2024

Car trade



K-Auto is a leading operator in Finnish car trade, and its operations comprise the import and sales of new cars, used cars, extensive servicing and repairs, leasing services, and the K-Lataus EV charging. K-Auto has over 1.3 million customers, served by some 1,300 professionals. The brands imported and sold by K-Auto are Volkswagen, Audi, SEAT, CUPRA, Porsche and Bentley passenger cars and Volkswagen Commercial Vehicles in Finland, and SEAT and CUPRA in the Baltics. The division also includes Kesko's sports trade.

	2024	2023
Net sales, € million	1,209.4	1,262.3
Operating profit, comparable, € million	69.3	82.6
Operating margin, comparable, %	5.7	6.5
Return on capital employed, comparable, %	13.8	15.8
Capital expenditure, € million	89.0	80.3
Average number of personnel converted into full-time employees	1,556	1,531

+ More about the division and its key events in 2024

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REVIEW BY THE PRESIDENT AND CEO

ALL KESKO DIVISIONS MANAGED A GOOD RESULT IN 2024

Kesko's sales and profitability were at a good level in 2024 despite the challenges in our operating environment. The comparable operating profit of €650.1 million was a good result in a market that continued to be challenging. Our net sales totalled €11,920.1 million. Nearly 40% of Kesko's net sales today come from B2B trade, and some 20% from outside its home market of Finland. The successful execution of our growth strategy in all three divisions has yielded results also in a more difficult environment. We have also been successful in managing costs. Our cash flow from operating activities totalled €1,008.2 million in 2024, and we continued investments in line with our growth strategy during the year.

I took over as Kesko's President and CEO at the beginning of February 2024. I have worked at Kesko for more than 30 years in many different roles in both grocery trade and building and technical trade, and have successfully steered various businesses, which makes me well-equipped to lead the whole Kesko Group. In June, we updated Kesko's strategy, keeping the main pillars intact, while crystallising further the competitive advantages and objectives of the three divisions: grocery trade, building and technical trade, and car trade. In all business operations, we seek sales growth, better customer experiences, profitability and efficiency with the help of e.g. digital services and artificial intelligence.



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I see plenty of potential for all three divisions to grow and further strengthen their businesses especially by listening to their customers and responding to customer needs. I feel that it is important to motivate our people through open and honest communication about our goals, and to support them and give them enough responsibility in everyday decision-making. Together, we work towards better trade everyday with a "Let's K" attitude.

In 2024, our operating environment remained difficult despite the marked slowdown in inflation and lower interest rates. Although consumer confidence strengthened compared to 2023, it was still low. Lower interest rates and higher wages should, however, underpin consumer purchasing power, and consequently retail. In Finland, business confidence was on the rise in all sectors in the latter half of the year, but the confidence indicator for construction was still very low. Construction activity remained low in all our operating countries in 2024. In the longer term, factors such as urbanisation, renovation and infrastructure investment debt and the green transition will underpin construction.

Despite the challenges in our operating environment, Kesko is in good performance condition. We have a good, clear strategy that focuses on our strengths. We are able to respond to changes in our operating environment quickly, and have constantly been able to improve our efficiency with the help of e.g. digital services and artificial intelligence. Kesko's strong balance sheet enables growth investments also in this economic cycle.

In 2024, Kesko expanded operations to Denmark by acquiring one of the country's leading building and home improvement trade operators Davidsen Koncernen A/S at the start of February. In August, we continued our expansion by announcing the acquisitions of three Danish builders' merchants: Roslev Trælasthandel A/S, Tømmergaarden A/S and CF Petersen & Søn A/S. The acquisitions will allow Davidsen to serve customers nationwide, and notably increase our share of the Danish building and home improvement trade market to some 20%, with net sales of over €800 million. Denmark will become the third biggest market for Kesko after Finland and Norway, and the notable Danish building and home improvement trade market will offer interesting growth potential for Kesko also going forward.

Sustainability at the core of our strategy

In recent years, companies have assumed a bigger role in finding solutions to global sustainability challenges. We updated Kesko's sustainability strategy in 2024. We had already committed to setting net-zero targets extending to 2050 for our entire value chain, and in the updated strategy, we set emission reduction targets for our own operations extending to 2034. Over the next ten years, Kesko will increase investments in energy-efficiency and the electrification of transports to reduce emissions. The focus areas for the updated sustainability strategy are climate and nature, value chain, our people, and good governance, and we have or will set clear sustainability targets for each. Sustainability also offers commercial possibilities for Kesko in all divisions, for example, in offering local food and plant-based alternatives in grocery trade, selling products that promote better energy efficiency and the green transition in building and technical trade, and reducing traffic emissions and promoting electrification in car trade.

As a trading sector company, we are uniquely positioned to enable sustainable lifestyles for our customers. Sustainability is a central part of Kesko's strategy, and we have engaged in sustainability work for decades. We prepared Kesko's first sustainability statement in line with the EU Corporate Sustainability Reporting Directive (CSRD) as part of the Report by the Board of Directors for 2024. Our long-standing sustainability work generates results, and also garners international recognition. Kesko is the only company in the world to have made the Global 100 listing of the most sustainable companies in the world every year since the list was first established in 2005. Kesko was also once again included in the Dow Jones Sustainability Indices the DJSI World and DJSI Europe, and in the latter, Kesko ranked as the best company in its industry (Consumer Staples Distribution & Retail) for the third consecutive year.

All three divisions managed a good result in a challenging market

Sales in the grocery trade division grew in 2024 in both our grocery stores and the foodservice business. Kespro performed particularly well, and we aim to continue the good performance in the foodservice business. Improved consumer confidence and the slowdown in inflation have begun to have a positive impact on the market. Our objective in grocery trade is to strengthen our market position while maintaining good profitability. Strategic focus areas for the division are utilising store-specific business ideas to elevate store quality, developing the store network and opening new stores especially in growth centres, and measures to improve price competitiveness. Finns favour hypermarket stores in particular, and they have a material impact on market shares. Towards year-end, we opened a new K-Citymarket store in Vuosaari, Helsinki, and seven more hypermarkets are currently in the planning or construction stages.

Price continues to be a major consideration for customers in grocery trade. At the same time, the popularity of

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online grocery has continued to grow, driven by express deliveries. Grocery-related media sales and data utilisation have grown notably in recent years, and the new business supports the good profitability in our grocery trade. In 2024, we managed to increase customer flows and sales with campaigns and other marketing measures, but the market share of our stores decreased. Price competition in Finnish grocery trade continued tight. We responded in early January 2025 by reducing prices on more than 1,200 grocery staples. Net sales for the division totalled €6,381.4 million, up by 0.5%, and comparable operating profit totalled €438.0 million.

In building and technical trade, profitability remained good in 2024 even though it declined year-on-year due to weak construction activity. The division serves professional builders, technical wholesale customers, and consumers in Northern Europe. We will continue executing country-specific growth strategies in Finland, Norway, Denmark, Sweden, Poland and the Baltic countries, seeking growth both organically and via acquisitions. Key focus areas for the division are securing profitability and improving cash flow.

In 2024, demand decreased in both building and home improvement trade and technical trade in all our operating countries as construction volumes came down, but sales picked up in the latter half of the year. In the longer term, the outlook for building and technical trade is positive. Urbanisation, renovation and infrastructure investment debt, infrastructure projects, and the green transition underpin construction over cycles. Net sales for the division totalled €4,351.6 million, up by 3.8% thanks to the Davidsen acquisition, and comparable operating profit totalled €169.1 million.

Kesko is currently building a modern new logistics centre in Hyvinkää, southern Finland. An important investment of nearly €300 million in future growth, the centre is the biggest construction project in Kesko's history, and once completed, will serve both Onninen's technical trade and K-Auto's spare parts business.

In car trade, the market in Finland was weak in 2024. The market showed some signs of picking up, but weak consumer confidence, high interest rates, and uncertainty regarding powertrain alternatives for new cars slowed down recovery. Development in the used car market was clearly better than in new cars, and sales also grew in car related services. Despite the weak market, the profitability for Kesko's car trade division stayed at a good level. The major transformation measures carried out within the division in recent years have improved its profitability. Kesko was the market leader in new fully electric cars, and we continued to strengthen our K-Lataus charging network. In sports trade, market share increased despite weak consumer demand. Net sales for the division totalled €1,209.4 million, representing a decrease of 4.0% in comparable terms, while the comparable operating profit totalled €69.3 million.

Plenty of further growth potential

The retailer business model and our seamless cooperation with the retailers is a significant competitive advantage for us in grocery trade and building and home improvement trade in Finland. Customer-orientation drives everything we do. We want to maintain and strengthen our reliable K brand, and to provide even better service to our customers. Customer trust towards K Group is good and we are among the most reputable companies with the highest brand value in Finland.

Investor interest towards Kesko has grown significantly in recent years. Foreign ownership began to rise in the latter half of the year, and now stands above 33%. The number of registered shareholders grew by nearly 8% in 2024 and was over 113,000 at the end of the year. Kesko is among the top companies on the Helsinki Stock Exchange in terms of the number of shareholders, and very popular among Finnish retail investors.

Kesko is an exceptional trading sector operator which, thanks to the right strategic choices, can navigate also through difficult and changing conditions. There is no company like this on the market. We have focused on three divisions, which each have a strong position in their respective markets in both traditional stores and digital channels, as well as good growth potential. For more than 80 years, Kesko's strength has been its ability to adapt and change with times. Efficiency and sales growth enable good profitability development. Our good ability to generate profits and our strong financial position enable investments and good dividend capacity. Kesko's Board of Directors proposes to the 2025 Annual General Meeting a dividend of €0.90 per share.

I see Kesko's future bright also in upcoming years. We expect our operating environment to improve in 2025. I want to thank all our customers, shareholders, the people of K Group and our partners for their trust and good collaboration over the past year.

Jorma Rauhala
President and CEO



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STRATEGY AND OPERATING ENVIRONMENT

2024

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STRATEGY AND OBJECTIVES

Kesko updated its growth strategy for 2024–2026. The main pillars of the strategy remained intact, while each division's competitive advantages and objectives were crystallised further, with special focus on the customer perspective. Profitable growth in three selected divisions – grocery trade, building and technical trade, and car trade – continues to be at the core of Kesko's growth strategy.

Kesko's growth strategy has proven effective, and there was therefore no need for major changes. As there is good growth potential for all three divisions, there was also no need for changes in the existing business portfolio. Grocery trade, building and technical trade and car trade are all areas where Kesko has good market positions, the strongest capabilities, and the best long-term development potential. The results Kesko has managed to achieve in a challenging market show that the company has made the right strategic choices, and that its strategy works also in a rapidly changing operating environment.

Kesko's vision is to be the leading, most attractive trading sector growth company in Northern Europe. Delivering profitable growth, strengthening market position, further developing focused B2C and B2B business portfolios, and increasing customer value are shared strategic objectives for all three Kesko divisions. Their achievement is supported by division-specific strategies and detailed operating plans derived from these.

We seek sales growth, better customer experiences, profitability and efficiency with the help of e.g. digital services and artificial intelligence in all business operations. Kesko's strategy defines its competitive advantages.

Kesko's growth strategy

VISION	**The leading and most attractive trading sector growth company in Northern Europe**				
STRATEGIC TARGETS	Delivering profitable growth	Strengthening market position	Building a focused B2C and B2B business portfolio		Increasing customer value
COMPETITIVE ADVANTAGES	Operational excellence	Omnichannel customer experience	K-retailers and commercial spirit	Forerunner in sustainability	Trusted K brand
BUSINESSES	Grocery trade		Building and technical trade	Car trade	
PURPOSE	**Towards better trade every day – LET'S K!**				

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One key advantage is operational excellence. This comprises e.g. daily processes: selections, product availability, store concepts, pricing management, and reliability in deliveries. These are important, even critical factors for customers. We must ensure a good, high-quality customer experience in both our stores and digital channels.

When it comes to the use of digitalisation, our main objectives are to ensure the best possible customer experience and to increase the efficiency of our operations. Data is central to everything we do, and we seek to create value in various ways for our customers with business processes that utilise data, analytics, AI and automation.

At K Group's core are Kesko and the retailer entrepreneurs operating in Finland in B2C grocery trade, K-Rauta building and home improvement stores, and Intersport stores. The retailers differentiate K Group from its competitors and lend a significant competitive advantage, with a unique commercial approach that extends to all operations, supported by the established strong and trusted Kesko and K brands.

K-Plussa is the most extensive customer loyalty programme in Finland. The number of Finnish households belonging to the K-Plussa loyalty programme and using the K-Plussa network totalled 2.6 million at the end of 2024, with 3.4 million active customers. Our K-Ruoka is the most popular mobile app in Finland, with some 800,000 weekly users.

Kesko updated its sustainability strategy in the autumn of 2024, with climate and nature, value chain, people, and good governance as the strategic focus areas. Our sustainability work focuses increasingly on the entire value chain. Collaboration with suppliers is increasingly important, as emissions need to be reduced throughout the supply chain. We are committed to reducing emissions throughout the value chain to net-zero by 2050. To achieve this objective, we are encouraging our suppliers to set their own emissions targets. With people, our focus is on promoting personnel safety and wellbeing as well as diversity, equity and inclusion in the workplace. There is also increased focus on biodiversity in the updated sustainability strategy. All three Kesko divisions encourage their customers to make sustainable choices – in food, construction and mobility.

We promote the sustainability of supply chains and product selections together with our suppliers, and help our customers make more sustainable choices. To measure our progress in sustainability, we refer to sustainability indices and assessments such as the Dow Jones Sustainability Indices, MSCI ESG, Sustainalytics and CDP.

In the grocery trade division, Kesko's aim is to strengthen its market position while maintaining good profitability. Strategic focus is on relevant store-specific business ideas,



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the development of Kesko's store site network, the opening of new stores especially in growth centres, and actions to improve price competitiveness. Strategic investments in price competitiveness, new stores and store remodels in all chains, as well as store-specific business ideas that are tailored to local needs and customer base, strengthen sales and customer satisfaction. K-retailer entrepreneurs are responsible for the business ideas, ensuring that the customer is at the front and centre for Finland's widest network of grocery stores. Ensuring the continued good performance for Kespro in the foodservice business is also a priority. Although investments in price and store sites will impact profitability in Kesko's grocery trade in upcoming years, operating profit development will be stable and profitability is expected to stay clearly above 6% in the 2024–2026 strategy period.

Trends impacting our operating environment, such as urbanisation, the rise of senior citizen consumers, smaller household sizes, increasingly individual consumer behaviour, and the growing popularity of eating out support high-quality grocery trade.

Kesko's building and technical trade division serves professional builders, technical wholesale customers, and consumers in Northern Europe. The division will continue to execute country-specific growth strategies, and will seek growth both organically and through acquisitions. Focus areas for the building and technical trade division include securing profitability and improving cash flow. In Finland, the goal is to continue growth and further strengthen market position for both Onninen and K-Rauta. In Sweden and Norway, the goal is to improve profitability for all businesses and complete the integration of acquired

Acquisitions as part of Kesko's growth strategy

2016
- Suomen Lähikauppa €936m
- Onninen €1,465m
- AutoCarrera €49m

2018
- Reinin Liha and Kalatukku E. Eriksson €31m
- Skattum & Gipling €245m
- 1A Group €41m

2019
- Sørbø Trelast and Tau & Jørpeland Bygg €24m
- VW, Audi and SEAT businesses from Huittisten Laatuauto and LänsiAuto €96m
- Fresks Group €205m
- VW, Audi and SEAT businesses from Laakkonen €259m

2020
- MIAB €18m
- Bygg&Interiör €14m
- Carlsen Fritzøe €201m

2021
- Byggarnas Partner €18m
- Kungälvs Trävaruaktiebolag €33m

2022
- Djurbergs Järnhandel €11m
- Föllinge såg €6m
- XL-BYGG Bergslagen €10m

2023
- Elektroskandia Norge AS €250m
- Zenitec Sweden AB €13m
- Davidsen Koncernen AS €560m
- Geitanger Bygg AS €15m

2024
- Autotalo Lohja Oy €43m
- Roslev Trælasthandel A/S, Tømmergaarden A/S, CF Petersen & Søn A/S. Total €400m*

At the same time, the Group has divested non-core businesses and sold properties for a total sum of approximately €1 billion.

* Roslev's acquisition completed on 31 Jan. 2025. Remaining two acquisitions expected to be completed in the first half of 2025.

Figures either net sales or sales figures published in connection with the acquisition.

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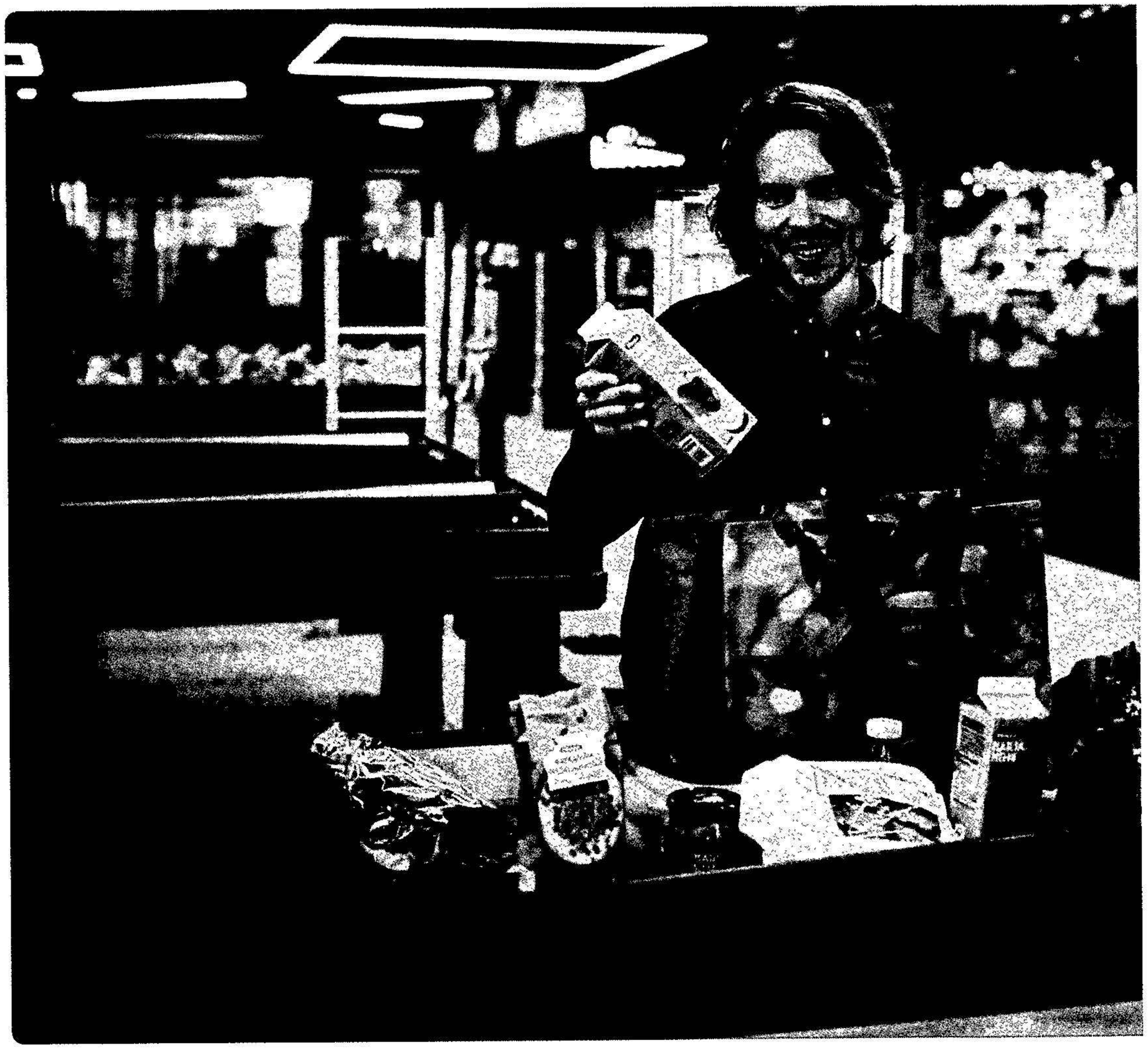
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businesses to realise synergies. In Denmark, Kesko is set to complete and integrate planned acquisitions, with the aim of improving profitability through sales growth. In the long-term, the division targets an operating margin of 6–8%.

Building and renovation are becoming more and more technical, and consumers are increasingly outsourcing the work to professionals. The green transition, the need to improve energy efficiency, and urbanisation support the division's growth. The need for renovation building in Northern Europe is also growing. All these factors support demand for building and technical trade.

In the car trade division, Kesko aims to outperform the market in all car trade business areas: new cars, used cars, and services. The objective is to improve customer satisfaction and strengthen profitability and market position in all businesses. Demand for electric cars and rechargeable hybrids has increased in recent years, and we have responded with our extensive range of cars and by growing our K-Lataus EV charging network. In new cars, our strategy centres on strong collaboration with the Volkswagen Group. Kesko's objectives for the division are solid operating profit development and strong brand awareness in car trade; in sports trade, the objective is to maintain the market leading position.



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FINANCIAL TARGETS

Kesko's growth strategy has proven effective and our strong profitability shows that the strategy and its successful execution in all three divisions yield results also in a more challenging operating environment.

Our strategic objectives are to ensure profitable growth, crystallise our competitive advantages, and strengthen our market position in the three selected divisions, namely grocery trade, building and technical trade, and car trade. We develop a focused business portfolio, and increase customer value.

Financial indicators

Kesko's medium-term financial targets were last updated in spring 2021, and the targets were met in 2021 and 2022. In 2023, we achieved the targets for comparable operating margin and interest-bearing net debt / EBITDA. In 2024, we achieved the target for interest-bearing net debt/EBITDA, but fell slightly short on the other targets.

Outlook for 2025

Kesko's operating environment is estimated to improve in 2025, but to still remain somewhat challenging. Kesko's comparable operating profit is estimated to improve in 2025. Kesko estimates that its comparable operating profit in 2025 will amount to €640–740 million. The profit guidance is based on an estimate of a gradually improving economic cycle in all Kesko operating countries. Key uncertainties impacting Kesko's outlook are developments in consumer confidence, investment appetites, as well as geopolitical crises and tensions.

Earnings per share (EPS)

€1.11

Dividend*

€0.90

/ share

*proposal to the Annual General Meeting

Indicator	Target	Level achieved in 2024	Level achieved in 2023	Level achieved in 2022
Comparable operating margin, %	Over 6.0	5.5	6.0	6.9
Comparable return on capital employed, %	Over 14.5	11.3	13.4	16.9
Interest-bearing net debt / EBITDA, excluding IFRS 16 impact	At maximum 2.5	1.1	0.7	0.2

→ Read more about the outlook

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FOCUS AREAS FOR SUSTAINABILITY

Kesko creates competitive advantage through sustainability. The effects of what we do spread far and wide through society. We strive to enable sustainable choices for our customers and drive change throughout the value chain from production to consumption. Our sustainability strategy was updated in October 2024, and sets clear targets for Kesko and its three divisions.

Our objectives

- **Minimising impact on climate and nature.** We respect planetary boundaries by minimising negative and maximising positive impacts on climate and nature.
- **Challenging suppliers and encouraging customers.** We drive sustainability throughout the value chain and help our customers make sustainable choices.
- **Promoting the wellbeing and success of our employees.** We create safety and wellbeing for our people. We foster diversity, equity and inclusion in the workplace.
- **Ensuring good governance.** We embed sustainability and ethical business practices in everything we do.



Reducing emissions in our own operations and the value chain

Kesko has set new short-term emission targets for its own operations, aiming for a 50% reduction in emissions by the end of 2034 from the 2024 baseline. Kesko has also committed to setting net-zero targets for its entire value chain, *extending to 2050. Kesko will be seeking validation* from the Science Based Targets initiative (SBTi) for both the short-term and long-term emission targets during 2025.

The majority of Kesko's emissions are generated during the lifecycle of the products purchased and sold, i.e. the production, use, and end-of-life treatment of the products. *This is why a key aspect of our climate work is to challenge* our suppliers to reduce their emissions. Our objective is to have 67% of our suppliers set science-based climate targets by the end of 2026. We monitor progress primarily through the CDP Climate Change questionnaire, to which we encourage our major suppliers to respond.

We challenge our suppliers to also reduce emissions

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Setting biodiversity targets

Kesko is currently assessing its biodiversity impacts in accordance with the Taskforce on Nature-related Financial Disclosures (TNFD) initiative, with the goal of setting biodiversity targets in 2025.

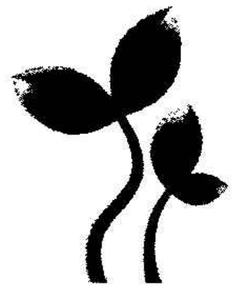
The most significant water-related impacts for K Group concern the manufacture of products, especially in grocery trade. As part of the sustainability strategy work, we are assessing the most significant water risks in our value chain and setting targets to minimise the impacts.

Promoting supply chain sustainability and diversity in personnel

We promote sustainability and transparency in our supply chains with our sustainability policies, factory and farm audits, and product sustainability certificates. We require social responsibility audits from all factories of suppliers in high-risk countries. Going forward, audits will also be conducted elsewhere in the value chain on the basis of risk assessments.

We aim to raise the proportion of women in top management to 40% and in middle management to 45% by 2030.

Focus areas for sustainability strategy



Climate and nature

- Emissions in our own operations and value chain
- Biodiversity
- Water sufficiency
- Circular economy



Our people

- Personnel safety and wellbeing
- Diversity, equity and inclusion



Value chain

- Supply chain sustainability
- Sustainable customer choices



Good governance

- K Code of Conduct
- Sustainability competencies across the organisation
- Added value through data utilisation

We promote diversity, equity and inclusion in our personnel. We set tangible targets in our sustainability strategy for gender equality, aiming to increase the proportion of women in top management to 40% and in middle management to 45% by 2030. We also aim to have zero unfounded pay differences between the genders.

Business ethics and compliance are promoted through the K Code of Conduct for K Group and its business partners.

+ Read more in the Sustainability statement section of the report.

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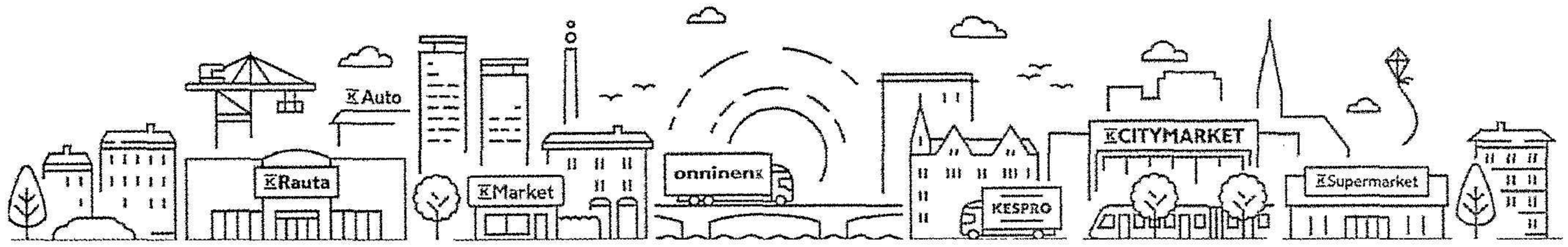
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TRENDS IMPACTING OUR OPERATING ENVIRONMENT

The trading sector operating environment is impacted by various megatrends. By identifying those trends that affect K Group's operations, we strive to anticipate future challenges and opportunities.



Interest rates and inflation

- Consumer and business confidence continue to be weak
- Uncertainty in willingness to invest
- Lower construction activity
- Price-driven customer behaviour

Urbanisation

- Migration to growth centres continues
- Impacts on housing, consumption habits, and mobility
- Regional differentiation changing the demand for services
- Drives the development of K Group's store site network

Demographic changes

- Aging population, growing importance of senior citizens as customers
- Smaller households
- Immigration and workforce availability

Convenience

- Convenience emphasised in consumption habits – ready meals, eating in restaurants, express deliveries
- *Growing importance of individuality*
- Fast changes in purchasing and consumption habits and needs – adapting selections

Climate change and green transition

- Energy efficiency and investments in energy infrastructure
- Emission reductions throughout the value chain, increased use of zero emissions energy
- Increasing sustainability regulation impacting operations

Digitalisation and AI

- Growing need for high-quality digital services
- Better utilisation of AI's potential – improving process efficiency, more personalised customer experience based on high-quality data

Impact of globalisation on supply chains and growing importance of risk management

- Heightened geopolitical circumstances and consequent tensions and crises
- Increased importance of supply chains, reliable partners and transparency
- Stronger emphasis on good governance and anti-corruption
- Market consolidation

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CHANGES IN OUR OPERATING ENVIRONMENT IN 2024

GROCERY TRADE

Impact on business

- Economic uncertainty and weak consumer confidence continued to impact consumer choices
- Consumers more price conscious
- Quality and convenience also important to some consumers
- People think more carefully about eating in restaurants

Strategic actions

- Strengthening store-specific business ideas and crystallising competitive advantages
- Developing the store site network, with focus on growth centres
- Strengthening price competitiveness and improving price image
- Utilising high-quality customer data and further developing digital services
- Strengthening Kespro's market-leading position

Outlook for 2025

- B2C trade and the foodservice market are estimated to remain stable. The comparable operating margin for the division in 2025 is estimated to stay clearly above 6% despite the investments in price and the store site network.

BUILDING AND TECHNICAL TRADE

Impact on business

- Construction activity continued to decline due to economic uncertainty, especially in new building construction
- Demand for solar panels and air-source heat pumps has decreased from peak levels, but remains good
- Continued low levels of corporate investments and consumer confidence
- Renovation building volumes down less than new construction volumes

Strategic actions

- Securing profitability and generating cash flow
- Heavy focus on B2B trade
- Strengthening geographical business areas and integrating acquisitions
- Utilising M&A opportunities

Outlook for 2025

- The cycle in building and technical trade is expected to improve in 2025 from the historically low levels. Profitability for the division is estimated to improve on 2024.

CAR TRADE

Impact on business

- General economic uncertainty reflected in consumer behaviour
- Demand for new cars below normal levels
- Demand for used cars strong

Strategic actions

- A balanced business portfolio: new cars, used cars, and services
- Constant business development, strengthening the dealership network and digital services
- Utilising automation and robotics in managing costs
- Strong brands underpin sales growth

Outlook for 2025

- New car orders are expected to stay at a low level in 2025. Demand for used cars and services is estimated to remain good. Profitability for the division is estimated to remain at a good level in 2025 despite weak demand for new cars.

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OPPORTUNITIES AND RISKS IN OUR OPERATING ENVIRONMENT

RISK	IMPACT	MANAGEMENT	OPPORTUNITIES
Economic operating environment • Prolonged Inflation, high interest rates, and low employment have an impact on consumer purchasing power and companies' willingness to invest	• In grocery trade, product prices have an emphasised impact on consumer purchase decisions. • In building and technical trade, construction and renovation projects are being postponed, which impacts sales and inventory management. • In car trade, customers may postpone purchases.	• Strengthening our competitive advantage by ensuring competitive prices, quality, and customer orientation. • Securing cash flow through increased operational efficiency on a wide scale. • Adjusting operating costs to business.	• Utilising the business agility and competitive *advantages enabled by retailer entrepreneurs*. • Utilising Kesko's strong financial position for growth opportunities, acquisitions and business development. • Utilising business opportunities related to the green transition, especially in building and technical trade.
Digital services and data-driven management • Tightening competition over skilled experts • Increasing regulation concerning digitalisation and the collection and use of data • Cybercrime	• Digital service development could slow down because skilled experts cannot be hired or retained. • EU regulation may limit the collection and use of data that would be significant for business and customer service purposes, or lead to considerable additional costs. • Cyber threats directed at digital services and information systems increase risks related to business continuity and customer data management.	• Developing factors that impact K Group's employer image, ensuring the availability and retention of skilled personnel. • Actively monitoring and impacting the preparation of legislation affecting the sector at EU level. • Constantly monitoring threats to data security and proactively developing data security. • Providing extensive training to personnel. • Requiring a high level of data security from critical service providers.	• Using customer data and research to develop more personalised customer experiences and store-specific business ideas. • Offering a seamless customer experience in all channels by utilising artificial intelligence, data analytics, and service design. • Combining online sales and digital services with our comprehensive store network to enable excellent customer service.
Geopolitical situation • Growing tensions in security policy as a result of increased geopolitical tensions, and the possible expansion of the war in Ukraine	• If escalated, heightened military and economic competition between superpowers could have a significant impact on Kesko's operating environment, supply chain continuity, and product availability.	• Preparing for potential heightening of global tensions and disruptions in supply chains by ensuring our contingency plans and crisis management systems are up to date.	• Various business opportunities related to reconstruction efforts.

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RISK	IMPACT	MANAGEMENT	OPPORTUNITIES
Sustainable purchasing and human rights • Irregularitie in the management of social or environmental responsibility in our purchasing chain • Failure in managing product safety or in supply chain quality assurance	• Irregularities in the management of social or environmental responsibility in the purchasing chain could result in human rights violations, environmental damage, financial losses, or loss of stakeholder trust. • A failure in product safety control or in the quality assurance of the supply chain could result in a loss of customer trust, or, in the worst case, a health hazard to customers.	• Conducting extensive, systematic supplier audits in high-risk countries to ensure responsibility and sustainability. • Promoting sustainability and responsibility throughout the supply chain. • Using sustainability policies to guide the sourcing of products containing raw materials identified as critical from a social or environmental responsibility perspective. • Ensuring and systematically monitoring product safety in purchasing.	• Responsible and sustainable procurement of products and services allows Kesko to impact progress and execution of social and environmental responsibility in its supply chains. • Efforts to improve supply chain responsibility and product safety increase stakeholder trust.
Climate change • Climate measures will globally stay at their current level, resulting in a failure to mitigate climate change (IPCC RCP 6.0)	• In the longer term, the risk would have severe impacts, as humanity would not have been able to do enough to solve the climate crisis on a global scale. The impacts of global warming on global production areas, supply, quality and price could become critical factors for Kesko in terms of supply chain continuity and product availability.	• Kesko's strategy work assesses and takes into account the likelihood of potential physical occurrences, and reviews efficient adjustment measures. • Physical risks impact, in particular, infrastructure, Kesko's properties and other assets, and potentially logistics: preparing for the impacts of climate change in future investments is very important.	• Kesko can offer its customers products that support the green transition, and sustainable solutions for reducing climate impacts, for improving the energy efficiency of buildings, and for reducing food waste. • The impact of climate change on global production chains enables the export of clean, high-quality Finnish food to new markets in collaboration with the food industry.

EMERGING RISKS

Loss of biodiversity • In the long term, continued loss of biodiversity will significantly hamper the cultivation of edible crops and food production, thus weakening product availability and quality	• Risks to biodiversity impacting our operations and value chains include loss of species, water shortage, increase in pests and diseases, and pollinator decline, which through crops has a direct impact on food production and product availability.	• Promoting the sustainable use of natural resources in our own operations with the help of circular economy and minimising food waste. • Offsetting the impact our construction projects have on biodiversity. • Creating selections where the products and their packaging put minimal strain on biodiversity throughout their life cycle.	• Enabling sustainable and healthy lifestyles for our customers by promoting the sustainable use of natural resources and by building sustainable selections that take biodiversity into account.
Extreme weather conditions • Extreme weather conditions caused by climate change (increase in storms, wind, heat periods and rain) could potentially impact Kesko's business and value chain, especially in the long term	• Extreme weather conditions could lead to e.g. powerful storms with high winds, rain and sudden floods, and prolonged heat periods during the summer. This would have direct impacts on agriculture and food production, and consequently on the availability, price and quality of products. • Global supply chains and transport routes could change considerably, which would impact Kesko's operations.	• Preparing for global changes in prices, suppliers, availability and quality resulting from the climate crisis important for Kesko's business continuity.	• The building and technical trade division in particular can offer solutions that help customers prepare for extreme weather conditions.



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KESKO'S BUSINESS MODEL

Kesko's business model comprises Kesko's own retailing and B2B trade, and the chain business model.

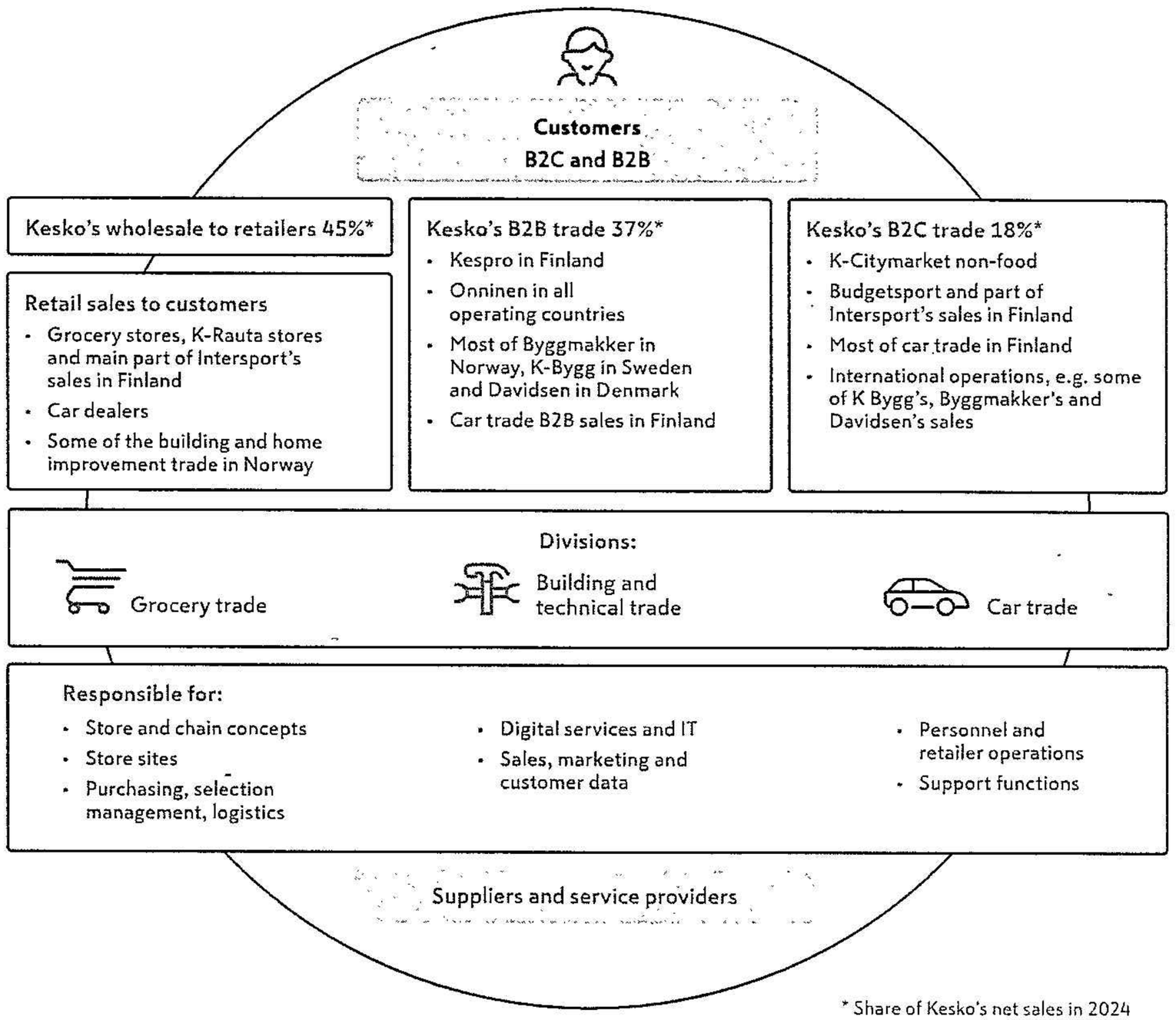
In Finland, the biggest business model is the chain business model, in which K-retailer entrepreneurs run retail stores in Kesko's chains, namely the grocery store chains, and the K-Rauta and Intersport chains. Some 45% of Kesko's net sales come from sales to retailers.

Kesko's own retailing and B2B trade account for some 55% of net sales. In Finland, Kesko's own retailing and B2B trade comprise e.g. car trade, Kespro, Onninen, non-food sales at K-Citymarket hypermarkets, and part of the Intersport sales and Budget Sport. B2B trade in particular is a strongly growing part of Kesko's business operations. Outside Finland, Kesko mainly engages in own retailing and B2B trade.

Net sales from international operations totalled some €2.4 billion, or 20%, of Kesko's net sales in 2024. Kesko operates in eight countries: Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and Poland.

The constant improvement of customer experiences and further development of digital services are at the heart of our growth strategy. We use quality and customer experience to differentiate ourselves from the competition in both our stores and digital services.

Kesko's business model



* Share of Kesko's net sales in 2024

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K-RETAILER OPERATIONS IN FINLAND

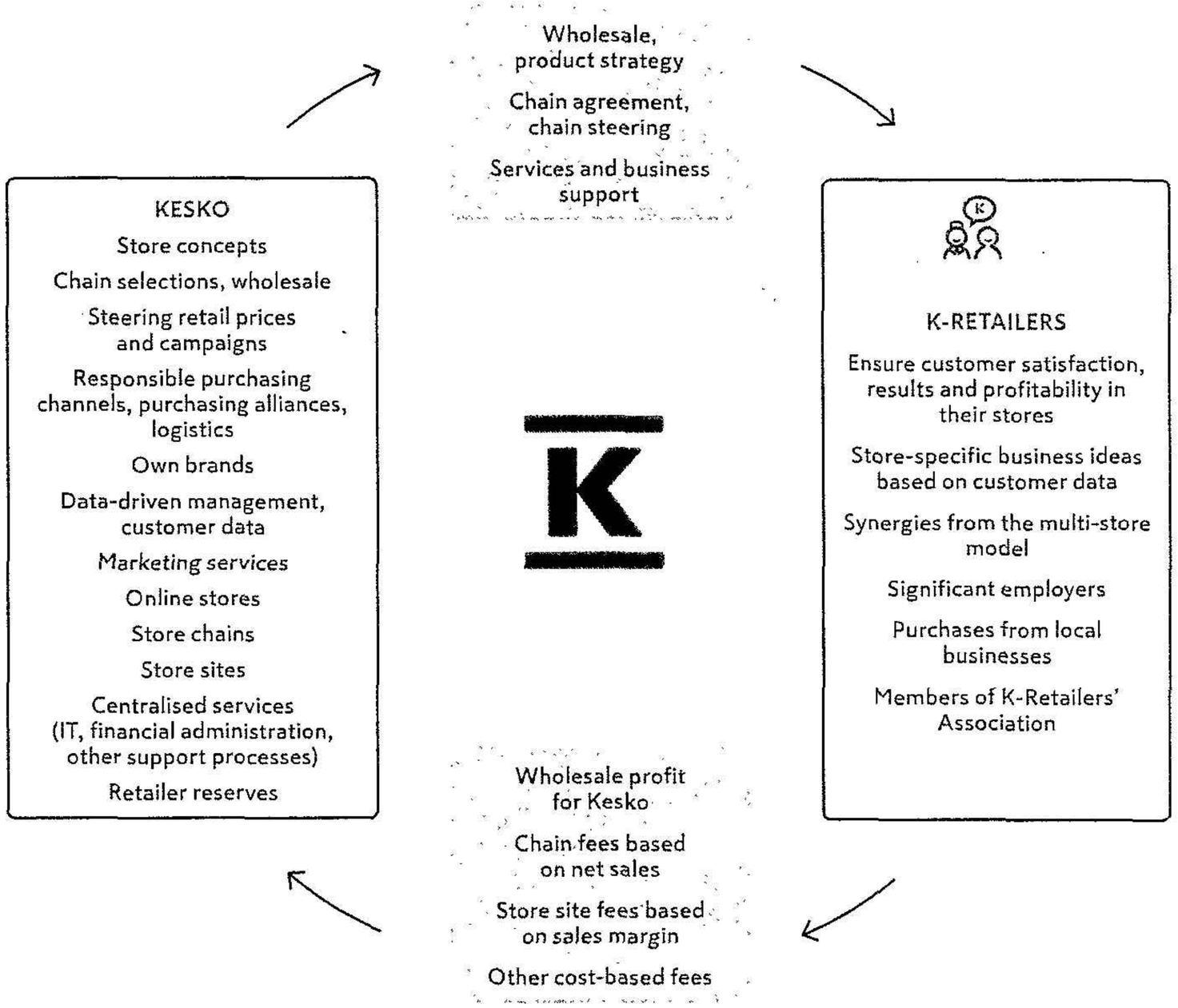
In Finland, Kesko's principal business model is the chain business model, in which independent entrepreneurs – usually referred to as K-retailers – operate retail stores in Kesko's chains. These include the grocery store chains and the K-Rauta and Intersport chains. In total, there are 1,015 retailers in Finland: 856 grocery retailers, 107 building and home improvement retailers, and 52 sports retailers. Outside Finland, Kesko mainly engages in own retailing and B2B trade.

Cooperation between the K-retailers and Kesko is based on equality and a desire to develop operations together. The aim is to improve competitiveness and customer satisfaction while ensuring high quality and lower costs. The respective rights and duties of Kesko and the K-retailers are determined in a chain agreement. Combining systematic chain operations and K-retailer entrepreneurship under one unified 'K' brand lends us a competitive advantage.

Kesko is responsible for the continuous development of the operating model and store concepts, for steering chain operations, and for purchasing products included in chain selections. Kesko offers the retailers a retail price service which gives a recommended or maximum price for nearly all store products. The service can be applied to store-specific business ideas, and the retailer may set prices below the recommended or maximum price. Kesko is also responsible for the store site network and for obtaining new store sites. Kesko either owns or leases the store sites and is responsible for developing them.

Kesko engages in long-standing cooperation with partners such as suppliers and logistics operators. International sourcing

Kesko and K-retailers: roles



The retailers pay a net sales-based chain fee and a sales margin-based store site fee to Kesko. Store site fees account for approximately half of the fees paid by retailers to Kesko. Other cost-based fees include those related to e.g. marketing, logistics and IT.

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cooperation and private labels such as Pirkka and K-Menu play a significant role in ensuring that the selections offered to customers are versatile and competitively priced.

K-retailers are responsible for the business operations of their store, their store-specific business ideas, customer satisfaction, store personnel and sales and profit. Each retailer establishes their own store-specific business idea based on customer insight and K Group customer data, in order to offer the best services and selections for their customers. The multi-store model, in which one retailer can have multiple stores, creates synergies in e.g. management, personnel resourcing, and product selections. Each K Group store is part of its larger community and society, and the retailer entrepreneurs work with various stakeholders.

K-retailers typically have a university or college degree, or education in business. The personality, values and attitudes of a retailer candidate are also important. The first step towards becoming a retailer is a year-long trainee programme, which consists of practical training under the guidance of a retailer mentor, online studies, and on-the-job learning and in-store training. After completing the programme, the trainees are ready to start their career as K-retailer entrepreneurs. Kesko aims to offer each candidate who has finished the training a store that is the best fit for all parties. In 2024, 57 new K-retailers launched their careers.

All K-retailers are members of K-Retailers' Association, which promotes their shared interests and develops K-retailer operations. The association also coordinates the commercial collaboration between the retailers and Kesko, and offers its members e.g. legal advice, training and events. K-Retailers' Association with its related parties is the biggest shareholder in Kesko, and controls 7.54% of the shares and 19.56% of the votes in the company. Many individual K-retailers are also significant Kesko shareholders.

→ More about K-Retailers' Association



Image: Kesko Corporation archives

'LITTLE BIG DEEDS' SHOWCASE HOW K-RETAILERS SERVE THEIR COMMUNITIES

K-Retailers' Association and Kesko publish a video series on 'Little Big Deeds', actions done by K-retailers to benefit their local communities. The series was recently recognised by the Finnish Association of Communications Professionals for its long-term brand building and ability to increase understanding of K Group's everyday sustainability work.

Each K Group store is different, with a unique customer base and surrounding community. The K-retailers act as part of their community, often engaging in small local feelgood deeds. Some of the showcased 'Little Big Deeds' include a retailer who encouraged families to spend time together outdoors, another retailer who helped a young employee conquer their fear of social interactions, and a retailer whose lack of prejudice created a bond with the customers of the non-profit organisation next door that helps vulnerable homeless people.

The first 'Little Big Deed' was introduced in 2017, and since then we have showcased nearly 70 good deeds done by K-retailers. The stories are also published in our customer magazine Pirkka.

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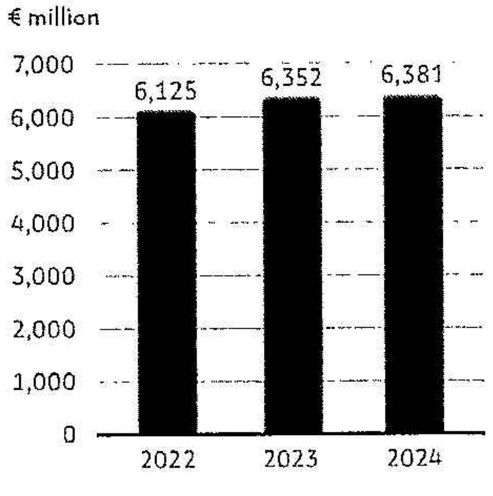
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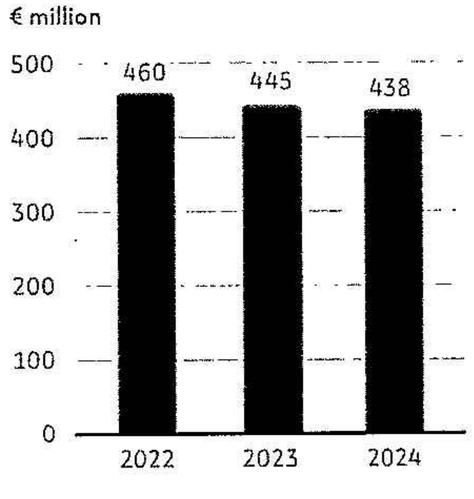
STRONGER CUSTOMER FLOWS IN ALL GROCERY TRADE BUSINESSES

Net sales in Kesko's grocery trade grew in 2024. Sales growth, better efficiency per store square metre, and increasingly efficient processes supported good profitability. Customers continued to emphasise price, but the popularity of services such as express deliveries also grew in 2024. Our strategy was updated in June, with the objective of strengthening our market position in grocery trade while maintaining good profitability. Strategic focus areas for the division are utilising store-specific business ideas to elevate store quality, developing the store network and opening new stores especially in growth centres, and measures to improve price competitiveness.

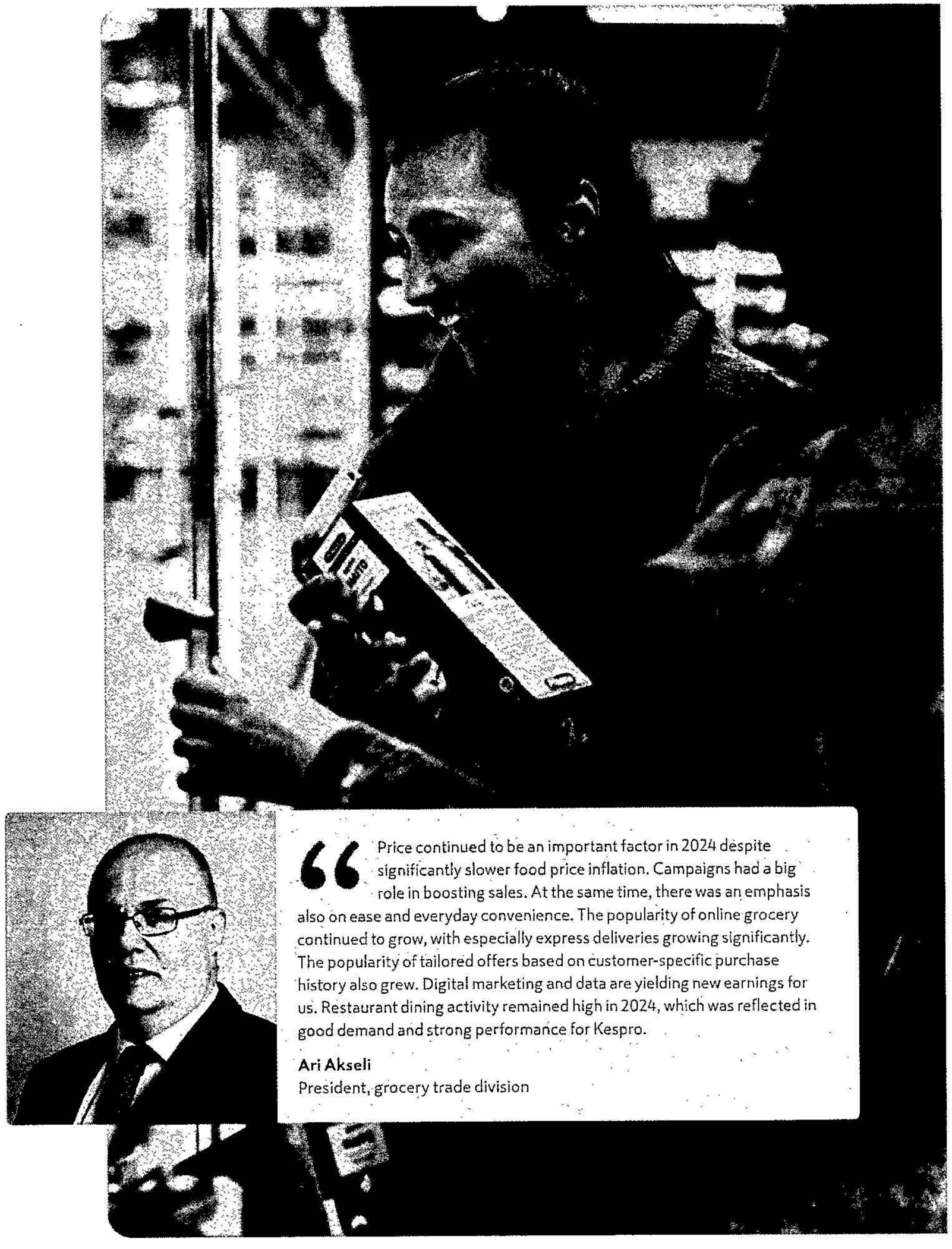
Net sales



Operating profit



Comparable figures.



> Price continued to be an important factor in 2024 despite significantly slower food price inflation. Campaigns had a big role in boosting sales. At the same time, there was an emphasis also on ease and everyday convenience. The popularity of online grocery continued to grow, with especially express deliveries growing significantly. The popularity of tailored offers based on customer-specific purchase history also grew. Digital marketing and data are yielding new earnings for us. Restaurant dining activity remained high in 2024, which was reflected in good demand and strong performance for Kespro.
>
> **Ari Akseli**
> President, grocery trade division

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Strong position supports good performance

In grocery trade, Kesko's goal is to offer the most attractive grocery stores and the most valued customer experience in both B2C and B2B trade. Our strategic objectives are increasing customer value and strengthening market share while maintaining good profitability. We continue the controlled long-term development of our store network by remodelling existing stores and opening new ones.

Our strategic objectives are to increase customer value, strengthen market share, and maintain good profitability



Our growth strategy is based on winning store-specific business ideas and K-retailer entrepreneurs, our modern and competitive store site network, and digital services. Our competitive advantages include the most attractive and customer-oriented stores especially in fresh food categories, and the use of advanced technologies and AI in improving customer experiences and efficiency. We aim to maintain our position as the most sustainable grocery trade operator in the world.

In the foodservice business, our goal is to further strengthen Kespro's market position by offering the best selection and the most comprehensive service concept on the market. Kespro's business model is based on strong partnerships with its B2B customers, with both Kespro and the customers benefitting from the development of our business.

Our strong position in both B2C and B2B trade translates into strategically important synergies in purchasing, logistics, common operations, and IT investments.

In 2024, net sales and sales increased in both our grocery trade and the foodservice business. In the grocery stores, customer flows and sales were driven by campaigns in particular. The market share of our grocery stores decreased slightly. Kespro's sales continued to grow, outperforming the market. Profitability for the division weakened slightly. Comparable operating profit development was impacted by higher store site costs and a year-on-year decrease in K-Citymarket's home and speciality goods sales. Consumer confidence in the economy strengthened compared to 2023, but continued to be low, which was reflected in higher campaign sales and the popularity of private label products.

BUSINESS ENVIRONMENT

Consumer confidence
- Consumer confidence still low
- Importance of price continues to be significant
- Offers and campaigns continue to be important

Demographic changes
- Population ageing, concentrated in growth centres
- Growing number of smaller households
- Store site network and selections must reflect the changes

Consumer megatrends
- Growing importance of convenience and eating out
- Increased focus on wellbeing for some consumers
- Important to address individual needs

Importance of data, AI, and digitalisation
- Growing role of data and digital services improving relevance
- Digitally-assisted sales growing
- New business formulated around data and digitalisation

Competition
- Continued high level of investments also from competitors
- Competing with both price and selections in physical stores and online
- Competition tightening further in online sales for home and speciality goods

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Retailer entrepreneurs lend a competitive advantage

Kesko's grocery store business relies heavily on retailer entrepreneurs. There are in total some 860 K-retailers in grocery trade. K-retailers manage selections, quality, customer service, staff and competencies, and business performance of their stores, based on their individual store-specific business ideas. Data-driven management is a central part of store operations, and we use customer data to support the retailers in defining their store-specific business ideas. Innovative executions of these business ideas have also gained international attention: in November 2024, the leading internal grocery trade research and training organisation IGD chose *K-Citymarket Jumbo in Vantaa as its 'Store of the month'.*

Customer experience at the core of our strategy

We use customer data to introduce products and services to our grocery stores that best suit the needs of each store's customer base.

Food prices began to rise in 2022: this trend slowed down notably in 2024, but general consumer uncertainty persisted, which was reflected in consumer behaviour. Price continued to be a significant consideration, although consumer behaviour was polarised, as, for example, growth in express deliveries continued strong, thus providing a significant driver for growth in online grocery.

We refined our strategy in 2024, and continued to execute it, with focus on developing store-specific business ideas and emphasising differentiation, while also improving price competitiveness and price image.

When it comes to managing price image, our private labels – K-Menu and Pirkka – play a key role alongside campaigns and offers. Private labels accounted for over 20% of retail sales in grocery trade. The Pirkka range is popular and known *especially for its good price-to-quality ratio. Our private labels* also enable many smaller producers to get their products on store shelves across the country. At the end of 2024, there were in total some 2,600 Pirkka products: of these, some 350 were Pirkka Parhaat premium products and some 170 Pirkka Luomu organic products. The lowest price point K-Menu range comprised some 200 products. We will continue to focus on sustainable high-quality selections that set us apart, and on ease of shopping and individuality.

Customer satisfaction enables good sales and growing customer flows. The combined NPS figure for our grocery store chains was 68 on a scale of -100 to +100.

Investments in the store site network

In line with our growth strategy, we are investing some €200–250 million annually in the development of our grocery *store network. In 2024, the investment totalled €255.2 million.* During the year, we opened 15 new grocery stores, and remodelled 44 existing stores.

The majority of food in Finland is sold in supermarket-sized stores, but in recent years, sales have grown specifically in hypermarket stores. Bigger grocery stores now account for some 70% of sales in Finland. *The sales of K-Citymarket* hypermarket stores have grown markedly in recent years, and they have a material impact on our profitability and market share. Towards the end of 2024, we opened the first new K-Citymarket since 2017, as the K-Supermarket store in Vuosaari, Helsinki was converted into a hypermarket. We will be investing considerably in strengthening our store site

STRATEGIC OBJECTIVES

- Maintaining strong profitability
- *Strengthening market share*
- Delivering customer value
- Controlled, long-term development of store site network
- Strengthening Kespro's market-leading position

COMPETITIVE ADVANTAGES

- K-retailer entrepreneurs and customer-oriented store-specific business ideas
- Modern and competitive store network, digital and other services supporting growth
- The most attractive, customer-oriented grocery stores especially in fresh products
- Advanced technologies and AI used to improve customer experience and efficiency
- The most sustainable grocery trade company in the world.

Vision: The most attractive grocery stores in Europe, offering the most personal and valued customer experience

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In 2024, we invested €255 million, and opened 15 new and remodelled 44 existing stores

network in upcoming years, with new K-Citymarket stores currently being built in Vantaa, Porvoo, Lahti, Lempäälä near Tampere and Kuopio, and hypermarkets in Espoo and Oulu in the planning stages.

Online grocery sales continued to grow

Good customer experiences drive sales in both physical stores and digital channels. Online grocery sales have risen to a new level in recent years and continued to grow also in 2024. Our online grocery model is based on an extensive network of physical stores instead of e.g. a centralised warehouse. In our view, combining physical stores with online services is an effective way to do business. In addition to in-store collection, we have an automation-assisted collection system located on the premises of K-Citymarket Ruoholahti in Helsinki, which allows for efficiency and high volumes as well as the store's selection of tens of thousands of products, including the store's own ready meals, delivered to customers in the central Helsinki area.

At the end of 2024, some 780 K Group grocery stores across the country offered online grocery services. Our online grocery sales in 2024 (including VAT) totalled some €294 million (€259 million), up by 13.5% and accounting for some 3.7% (including VAT) of K Group grocery sales.

Home deliveries accounted for some 70% of the K-Ruoka online orders. The popularity of click & collect also continued to grow, with some 200 stores now offering the related K-Nouto concept. Customer satisfaction in our online grocery is very high, with an NPS figure of over 80 for the K-Ruoka online store.

The fastest growing area in online grocery in 2024 were express deliveries. Products may be delivered to the customer in under 15 minutes – on average, an express delivery takes 34 minutes. Express deliveries are available from both K-Market and K-Supermarket stores around the country, and they play a significant role in the growth and sales performance of online grocery overall.

Kespro builds services based on customer insight

Kespro is Kesko's own business, and the leading foodservice wholesale company in Finland. Kespro's customers include hotels, cafes, restaurants, public institutions such as hospitals, schools and daycare facilities, as well as K Group stores and retailers. Kespro accounts for 18% of Kesko's grocery trade business, with net sales of €1,169.6 million and and a comparable operating profit of €77.8 million. Kespro's competitive advantages include its extensive and competitive high-quality selections, wide network, and reliable digital and personal services.

Kespro has the biggest online store in the industry in Finland, and some 70% of sales come from digital channels. The selections include strong own brands, which account for some 50% of sales. Some 70% of Kespro's sales come from lunch restaurants, employee

RECYCLING WASTE HEAT – RENOVATION CUTS STORE ENERGY CONSUMPTION BY 30%

Grocery stores use energy to keep products at cold or freezing temperatures. When the K-Supermarket Länsiväylä store in Jyväskylä was renovated, refrigeration equipment using natural carbon dioxide, an energy recycling system utilising waste heat, and department-specific adjustable LED lighting were installed in the store, and the total store energy consumption is now down by a third.

ALL CANNED PIRKKA TUNA PRODUCTS NOW SUSTAINABILITY CERTIFIED

Our grocery stores offer the biggest selection of sustainability certified fish and seafood products in Finland, totalling over 450 products. Pirkka canned tuna products are a perennial customer favourite, and to facilitate sustainable customer choices, they now all carry an MSC certification, a well-known sign of the promotion of sustainable fishing.

NEW FEATURES IN THE K-RUOKA APP

The K-Ruoka app utilises data from purchases made in our grocery stores using the Plussa loyalty card. It allows the user to set personal goals and to track how their food purchases meet national dietary recommendations. It also offers recipes and benefits and recommends products that support the national recommendations. In 2024, a new feature tracking the vitamin and essential mineral content of food purchases was added to the app.

cafeterias, and public entities. The Kespronet online service is tailored to each customer, displaying customer-specific selections, prices, delivery times and options.

Kespro has 13 cash-and-carry outlets across Finland – with a total of nearly half a million annual customer visits – and an online wholesale store. Kespro's concepts include Foodsteri, a modern development and training kitchen that can be found in Helsinki, Lahti and Oulu. Kespro also includes speciality fish and meat wholesalers Kalatukku E. Eriksson and Reinin Liha.

Market

In 2024, the Finnish grocery retail market totalled some €23.4 billion (incl. VAT), representing an increase of some 2.0% (Finnish Grocery Trade Association's statistics). Consumer purchase behaviour emphasised price, often opting for more affordable alternatives. Price competition in the Finnish grocery trade market intensified further as consumer purchasing power weakened. Online grocery sales continued to grow.

Market shares

GROCERY TRADE

Kesko's market share in Finland was 33.9% (Kesko's own estimate based on Nielsen's comparison group which also includes discount stores and service stations). K Group is the second biggest operator in Finnish grocery trade. Our market share decreased in 2024 due to changes in our operating environment and consumer behaviour. Competitors: Prisma, S-market, Alepa/Sale and Food Market Herkku, ABC (S Group), Lidl, Tokmanni, Minimani, Halpa-Halli, R-kioski and M-chain stores.

Grocery trade in figures

Key figures	2024	2023
Net sales, € million	6,381.4	6,351.6
Operating profit, comparable, € million	438.0	444.8
Operating margin, comparable, %	6.9	7.0
Return on capital employed, comparable, %	16.0	17.4
Capital expenditure, € million	276.0	303.7
Average number of personnel converted into full-time employees	6,346	6,257

Properties	2024	2023
Owned properties, capital, € million	1,206	1,097
Owned properties, area, 1,000 m²	686	656
Leased properties, area, 1,000 m²	1,394	1,411

	Number of stores		Retail and B2B sales, 0% VAT, € million	
K Group's grocery trade	**2024**	**2023**	**2024**	**Change, %**
K Food stores	1,128	1,208	6,675.3	0.1
K-Citymarket, non-food	82	81	605.9	-2.0
Kespro	-	-	1,200.8	1.2
Grocery trade, total	**1,128**	**1,208**	**8,482.0**	**0.1**

At the end of 2024, there were 82 K-Citymarket, 251 K-Supermarket, 730 K-Market and 65 other stores. In addition, 776 K Group grocery stores offered online grocery services. Kespro had 13 cash & carry outlets and an online outlet.

The market share for K-Citymarket's home and speciality goods (non-food) cannot be reliably calculated. Competitors: hypermarkets, department stores, discounters, specialist chains, and Finnish and international online stores.

KESPRO FOODSERVICE

Kespro is the market leader in foodservice wholesale in Finland. Kespro's market share is estimated to have strengthened in 2024 to 49.1% (in the Finnish Grocery Trade Association's foodservice wholesale peer group). The market for eating out suffered from weakened consumer confidence in 2024. The continued growth in Northern travel, especially by customers from abroad, had a positive impact on restaurant sales. On the other hand, the increase in working from home has impacted lunch sales in particular. Competitors: Meira Nova, Metro-tukku, Valio Aimo, Suomen Palvelutukkurit, and industrial direct deliveries and speciality wholesalers.

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BIGGEST CHALLENGES IN BUILDING AND TECHNICAL TRADE NOW BEHIND

Result in building and technical trade remained good, even though construction activity was still weak and stayed low in all our operating countries in 2024. Sales picked up in the latter half of the year in both building and home improvement trade and technical trade, and in the longer term, outlook for the division is positive. Urbanisation, renovation and infrastructure investment debt, infrastructure projects, and the green transition underpin construction. Our strategic objective is to reach an even stronger position in Northern Europe, especially in B2B trade. Core strategic themes for the division are securing profitability and generating cash flow.

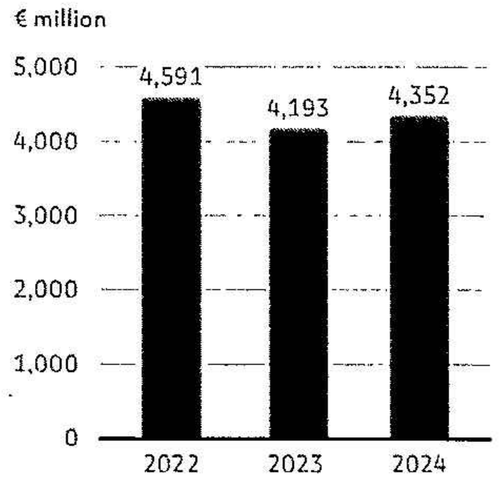




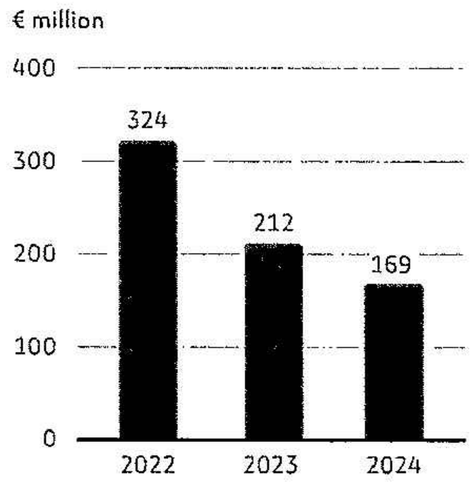
"Growing the building and technical trade business, B2B trade in particular, in Northern Europe is an important part of Kesko's growth strategy, A challenging market situation can also offer great opportunities for a strong operator like Kesko. In 2024, we completed the acquisition of Davidsen, and expanded operations to Denmark. We also agreed to acquire three additional Danish building and home improvement trade operators – the completion of those acquisitions will make us one of the leading nationwide operators in Denmark.

Sami Kiiski
President, building and technical trade division

Net sales



Operating profit



Comparable figures, excluding sports trade.

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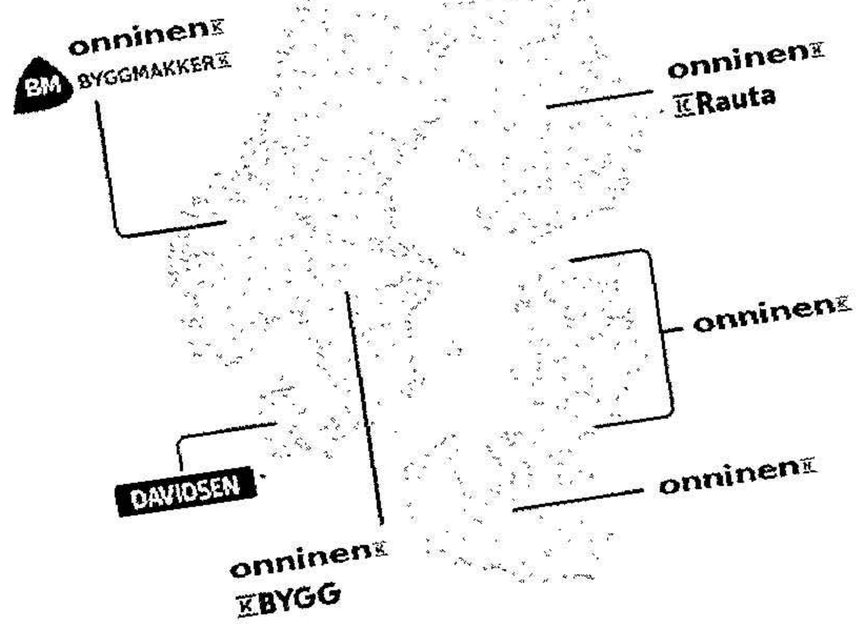
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Construction activity recovering from historically low levels

Kesko's vision is to be a leading operator in building and technical trade in Northern Europe. We will continue to strengthen our position through the execution of country-specific strategies. Our competitive advantages include good availability and reliability in deliveries, customer experience and proactive sales, and good digital services. We want to enable sustainable product choices for our customers in both building and home improvement trade and technical trade.

Building and technical trade



Business units excluding Kesko Senukai
*Acquisition completed 1/2024

The division's business consists of building and home improvement trade and technical trade. In 2024, demand decreased in both and in all operating countries as construction volumes came down, but sales picked up in the latter half of the year. Net sales increased by 3.8% thanks to the Davidsen acquisition in Denmark, and totalled €4,351.6 million. Comparable operating margin for the division was 3.9%, a good result in a challenging market. Over half of the division's net sales come from outside Finland.

Net sales for technical trade totalled €2,255.0 million, and operating profit decreased in all operating countries. Technical trade, i.e. Onninen, is 100% directed at professionals: technical contractors, industry, infrastructure builders, and retailers. Onninen's business is Kesko's own retailing. Logistics in technical trade are based on central warehouses, and most of the deliveries are made from those directly to customers or to the nearest Onninen Express store.

Net sales for building and home improvement trade totalled €2,160.7 million and rose thanks to the Davidsen acquisition, while comparable operating profit decreased. Building and home improvement trade serves both B2B customers (two-thirds of sales) and consumers (one-third). Kesko's building and home improvement trade chains are K-Rauta, K-Bygg, Byggmakker and Davidsen. In the Baltics, operations are handled by the joint venture Kesko Senukai. The K-Rauta stores in Finland are managed with the K-retailer business model. Building and home improvement trade is based on local presence and a strong store network, as the biggest product categories are heavy building materials, and transports typically short.

BUSINESS ENVIRONMENT

Economic cycle

- Interest rates impacting investments
- Recession expected to subside in 2025
- Market situation creates possibilities for industry consolidation

Green transition

- Growing demand for energy boosting demand for energy solutions
- Increased investments in energy infrastructure
- Fast development of green transition-related technologies

Renovation building

- Investment debt related both infrastructure and other construction
- Need for renovation growing steadily

Urbanisation

- Urbanisation driving growing demand for construction
- Growing need for infrastructure investments, e.g. electric grid, water and sewage

Digitalisation and technologisation

- Increasing use of smart technical solutions in building and construction
- Digitalisation and AI improving efficiency and customer experience

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In 2024, we continued acquisitions in line with our strategy in Denmark.

Combined, B2B customers in technical trade and building and home improvement trade accounted for over 80% of the division's sales. Sales in B2B trade did decrease especially due to low new building construction activity, but construction picked up slightly in the latter half of the year. Decline in renovation building was less pronounced. Renovation building accounts for around half of the division's sales.

Our strategy acknowledges the differing needs of our three customer segments: B2B customers in technical trade, and B2B and B2C customers in building and home improvement trade. We strive to offer a seamless customer experience in all channels. We also seek synergies within and between our operating countries, for example, in purchasing and concept, digital service and own brand development.

We continued acquisitions in line with our strategy in 2024. In August, we announced we will be acquiring three Danish builders' merchants: Roslev Trælasthandel A/S, Tømmergaarden A/S and CF Petersen & Søn A/S. The combined net sales of these companies in 2023 totalled some €400 million. Roslev operates in Central Jutland, Tømmergaarden in Northern and Central Jutland, and CF Petersen & Søn in Zealand in the Copenhagen region. Meanwhile, Davidsen is strong in Southern Jutland. Once the three acquisitions are completed, we will be able to serve customers nationwide, and our share of the Danish building and home improvement market will double to some 20%. Once the construction cycle turns, Kesko is well-positioned to grow also in Denmark.

Strong position for K-Rauta and Onninen in Finland

The market share for K-Rauta in Finland continued to strengthen despite the decrease in sales, and it totalled 52%. Profitability remained good. K-Rauta combines store-specific business ideas with the efficiency and competitiveness of chain operations. K-Rauta stores are operated under the retailer business model, with the objective of offering the best local stores. We continued to strengthen the multichannel customer experience, as the customer journey often begins by checking product availability online. Proactive sales work and sales management continue to be crucial. K-Rauta stores serve both B2B customers and consumers – the share of the former is bigger. A significant share of B2C sales comes from customers with construction or renovation projects. In addition to physical stores, the chain offers the K-Rauta Pro online service for professionals and the K-Rauta.fi online service for consumers.

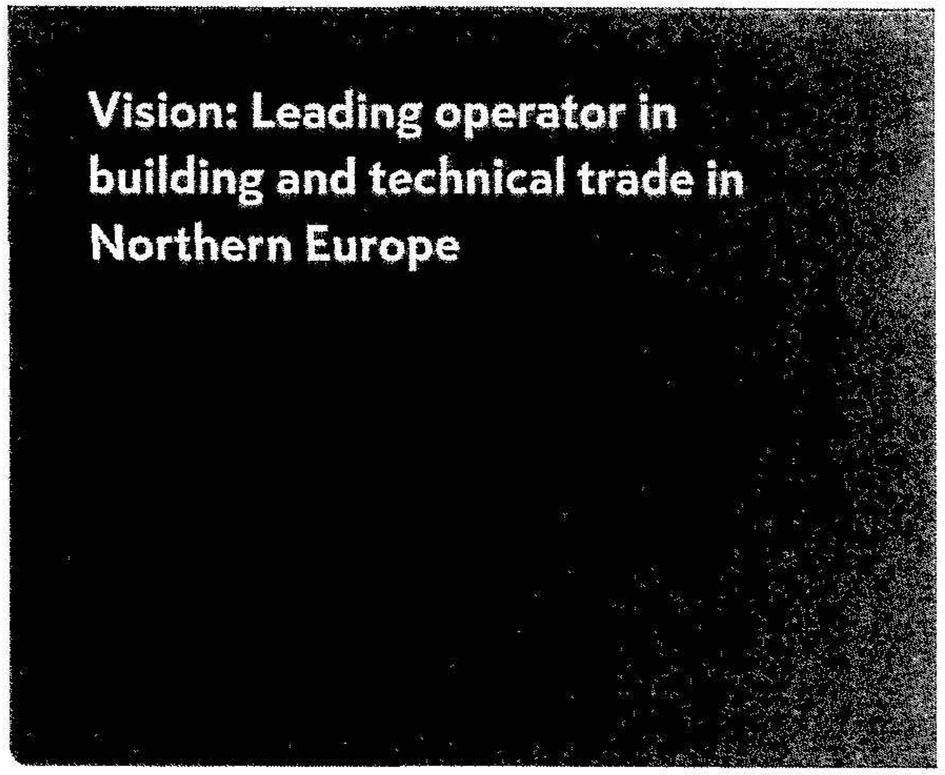
Onninen is the market leader in Finnish technical trade, with a market share of 44%. Its net sales in Finland totalled €1,132.1 million, and its comparable operating profit €69.0 million. Onninen's sales in 2024 decreased year-on-year, as demand for solar power products in spring 2023 was particularly strong due to the rapid rise in electricity prices. Technical trade is by nature a high-volume business, in which efficient logistics, an extensive store network, and effective electronic order channels and skilled sales staff play a key role. Over 80% of Onninen's product sales lines and over 30% of sales euros already come through digital sales.

STRATEGIC OBJECTIVES

- Strong growth and profit performance
- Profitability improvement
- Targeted acquisitions
- Winning over market share in all markets

COMPETITIVE ADVANTAGES

- Country-specific strategies delivering results
- Availability and delivery accuracy aligned with customer needs
- The best customer experience and proactive sales
- Digital services to improve customer experience and efficiency
- Enabling sustainable choices for customers



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Execution of country-specific strategies continues in Sweden and Norway

Norway is Kesko's second biggest operating country with sales of some €1.1 billion. Sales in Norway decreased due to the weak construction cycle. Onninen's net sales in Norway totalled €501.7 million. During the year, we completed the demanding integration of the 2023 Elektroskandia acquisition. In Norway, Onninen only focuses on the electricity product categories: the Elektroskandia acquisition made Onninen the market leader in electrical wholesale with a market share of some 40%. Onninen Norway offers the best digital services in the business. Net sales for Byggmakker totalled €517.9 million. Both net sales and comparable operating profit decreased as construction activity weakened. Byggmakker's strength lies in its extensive store network, combined with good digital services.

Net sales for Onninen in Sweden totalled €130.6 million. We serve technical trade customers in Sweden mainly in the infrastructure and water construction segments. We are particularly strong in wind farm related product categories and solar power systems. In building and home improvement trade, we concentrated operations in Sweden under the K-Bygg chain: Eight K-Rauta stores were either converted into K-Bygg stores or closed down by the end of 2024. The store closures impacted the net sales for building and home improvement trade in Sweden, which totalled €379 million. The market for technical trade in Sweden is heavily consolidated. In the long term, we continue to see notable growth potential in both Sweden and Norway.

Building and technical trade in figures

Key figures	2024	2023
Net sales, € million	**4,351.6**	**4,193.2**
Building and home improvement trade	2,160.7	1,912.1
Technical trade	2,255.0	2,344.7
Operating profit, comparable, € million	**169.1**	**212.5**
Building and home improvement trade	57.9	65.0
Technical trade	90.5	128.5
Kesko Senukai	20.9	19.0
Operating margin, comparable, %	**3.9**	**5.1**
Building and home improvement trade	2.7	3.4
Technical trade	4.0	5.5
Return on capital employed, comparable, %	7.8	11.4
Capital expenditure, € million	293.7	273.0
Average number of personnel converted into full-time employees	6,538	6,073

Properties	2024	2023
Owned properties, capital, € million	248	181
Owned properties, area, 1,000 m²	356	242
Leased properties, area, 1,000 m²	869	852

	Number of stores		Retail and B2B sales, 0% VAT, € million	
K Group building and technical trade	2024	2023	2024	Change, %*
K-Rauta, Finland	122	122	1,080.5	-3.1
K-Rauta B2B Service, Finland	-	-	214.9	-16.2
Technical trade, Finland	60	58	1,107.5	-8.3
Finland total	**182**	**180**	**2,402.9**	**-6.8**
K-Bygg, Sweden	56	50	348.7	-5.1
Technical trade, Sweden	5	5	124.3	-7.0
Byggmakker, Norway	90	90	602.0	-8.3
Technical trade, Norway	26	29	537.6	-6.7
Davidsen, Denmark	23	-	414.0	-5.3
Technical trade, Baltia	18	18	127.2	-1.5
Technical trade, Poland	30	33	367.8	9.2
Other countries, total	**248**	**242**	**2,521.5**	**-4.4**
Kesko Senukai	61	61	1,194.1	1.5
Building and technical trade, total	**491**	**483**	**6,118.5**	**-4.3**

In addition, building and technical trade stores offer e-commerce services to their customers.
Two Onninen stores in Finland operate on the same store premises with K-Rauta.
* The change, % compared to the year before has been calculated to illustrate a situation, in which the acquisitions and divestments had been completed on 1 January 2023. In 2023, the most material acquisitions were Elektroskandia Norge AS on 1 March 2023 and Geitanger Bygg AS on 2 October 2023 in Norway and Zenitec Sweden AB on 5 April 2023 in Sweden. In 2024 the acquisition of Davidsen Koncernen A/S was completed on 31 January 2024. The restructuring of the K-Rauta chain in Sweden was completed in December 2024. During October-November 2024, 8 K-Rauta stores in Sweden were transferred under the K-Bygg chain.

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Onnela – a logistics centre for Onninen and K-Auto – is the biggest construction project in Kesko's history, and it will be up and running in 2025.

Construction activity picked up in Poland and the Baltics

Onninen's sales increased in Poland thanks to a slight pick-up in construction activity, and profitability was also at a good level. The Polish technical trade market is very fragmented. The importance of the market will increase in upcoming years. Onninen is one of the biggest operators in technical trade in Poland, and strong in digital services.

In the Baltics – Estonia, Latvia and Lithuania – sales decreased slightly. Of the three countries, Onninen's business in Estonia is the biggest, and store network the widest.

The share of result of the Kesko Senukai joint venture, which focuses on B2C trade, totalled €20.9 million.

NEW ENERGY-EFFICIENT LOGISTICS CENTRE UP AND RUNNING BY AUTUMN 2025

Onnela is a new logistics centre under construction in Hyvinkää, Southern Finland. It is the biggest construction project in Kesko's history, and will serve both Onninen and K-Auto. Special attention has been paid in the centre's design and construction on reducing its energy consumption and carbon footprint. All electricity and heat used in the centre is renewable, and on sunny days, the centre's own solar power plant can provide all the electricity needed for the whole construction site. The primary heating method for the new centre is geothermal energy, supported by district heating that utilises heat waste. Environmental and natural values have also been taken into consideration: an ecologist has inventoried the natural values of the site, and is reviewing options for offsetting the impact together with the city of Hyvinkää. Once completed, the centre will house 400-500 logistics professionals, and deliver e.g. green transition-related products across the country.

SUSTAINABLE PRODUCTS IN K-RAUTA AND ONNINEN STORES

K-Rauta and Onninen want to make it as easy as possible for their customers to find and choose sustainable products, which is why we have identified products in our selections that meet strict sustainability criteria. The products that have received our sustainability classification have passed a set of criteria based on researched and verified information, legislation, official environmental labels, and various certificates. We have awarded such products with one or more labels indicating energy efficiency, water saving, healthy building, more sustainable production, and circular economy. These labels can be seen next to product information on the K-Rauta.fi and Onninen.fi online stores.





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Activity in the building and technical trade division was weak in 2024 due to the high inflation and rise in interest rates seen in recent years. Although new housing construction was at a low level, demand in the construction sector overall picked up in the latter year-half in both B2C and B2B trade. Depending on the country, new housing construction accounts for some 20-30% of the total construction market. Other types of construction, such as renovation building, declined less than housing construction.

In the longer term, the total construction market is supported by renovation building, construction related to energy efficiency and the green transition, urbanisation and changes in population structure in Northern Europe. Building and construction becoming increasingly technical, tightening requirements, and growing infrastructure investment debt also underpin construction.

The total market for Kesko's existing building and technical trade operations in our current market areas totalled approximately €30 billion in 2024.

Growth potential in acquisitions

The Northern European market continues to offer good growth potential also in the form of acquisitions. The building and technical trade markets are fragmented in many of our Northern European operating countries, and thus there is excellent potential to continue active sector consolidation. Currently our market share is still relatively low in e.g. Sweden, which suggests excellent potential for continued growth also via acquisitions in line with our strategy. Denmark also holds further potential for us especially in technical trade.

Information based on Kesko's estimates.

Market areas

Markets by country, market performance in 2024 compared to the year before (retail 0 % VAT), and main competitors.

	Market area	Market size and growth	Market share	Main competitors
Building and home improvement trade	Finland	€2.5 billion (-4.6%), (RaSi ry*)	52%	Stark Finland, S Group, Bauhaus
	Sweden (K-Bygg)	€5.7 billion (-5.3%), (Byggmaterialhandlarna and Kesko's estimate)	6%	Beijer, Mestergruppen, Optimera, Bauhaus, Byggmax, Derome
	Norway	€4.8 billion (-2.3%), (Virke)	12%	Optimera, Mestergruppen, Coop, Maxbo
	Denmark	€4.7 billion (+3.2%), (Danske Byggecentre)	9%	Stark, Bygma, XL Byg, Bauhaus, Jem & Fix
Technical trade	Finland	€2.5 billion (-5.9%), (STK, Talteka)	44%	Dahl, Ahlsell, SLO, Rexel
	Sweden (Onninen and MIAB)	€0.9 billion (-4.5%), (SEG Infra, RGF Water and sewage)	11%	Dahl, Ahlsell, Elektroskandia, Rexel
	Norway	€1.3 billion (-1.6%), (Virke electrotechnical trade)	39%	Solar, Ahlsell, Berggård Amundsen, Sonepar, Elektroimportøren
	Poland	€5.8 billion (-11.3%)**	6%	GC Group (BIMs, Hydrosolar, HTI) Grudnik, Tadmar, Würth/TIM, Kaczmarek, Alfa Elektro, Grodno
	Estonia	€0.6 billion (-6.4%)**	12%	FEB (Ahlsell), SLO, W.E.G (Würth)
	Latvia	€0.5 billion (-9.1%)**	5%	Sanistal, EVA-SAT, SLO
	Lithuania	€0.9 billion (-9.8%)**	3%	Sanistal, Dahlgera, Elektrobalt (Würth), SLO

* Members of RaSi ry are BGH Group, Stark Finland, Hankkija Oy, Hartman Rauta Oy, Laattapiste Oy, Maalarimestarien Oy, S Group, Värimiehet Oy and Väritukku Oy. In addition the statistics include Puumerkki Oy. ** Kesko's estimate

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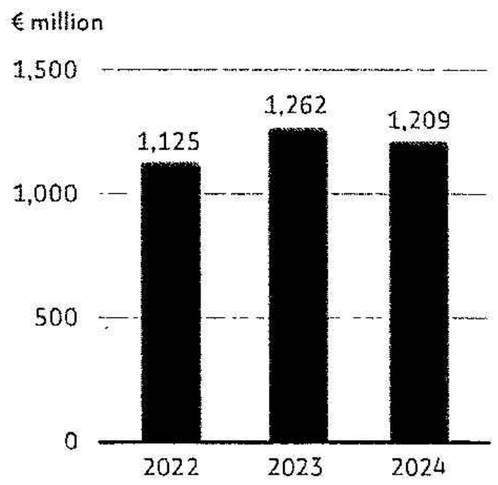
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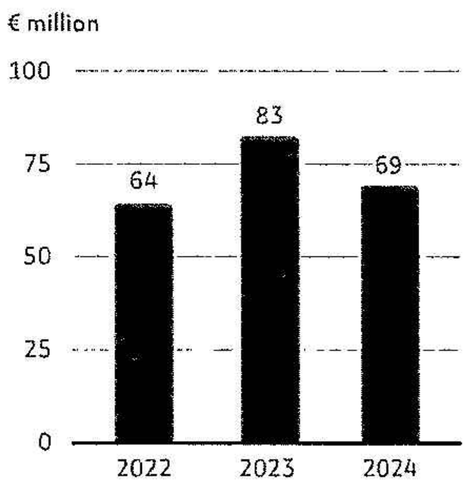
GOOD PROFITABILITY IN CAR TRADE IN A WEAK MARKET

The market for car trade in Finland was challenging in 2024. Although there were signs of a market recovery, it was slowed down by weak consumer confidence and high interest rates. The market for used cars performed clearly better than the market for new cars. Despite the challenges, profitability for Kesko's car trade stayed at a good level. Kesko's K-Auto aims to be the leading and most interesting car trade operator in Finland, generate profitable organic growth, and outperform the market in all its business areas. The transformation measures carried out in recent years have formed a solid basis for growth in the 2024-2026 strategy period.

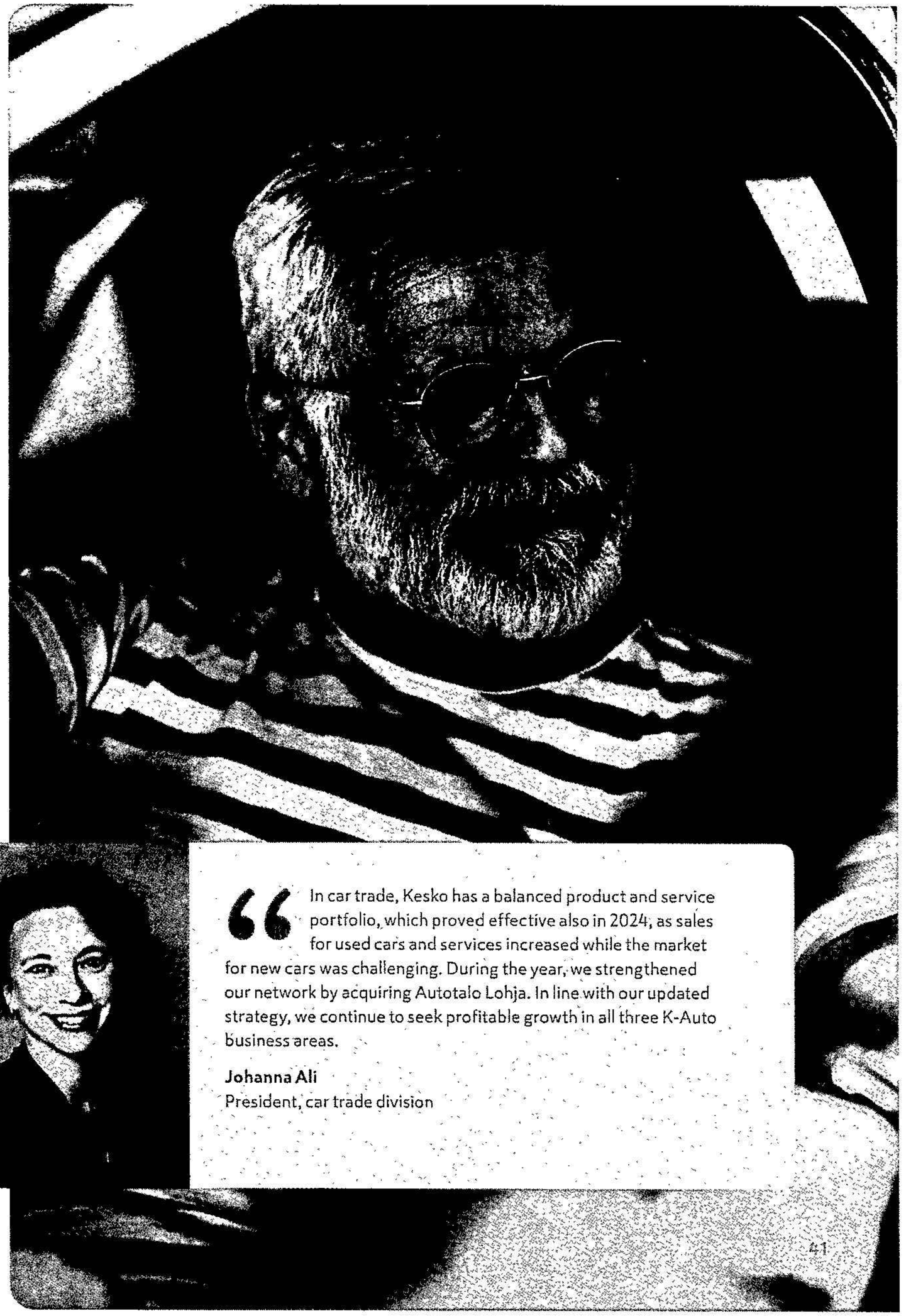
Net sales



Operating profit



Comparable figures, including sports trade.





"In car trade, Kesko has a balanced product and service portfolio, which proved effective also in 2024, as sales for used cars and services increased while the market for new cars was challenging. During the year, we strengthened our network by acquiring Autotalo Lohja. In line with our updated strategy, we continue to seek profitable growth in all three K-Auto business areas.

Johanna Ali
President, car trade division

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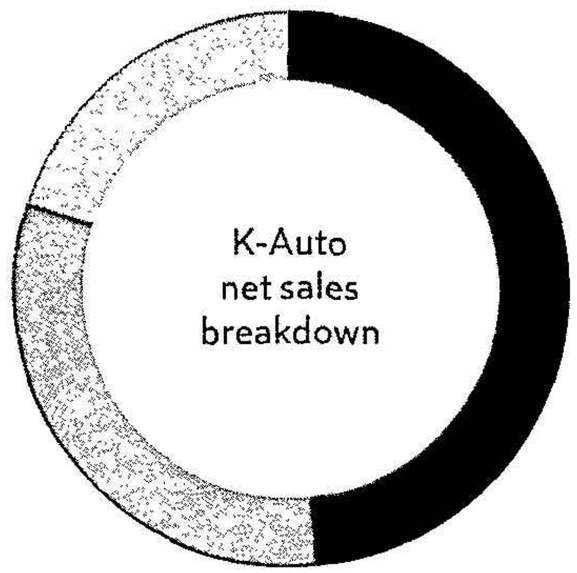
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Aiming to outperform the market in all car trade business areas

Kesko's objective is to make K-Auto the best known and most preferred car trade company in Finland, with businesses that all show profitable growth that outperforms the market. Other strategic objectives include improving the customer and employee experience, and ensuring strong sales and profit performance.

K-Auto already has a strong position throughout the car trade value chain, with a balanced business portfolio that comprises new cars, used cars and various car-related services. The transformation programme carried out in recent years has brought the division's operational efficiency to a good level. Our tight collaboration with the world's biggest car manufacturer the Volkswagen Group as well as synergies within K Group lend K-Auto competitive advantages, as does the speed of its digital service development.



The market for car trade was challenging in 2024. Net sales for the division totalled €1,209.4 million, down by 4.0% in comparable terms. The comparable operating profit decreased on the year before. Profitability for the division remained good despite the challenging market.

In 2024, Kesko's car trade focused on monitoring and reducing emissions from operations by e.g. cutting emissions from own operations and raising the recycling level, developing our nationwide K-Lataus EV charging network, and promoting the electrification of the Finnish car stock.

Market challenging in new cars, growth in used cars and services outpaced the market

General economic uncertainty had an impact on consumer purchase behaviour in 2024 also in car trade. First registrations of new cars decreased by some 15% in Finland. K-Auto's share of first registrations of new cars (passenger cars and vans) was 14.5%. Demand and orders for new cars were clearly below normal levels. The share of new orders for brands represented by Kesko increased. Our strong brands and interesting new car models will support sales also going forward. New car sales accounted for some 49% of K-Auto's net sales.

Used car sales increased in 2024, and K-Auto's growth clearly outpaced the market. K-Auto's market share in used cars strengthened significantly. The Finnish used



BUSINESS ENVIRONMENT

Economic uncertainty
- Slow recovery has started following a rapid decline
- Weak consumer confidence and high interest rates slowing down the recovery

Used cars
- A significant market in Finland
- Trade between consumers has traditionally been significant
- Market becoming more professional, share of C2C sales declining

Powertrains
- Various powertrain options are now mainstream
- The growth of electrification is clear
- K-Auto's position and line-up in the EV transition is strong

New operators
- Car trade operating models and roles in the distribution chain changing
- New car brands entering the market

Digitalisation
- Consumers increasingly adopting digital channels
- Digitalisation enabling better efficiency
- Multichannel sales growing

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Our goal is to make K-Auto the best-known and most preferred car trade operator in Finland, with businesses whose profitable growth outpaces the market.

cars market is fragmented and traditionally a large share of it has taken place between consumers. However, the market is becoming more professional, and used cars trade holds significant growth potential. Used cars accounted for some 32% of K-Auto's net sales.

The service business comprises servicing, damage repairs, tyres and spare parts, and the nationwide K-Lataus EV charging network. In 2024, service sales grew and profitability was good. In the K-Lataus network, sales grew, and the amount of sold electricity increased by some 50%. The charging stations at K Group store locations create synergies. Services accounted for some 20% of K-Auto's net sales. Our leasing fleet comprised some 4,800 cars.

Car electrification steadily moving forward

The powertrain transformation and weak economic cycle continued to impact the car trade market in 2024. Thanks to its wide range of car brands and new and updated models, K-Auto was able to offer its customers an extensive and versatile selection of cars with various powertrain options.

Demand for electric cars continued stable in 2024. Cars represented by K-Auto accounted for 20.4% of the total all-electric car first registrations in Finland (passenger cars and vans). More than half of the first-registered cars sold by K-Auto are now fully electric or rechargeable hybrids. K-Auto has a very competitive range of new electric cars, and there is also demand for used electric cars. Electrification is also impacting K-Auto's other businesses, such as servicing. Our strategic partner the Volkswagen Group will be investing heavily in upcoming years in the development of EV technologies. We believe that the electrification trend will continue , and that demand will grow in upcoming years.

Development of multichannel services continued

K-Auto sees the combination of physical dealerships and digital services as the winning concept in car trade. K-Auto has an extensive nationwide network of physical retail and service locations, made even stronger by the business acquisition of Autotalo Lohja in September 2024 and by new dealership openings in e.g. Oulu and Lempäälä. In 2024, K-Auto also announced notable future investments in, for example, its retail and service network in the Greater Helsinki area.

In addition to physical car dealerships, K-Auto has invested in digital services, which are increasingly utilised by car trade customers. The objective is to offer customers a truly seamless multichannel service experience, where they may,

STRATEGIC OBJECTIVES

- Strong sales and profit development
- Outperforming the market in all businesses
- Improving customer and employee experience
- #1 in brand awareness and preference

COMPETITIVE ADVANTAGES

- A balanced business portfolio
- Strong position throughout the value chain
- Operational efficiency
- Speed of digital development
- Collaboration with the Volkswagen Group
- K Group strengths and synergies

Vision: The leading and most interesting automotive company in Finland

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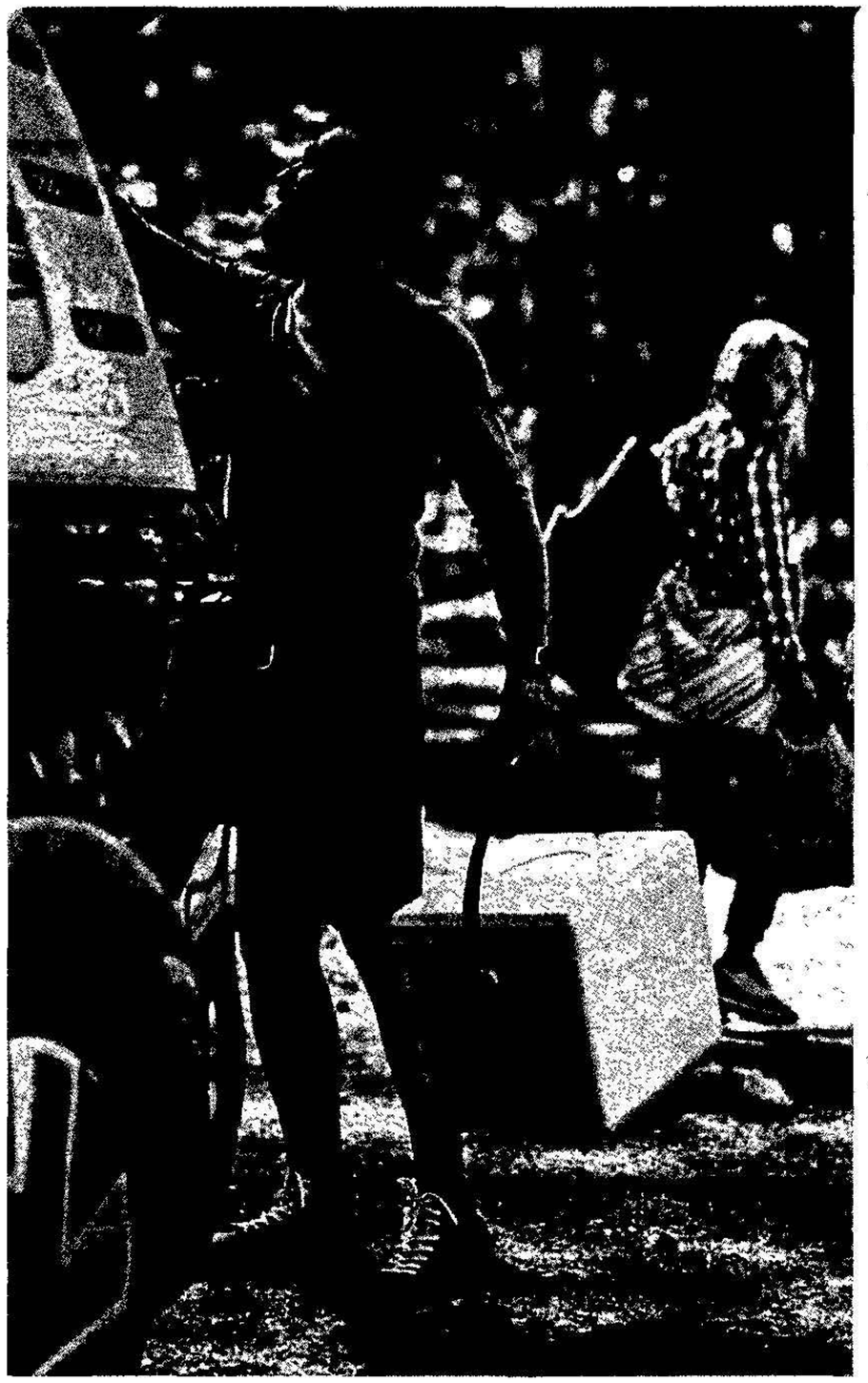
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for example, compare cars online, test drive them at the dealership, and complete the purchase via an online chat function. Digital development, including automation and robotics, also plays an important role in improving operational efficiency. We are constantly developing various tools for analytics, and digital tools are used also for managing inventories and selections. Car trade also utilises Kesko's shared customer data to enable digital services and a better customer experience.

Sports trade

Net sales for the sports trade chains Intersport and Budget Sport – which are part of the car trade division – decreased by 8.3% due a decline in consumer demand. Sports trade's comparable operating profit decreased. Kesko is the market leader in Finnish sports trade, and its market share grew in 2024. The strategic goal for sports trade is to maintain its strong market leading position.

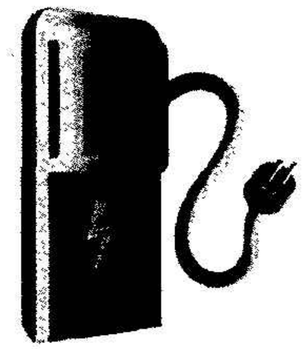


CONSTANTLY UPDATED RANGE

Demand for the electric cars and rechargeable hybrids represented by K-Auto grew in 2024. New EV models introduced to the Finnish market included the Volkswagen ID.7. Tourer, Audi Q6 e-tron, CUPRA Tavascan and Porsche Macan. The commercial vehicles range included a 7-seat version and a GTX version of Volkswagen ID. Buzz. New rechargeable hybrids included the Volkswagen Tiguan and Passat and Audi A3, CUPRA Terramar and Porsche Panamera. New internal combustion engine models included the Volkswagen Passat and Tiguan and Audi A3 and A5 ranges. Updated versions were seen of Volkswagen Golf and Porsche Taycan.

K-LATAUS EV CHARGING NETWORK GROWING

K-Auto's nationwide K-Lataus EV charging network now comprises over 330 stations with nearly 1,900 charging points. It has over 200,000 registered private and corporate customers.



In 2024, K-Lataus built charging points at over 80 locations, increasing the number of charging points by nearly 500 and the capacity of the network by more than 20,000 kilowatts. Growth will continue in 2025. All electricity at K-Lataus stations is renewable and generated using Finnish wind power.

AIMING TO OUTPERFORM THE MARKET IN ELECTRIFICATION

The cars represented by K-Auto accounted for 20.4% of all first registrations of fully electric cars in Finland (passenger cars and vans). Our goal is to further increase the sales of new electric and hybrid cars. 2024 was a year of new electric car models for K-Auto, supported by the rapidly growing network and selection of used cars. K-Auto's goal is to offer electrified car models in all price ranges and sizes.

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Market

In 2024, there were 74,072 first registrations of passenger cars and 9,735 first registrations of vans in Finland. First registrations of passenger cars decreased by 15.4 % from the year before, while first registrations of vans decreased by 11.7%.

In 2024, 49.6% of all first-registrations of passenger cars in Finland were rechargeable: 29.5% were fully electric cars and 20.1% rechargeable hybrids.

The total number of first registrations of passenger cars and vans imported by K-Auto was 11,942 (excluding motorhomes).

Market shares

K-Auto's market share of first registrations in Finland was 14.5% (Volkswagen, Audi, SEAT, CUPRA, Porsche and Bentley passenger cars and Volkswagen commercial vehicles, excluding motorhomes).

- Volkswagen passenger cars 9.1%
- Audi 3.5%
- SEAT and CUPRA 0.86%
- Porsche and Bentley 0.59%
- Volkswagen vans 18.0%

Registration data source: Netwheeels/Traficom

Sports trade

The Finnish sports trade market in 2024 totalled some €1.3 billion (-11.3%) (Fashion and Sports Commerce association). Kesko's sports trade (Intersport, Budget Sport and Kesport) held a market share of some 23%. Competitors: XXL, Stadium, hypermarkets, and online stores.

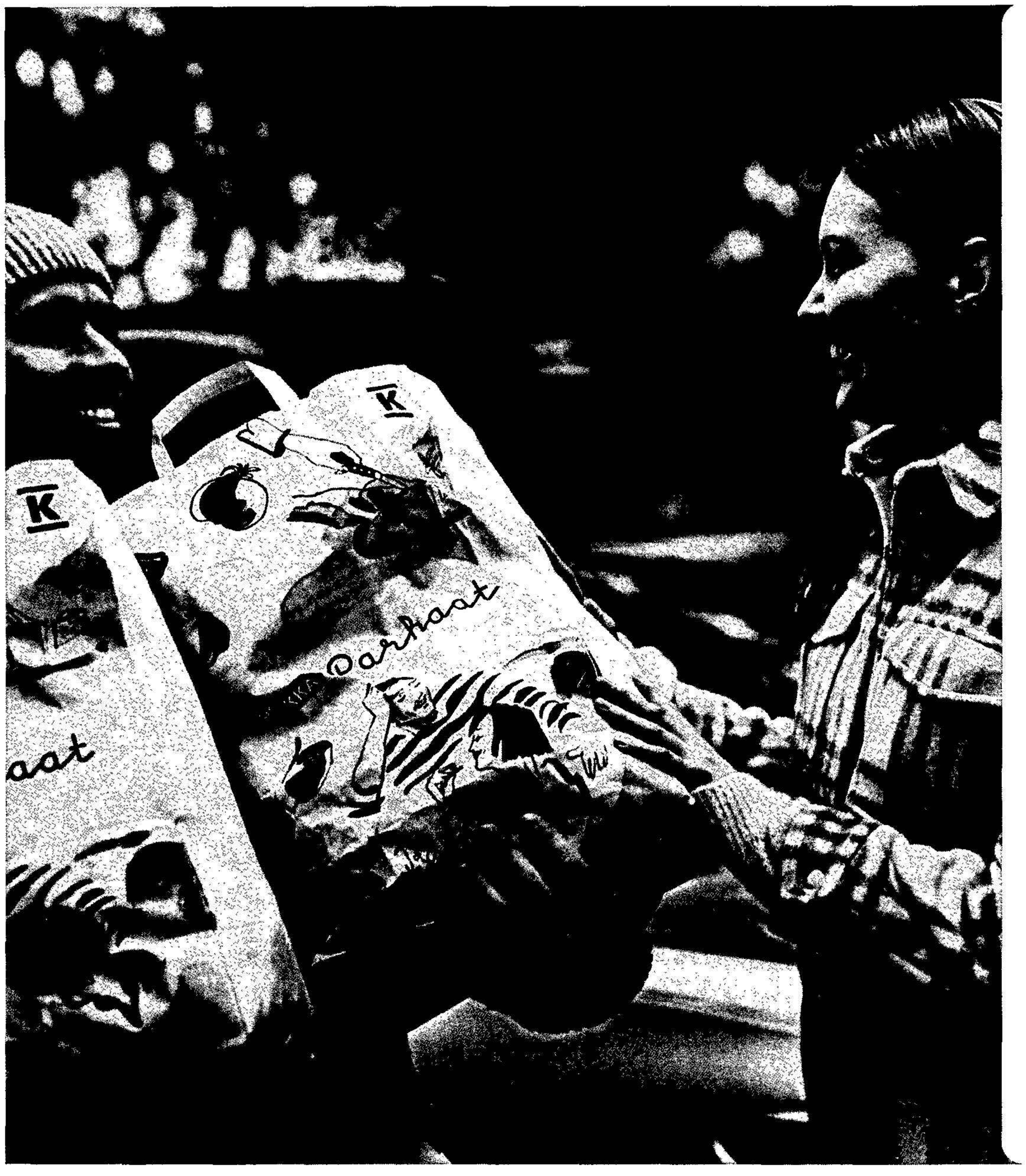
Car trade in figures

Key figures	2024	2023
Net sales, € million	1,209.4	1,262.3
Car trade	1,040.9	1,078.6
Sports trade	168.7	183.9
Operating profit, comparable, € million	69.3	82.6
Car trade	61.7	73.1
Sports trade	7.6	9.5
Operating margin, comparable, %	5.7	6.5
Car trade	5.9	6.8
Sports trade	4.5	5.1
Return on capital employed, comparable, %	13.8	15.8
Capital expenditure, € million	89.0	80.3
Average number of personnel converted into full-time employees	1,556	1,531

Properties	2024	2023
Owned properties, capital, € million	40	42
Owned properties, area, 1,000 m²	53	53
Leased properties, area, 1,000 m²	172	163

	Number of stores		Retail and B2B sales, 0% VAT, € million	
K Group car trade	**2024**	**2023**	**2024**	**Change, %**
Car trade	47	49	1,011.0	-6.8
Sports trade	61	62	241.5	-7.6
Car trade division, total	**108**	**111**	**1,252.4**	**-7.0**

On 31 December 2024, Intersport had 51 stores and Budget Sport had 10 stores in Finland.



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2024

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REASONS TO INVEST IN KESKO

Interest towards Kesko as an investment has grown in recent years. In 2024, the number of registered Finnish shareholders rose close to 115,000 for the first time ever. Kesko's ownership is diversified, and evenly distributed between Finnish institutions, international investors, and Finnish households.

Effective strategy focused on profitable growth

Kesko's growth strategy centres on profitable growth in three selected business divisions: grocery trade, building and technical trade, and car trade. Continuous improvement of customer experiences, further development of digital services, and corporate responsibility and sustainability are central themes for us strategically. We seek growth both organically and via acquisitions, and make significant investments in developing the network of grocery store sites in Finland and in growing the building and technical trade business in Northern Europe. We operate as 'One unified K' and utilise synergies between operations. We also continue to systematically improve productivity and cost efficiency through automation and process renewal.

Strong position in multiple markets

Kesko is a leading trading sector operator in Northern Europe. In Finland, it is the leading sector operator as well as the market leader in building and technical trade. Finland accounts for some 80% of total net sales. In the other Nordic countries and the Baltics, Kesko is among the biggest operators in various customer segments. Our objective is to increase market shares in our businesses, and to be among the biggest operators to ensure economies of scale.

Ability to increase shareholder value

Kesko's good dividend capacity is based on the strong and steady ability of its operations to generate cash flow. We aim for a steadily growing, attractive dividend yield. Kesko has paid dividends uninterrupted every year since 1968, and over the past five years, our annual dividend yield has averaged 4.5%. Growth in shareholder value is based on making and executing successful strategic choices, as well as on efficient allocation of capital.

Internationally recognised sustainability efforts

Kesko is included in various notable international sustainability indices such as the DJSI World and DJSI Europe, CDP, MSCI ESG Ratings, and Sustainalytics.



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INVESTOR INFORMATION

Kesko's shares are listed on Nasdaq Helsinki. Kesko has two share series, A and B, with the respective trading symbols KESKOA and KESKOB. The B shares have higher trading volumes and liquidity. The share series differ only in terms of the number of votes they carry: each A share carries 10 votes and each B share 1 vote. Both share series entitle the holder to the same dividend. Each share series is traded independently on the stock exchange, with independent pricing. Shares of different series cannot be directly exchanged with one another. At the end of December 2024, the combined market capitalisation of Kesko's shares was €7,220 million, up by €76 million from the end of 2023.

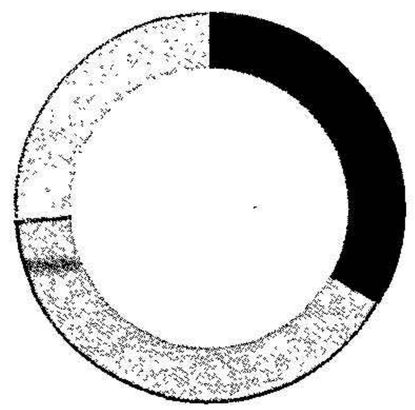
On 2 October 2024, Kesko issued senior unsecured green notes of €300 million, with a maturity of approximately five years and four months. The notes mature on 2 February 2030. The notes carry a fixed annual interest of 3.500 percent. The issue price of the notes is 99.317 percent. The notes are listed on Nasdaq Helsinki's list of sustainable bonds, and trading on them began on 4 October 2024 under the trading code KESJ035030. More information on the notes can be found at kesko.fi/greenfinance.

Shareholders

Kesko's ownership is diversified. The biggest shareholder is K-Retailers' Association. In total, K-Retailers' Association and corporations under its control held 7.54% of the shares in Kesko and controlled 19.56% of the votes at the end of 2024.

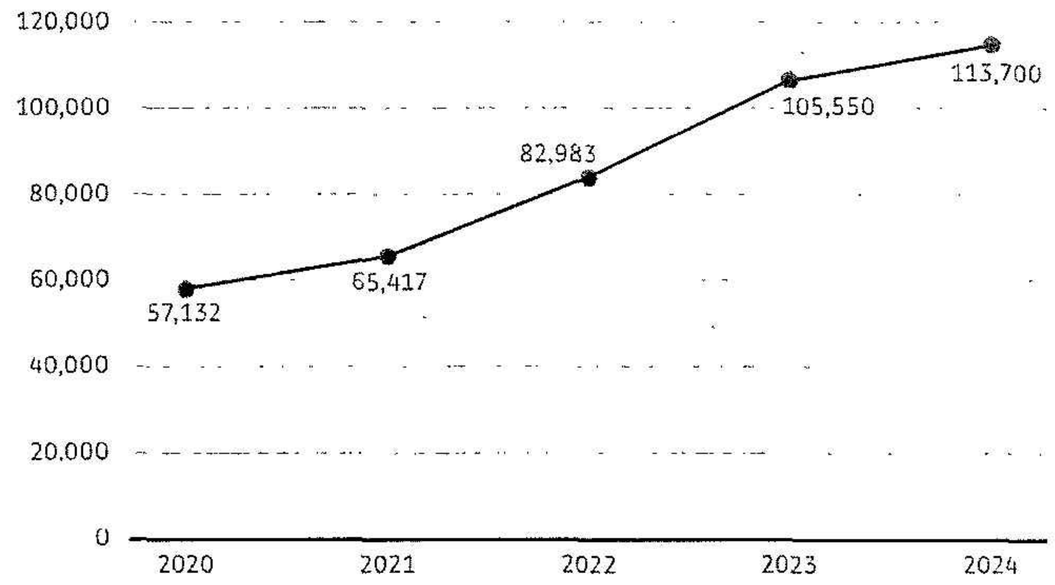
Ownership structure (shares)

31 Dec. 2024



- Nominee-registered and non-Finnish 33.2%
- Finnish institutions and funds 40.8%
- Finnish households 26.0%

Number of shareholders



10 largest shareholders by votes 31 Dec. 2024

	Shareholders	% of shares	Total number of votes	% of votes
1.	K-Retailers' Association	5.46	218,582,920	14.17
2.	Ilmarinen Mutual Pension Insurance Company	3.44	137,600,000	8.92
3.	Vähittäiskaupan Takaus Oy	3.30	131,950,080	8.55
4.	Foundation for Vocational Training in the Retail Trade	1.43	57,091,090	3.70
5.	K-Food Retailers' Club	0.65	26,057,920	1.69
6.	Heimo Välinen Oy	0.57	22,800,000	1.48
7.	Food Paradise Oy	0.39	15,641,640	1.01
8.	Elo Mutual Pension Insurance company	1.52	9,725,250	0.63
9.	Pokela Oy Iso Omena	0.20	7,926,000	0.51
10.	T.A.T. Invest Oy	0.20	7,726,400	0.50

Nominee-registered shareholder BlackRock, Inc held 4.91% of shares and 1.27% of votes in Kesko on 31 December 2024 (stock exchange release 2 January 2025).

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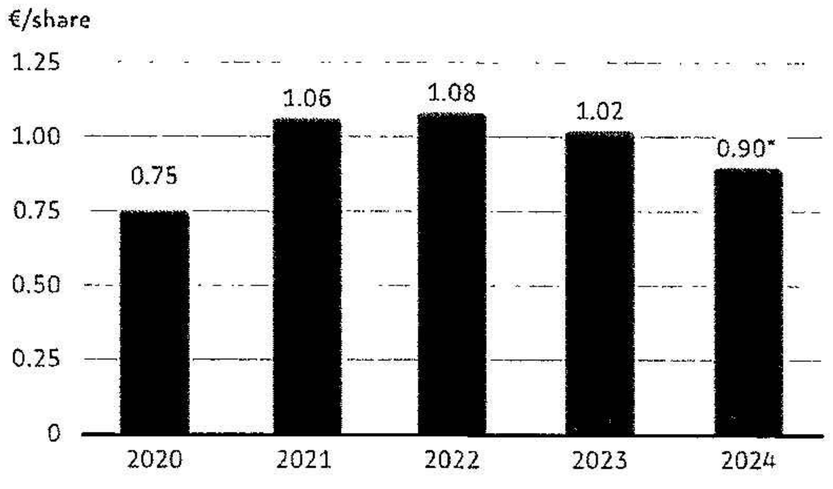
Nominee-registered and international shareholders controlled 33.2% of Kesko's shares at the end of 2024. Finnish institutions and funds held 40.8% of all shares, and Finnish households 26.0%. Kesko is among the top 10 most held shares by Finnish private investors.

The number of registered Kesko shareholders rose to an all-time high of 115,581 during the year. At the end 2024, Kesko had 113,700 shareholders – the figure grew by some 8,200 shareholders from the end of 2023.

Annual General Meeting

Kesko will hold its Annual General Meeting at K-Kampus in Helsinki, address Työpajankatu 12, on Monday, 24 March 2025, starting at 1.00 pm EET. Participants must register for the Annual General Meeting beforehand. A shareholder in the register of shareholders wishing to participate must register by 17 March 2025 at 4.00 pm EET at the latest, by which time the registration will have to have been received by the company. The Notice of Annual General Meeting was published on 5 February 2025. More information at kesko.fi/agm.

Dividend history 2020–2024



*Proposal to the Annual General Meeting

Dividends

Kesko's Board of Directors proposes to the Annual General Meeting to be held on 24 March 2025 that a dividend of €0.90 per share, in total €358,160,767.20, be paid for the year 2024 based on the adopted balance sheet, and that it be paid in four instalments as follows:

- The first instalment of €0.23 per share is to be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment's record date 26 March 2025. The Board proposes that the dividend instalment pay date be 2 April 2025.
- The second instalment of €0.22/share: record date 15 July 2025, proposed pay date 22 July 2025.
- The third instalment of €0.23/share: record date 14 October 2025, proposed pay date 21 October 2025.
- The fourth instalment of €0.22/share: record date 13 January 2026, proposed pay date 20 January 2026.

Investor relations

The objective of Kesko's Investor Relations is to support the appropriate valuation of Kesko's shares by continuously and consistently communicating all essential information on the company equally to all market participants. We want to serve both retail and institutional investors and analysts covering the company in Finland and elsewhere. Investor relations contact details can be found at: kesko.fi/investor.

Our investor pages contain topical information for everyone interested in Kesko as an investment, including share and company information as well as blog posts. Kesko's investor webpages have also received outside recognition: in January 2025, they were ranked third best among Finnish large cap companies by the Finnish Foundation for Share Promotion, and also received a good score in the 2024 annual Webranking assessment by Comprend.

In the annual IRNM survey by the Swedish Regi, over 1,000 financial analysts rated Kesko's overall investor relations work the second best in both Finland and the Nordics, and Kesko's Hanna Jaakkola as the best Investor Relations Officer in Finland and all of the Nordics.

We engage in dialogue with retail investors also on social media channels and investment-related discussion forums, where we take part in conversations within the parameters of Kesko's disclosure policy.

INTERIM REPORT PUBLICATION DATES IN 2025:

- 1–3/2025 interim report: 29 April 2025
- 1–6/2025 half-year financial report: 22 July 2025
- 1–9/2025 interim report: 30 October 2025

KESKO'S DIVIDEND POLICY

In the long-term, Kesko aims to distribute a steadily growing dividend of some 60–100% of its comparable earnings per share, taking into account the company's financial position and strategy.

→ For more information, visit our investor webpages

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STORE SITES AND PROPERTIES

The store site network is a strategic competitive factor for K Group. It enables the development of business operations as well as the improvement of sales and customer satisfaction, and supports online sales.

In line with its growth strategy, Kesko continues to grow and update its network of store sites, especially in grocery trade. Over the next few years, we will open several new K-Citymarket hypermarket stores in Finnish growth centres. In 2024, we opened 15 new and renovated 44 existing grocery stores. In 2025, we intend to open 15 new grocery stores and renovate more than 40 stores. Kesko's capital expenditure in store sites in 2024 totalled €289 million (1–12/2023: €286 million, 1–12/2022: €268 million).

Kesko's store sites are divided into four categories: strategic properties, basic properties, development properties, and realisation properties.

Strategic properties:
- Significant properties for business operations, for example, properties that are or can be developed into large retail units. Properties that Kesko wants to own.
- Strategic properties in 12/2024: 51% (12/2023: 55%, 12/2022: 59%)

Basic properties:
- Properties Kesko owns, but could sell and then lease back.
- Basic properties in 12/2024: 26% (12/2023: 21%, 12/2022: 27%)

Development properties:
- Plots and properties that require development to fit their planned purpose.
- Development properties in 12/2024: 21% (12/2023: 22%, 12/2022: 14%)

Realisation properties:
- Properties Kesko no longer has use for.
- Realisation properties in 12/2024: 1% (12/2023: 2%, and 12/2022: 0%)

Owned store sites and properties by region

Book value by region, € million	**2024**	**%**	**2023**	**%**
Finland	1,653	91.7%	1,460	95.9%
Other Nordic countries	130	7.2%	47	3.1%
Baltic countries	-	-%	-	-%
Poland	20	1.1%	16	1.1%
Total	**1,803**	**100.0%**	**1,523**	**100.0%**

Area by region, 1,000 m²	**2024**	**%**	**2023**	**%**
Finland	964	77.1%	922	89.2%
Other Nordic countries	254	20.3%	87	8.4%
Baltic countries	-	-%	-	-%
Poland	32	2.6%	25	2.4%
Total	**1,250**	**100.0%**	**1,034**	**100.0%**

Leased store sites and properties

Area by region, 1,000 m²	**2024**	**%**	**2023**	**%**
Finland	2,204	76.7%	2,210	77.0%
Other Nordic countries	588	20.5%	584	20.3.%
Baltic countries	48	1.7%	43	1.5.%
Poland	33	1.1%	34	1.2.%
Total	**2,873**	**100.0%**	**2,871**	**100.0.%**

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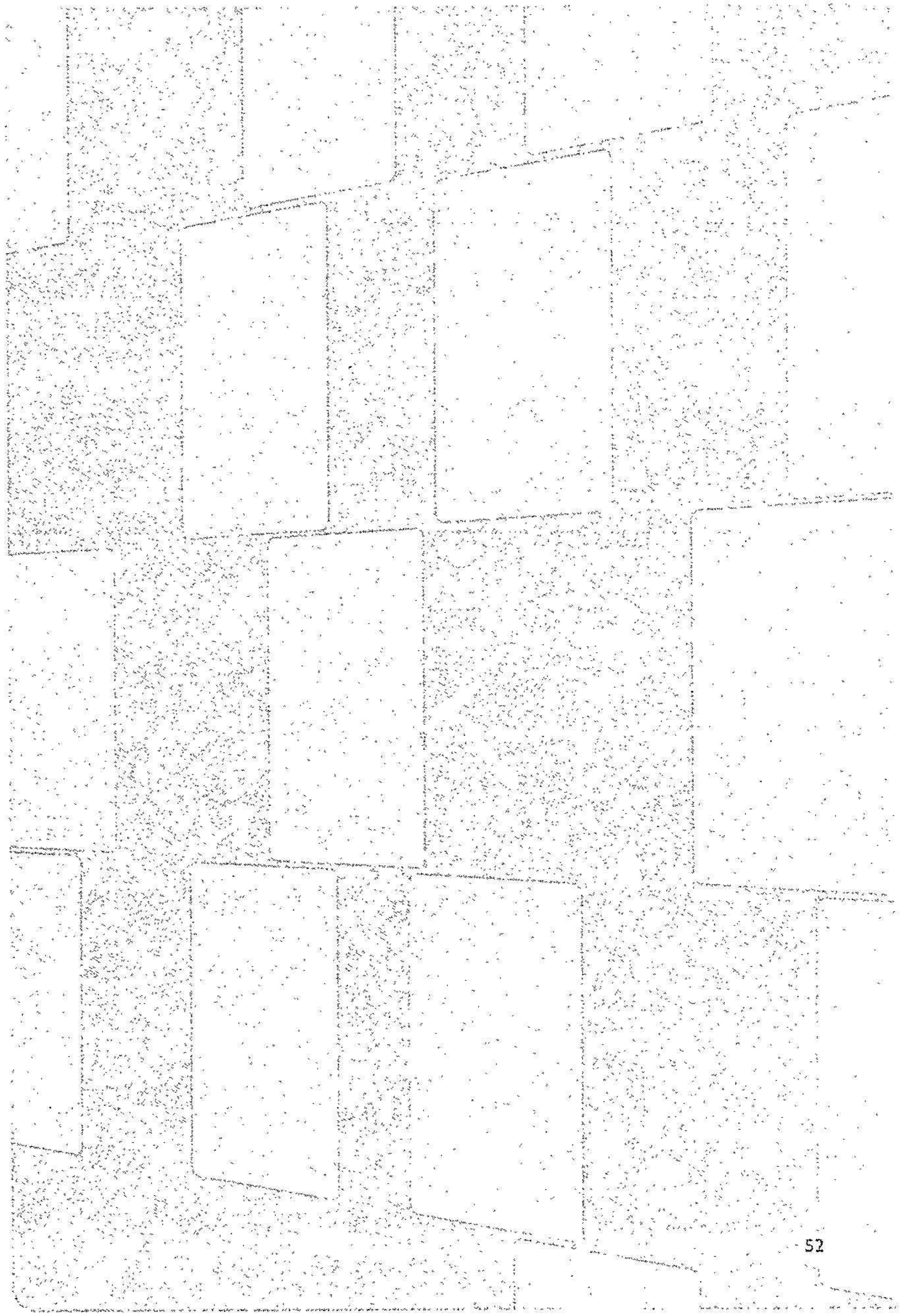
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This PDF report has been published voluntarily. Kesko has published the Report by the Board of Directors and the consolidated financial statements as an XHTML document in accordance with the European Single Electronic Format (ESEF) reporting requirements.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



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REPORT BY THE BOARD OF DIRECTORS

Kesko is a Finnish listed trading sector company. Kesko has approximately 1,700 stores engaged in chain operations in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania 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, 00016 KESKO, Finland.

Together, Kesko and K-retailers form K Group, whose retail sales (preliminary) totalled some €15.9 billion (0% VAT) in 2024.

Operating environment

Identified trends impacting the operations of K Group include the impacts of interest rates and inflation on consumer and business confidence and customer behaviour, the impact of urbanisation on living, consumption habits and mobility, as well as population change. Convenience is emphasised in consumer behaviour, and habits are changing quickly. In addition, climate change and the green transition, digitalisation and the possibilities of artificial intelligence all impact the operating environment. Globalisation impacts supply chains, and the importance of risk management grows.

Key opportunities and risks in our operating environment are related to developments in our economic operating environment, digital services and data-driven management, the geopolitical situation, sustainable purchasing and human rights, and climate change. Emerging risks include the loss of biodiversity and extreme weather phenomena. Risks are described in more detail in the 'Significant risks and uncertainties' section of this Report by the Board of Directors.

Outlook and guidance 2025

Kesko Group's profit guidance is given for the year 2025, in comparison with the year 2024.

Kesko's operating environment is estimated to improve in 2025, but to still remain somewhat challenging. Kesko's comparable operating profit is estimated to improve in 2025. Kesko estimates that its comparable operating profit in 2025 will amount to €640-740 million. The profit guidance is based on an estimate of a gradually improving economic cycle in all Kesko operating countries. Key uncertainties impacting Kesko's outlook are developments in consumer confidence, investment appetites, as well as geopolitical crises and tensions.

In grocery trade, B2C trade and the foodservice market are estimated to remain stable. In 2025, the comparable operating margin for the grocery trade division is estimated to stay clearly above 6% despite the investments in price and the store site network in accordance with Kesko's strategy for 2024-2026.

In building and technical trade, the cycle is expected to improve in 2025 from the historically low levels. Profitability in the building and technical trade division is estimated to improve on 2024.

In car trade, the market for new cars is expected to stay at a low level. Demand for used cars and services is estimated to remain good. Profitability for the car trade division is estimated to remain at a good level in 2025 despite weak demand for new cars.

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Financial performance

Net sales and profit in 2024

1-12/2024	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million
Grocery trade	6,381.4	+0.5	+0.4	438.0	-6.8
Building and home improvement trade	2,160.7	+13.0	-6.9	57.9	-7.1
Technical trade	2,255.0	-3.8	-5.2	90.5	-38.1
Kesko Senukai	-	-	-	20.9	+1.9
Building and technical trade, total	4,351.6	+3.8	-6.0	169.1	-43.3
Car trade	1,209.4	-4.2	-4.0	69.3	-13.3
Common functions and eliminations	-22.4	-	-	-26.4	+1.4
Total	**11,920.1**	**+1.2**	**-2.3**	**650.1**	**-62.0**

Group net sales grew by 1.2%. In comparable terms, net sales decreased by 2.3%. Net sales decreased in comparable terms by 1.8% in Finland, while in other operating countries, they decreased by 5.1%. The comparable change % has been calculated in local currencies and excluding the impact of acquisitions and divestments completed.

Net sales for the grocery trade division increased by 0.5%. Sales to K Group grocery store chains grew by 1.0%. Net sales for Kespro's foodservice business increased by 1.3%.

Net sales for the building and technical trade division increased by 3.8%, while in comparable terms, net sales decreased by 6.0%, impacted by the weak construction cycle. Net sales for technical trade decreased by 3.8%, while in comparable terms, net sales decreased by 5.2%. In building and home improvement trade, net sales increased by 13.0% thanks to acquisitions completed, while in comparable terms, net sales decreased by 6.9%. The Danish building and home improvement trade chain Davidsen has been consolidated into the building and technical trade division's figures as of 1 February 2024.

Net sales for the car trade division decreased by 4.2%, while in comparable terms net sales decreased by 4.0%. Of the car trade businesses, net sales decreased in new cars, and increased in used cars and services. In the comparison period, net sales for new cars were increased by the clearing of order books as the availability of cars improved. Net sales for sports trade decreased.

The Group's comparable operating profit totalled €650.1 million (€712.0 million), representing a decrease of €62.0 million. The comparable operating profit for the grocery trade division decreased by €6.8 million. The comparable operating profit for the building and technical trade division decreased by €43.3 million. The decrease was due to a decline in net sales, which was mainly impacted by the weak construction cycle. In the first year-half, net sales and gross margin for solar power products in particular fell short of the comparison period. Comparable operating profit decreased in all operating countries. Onninen's comparable operating profit in Finland totalled €69.0 million (€90.8 million). In Finland, profitability in building and home improvement trade remained good. Building and home improvement trade profitability was burdened by a €2.5 million expense related to the Davidsen acquisition, recorded in the allocation of fair value. The share of result from Kesko Senukai was up by €1.9 million year-on-year. The comparable operating profit for the car trade division decreased by €13.3 million. The comparable operating profit for the car trade businesses decreased by €11.4 million due to a decline in net sales. In sports trade, the comparable operating profit decreased by €1.9 million on the comparison period.

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Items affecting comparability, € million	1-12/2024	1-12/2023
Operating profit, comparable	**650.1**	**712.0**
Items affecting comparability		
+gains on disposal	+11.4	+0.4
-losses on disposal	-1.6	-1.0
-Impairment charges	-40.0	-
+/- structural arrangements	-40.4	-16.1
Items affecting comparability, total	-70.6	-16.7
Operating profit	**579.5**	**695.4**

The most significant items affecting comparability were related to a €40.0 million write-down of goodwill for the Byggmakker building and home improvement chain in Norway, to the reorganisation of the K-Rauta chain in Sweden, in which the Swedish building and home improvement trade operations were concentrated in the K-Bygg chain, the discontinuation of the Neste K chain, and to acquisitions. The goodwill write-down for Byggmakker was impacted by weaker-than-anticipated profit development, a weak cycle in Norwegian construction, and high interest rates.

K Group's (Kesko and the chain stores) retail and B2B sales (0% VAT) totalled €15,853.0 million, representing a decrease of 2.2%. During the 12-month period that ended in December 2024, the number of Finnish households belonging to the K-Plussa loyalty scheme and using the K-Plussa network totalled 2.6 million, with 3.4 million K-Plussa loyalty card users.

Net finance costs, income tax and earnings per share

	1-12/2024	1-12/2023
Net finance costs, € million	-111.7	-83.9
Interests on lease liabilities, € million	-78.6	-73.4
Profit before tax, comparable, € million	543.0	630.4
Profit before tax, € million	471.5	613.5
Income tax, € million	-92.0	-118.0
Earnings per share, comparable, €	1.11	1.28
Earnings per share, €	0.95	1.25
Equity per share, €	6.84	6.93

The increase in Group net finance costs was impacted by the increase in interest-bearing debt and the rise in interest rate levels. Net finance costs were reduced by a positive change in the fair value of interest rate derivatives. The share of result of associates totalled €3.8 million (€2.1 million).

The Group's effective tax rate was 19.5% (19.2%).

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

Cash flow and financial position

€ million	1-12/2024	1-12/2023
Cash flow from operating activities	1,008.2	1,049.5
Cash flow from investing activities	-597.5	-590.2
Cash flow from financing activities	-149.8	-492.2

€ million	31.12.2024	31.12.2023
Liquid assets	488.1	227.3
Interest-bearing liabilities	3,396.3	2,787.0
Lease liabilities	2,051.0	1,997.9
Interest-bearing net debt excl. lease liabilities	857.2	561.9
Interest-bearing net debt/ EBITDA, excl. IFRS 16 impact	1.1	0.7
Gearing, %	106.3	92.8
Equity ratio, %	32.5	35.8

The Group's cash flow from operating activities totalled €1,008.2 million (€1,049.5 million), impacted by a profit performance that fell short of the comparison period and growth in net interests paid.

The Group's cash flow from investing activities totalled €-597.5 million (€-590.2 million). Cash flow from investing activities included a positive item of €0.5 million (€54.3 million) from the redemption of money market funds, included in the Group's liquid assets.

The Group's net debt excluding lease liabilities increased due to acquisitions completed and investments made in the store site network for grocery trade and Onninen's logistics centre in Finland.

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Capital expenditure

€ million	1-12/2024	1-12/2023
Capital expenditure	**675.9**	**678.9**
Store sites	289.2	300.3
Acquisitions	172.9	141.1
IT	18.0	25.0
Other investments	195.8	212.5

As of 1 January 2024, investments in Kespro's cash-and-carry outlets are reported under capital expenditure in store sites, while before they were reported under other investments. Figures for the comparison periods have been adjusted accordingly.

Capital expenditure in store sites decreased by €11.1 million year-on-year. Capital expenditure included the March acquisition of store sites in Espoo and Salo, where Kesko's grocery trade has long been the primary tenant.

Other investments included an investment of €82.8 million (€90.1 million) in the construction of Onninen and K-Auto's shared logistics centre in Hyvinkää, Finland. The construction project is expected to be completed in 2025.

Capital expenditure included the acquisition of the Danish building and home improvement trade company Davidsen Koncernen A/S, completed on 31 January 2024, and the acquisition of Autotalo Lohja, completed on 1 September 2024. Capital expenditure in the comparison period included the acquisitions of Elektroskandia Norge AS in Norway, completed on 1 March 2023, and Zenitec Sweden AB, completed on 5 April 2023.

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Segments

New segment structure

Kesko changed its division structure and segment reporting from 1 April 2023 onwards. Sports trade became part of the car trade division, while it previously had been part of the building and technical trade division. Data concerning the comparison periods have been adjusted to correspond to the new segment structure. Kesko published comparison figures for the new segment structure for 2022 and for the first quarter of 2023 on 25 May 2023.

Grocery trade

	1-12/2024	1-12/2023
Net sales, € million	6,381.4	6,351.6
Operating profit, comparable, € million	438.0	444.8
Operating margin, comparable, %	6.9	7.0
Return on capital employed, comparable, %	16.0	17.4
Capital expenditure, € million	276.0	303.7
Average number of personnel converted into full-time employees	6,346	6,257

Net sales for the grocery trade division totalled €6,381.4 million (€6,351.6 million), an increase of 0.5%. Sales to K Group grocery store chains grew by 1.0%. Net sales for Kespro's foodservice business increased by 1.3%.

The total grocery retail market in Finland (incl. VAT) is estimated to have grown by approximately 2.0% (Finnish Grocery Trade Association PTY), and retail prices are estimated to have risen by some 0.5% (incl. VAT, Statistics Finland). K Group's grocery sales grew by 0.9% (incl. VAT). Online grocery sales grew by 13.5%, and accounted for approximately 3.7% of K Group's grocery sales (incl. VAT). All K Group grocery store chains offer online grocery services. The number of K Group stores offering online grocery services was 776, up by 47 from the previous year. The total market for the foodservice business is estimated to have decreased by 1.1% (PTY). Kespro's market share is estimated to have continued to grow.

The comparable operating profit for the grocery trade division totalled €438.0 million (€444.8 million), down by €6.8 million. The development of comparable operating profit was impacted by an increase in store site costs and a decline in the net sales for K-Citymarket's home and speciality goods (non-food). Kespro's comparable operating profit totalled €77.8 million (€75.0 million). Operating profit for the grocery trade division totalled €420.9 million (€443.6 million). Items affecting comparability totalled €-17.2 million (€-1.3 million), and were mainly related to the discontinuation of the Neste K chain.

Capital expenditure for the grocery trade division totalled €276.0 million (€303.7 million). Capital expenditure in store sites totalled €255.2 million (€265.0 million). Capital expenditure in stores sites included the March acquisition of store sites in Espoo and Salo, where Kesko's grocery trade has long been the primary tenant.

Net sales, € million	1-12/2024	1-12/2023	Change, %	Change, comparable, %
Sales to K Group grocery stores	4,529.3	4,484.0	+1.0	+1.0
K-Citymarket, non-food	602.6	615.5	-2.1	-2.1
Kespro	1,169.6	1,154.9	+1.3	+1.3
Others	79.8	97.3	-18.0	-21.8
Total	**6,381.4**	**6,351.6**	**+0.5**	**+0.4**

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Building and technical trade

	1-12/2024	1-12/2023
Net sales, € million	**4,351.6**	**4,193.2**
Building and home improvement trade	2,160.7	1,912.1
Technical trade	2,255.0	2,344.7
Operating profit, *comparable, € million*	**169.1**	**212.5**
Building and home improvement trade	57.9	65.0
Technical trade	90.5	128.5
Kesko Senukai	20.9	19.0
Operating margin, comparable, %	**3.9**	**5.1**
Building and home improvement trade	2.7	3.4
Technical trade	4.0	5.5
Return on capital employed, comparable, %	7.8	11.4
Capital expenditure, € million	293.7	273.0
Average number of personnel converted into full-time employees	6,538	6,073

Net sales for the building and technical trade division increased by 3.8%. In comparable terms, net sales decreased by 6.0%. Net sales development was impacted by the weak construction cycle. Net sales for technical trade decreased by 3.8%, while in comparable terms, net sales decreased by 5.2%. In building and home improvement trade, net sales increased by 13.0% thanks to acquisitions carried out, while in comparable terms, net sales decreased by 6.9%. The Danish building and home improvement trade chain Davidsen has been consolidated into the division's figures as of 1 February 2024. Net sales development in euro terms was increased by the strengthening of the Polish zloty and Swedish krona, and decreased by the weakening of the Norwegian krone against the euro.

In Finland, net sales for the building and technical trade division totalled €1,967.9 million (€2,115.0 million), a decrease of 7.0%. Net sales from international operations totalled €2,383.7 million (€2,078.2 million), an increase of 14.7% thanks to the acquisitions carried out. In comparable terms, net sales from international operations decreased by 5.1%.

The comparable operating profit for the building and technical trade division totalled €169.1 million (€212.5million), and it decreased by €43.3 million, due to a decline in net sales, which was mainly impacted by the weak construction cycle. In the first year-half, net sales and gross margin for solar power products in particular fell short of the comparison period. Comparable operating profit decreased in all operating countries. Onninen's comparable operating profit in Finland totalled €69.0 million (€90.8million). In Finland, profitability in building and home improvement trade remained good. Profitability in building and home improvement trade was burdened by a €2.5 million expense related to the Davidsen acquisition, recorded for the allocation of fair value. The share of result from Kesko Senukai was up by €1.9 million year-on-year.

Operating profit for the building and technical trade division totalled €116.3 million (€201.9 million). Items affecting comparability totalled €-52.8 million (€-10.5 million). The most significant items affecting comparability were related to a €40.0 million write-down of goodwill for the Byggmakker building and home improvement chain in Norway, to the reorganisation of the K-Rauta chain in Sweden, in which the Swedish building and home improvement trade operations were concentrated in the K-Bygg chain, and to acquisitions. The goodwill write-down for Byggmakker was impacted by weaker-than-anticipated profit development, a weak cycle in Norwegian construction, and high interest rates.

Net sales, € million	**1-12/2024**	**1-12/2023**	**Change, %**	**Change, comparable, %**
Building and home improvement trade, Finland	888.4	937.6	-5.3	-5.3
K-Rauta, Sweden	101.6	149.8	-32.2	-
K-Bygg, Sweden	277.0	280.0	-1.1	-5.1
Byggmakker, Norway	517.9	547.6	-5.4	-5.2
Davidsen, Denmark	379.8	-	-	-
Building and home improvement trade, total	**2,160.7**	**1,912.1**	**+13.0**	**-6.9**
Technical trade, Finland	1,132.1	1,234.0	-8.3	-8.3
Technical trade, Sweden	130.6	132.8	-1.7	-3.2
Technical trade, Norway	501.7	517.5	-3.0	-5.0
Technical trade, Baltics	127.4	129.1	-1.3	-1.3
Technical trade, Poland	368.1	336.9	+9.3	+3.6
Technical trade, total	**2,255.0**	**2,344.7**	**-3.8**	**-5.2**
Total	**4,351.6**	**4,193.2**	**+3.8**	**-6.0**

The reorganisation of the K-Rauta chain in Sweden was completed in December 2024. In October-November 2024, a total of 8 K-Rauta stores were transferred under the K-Bygg chain. The comparable change in K-Bygg net sales has been calculated in local currencies by adding the net sales of the transferred K-Rauta stores to the comparison period figures at dates corresponding to the change in store chains.

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Capital expenditure for the building and technical trade division totalled €293.7 million (€273.0 million). Capital expenditure included an investment of €82.8 million in the construction of Onninen and K-Auto's shared logistics centre in Hyvinkää, Finland. Construction on the centre is expected to be completed in 2025. Capital expenditure also included the acquisition of the Danish building and home improvement trade company Davidsen Koncernen A/S, completed on 31 January 2024. Capital expenditure in the comparison period included the acquisitions of Elektroskandia Norge AS in Norway, completed on 1 March 2023, and Zenitec Sweden AB, completed on 5 April 2023.

Car trade

	1-12/2024	1-12/2023
Net sales, € million	**1,209.4**	**1,262.3**
Car trade	1,040.9	1,078.6
Sports trade	168.7	183.9
Operating profit, comparable, € million	**69.3**	**82.6**
Car trade	61.7	73.1
Sports trade	7.6	9.5
Operating margin, comparable, %	**5.7**	**6.5**
Car trade	5.9	6.8
Sports trade	4.5	5.1
Return on capital employed, comparable, %	13.8	15.8
Capital expenditure, € million	89.0	80.3
Average number of personnel converted into full-time employees	1,556	1,531

Net sales, € million	1-12/2024	1-12/2023	Change, %	Change, comparable, %
Car trade	1,040.9	1,078.6	-3.5	-3.3
Sports trade	168.7	183.9	-8.3	-8.3
Total	**1,209.4**	**1,262.3**	**-4.2**	**-4.0**

Net sales for the car trade division decreased by 4.2%, while in comparable terms, net sales decreased by 4.0%. Of the car trade businesses, net sales decreased in new cars, and increased in used cars and services. In the comparison period, net sales for new cars were increased by the clearing of order books as the availability of cars improved. Net sales for sports trade decreased.

The combined market performance of first registrations of passenger cars and vans was -15.2%. The combined market share of the Volkswagen, Audi, SEAT, CUPRA, Porsche and Bentley passenger cars and Volkswagen vans imported by Kesko's car trade division was 14.5% (15.1%).

The comparable operating profit for the car trade division totalled €69.3 million (€82.6 million). The comparable operating profit for the car trade businesses decreased by €11.4 million, as net sales declined. In sports trade, the comparable operating profit decreased by €1.9 million year-on-year.

Operating profit for the car trade division totalled €69.3 million (€82.4 million). Items affecting comparability totalled €0.0 million (€-0.1 million).

Capital expenditure for the car trade division totalled €89.0million (€80.3 million). Capital expenditure included the acquisition of Autotalo Lohja, completed on 1 September 2024.

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Changes in Group composition

Kesko acquired 90% of the share capital of the Danish building and home improvement trade company Davidsen Koncernen A/S on 31 January 2024. The acquisition of Autotalo Lohja was completed on 1 September 2024.

Key events during the financial year

Kesko's Board of Directors appointed Jorma Rauhala as the managing director of Kesko Corporation and President and CEO of Kesko Group as of 1 February 2024, as Mikko Helander announced on 8 December 2023 his intentions to retire. (Stock exchange release 19.12.2023)

Kesko announced in August 2023 it would expand its operations to Denmark by acquiring 90% of the shares in Davidsen Koncernen A/S. On 5 January 2024, the EU Commission approved the acquisition without conditions. The transaction was completed on 31 January 2024. (Investor news releases 23.8.2023 and 31.1.2024)

Kesko withdrew from operating the Neste K service stations, where it had been responsible for the grocery trade operations and additional services. During the year, Kesko withdrew from operating 64 Neste K service stations. The stations will continue as a service offered by Neste. The motive behind the decision is the diminished role of grocery sales at service stations. (Investor news release 23.1.2024)

Kesko Corporation's Chief Financial Officer Jukka Erlund announced that he will be leaving Kesko and joining Fazer Group as Chief Financial Officer. Erlund acted as Kesko's CFO and a member of the Group Management Board since November 2011. (Stock exchange release 13.2.2024)

Sami Kiiski was appointed as President of Kesko's building and technical trade division and a member of Group Management Board, and Johanna Ali was appointed as acting President of the car trade division and a member of Group Management Board, both as of 1 April 2024. (Stock exchange release 20.3.2024)

Anu Hämäläinen (M.Sc. Econ.) was appointed as Kesko's Chief Financial Officer and a member of Group Management Board, and Lasse Luukkainen (Master of Laws) was appointed as Kesko's Executive Vice President, Legal and Sustainability, and a member of Group Management Board, both effective as of 1 June 2024. (Stock exchange release 14.5.2024)

The Board of Directors of Kesko Corporation confirmed an updated strategy for the company. The main pillars of the strategy remain intact, while each division's competitive advantages and objectives were refined. Central to Kesko's growth strategy continues to be profitable growth in three selected divisions, namely grocery trade, building and technical trade, and car trade. (Investor news release 4.6.2024)

Johanna Ali (M.Sc. Econ.) was appointed as President of Kesko's car trade division and a member of Group Management Board as of 4 June 2024. (Stock exchange release 4.6.2024)

Kesko established a Green Finance Framework applicable for the issuance of green debt instruments. (Investor news release 4.6.2024)

The two largest shareholders in Kesko on 1 September 2024 by votes were K-Retailers' Association and Ilmarinen Mutual Pension Insurance Company. Both used their right of nomination for Kesko's Shareholders' Nomination Committee. The members of Kesko's Shareholders' Nomination Committee are Pauli Jaakola, retailer, appointed by K-Retailers' Association, Jouko Pölönen, President and CEO, appointed by Ilmarinen Mutual Pension Insurance Company, and Esa Kiiskinen, Chair of Kesko's Board of Directors. At its organisational meeting on 23 September 2024, the Committee elected Pauli Jaakola to continue as Committee Chair. (Stock exchange releases 7.6.2024 and 23.9.2024)

Kesko agreed to acquire three builders' merchants in Denmark: Roslev Trælasthandel A/S, Tømmergaarden A/S, and CF Petersen & Søn A/S. The combined net sales of the three operators total some €400 million. The acquisitions are part of the execution of Kesko's growth strategy in Northern Europe, and once completed, will make Kesko's subsidiary Davidsen a significant nationwide operator in the Danish builders' merchant market. The completion of all three acquisitions is subject to the approval of the competition authorities and the fulfilment of certain other conditions. The transactions are expected to be completed in the first half of 2025 at the latest. (Investor news release 14.8.2024)

The Finnish Competition and Consumer Authority (FCCA) investigated actions by Kesko Group company Onninen as well as several other companies in the HPAC infra plastic pipe product market for nearly a decade. The investigation concerned events between 2009 and 2016. Kesko was aware of the ongoing investigation when it acquired Onninen in 2016. Kesko was not at any point of the investigation suspected of violations. In 2022, the FCCA decided to take the matter to the Market Court, and

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proposed that a penalty payment be imposed on Onninen and the other companies. In its decision on 28 August 2024, the Market Court dismissed all FCCA demands. The Market Court furthermore ordered the FCCA to reimburse Onninen for litigation costs. Apart from the issue of reimbursement of litigation costs, the Market Court decision has gained legal force. (Investor news release 28.8.2024)

Kesko signed a €150 million 7-year sustainability-linked loan with the Nordic Investment Bank (NIB), where the interest rate margin is tied to Kesko's attainment of certain sustainability targets set for greenhouse gas emissions and food waste. (Investor news release 13.9.2024)

Kesko announced it would be issuing senior unsecured green notes of €300 million, with a maturity of approximately five years and four months. The notes mature on 2 February 2030. The notes carry a fixed annual interest of 3.500 percent. The issue price of the notes was 99.317 percent. The issue date of the notes was 2 October 2024, and trading began on 4 October 2024 on the list of sustainable bonds of Nasdaq Helsinki Ltd. The net proceeds from the notes issue will be used for financing or refinancing eligible green projects or assets or otherwise in accordance with the Green Finance Framework established by Kesko in May 2024. (Stock exchange releases on 20.9.2024, 25.9.2024 and 2.10.2024)

Events after the financial year

Kesko announced on 14 August 2024 that it would acquire Roslev Trælasthandel A/S and two other Danish builders' merchant companies. The acquisition of Roslev Trælasthandel received all necessary approvals and was completed on 31 January 2025. (Investor news release 31.1.2025)

Resolutions of the 2024 Annual General meeting

The Annual General Meeting of Kesko Corporation held on 26 March 2024 adopted the company's financial statements for 2023. The Annual General Meeting resolved to distribute a dividend of €1.02 per share – based on the adopted balance sheet for 2023 – on shares held outside the company at the time of distribution. The remaining distributable assets remain in equity. The dividend was paid in four instalments: the record date of the first dividend instalment of €0.26/share was 28 March 2024 and the pay date 9 April 2024; the record date of the second dividend instalment of €0.25/share was 16 July 2024 and the pay date 23 July 2024; the record date of the third dividend instalment of €0.26/share was 15 October 2024 and the pay date 22 October 2024; and the record date of the fourth dividend instalment of €0.25/share was 14 January 2025 and the pay date 21 January 2025. The Board was authorised to decide, if necessary, on new dividend payment record dates and pay dates for the second, third and/or fourth instalments, if the rules and statutes of the Finnish book-entry system change or otherwise so require.

The resolutions of the Annual General Meeting were communicated in more detail in a stock exchange release issued on 26 March 2024.

Information contained in the notes to the financial statements

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

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

Related party transactions are disclosed in Note 5.2.

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

Corporate governance statement

Kesko Corporation issues the Corporate Governance Statement in compliance with the reporting requirements of the Finnish Corporate Governance Code 2025 issued by the Finnish Securities Market Association and effective as of 1 January 2025. Kesko Corporation issues the statement separately from the Report by the Board of Directors.

Risk management

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

Kesko's divisions and common operations are responsible for identifying, assessing, handling and managing risks related to their operations, and they report on risks, risk management responses and the results of those responses to the Group risk management function. Members of the

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Group Management Board are responsible for the effective and efficient implementation of internal control and risk management in their respective areas of responsibility.

A risk management function independent of businesses is responsible for providing a framework and guidance for internal control and risk management, and it supports, coordinates and supervises risk management implementation in Kesko Group. The Chief Audit and Risk Officer reports functionally to the Chair of the Audit Committee and administratively to Kesko's President and CEO on matters related to internal audit, and to the Group's Chief Financial Officer on matters related to risk management. The Risk Management Steering Group headed by the Chief Financial Officer is responsible for establishing the Group's overview of the risk situation. The President and CEO is responsible for the effectiveness and efficiency of the Group's risk management, and approves Group risk reports before they are reviewed by the Board of Directors. Kesko's Board of Directors monitors and assesses the effectiveness of risk management and supervises the assessment of risks related to the company's strategy and operations and their management, aided by the Audit Committee.

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

Significant risks and uncertainties

Slower-than-anticipated economic recovery and recovery in demand

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

Geopolitical risks

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

Cybercrime

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

Compliance with laws and agreements

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

Climate change

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

Product safety

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

Store sites and properties

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

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Responsible operating practices and reputation management

Various aspects of corporate responsibility, such as ensuring responsibility in the purchasing chain of products, fair and equal treatment of employees, the prevention of corruption, and environmental protection, are increasingly important to customers. Any failures in corporate responsibility and sustainability could result in negative publicity for Kesko and cause operational and financial damage.

Reporting to the market

In its investor communication and financial reporting, Kesko follows the disclosure policy approved by Kesko's Board of Directors. Kesko's objective is to produce and publish reliable and timely information. Disclosure follows the principle of providing all market participants information in a timely manner and non-selectively to form the basis for the price formation of Kesko's financial instruments such as shares. Should the information published by Kesko prove incorrect, or should communications fail to meet regulations in other respects, it could result in losing investor and other stakeholder trust and in possible sanctions. Significant business arrangements, tight disclosure schedules and the dependency on information systems create challenges for the accuracy of financial information.

Risks of damage

Accidents, natural phenomena and epidemics can cause significant damage to people, property or business. In addition, risks of damage may cause business disruptions that cannot be prevented.

Proposal for profit distribution

The Board of Directors of Kesko Corporation proposes to the Annual General Meeting to be held on 24 March 2025 that a dividend of €0.90 per share be paid for the year 2024 based on the adopted balance sheet on shares held outside the company at the date of dividend distribution. The remaining distributable assets will remain in equity. The Board proposes that the dividend be paid in four instalments.

The first instalment of €0.23 per share is to be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment's record date 26 March 2025. The Board proposes that the dividend instalment pay date be 2 April 2025.

The second instalment of €0.22 per share is to be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment's record date 15 July 2025. The Board proposes that the dividend instalment pay date be 22 July 2025.

The third instalment of €0.23 per share is to be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment's record date 14 October 2025. The Board proposes that the dividend instalment pay date be 21 October 2025.

The fourth instalment of €0.22 per share is to be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment's record date 13 January 2026. The Board proposes that the dividend instalment pay date be 20 January 2026.

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

As at the date of the proposal for the distribution of profit, 4 February 2025, a total of 397,956,408 shares were held outside the company, and the corresponding total amount of dividends is €358,160,767.20.

The distributable assets of Kesko Corporation total €1,539,047,794.71, of which profit for the financial year is €357,128,787.22.

Annual General Meeting

The Board of Directors has decided that Kesko's Annual General Meeting will be held on 24 March 2025 at 1.00 pm (EET). Kesko Corporation will publish a notice of the General Meeting on the its website and as a stock exchange release on 5 February 2025.

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Shares and securities markets

At the end of 2024, the total number of shares in Kesko Corporation was 400,079,008, of which 126,948,028 or 31.7%, were A shares, and 273,130,980 or 68.3%, were B shares. On 31 December 2024, Kesko Corporation held 2,122,600 of its own B shares as treasury shares.

These treasury shares accounted for 0.78% of the total number of B shares, 0.53% of the total number of shares, and 0.14% of the votes attached to all shares in the company. The total number of votes attached to all shares was 1,542,611,260. Each A share carries ten (10) votes and each B share one (1) vote. The company cannot vote with own shares held by it as treasury shares and no dividend is paid on such shares. At the end of 2024, Kesko Corporation's share capital was €197,282,584.

The price of a Kesko A share quoted on Nasdaq Helsinki was €18.02 at the end of 2023 and €18.06 at the end of 2024, representing an increase of 0.2%. Meanwhile, the price of a Kesko B share was €17.93 at the end of 2023 and €18.18 at the end of 2024, representing an increase of 1.4%. In 2024, the highest price for an A share was €20.05 and the lowest €16.06, while the highest price for a B share was €20.49 and the lowest €15.63. The Nasdaq Helsinki All-Share index (OMX Helsinki) was down by 6.2% and the weighted OMX Helsinki Cap index down by 4.5% in 2024. The Retail Sector Index was down by 13.8%.

The market capitalisation of Kesko's A shares was €2,293 million at the end of 2024, while the market capitalisation of Kesko's B shares was €4,927 million, excluding the shares held by the parent company as treasury shares. The combined market capitalisation of the A and B shares was €7,220 million, up by €76 million compared to the end of 2023.

In 2024, a total of 5.2 million Kesko A shares were traded on Nasdaq Helsinki. The exchange value of the A shares was €93.4 million. Meanwhile, 139.1 million B shares were traded, for an exchange value of €2,442.2 million. Nasdaq Helsinki accounted for over 95% of the trading on Kesko's A and B shares. Kesko shares were also traded on multilateral trading facilities, the most significant of which were Turquoise and BATS (source: Euroland).

At the end of 2024, the number of registered shareholders was 113,700. At the end of 2024, foreign ownership of all shares was 33.2%, and foreign ownership of B shares 47.7%.

Share performance turnover

		2022	2023	2024
Share price as at 31 Dec.				
A share	€	20.35	18.02	18.06
B share	€	20.62	17.93	18.18
Average share price				
A share	€	21.89	18.47	17.80
B share	€	23.11	18.49	17.56
Market capitalisation as at 31 Dec., A share	€ million	2,583.4	2,287.6	2,292.7
Market capitalisation as at 31 Dec., B share	€ million	5,577.9	4,855.8	4,926.9
Turnover				
A share	Million pcs	7	6	5
B share	Million pcs	144	143	139
Relative turnover rate				
A share	%	5.8	4.4	4.1
B share	%	52.2	52.3	50.5
Diluted average number of shares	Thousand pcs	397,383	397,706	397,922

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Analysis of shareholding

Analysis of shareholding by shareholder type as at 31 Dec. 2024

All shares	Number of shares, pcs	Percentage of all shares, %
Nominee-registered and non-Finnish holders	132,739,287	33.18
Households	103,856,060	25.96
Non-financial corporations and housing corporations	95,387,211	23.84
General government*	31,805,411	7.95
Non-profit institutions serving households**	21,743,369	5.43
Financial and insurance corporations	14,547,670	3.64
Total	**400,079,008**	**100.00**

A shares	Number of shares, pcs	Percentage of A shares, %	Percentage of all shares, %
Non-financial corporations and housing corporations	74,953,400	59.04	18.73
Households	23,839,798	18.78	5.96
General government*	14,169,777	11.16	3.54
Non-profit institutions serving households**	11,260,708	8.87	2.81
Nominee-registered and non-Finnish holders	2,437,873	1.92	0.61
Financial and insurance corporations	286,472	0.23	0.07
Total	**126,948,028**	**100.00**	**31.73**

B shares	Number of shares, pcs	Percentage of B shares, %	Percentage of all shares, %
Nominee-registered and non-Finnish holders	130,301,414	47.71	32.57
Households	80,016,262	29.30	20.00
Non-financial corporations and housing corporations	20,433,811	7.48	5.11
General government*	17,635,634	6.46	4.41
Financial and insurance corporations	14,261,198	5.22	3.56
Non-profit institutions serving households**	10,482,661	3.84	2.62
Total	**273,130,980**	**100.00**	**68.27**

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

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

Analysis of shareholding by number of shares as at 31 Dec. 2024

All shares Number of shares	Number of shareholders, pcs	Percentage of share-holders, %	Share total, pcs	Percentage of shares, %
1–100	49,558	43.59	1,983,218	0.50
101–500	33,394	29.37	8,562,712	2.14
501–1,000	10,876	9.57	8,141,322	2.03
1,001–5,000	14,549	12.80	33,265,124	8.31
5,001–10,000	2,632	2.31	18,626,702	4.66
10,001–50,000	2,236	1.97	45,354,794	11.34
50,001–100,000	233	0.20	16,168,338	4.04
100,001–500,000	181	0.16	36,411,360	9.10
500,001–	41	0.04	231,565,438	57.88
Total	**113,700**	**100.00**	**400,079,008**	**100.00**

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A shares Number of shares	Number of shareholders, pcs	Percentage of A share-holders, %	A share total, pcs	Percentage of A shares, %
1–100	16,170	55.58	560,115	0.44
101–500	6,753	23.21	1,651,190	1.30
501–1,000	1,674	5.75	1,248,899	0.98
1,001–5,000	2,638	9.07	6,787,641	5.35
5,001–10,000	762	2.62	5,478,926	4.32
10,001–50,000	863	2.97	17,973,813	14.16
50,001–100,000	123	0.42	8,850,369	6.97
100,001–500,000	97	0.33	19,090,388	15.04
500,001–	12	0.04	65,306,687	51.44
Total	**29,092**	**100.00**	**126,948,028**	**100.00**

B shares Number of shares	Number of shareholders, pcs	Percentage of B share-holders, %	B share total, pcs	Percentage of B shares, %
1–100	36,868	40.44	1,545,267	0.57
101–500	28,286	31.03	7,362,421	2.70
501–1,000	9,772	10.72	7,326,793	2.68
1,001–5,000	12,570	13.79	28,112,051	10.29
5,001–10,000	2,035	2.23	14,339,116	5.25
10,001–50,000	1,405	1.54	27,307,774	10.00
50,001–100,000	111	0.12	7,493,863	2.74
100,001–500,000	86	0.09	17,241,669	6.31
500,001–	26	0.03	162,402,026	59.46
Total	**91,159**	**100.00**	**273,130,980**	**100.00**

10 largest shareholders by number of shares held as at 31 Dec. 2024

		Number of shares, pcs	Percentage of shares, %	Number of votes	Percentage of votes, %
1.	K-Retailers' Association	21,858,292	5.46	218,582,920	14.17
2.	Ilmarinen Mutual Pension Insurance Company	13,760,000	3.44	137,600,000	8.92
3.	Vähittäiskaupan Takaus Oy	13,195,008	3.30	131,950.080	8.55
4.	Elo Mutual Pension Insurance company	6,073,725	1.52	9,725,250	0.63
5.	Varma Mutual Pension Insurance Company	5,978,944	1.49	5,978,944	0.39
6.	Foundation for Vocational Training in the Retail Trade	5,709,109	1.43	57,091,090	3.70
7.	The State Pension Fund	3,500,000	0.87	3,500,000	0.23
8.	K-Food Retailers' Club	2,605,792	0.65	26,057,920	1.69
9.	Heimo Välinen Oy	2,280,000	0.57	22,800,000	1.48
10.	OP-Finland Fund	2,183,510	0.55	2,183,510	0.14

Table above includes registered shareholders.The table does not contain shares held by Kesko Corporation, amounting to 2,122,600 on 31 December 2024.

Nominee-registered shareholder BlackRock, Inc held 4.91% of shares and 1.27% of votes in Kesko Corporation on 31 December 2024 (stock exchange release 2 January 2025).

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10 largest shareholders by number of votes as at 31.12.2024

		Number of shares, pcs	Percentage of shares, %	Number of votes	Percentage of votes, %
1.	K-Retailers' Association	21,858,292	5.46	218,582,920	14.17
2.	Ilmarinen Mutual Pension Insurance Company	13,760,000	3.44	137,600,000	8.92
3.	Vähittäiskaupan Takaus Oy	13,195,008	3.30	131,950.080	8.55
4.	Foundation for Vocational Training in the Retail Trade	5,709,109	1.43	57,091,090	3.70
5.	K-Food Retailers' Club	2.605,792	0.65	26,057,920	1.69
6.	Heimo Välinen Oy	2,280,000	0.57	22,800,000	1.48
7.	Food Paradise Oy	1,564,164	0.39	15,641,640	1.01
8.	Elo Mutual Pension Insurance company	6,073,725	1.52	9,725,250	0.63
9.	Pokela Oy Iso Omena	792,600	0.20	7,926,000	0.51
10.	T.A.T. Invest Oy	792,080	0.20	7,726,400	0.50

Management's shareholdings

At the end of December 2024, Kesko Corporation's Board members, the President and CEO and the corporations controlled by them held 778,910 Kesko Corporation A shares and 399,125 Kesko Corporation B shares, i.e. a total of 1,178,035 shares, which represents 0.29% of the total number of shares and 0.53% of votes carried by all shares of the Company.

At 31 December 2024 the President and CEO held 238,029 Kesko Corporation B shares, which represented 0.06% of the total number of shares and 0.02% of votes carried by all shares of the Company. At 31 December 2024, the Group Management Board including the President and CEO held 2,824 Kesko Corporation A shares and 581,181 Kesko Corporation B shares, which represented 0.15% of the total number of shares and 0.04% of votes carried by all shares of the Company.

Board authorities

Kesko has a share-based commitment and incentive scheme. To implement the scheme, Kesko's Board of Directors may decide, within the share issue authorisations granted by the company's General Meeting, to transfer Kesko B shares held by the company as treasury shares. In 2024, Kesko Corporation transferred 196,208 Kesko B shares held as treasury shares to members of management and other key persons in the company, while a total of 17,100 B shares were returned to Kesko in accordance with the terms and conditions of Kesko's share-based commitment and incentive plan. Kesko issued related stock exchange releases 15 March 2024, 20 March 2024, 18 June 2024 and 8 July 2024. Kesko issued a stock exchange release on 30 January 2024 regarding the most recent share-based commitment and incentive plans. In addition, Kesko transferred 7,789 B shares held by the company as treasury shares to members of Kesko's Board of Directors as part of their annual fees, and issued a related stock exchange release on 26 April 2024.

Kesko's Annual General Meeting of 26 March 2024 authorised the Board to decide on the issuance of a maximum of 33,000,000 new B series shares or B shares held by the company as treasury shares, and on the repurchase of a maximum of 16,000,000 of the company's own B shares. The authorisations are valid until 30 June 2025, and were communicated in a stock exchange release issued on 26 March 2024.

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Group's key performance indicators

		2022	2023	2024
Income statement				
Net sales	€ million	11,809.0	11,783.8	11,920.1
Change in net sales	%	4.5	-0.2	1.2
Change in net sales, comparable	%	4.4	-0.8	-2.3
Operating profit, comparable	€ million	815.1	712.0	650.1
Operating margin, comparable	%	6.9	6.0	5.5
Operating profit	€ million	816.5	695.4	579.5
Operating margin	%	6.9	5.9	4.9
Profit for the year	€ million	609.9	495.6	379.1
Profit for the year as percentage of net sales	%	5.2	4.2	3.2
Profitability				
Return on equity	%	23.1	18.0	13.8
Return on equity, comparable	%	23.2	18.5	16.1
Return on capital employed	%	17.0	13.1	10.1
Return on capital employed, comparable	%	16.9	13.4	11.3
Funding and financial position				
Interest-bearing net debt	€ million	2,104.2	2,559.8	2,908.2
Interest-bearing net debt excluding lease liabilities	€ million	184.1	561.9	857.2
Gearing	%	76.7	92.8	106.3
Equity ratio	%	36.9	35.8	32.5
Interest-bearing net debt/EBITDA excluding the impact of IFRS 16		0.2	0.7	1.1
Interest-bearing net debt/EBITDA, IFRS		1.6	2.1	2.4

		2022	2023	2024
Other performance indicators				
Capital expenditure	€ million	449.2	678.9	675.9
Capital expenditure as percentage of net sales	%	3.8	5.8	5.7
Cash flow from operating activities	€ million	915.2	1,049.5	1,008.2
Cash flow from investing activities	€ million	-344.3	-590.2	-597.5
Average number of personnel converted *into full-time employees*		14,633	14,766	15,347
Personnel as at 31 Dec.		17,841	17,702	18,309

		2022	2023	2024
Share performance indicators				
Earnings/share, basic and diluted	€	1.53	1.25	0.95
Earnings/share, comparable, basic	€	1.54	1.28	1.11
Equity/share	€	6.90	6.93	6.84
Dividend/share*	€	1.08	1.02	0.90
Payout ratio	%	70.4	81.9	94.5
Payout ratio, comparable	%	70.1	79.7	80.9
Cash flow from operating activities/share	€	2.30	2.64	2.53
Price/earnings ratio (P/E), A share		13.26	14.46	18.95
Price/earnings ratio (P/E), B share		13.44	14.39	19.08
Effective dividend yield, A share	%	5.3	5.7	5.0
Effective dividend yield, B share	%	5.2	5.7	5.0

* Proposal to the General Meeting

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Calculation of performance indicators

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

Change in comparable net sales is used to reflect changes in the Group's business volume between periods. The indicator reflects the change in net sales excluding the impact of acquisitions and divestments, in local currencies. The comparable net sales have been calculated by including in the net sales the business operations that have been part of Kesko Group in both the 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 disposal of real estate, shares and business operations, impairment charges and significant restructuring costs are identified as items affecting comparability. Gains on disposal have been presented within other operating income, and losses on disposal within other operating expenses in the income statement. 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 monitor the achievement of certain financial targets. The EBITDA excluding the impact of IFRS 16 corresponds to EBITDA before the adoption of IFRS 16, and the interest-bearing net debt excluding lease liabilities correspond to interest-bearing net debt before the adoption of the standard. These restated indicators are included as components in the Group's financial target "interest-bearing net debt excluding lease liabilities divided by EBITDA excluding the impact of IFRS 16".

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

Profitability

Operating profit, comparable	Operating profit +/– items affecting comparability
Items affecting comparability	– gains on disposal + losses on disposal + impairment charges +/- structural arrangements
Return on equity, %	(Profit/loss before tax - Income tax) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity, %, comparable	(Profit/loss for the preceding 12 months before tax - Income tax for the preceding 12 months) x 100 / Shareholders' equity on average for 12 months
Return on capital employed, %	Operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed, %, comparable	Comparable operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
EBITDA	Operating profit + Depreciation and amortisation + Impairments
EBITDA excluding the impact of IFRS 16	EBITDA – Rents from lease agreements

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Funding, capital expenditure and financial position

Equity ratio, %	Shareholders' equity x 100 / (Total assets – Advances received)
Gearing, %	Interest-bearing net debt x 100 / Shareholders' equity
Interest-bearing net debt	Interest-bearing liabilities + Lease liabilities – Current other financial assets – Cash and cash equivalents
Interest-bearing net debt excluding lease liabilities	Interest-bearing net debt – Lease liabilities
Interest-bearing net debt excluding lease liabilities / EBITDA excluding the impact of IFRS 16	Interest-bearing net debt excluding lease liabilities / EBITDA excluding the impact of IFRS 16
Interest-bearing net debt / EBITDA, including the impact of IFRS 16	Interest-bearing net debt / EBITDA, including the impact of IFRS 16
Capital expenditure	Performance indicator includes investments in tangible and intangible assets, subsidiary shares, shares in associates and joint ventures and other shares. Additions of right-of-use assets for leases in the consolidated statement of financial position are not capital expenditure. Redemption of a leased property (right-of-use asset) is reported as capital expenditure.

Share performance indicators

Earnings/share, basic	(Profit/loss - Non-controlling interests) / Average number of shares
Earnings/share, diluted	(Profit – Non-controlling interest) / Average diluted number of shares
Earnings/share, basic, comparable	(Profit/loss adjusted for items affecting comparability - Non-controlling interests adjusted for items affecting comparability) / Average number of shares
Equity/share	Equity attributable to owners of the parent / Basic number of shares at the balance sheet date
Payout ratio, %	(Dividend/share) x 100 / (Earnings/share)
Price/earnings ratio (P/E)	Share price at balance sheet date / (Earnings/share)
Effective dividend yield, %	(Dividend/share) x 100 / Share price at balance sheet date
Market capitalisation	Share price at balance sheet date x Number of shares
Cash flow from operating activities/share	Cash flow from operating activities / Average number of shares
Yield of A share and B share	Change in share price + Annual dividend yield

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Reconciliation of alternative performance measures to IFRS financial statements

€ million	2024	2023
Items affecting comparability		
Gains on disposal	11.4	0.4
Losses on disposal	-1.6	-1.0
Impairment charges	-40.0	-
Structural arrangements	-40.4	-16.1
Items in operating profit affecting comparability	**-70.6**	**-16.7**
Items in financial items affecting comparability	-0.8	-0.2
Items in income taxes affecting comparability	7.7	3.1
Total items affecting comparability	**-63.7**	**-13.7**
Items in EBITDA affecting comparability	**-12.3**	**-12.8**
Operating profit, comparable		
Operating profit	579.5	695.4
Net of		
Items in operating profit affecting comparability	-70.6	-16.7
Operating profit, comparable	**650.1**	**712.0**
EBITDA		
Operating profit	579.5	695.4
Plus		
Depreciation and impairment charges	247.9	184.0
Depreciation and impairment charges for right-of-use assets	375.5	353.2
EBITDA	**1,202.9**	**1,232.5**
EBITDA, comparable		
EBITDA	1,202.9	1,232.5
Net of		
Items in EBITDA affecting comparability	-12.3	-12.8
EBITDA, comparable	**1,215.2**	**1,245.3**

€ million	2024	2023
Profit before tax, comparable		
Profit before tax	471.5	613.5
Net of		
Items in operating profit affecting comparability	-70.6	-16.7
Items in financial items affecting comparability	-0.8	-0.2
Profit before tax, comparable	**543.0**	**630.4**
Net profit, comparable		
Profit before tax, comparable	543.0	630.4
Net of		
Income tax	92.0	118.0
Items in income taxes affecting comparability	7.7	3.1
Net profit, comparable	**443.3**	**509.3**
Net profit attributable to owners of the parent, comparable		
Net profit, comparable	443.3	509.3
Net of		
Net profit attributable to non-controlling interests	-0.4	-
Net profit attributable to owners of the parent, comparable	**442.9**	**509.3**
Earnings per share, comparable, €		
Net profit attributable to the owners of the parent, comparable	442.9	509.3
Average number of shares, basic, 1,000 pcs	397,922	397,706
Earnings per share, comparable, €	**1.11**	**1.28**
Return on capital employed, %		
Operating profit	579.5	695.4
Capital employed, average	5,758.7	5,313.3
Return on capital employed, %	**10.1**	**13.1**
Return on capital employed, comparable, %		
Operating profit, comparable	650.1	712.0
Capital employed, average	5,758.7	5,313.3
Return on capital employed, comparable, %	**11.3**	**13.4**

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€ million	2024	2023
Return on equity, %		
Net profit	379.1	495.6
Equity, average	2,746.7	2,750.3
Return on equity, %	**13.8**	**18.0**
Return on equity, comparable, %		
Net profit, comparable	443.3	509.3
Equity, average	2,746.7	2,750.3
Return on equity, comparable, %	**16.1**	**18.5**
Equity ratio, %		
Shareholders' equity	2,734.9	2,758.4
Total assets	8,471.2	7,754.3
Advances received	43.4	56.7
Equity ratio, %	**32.5**	**35.8**

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Sustainability statement is part of the Report by the Board of Directors.

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

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GENERAL INFORMATION

Kesko in brief

Kesko is a Finnish listed trading sector company. Kesko has approximately 1,700 stores engaged in chain operations in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania 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, 00016 KESKO, Finland.

General basis of preparation

Kesko prepares Kesko Group's sustainability statement annually. The scope of the sustainability statement is the same as that of the consolidated financial statements, and the sustainability statement reports on the Group as a whole. Sustainability reporting covers the subsidiaries included in Kesko's consolidated financial statements. Associates and joint ventures included in the consolidated financial statements using the equity method are not included in the Group's sustainability reporting, as they are reported as part of Kesko's value chain through a potential business relationship. Information on acquired subsidiaries is included in the sustainability statement from the date on which control of the company transfers to Kesko Group. The sustainability statement covers Kesko's upstream and downstream value chains. The sustainability statement has the same reporting period as the consolidated financial statements.

Kesko's sustainability statement has been prepared for the first time in accordance with the principles of the European Sustainability Reporting Standards (ESRS) as defined in the EU's Corporate Sustainability Reporting Directive (CSRD). Kesko is using the transitional provision enabled by the ESRS 1 General Requirements Standard, in which the undertaking is not required to disclose the comparative information in the first year of preparation of the sustainability statement under the ESRS. The Standard also contains a list of disclosure requirements that are phased in. These simplifications are applied in particular to the disclosure requirements for financial effects.

Comparative information for the year 2023 is included in the tables of performance indicators for turnover, capital expenditures, and operating expenses in accordance with the Taxonomy Regulation. This comparative information has not been subject to assurance procedures by the sustainability reporting auditor.

A separate statement on due diligence and a statement on risk management and internal controls over sustainability reporting have not been included as part of the first sustainability statement. The definition and implementation of processes will be continued during 2025.

The Sustainability Audit Firm Deloitte Oy has issued the company with a third-party sustainability reporting auditor's limited assurance engagement on Kesko's sustainability statement in accordance with ISAE 3000 (revised).

Kesko Group's sustainability statement does not cover the tagging of the Group sustainability statement with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

Kesko's Board of Directors approved the publication of this sustainability statement on 4 February 2025.

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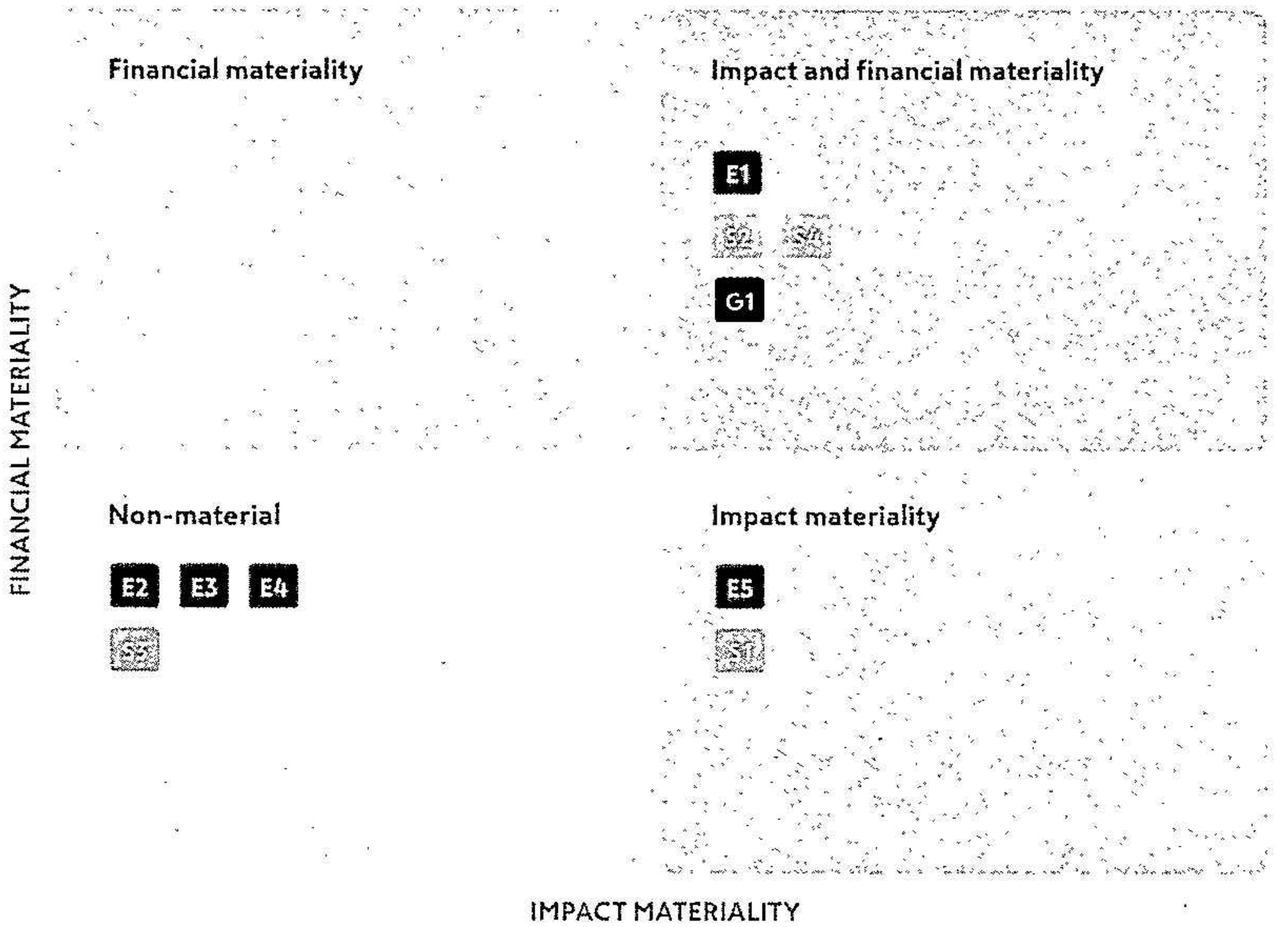
Material sustainability topics and sustainability targets

Material sustainability topics

As a result of the double materiality assessment, Kesko identified material impacts related to six ESRS standards and their sub-topics. The identified material impacts are either actual impacts or potential impacts with a time horizon that has been estimated to be short term. Risks were identified for a total of four standards. Identified risks are either short- or medium-term risks. No material opportunities were identified in the assessment.

Based on the double materiality assessment process, no material impacts, risks or opportunities were identified for a total of four standards, E2 Pollution, E3 Water and marine resources, E4 Biodiversity and ecosystems and S3 Affected communities.

The material impacts and risks are described in more detail in connection with the information on each topical standard.



ESRS standards		Material sustainability topics
Environment		
E1	Climate change	Climate change mitigation Energy
E5	Resource use and circular economy	Resource outflows related to products and services: Packaging Waste Food waste
Social		
S1	Own workforce	Working conditions Equal treatment and opportunities for all
S2	Workers in the value chain	Working conditions Child labour and forced labour
S4	Consumers and end-users	Health and safety Privacy
Governance		
G1	Business conduct	Corporate culture Protection of whistleblowers Management of relationships with suppliers Corruption and bribery

Non-material ESRS standards	
E2	Pollution
E3	Water and marine resources
E4	Biodiversity and ecosystems
S3	Affected communities

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Sustainability targets

Kesko has set sustainability targets and more details on the setting and progress of these is provided in the information on each topic-specific standard. The targets have been set as part of the update of Kesko's sustainability strategy in 2024. The target related to improving energy efficiency is part of Kesko's energy strategy. The energy strategy was approved by the Group Management Board in 2024. The sustainability statement includes the targets set out in the sustainability strategy that will contribute to addressing the material impacts and risks identified in the double materiality assessment.

In 2024, the Board of Directors approved the Group's sustainability strategy for the strategy period 2024-2026 and the strategic targets. The President and CEO is responsible for the implementation of the strategic targets set out in the sustainability strategy and for reporting progress to the Board of Directors. Key stakeholders have not been significantly involved in the process of setting the targets.

			Target		
Target	**Unit**	**2024**	**2025**	**2026**	**2030**
Environment					
E1 Climate change					
Greenhouse gas emissions (Scope 1 + Scope 2 market-based)	tCO2eq	84,576			~59,000
Greenhouse gas emissions (Scope 3 Purchased goods and services), emissions reductions targets of suppliers	%	48%		67%	
Energy efficiency measures	GWh	20.9			95.0
E5 Resource use and circular economy					
Waste recycling rate	%	67%			73%
Food waste in Kesko's warehousing and logistics operations	%	0.45%			0.22%
Food waste in K-food retailers' store operations	%	1.68%			1.10%
Social					
S1 Own workforce					
Workplace injuries, own workforce	Total Recordable Injury Frequency (TRIF)	25.9			22.0
Employee wellbeing	Wellbeing index	83			86
Diversity and inclusion	D&I index	87			89
Gender balance in top management	% of underrepresented gender	27.7%			40.0%
Gender balance in middle management	% of underrepresented gender	32.8%			45.0%
S4 Consumers and end-users					
Decrease the amount of salt in private label products	kg	15,353	50,000		
Decrease the amount of sugar in private label products	kg	97,171	200,000		
Decrease the amount of saturated fat in private label products	kg	32,347	50,000		
Governance					
G1 Business Conduct					
Employee commitment to K Code of Conduct	%	85%			100%

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Identification and assessment of material impacts, risks and opportunities

Kesko's double materiality assessment was conducted in two parts during 2023-2024. In the first phase of the assessment in 2023, sustainability impacts, risks, and opportunities were identified within Kesko's own operations and value chain, and a preliminary view of their materiality was established.

Building on the results of the first phase, the second phase of the materiality assessment included a more detailed identification of impacts and strengthened their connection to the topics, sub-topics, and sub-sub-topics of the ESRS standards. The impacts were identified in topic-specific workshops and scored to achieve preliminary prioritization. In the next phase, the impact scores were reviewed to ensure they were consistent and that no impact was over- or underestimated. The impacts were assessed based on their severity and likelihood. The severity of an impact is based on its scale, scope, and, in the case of negative impacts, its remediability.

The identification and assessment of risks and opportunities were conducted as part of Kesko's risk management process. Kesko's risk management process follows the methodology of the COSO Enterprise Risk Management model. The assessment of risks and opportunities was carried out by division, after which a Group-level assessment was formed. The sustainability risk assessment was also reviewed alongside other risks identified in the Group's risk assessments. Risks and opportunities were evaluated based on their financial impact and likelihood. The assessment examined potential risks or opportunities arising from identified impacts. Potential negative impacts related to value chain employees, product safety, and data protection also carry the risk of negative financial impacts for Kesko. The same scale, commonly used in Kesko's risk management process, was applied in the risk assessment. No material opportunities were identified in the assessment.

The impacts and risks that exceeded the defined materiality threshold were classified as material. Based on the scoring, the impacts and risks identified as material were reviewed by management, where the final determination of material sustainability topics was made.

The majority of the assessment of impacts, risks, and opportunities was conducted internally within the Group. Experts from all three of Kesko's divisions and common functions participated in this work. The double materiality assessment covers not only Kesko's own operations but also the identification and assessment of impacts, risks, and opportunities in the upstream and downstream value chain. Stakeholder consultations were conducted through separate interviews, with a focus on financial market participants, suppliers, and B2B customers. In this process, we gathered information on how stakeholders perceive the key impacts, risks, and opportunities of Kesko's operations across various sustainability topics. The interviews also validated the existing view of material sustainability topics for Kesko. The results of the internally conducted double materiality assessment and the stakeholder interviews supported each other.

The results of the double materiality assessment were first presented to the Group Management Board and the Audit Committee in September 2024. The double materiality assessment and the significant changes made to it after September 2024 were reviewed by the Audit Committee and approved by the Board of Directors on February 4, 2025, as part of the final sustainability statement.

Kesko updated its strategy in May 2024 for the strategy period 2024-2026. In connection with the update, Kesko emphasises being a forerunner in sustainability as a competitive advantage. During the strategy work, Kesko's divisions identified impacts and business opportunities related to sustainability topics. Since the double materiality assessment was still ongoing at the time of the strategy update, the material impacts and risks identified could not be fully incorporated into the strategy work. In the future, the connection between the outcome of the double materiality assessment and Kesko's strategy and business models will be assessed in more detail as part of both the annual strategy process and normal business and sustainability management.

Kesko updated its sustainability strategy at the end of October 2024. In the new sustainability strategy, sustainability matters were taken into account and concrete targets were set to contribute to or otherwise positively influence the material impacts and risks that had been identified so far in the double materiality assessment.

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E1 Climate change

Kesko's impacts on climate change arise from greenhouse gas emissions generated both in its own operations and in the value chain. Kesko has identified the key sources of emissions in its own operations. The largest source of Scope 1 emissions is the emissions from fuel usage in transportation, logistics operations, and company cars. The largest source of Scope 2 emissions is emissions from district heating consumption. Most of the value chain's Scope 3 emissions are generated during the life cycle of purchased and sold products, from their production, use and end-of-life treatment. In addition, emissions are generated from the manufacture of fixed assets and logistics transport.

No significant climate-related risks have been identified for the Group's risk map, which has a 12-month review period. In the medium term, climate-related risks have been identified, particularly in relation to real estate. The risk in question is a physical climate-related risk. Kesko owns and manages under lease agreements a significant number of properties in all its operating countries. Extreme weather conditions that are becoming more common in the future will increase the burden on real estate. Individual assets may be exposed to damage risks or investment needs due to extreme weather conditions.

The main extreme weather conditions in Kesko's operating countries are related to chronic climate risks such as heat stress and changes in precipitation patterns and types. Acute risks are related to heatwaves, storms, heavy rainfall and floods. Conditions are simulated, for example, by using future weather data, and weather conditions are anticipated by considering the risks in the planning guidelines of real estate projects.

Kesko has not conducted a resilience analysis on the climate resilience of the company's strategy and business model as required in the E1 Climate Change standard.

E5 Resource use and circular economy

Material impacts on the environment arise from the waste generated by Kesko's operations, particularly as part of warehousing and logistics operations and retail trade operations. The largest waste fraction in Kesko's operations is cardboard, which is generated from packaging used during the transportation and storage of products. The waste generated by Kesko's operations is mainly non-hazardous waste. The amount of hazardous waste in Kesko's operations is low.

In terms of resource use, resource outflows are generated particularly from packaging. The product's logistical chain includes several packages, from logistics packaging to the sales packaging of a single product.

As a food industry operator, preventing food waste also plays a key role in Kesko's operations. Food waste is generated as part of warehousing and logistics operations, as well as in cash-and-carry outlets. However, the most significant aspect in the prevention of food waste is the prevention of food waste in K-food retailers' store operations, where most of the food waste is generated.

The impacts related to resource use and the circular economy are such that it has not been considered necessary to arrange consultations with the affected communities.

G1 Business conduct

Ensuring ethical and transparent business conduct and compliance with laws and regulations has been identified as a material sustainability topic. Ethical business conduct influence corporate culture and employee behaviour within the work community and in cooperation with stakeholders. The principles for preventing corruption and bribery, as well as the SpeakUp channel and whistleblower protection, are a key part of implementing an ethical corporate culture throughout the value chain.

Kesko has a large number of suppliers and service providers. Kesko's partners, especially suppliers and service providers, have their own K Code of Conduct for business partners, which contributes to the implementation of ethical operating culture in the procurement of goods and services. In Kesko's business model, the implementation of ethical business practices in the supply chain promotes the responsibility of the entire value chain.

The increasing legislation related to sustainability and the potential changes in the business model that it may require, as well as potential future investment needs to comply with the legislation, were identified as risks that, if realised, may direct the use of Kesko's resources.

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Non-material ESRS standards

E2 Pollution

Potential impacts were identified in Kesko's own operations related to pollution of soil in properties owned and leased by Kesko. However, the nature of Kesko's operations does not pose a significant risk of pollution of soil and the potential impacts are limited to a small geographical area. Based on historical data, there may have been a few isolated cases each year where soil has been decontaminated at Kesko sites.

In addition to pollution of soil, impacts were identified in relation to microplastics. In Kesko's operations, microplastics are generated in particular by vehicle tyres and products sold. Own brand cosmetics and detergents no longer contain microplastics. Kesko's product range includes products classified as substances of concern. However, they make up a small share of the product range.

In the product value chain, impacts were identified in particular in primary food production and the manufacturing industry. Impacts related to pollution in Kesko's own operations and in the product value chain did not emerge as material impacts in the double materiality assessment.

Impacts related to pollution are not material in Kesko's operations at the time of the assessment and therefore no consultations with affected communities have been arranged regarding these impacts.

E3 Water and marine resources

In Kesko's own operations, water consumption is not significant. The municipal water supply is mainly used for water consumption in operations and the municipal sewer system for wastewater treatment. Kesko's operations do not involve water withdrawal from ground or surface water.

Impacts related to water were identified in the upstream value chain of products in the primary production of products, particularly through products originating in areas suffering from water scarcity. Issues related to water use are continuously considered when making selection and sourcing decisions on products and product categories with identified impacts and risks related to water. In terms of Kesko's extensive product range, impacts in the product value chain or impacts on product availability did not, however, emerge as a material sustainability topic as part of the double materiality assessment.

Kesko product selection includes fish and shellfish. The fish and shellfish selection is managed to ensure it does not include endangered species. The range of seafood products makes up a small share of Kesko's operations.

Impacts related to water and marine resources are not material in Kesko's operations at the time of the assessment and therefore no consultations with affected communities have been arranged regarding these impacts.

E4 Biodiversity and ecosystems

The double materiality assessment identified impacts on biodiversity and ecosystems in Kesko's own operations related to land-use changes in Kesko's real estate operations.

During 2024, Kesko analysed the scope and significance of land-use change related to its construction management and property portfolio based on the LEAP (Locate, Evaluate, Assess and Prepare) approach. As part of the LEAP analysis work, the land-use categories of Kesko's owned and leased properties were determined with geospatial analysis using land-use data. The significance of the change was assessed by calculating the proportion of areas covered by vegetation in the immediate vicinity of the coordinate points of the properties and by using the results of the WWF Risk Filter tool to estimate the risks associated with land-use change.

In Finland, 80% of the sites surveyed were located in areas where they are not expected to have negative impacts on protected areas. Of the sites, 19% were located in the vicinity of protected area under Finland's Nature Conservation Act and 1% in the immediate vicinity. The distances of the sites from habitats of special importance under the Forest Act were also examined. Based on this, 97% of the sites were located in areas where they are not expected to have impacts on important habitats. Of the sites, 3% were located in the vicinity of important habitats. No Kesko sites were located in the immediate vicinity of important habitats.

For sites in the other operating countries, the distance to the areas in the World Database on Protected Areas (WDPA), and to the areas in the database of European protected sites

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maintained by the EU's Environmental Environment Agency (EEA), was determined. Of all the operating countries' sites 11% were located in the vicinity of a protected area. Of the sites, 89% were located at a distance from the protected area where they are not expected to have negative impacts on the protected area.

Of the Finnish sites examined, 17 are under construction, which means that the impacts on the surrounding nature and sensitive areas may be greater. One of the sites under construction is located in a protected area. Four of the sites are located in the vicinity of protected areas and 12 sites are located at a distance from the protected area where they are not expected to have negative impacts on the protected areas.

Construction is highly regulated and store sites and other properties are only constructed on sites planned by municipalities for business properties. A large proportion of the construction projects are taking place in a built environment. We estimate that land-use changes related to ownership and construction, as well as their extent and significance, are not material impacts in Kesko's operations.

In Kesko's supply chains, land-use change is taking place especially in primary production, such as agriculture, forestry, mining and fishing. Kesko has analysed the risks and geographical scope of its supply chains' land-use change as part of the LEAP study. Risks were mapped by product category by identifying the key product categories with biodiversity impacts, as well as their nature-related risks and dependencies using the ENCORE tool. The supply chains of the identified key product categories were studied at country level, for the largest supply countries in each of the supply chains examined. The method enabled us to identify the key countries in Kesko's global supply chains, and in those countries the key biomes for which the land-use change risk was assessed using the WWF Risk Filter tool.

The study of the value chain was not completed during 2024 and will be completed in early 2025. In the assessments carried out for the double materiality assessment, we did not, however, identify any material impacts in the value chain of products or product categories that would be considered material impacts at the time of the analysis.

S3 Affected communities

Affected communities was identified as a non-material topic for Kesko in the first phase of the double materiality assessment.

The nature of Kesko's business, with numerous sites in the operating area and operations concentrated in Northern Europe, does not lead to such impacts on communities that would be considered material impacts on the communities in question from the perspective of the standard's sub-topics.

The affected communities standard and sub-topics were found to be non-material and the assessment was not continued in the next phase of the double materiality assessment.

Strategy, business model and value chain

In May 2024, Kesko updated its strategy for the strategy period 2024-2026. Our vision is to be the leading and most attractive trading sector company in Northern Europe. Our targets are delivering profitable growth, increasing customer value and strengthening market position in all three divisions: grocery trade, building and technical trade and car trade. The strategic work is based on quality and efficiency, continuous improvement of the omnichannel customer experience, K-retailers and sustainability in all operations.

Kesko has operations in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and Poland. Kesko's business models are the chain business model, own retail trade and B2B trade. In the chain business model, Kesko acts as a wholesaler for the retailers and independent retailer entrepreneurs are responsible for resale to end customers. In own retail trade, consumer and corporate customers are Kesko's customers. Kesko's wholesale to retailers accounted for 45% (46%) of the Group's net sales in 2024. B2B trade accounted for 37% (39%) of the Group's net sales in 2024. Kesko's BtoC trade accounted for 18% (15%) of the Group's net sales.

Kesko has three divisions, which are reportable segments in the consolidated financial statements: grocery trade, building and technical trade, including the building and home improvement operations and the technical trade operations, and car trade, including the car trade operations and the sports trade operations. For more information on the operating activities of the different divisions, their financial information and the geographical

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breakdown of net sales, see note 2.2 Segment information in the consolidated financial statements. Head count in Kesko's operating countries can be found in the section S1 Own workforce of the sustainability statement.

In the retail sector value chain, Kesko's role is to make products manufactured by suppliers available to customers in physical stores or through digital channels. Key areas include efficient sourcing, selection management and logistics processes.

Material sustainability impacts relate to the products sold by Kesko in all business areas. Most of the impacts occur in the upstream value chain from the manufacture of products or in the downstream value chain from the use of products. The range of products sold changes as manufacturers develop new products and remove obsolete products from their ranges. Sustainability considerations are a factor in product development and the launch of new products. As a retail sector operator, Kesko's role is to actively make new products available to customers and produce comprehensive product information, including information on the sustainability of the products.

Changes in the product selections, availability, and pricing due to sustainability matters affect market participants in general. Sustainability requirements are constantly guiding the development of new and substitute products. At the Group level, Kesko's sensitivity in the value chain to market-wide sustainability-driven changes in the selections, availability, or pricing of individual products is considered to be low. This is due to the diversity of Kesko's business operations and the products sold.

In contrast, the ethics, compliance, and sustainability factors of Kesko's own operations, such as achieving climate and environmental targets and minimising negative impacts on its own personnel, value chain workers, consumers, and end-users, are crucial for Kesko's business. These factors directly influence Kesko's attractiveness as a partner from the perspective of suppliers and customers. Additionally, achieving sustainability-related targets can directly affect the cost of the Group's debt financing, highlighting the financial significance of sustainability in Kesko's operations. The negative sustainability impacts of an individual goods or service provider's operations reflect on Kesko's business and can affect the achievement of Kesko's sustainability targets.

Kesko's strategy implementation and business model, with its three divisions, is not critically dependent on individual customers, supply chains or product categories. Overall, Kesko's business model is expected to adapt in relation to the individual sustainability topics identified. For the aforementioned reasons, Kesko has not conducted an analysis in 2024 on the resilience of its strategy and business model in addressing material sustainability topics.

At the end of the reporting period, Kesko has not identified any material sustainability risks related to its financial position, performance, and cash flow.

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Interests and views of stakeholders

Dialogue with stakeholders is vital for the development of operations. Effective and active dialogue enables us to understand stakeholders' perspectives, concerns and ideas for improving our operations. Our communication with stakeholders is active and transparent.

The table below contains descriptions of Kesko's main stakeholders, forms of cooperation, the most important sustainability topics for stakeholders and their impact on our operations. During 2025, the aim is to further develop our stakeholder engagement activities.

Stakeholder	Forms of cooperation	Key sustainability topics	Impacts on Kesko's operations
Consumers and end-users	• Daily customer encounters • Customer service channels and applications • Customer surveys • K-Kylä customer community • Social media	• Healthiness of products • Product safety • Origin of products and sustainable supply chains • Circular economy solutions and waste reductions • Promoting sustainability at local level	• Increasing transparency on origin and production • Returning purchase data to the customer • Innovative foods using food waste • K-retailers' sustainability actions
B2B customers	• Customer meetings • Supplier trainings and trade fairs	• Origin of products and sustainable supply chains • Products' carbon footprint data	• Increasing transparency on origin and production • Carbon footprint data and calculators
Own workforce	• Personnel surveys and performance and development reviews • Personnel events • Cooperation with personnel representatives • SpeakUp reporting channel	• Employee wellbeing • Occupational health and safety • Diversity, equity and inclusion • Good leadership and opportunities for personal development	• Wellbeing solutions for employees • Occupational health services and measures to reduce work-related accidents • DEI action plan, target setting and developing diversity-supporting recruitment • Measures and coaching to support development and leadership
K-retailers and store staff	• Retailer events and meetings • Electronic communication channels and trade magazines • SpeakUp reporting channel	• Employee wellbeing • Occupational health and safety • Diversity, equity and inclusion • Good leadership and opportunities for personal development	• Wellbeing solutions for employees • Occupational health services and measures to reduce work-related accidents • Recruitment to support diversity • Measures and coaching to support development and leadership
Investors, shareholders, analysts and other representatives of capital markets	• General Meeting • Financial reporting and press conferences • Investor websites and social media channels • Investor and analyst meetings • Surveys and assessments	• Greenhouse gas emissions and transition plan for reducing emissions • Biodiversity and water • Sustainable supply chains • Employee-related social responsibility • Governance and remuneration	• Transition plan and emission reduction measures • Assessments on biodiversity loss and water use and measures in the value chain • Verification of sustainable procurement through due diligence processes • Measures to improve wellbeing, safety at work and diversity • Verification of good governance and linking sustainability to remuneration
Suppliers, service providers and supply chain workers	• Meetings with suppliers and business partners • Business partner events • Organisations and purchasing alliances	• Human rights in the supply chain • Measures for reducing emissions • Sustainable products and services	• Human rights commitments, assessments and audits • Challenging partners to set climate targets (CDP) • Cooperation to introduce sustainable products into the selection
NGOs and corporate advocacy activities in organisations	• Dialogue with NGOs • Corporate advocacy - activities in organisations	• Origin of products and supply chain working conditions • Value chain's environmental impacts • Development of regulation on sustainability	• Increasing transparency on origin and production • Cooperation with NGOs on key sustainability issues • Anticipation of and preparation for regulatory changes

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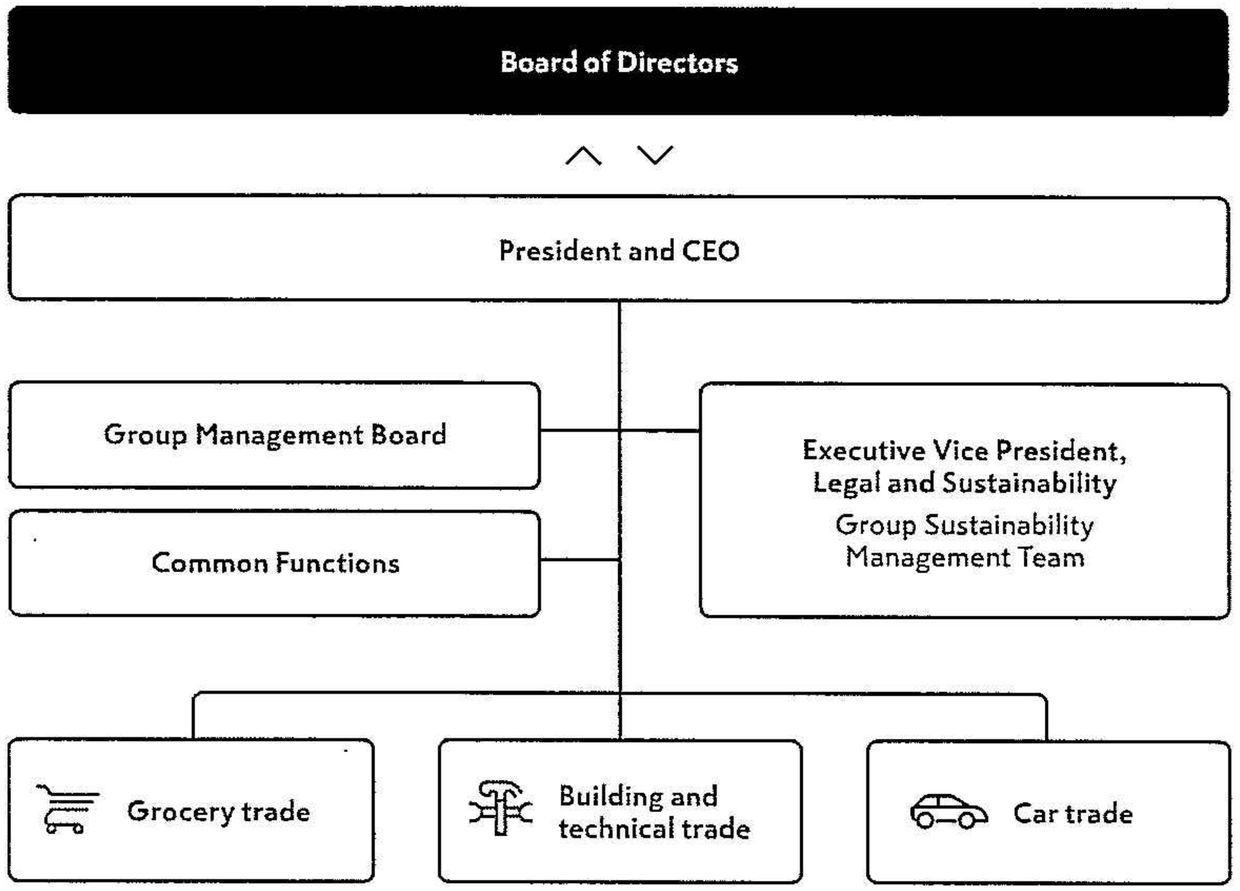
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Sustainability governance

The sustainability statement provides information on the sustainability governance model.

Sustainability management and steering model



Board of Directors and Board Committees

Kesko's Board of Directors is responsible for the Company's corporate governance and the proper organisation of its operations, which also includes responsibility for sustainability topics. The Board has confirmed a written charter of the Board's duties and principles of its operations. According to its charter, the Board reviews and makes decisions on matters that are financially, operationally or fundamentally significant to the Group. The Board Committees support the Board's work and prepare matters for which the Board is responsible. The charters of the Board and its Audit Committee include tasks related to monitoring and evaluating sustainability reporting and its assurance.

The Board of Directors decides on the Group's strategy, including sustainability topics and strategic targets related to sustainability. The progress made in the strategy and targets is reported regularly to the Board, for example as part of the review by the President and CEO.

The Board approves all Group-level policies. The Board of Directors has approved and adopted the Group's ethical business practices, the K Code of Conduct. In addition to these, other policies approved by the Board of Directors that address various sustainability topics include the sustainability policy, the HR policy, the risk management policy, the governance policy, the data protection policy and the tax policy.

During 2024, the Board has addressed the following sustainability-related topics:

- Approved the update of the sustainability strategy and targets
- Approved the updated climate targets (Scope 1 and 2) and the associated transition plan
- Decided to issue a green bond
- Decided on a sustainability-linked loan agreement between Kesko and the Nordic Investment Bank (NIB)
- Approved the updated K Code of Conduct

The chair of the Board of Director's Audit Committee reports on the Committee's work at the Board meeting following a Committee meeting. At each regular meeting of the Audit Committee, the Group's risk map and any changes to it are discussed. Twice a year, the Audit Committee reviews the Compliance & Ethics report, which includes information on the status of K Compliance programmes and reports received through the SpeakUp reporting channel. One of the focus areas of the Compliance function is the prevention of corruption and bribery, which has its own K Compliance programme. In 2024, the Audit Committee regularly reviewed the measures related to the implementation of sustainability reporting, the progress made in relation to them and the risks related to the implementation in five of the six Audit Committee meetings. The Audit Committee reviewed the preliminary results of Kesko's double materiality assessment in a meeting solely dedicated to the topic.

The Board of Directors has the power to take the necessary measures to perform its duties. Thus, the Board may use external legal, financial or other advisors at its discretion in matters also related to sustainability topics.

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Diversity of the Board of Directors and independence of Board members

According to the Articles of Association, Kesko's Board of Directors is composed of a minimum of five (5) and a maximum of eight (8) members. The General Meeting decides on the number of Board members, elects all the Board members, and decides on their remuneration.

The principles regarding Board diversity are included in the diversity policy approved by Kesko's Board of Directors. The policy describes the objectives in the achievement of diversity in the operations and composition of the Board of Directors.

The experience, educational backgrounds and professional competencies of the Board members represent multiple disciplines and diversity. Several Board members have experience in the trading sector and the principal occupation of two of the seven Board members is acting as a K Group grocery retailer, while one is a K Group building and home improvement retailer. Several Board members also have experience in international business operations. Approximately 71% of the Board members are men and approximately 29% are women. The age of the Board members varies from 48 to 72.

The Board carried out its annual independence evaluation at its meeting in March 2024. Based on the independence evaluations, the Board considers the majority of the Board members (approximately 57%) to be independent of the Company. The Board members (86%), apart from one member, were deemed independent of the Company's significant shareholders. The Board and Committee compositions meet the independence requirements of the Finnish Corporate Governance Code issued by the Finnish Securities Market Associations and effective as of 1 January 2020. All members of Kesko's Board or Directors are non-executive directors. There are no personnel representatives on the Board.

The Group's President and CEO and the Group Management Board

The Board of Directors appoints the Company's Managing Director, who at Kesko is referred to as the President and CEO. The work of Kesko's President and CEO is supported by Kesko's Group Management Board.

Kesko's President and CEO has overall responsibility for the implementation of the sustainability strategy and for achieving the common objectives. The Group Management Board supports the President and CEO in this role and regularly discusses in its meetings the most material sustainability impacts, risks, opportunities and progress towards the targets. At the end of 2024, 62.5% of the members of the Group Management Board were men and 37.5% were women.

In 2024, the sustainability matters addressed by the Group Management Board included the following:

- The updated of sustainability strategy 2024-2026
- The updated climate targets (Scope 1 and 2) and the associated transition plan
- The update and approval of energy strategy
- Corporate Sustainability Reporting Directive (CSRD), including the results of the double materiality assessment and the roll-out of other legislative projects related to sustainability
- K Code of Conduct
- Compliance & Ethics report
- Diversity, equity and inclusion (DEI)
- Results of the personnel survey
- Occupational health strategy
- Occupational safety plan.

The President and CEO has the legal power to take the necessary measures to perform their duties. The Board has authorised the President and CEO to seek external advice at the President and CEO's discretion, also in matters related to sustainability.

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Group sustainability management team and divisions

The task of the Group sustainability management team is to promote any matters included in the sustainability strategy, monitor the progress of the strategy, coordinate Group-level initiatives and to share best practices at Kesko. The management team is chaired by the Executive Vice President of Legal and Sustainability who is a member of the Group Management Board and reports directly to the President and CEO. He is responsible for the content of the sustainability strategy and for monitoring its progress, and he supports the implementation of division-specific sustainability strategies. The other members of the Group sustainability management team represent the divisions and Kesko's common functions.

Division Presidents are responsible for achieving Group-level and division-specific sustainability targets in their own divisions, for monitoring the progress of measures, allocating resources and making the necessary investments. The Group's common functions support progress in sustainability work.

Sustainability-related targets in incentive schemes

Kesko has two share-based commitment and incentive plans: Performance Share Plan (PSP) and Key Personnel Share Plan (KPSP). The share-based commitment and incentive schemes are described in Note 5.3 Share-based compensation of the consolidated financial statements.

One of the performance criteria in the PSP is Kesko's sustainability target with a weight of 10%. The most significant sustainability targets are emission reductions targets and targets linked to international sustainability indices and assessments. The terms of the PSP share program are approved by the board of directors. In the KPSP, sustainability metrics are linked to the individual's job description and responsibilities, and they are approved by the individual's manager.

In 2024, in addition to the share-based plans, one of the performance bonus criteria for the members of the management teams of Kesko's divisions and common functions and the persons reporting to them has been the sustainability target in accordance with the sustainability strategy. Sustainability targets have also been set for a large number of key personnel covered by the performance bonus scheme, according to their role. The performance bonus criteria are approved by the individual's manager.

Statement of due diligence

The Group's statement on sustainability due diligence processes is described in the sections of the sustainability statement mentioned below:

- S2 Workers in the value chain – Policies related to value chain workers
- S4 Consumers and end-users – Policies related to product safety
- S4 Consumers and end-users – Policies related to data protection
- G1 Business conduct – Policies related to corporate culture and business conduct

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EU TAXONOMY

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

Companies shall disclose information on how and to what extent their activities can be deemed environmentally sustainable in the manner referred to in the EU Taxonomy based on six climate and environmental objectives:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

Key performance indicators are presented for Taxonomy-eligible activities and Taxonomy-aligned activities. These indicators are the proportion of the company's net sales (turnover), capital expenditure (CapEx), and operating expenditure (OpEx) as defined in the Taxonomy.

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

Taxonomy-eligible activities and assessing Taxonomy alignment

Kesko has identified the car leasing operations and sales of used cars in its car trade division and the owning, leasing and construction of properties for own business needs as Taxonomy-*eligible activities in its operations. In addition, logistics operations in Denmark are identified* as a Taxonomy-eligible activity.

With each Taxonomy-eligible activity, Kesko has assessed its Taxonomy alignment. Taxonomy alignment has been determined by assessing whether an activity significantly contributes to at least one of the climate and environmental objectives. The assessment of Taxonomy alignment is made based on the technical screening criteria applied for each activity. In addition to meeting said criteria, Kesko has confirmed that the activity does not cause significant harm to the other climate and environmental objectives referred to in the Taxonomy Regulation, using the separate DNSH ('Does Not Significantly Harm') criteria, and that minimum safeguards under the Taxonomy Regulation are met.

Kesko has examined the implementation of minimum safeguards in relation to human rights, corruption and bribery, fair competition, and taxation. The aforementioned areas of minimum safeguards and related Kesko operating instructions and measures are described in more detail in this report in the sections S2 Workers in the value chain, G1 Business Conduct. As a result of the review, Kesko concludes that the minimum safeguards are being met in all of the four areas in Kesko's operations.

The following table presents the activities identified by Kesko as Taxonomy-eligible, and Kesko's assessments of their Taxonomy alignment.

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Taxonomy activity		Activity description	Assessment of Taxonomy alignment	Performance indicators: Turnover	CapEx	Opex
CCM 6.5	Transport by motorbikes, passenger cars and light commercial vehicles	Purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1 or L. The activity includes leasing operations in the car trade division.	The significant contribution criterion is met if the vehicle's emissions are below 50 g CO_2/km. This criterion is met by fully electric vehicles and hybrids. As part of the 'do no significant harm' criteria, tyres' external rolling noise requirements must belong to the best available class. Information on tyre rolling noise is not available. making it not possible to determine the Taxonomy alignment of the vehicles. Vehicles in the leasing business are classified as eligible but not Taxonomy-aligned.	√	√	√
CCM 6.6	Freight transport services by road	Purchase, financing, renting, leasing and operation of vehicles designated as category N1, N2 or N3 for freight transport serivces by road. Activity includes vehicles used in logistics operations of in Davidsen Koncernen A/S in Denmark.	To meet the Taxonomy criteria, the vehicles must be low-emission or zero-emission vehicles. The vehicles are also not dedicated for the transportation of fossil fuels. Additionally, the vehicles must comply with the 'do no significant harm' criteria set for the activity. The logistics vehicles are classified as eligible but not Taxonomy-aligned.		√	√
CCM 7.1	Construction of new buildings	The construction of buildings for residential and non-residential use. The activity includes building projects developed by Kesko for its own use. These are mainly new store and logistics properties.	For new buildings, an energy efficiency rating (E-value) is defined during the planning phase, which must beat least ten percent lower than the nationally set threshold. An assessment of the building's Taxonomy alignment is made during the planning phase. The realisation of the E-rating is verified upon the building's completion. Energy efficiency must be certified with an Energy Performance Certificate. Additionally, the activity sets criteria for buildings over 5,000 m² regarding air-tightness and thermal integrity of the building. The operation also includes detailed 'do no significant harm' criteria. The criteria for Taxonomy alignment are considered already during the planning phase of the building, when the decision to construct the building in accordance with the criteria is made.		√	
CCM 7.2	Renovation of existing buildings	Extensive repairs to existing buildings. Extensive repairs in properties owned by Kesko and in leased properties where Kesko is responsible for basic repairs.	Building renovations comply with the requirements applied to major renovations. Alternatively, the renovations lead to a reduction of primary energy demand of at least 30 %. The operation also includes detailed 'do no significant harm' criteria. Large renovations have not been deemed Taxonomy-aligned, as the 'do no significant harm' criteria for Taxonomy alignment related to activity 7.2 have not been met.		√	
CCM 7.3	Installation, maintenance and repair of energy efficiency equipment	Individual renovation measures related to energy efficiency equipment, such as adding insulation to parts of existing buildings, energy efficient replacements for external doors and windows, installing energy efficient light sources, and the installation, maintenance, repair and replacement of ventilation equipment with efficient technologies. The activity mainly includes the above-mentioned renovation measures in Kesko store sites where Kesko is the lessee.	Capital expenditure in energy efficiency mainly includes capital expenditure in LED lighting in properties where Kesko is a lessee. In order to meet the substantial contribution criteria for activity 7.3, a light source must be in the top two energy categories. The LED lighting used in Kesko's projects does not meet the Taxonomy alignment criteria.		√	

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Taxonomy activity		Activity description	Assessment of Taxonomy alignment	Performance indicators: Turnover	CapEx	Opex
CCM 7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings	The installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings. The activity covers Kesko's K-Lataus stations in Finland and charging stations installed at store sites in Kesko's other operating countries.	All investments related to the activity have been classified as Taxonomy-aligned. The 'do no significant harm' criterion related to climate change adaptation is not considered to significantly affect the assessment of Taxonomy alignment for investments related to charging stations.		√	
CCM 7.5	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	The installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings. The activity covers the aforementioned capital expenditures in properties where Kesko is a lessee.	When the activity consists of individual measures listed in the Taxonomy regulation, all investments related to the activity have been classified as Taxonomy-aligned investments. The criterion of 'do no significant harm' related to climate change adaptation is not considered to significantly affect the assessment of Taxonomy alignment of these investments.		√	
CCM 7.6	Installation, maintenance and repair of renewable energy technologies	Individual measures related to renewable energy sources, where the technology is installed on-site as part of the building's technical systems. The activity covers the aforementioned capital expenditures in properties where Kesko is a lessee.	When the activity consists of individual measures listed in the Taxonomy Regulation, all investments related to the activity have been classified as Taxonomy-aligned investments. The criterion of 'do no significant harm' related to climate change adaptation is not considered to significantly affect the assessment of Taxonomy alignment of these investments.		√	
CCM 7.7	Acquisition and ownership of buildings	Buying real estate and exercising ownership of that real estate. The activity includes properties acquired during the reporting period, and the amounts of right-of-use assets recognised in the balance sheet based on lease agreements for properties. Moreover, capital expenditure in properties owned by Kesko in line with the above-mentioned activities 7.3 and 7.5 and activity 7.6 'Installation, maintenance and repair of renewable energy technologies' have been included in activity 7.7 'Acquisition and ownership of buildings'.	For buildings built after 2020, the assessment of Taxonomy alignment has been made based on the climate change mitigation substantial contribution criteria of activity 7.1. 'Construction of new buildings'. A building built during or before 2020 must have at least a category A energy certificate, or the building must be in the top 15% in the region in terms of primary energy demand. The assessment method is mainly applied to leased properties. A climate risk assessment is also conducted for the buildings.		√	√
CE 5.4	Sale of second-hand goods	The sale of second-hand goods that have been used for their intended purpose before by a customer. In Kesko, the sale of second-hand goods includes the used car business in the car trade division.	The sale of second-hand goods is one of the Taxonomy activities for circular economy. Comprehensive data on used cars is not available, making it difficult to reliably assess their Taxonomy alignment. *Used cars are classified as eligible but not Taxonomy-aligned.*	√		

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Kesko's Taxonomy-eligible turnover comprises the car leasing business and sales of used cars to customers in the car trade division.

Kesko owns and leases properties in all operating countries for business purposes. The Group uses some 1,600 owned or leased retail, logistics and office properties. The Group's Taxonomy-eligible capital expenditure includes investments in new store sites and logistics properties, investments in building improvement measures, and investments in lighting, machinery and equipment to improve the energy efficiency of buildings, and automation for measuring and monitoring energy efficiency. In addition, Taxonomy-eligible CapEx includes charging equipment for electric vehicles and investments in vehicles for the leasing operations of the car trade division. Land areas are not classified as Taxonomy-eligible CapEx.

In addition, Taxonomy-eligible CapEx includes charging equipment for electric vehicles, investments in vehicles for the leasing operations of the car trade division, and investments in logistics vehicles for the building and home improvement trade business in Denmark.

Operating expenditure under the Taxonomy Regulation in Kesko Group is in particular related to expenses for the use, maintenance and repair of properties. Taxonomy-eligible expenses include expenses for servicing of the leasing car fleet and the logistics vehicles fleet in Denmark.

Kesko does not have Taxonomy activities related to gas or nuclear power.

Activities related to nuclear power and fossil gas

Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

EU Taxonomy performance indicators

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

Comparative information for the year 2023 is included in the tables of performance indicators for turnover, capital expenditures, and operating expenses in accordance with the Taxonomy Regulation. This comparative information has not been subject to assurance procedures by the sustainability reporting auditor.

Accounting policies

Turnover

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

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to customers and retailers. Product sales are currently not a Taxonomy-eligible activity, with the exception of used car sales.

Capital expenditure (CapEx)

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

The Taxonomy definition of CapEx differs from the definition of the 'capital expenditure' performance indicator reported by Kesko. In Kesko's definition, the performance indicator includes investments in tangible and intangible assets and subsidiary shares. The indicator does not include additions to right-of-use assets related to leases recognised in the balance sheet. Group capital expenditure in 2024 totalled €675.9 million (€678.9 million).

The following table details the capital expenditure items used to calculate the Taxonomy CapEx indicator.

Capital expenditure (CapEx) under EU Taxonomy

€ million	2024	2023
Property, plant and equipment - Additions (Note 3.2)	494,9	511,2
Property, plant and equipment - Acquisitions (Note 3.2)	94,4	3,7
Intangible assets - Additions (Note 3.3)	16,2	21,9
Intangible assets - Acquisitions excluding goodwill (Note 3.3)	39,7	16,4
Right-of-use assets - Additions (Note 3.4)	457,5	437,3
Right-of-use assets - Acquisitions (Note 3.4)	12,3	15,7
Total	**1 115,1**	**1 006,1**

Operating expenses (OpEx)

Operating expenditure (OpEx) as defined in the Taxonomy Regulation includes direct non-capitalised costs that relate to research and development, building renovation measures, maintenance and repair, and any other direct expenditure relating to the servicing of assets of property, plant and equipment by the undertaking or a third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

In Kesko Group's income statement, operating expenditure as defined in the Taxonomy Regulation is included under 'Other operating expenses', which are presented in Note 2.5 of the consolidated financial statements.

Operating expenditure under the Taxonomy Regulation in Kesko Group is in particular related to expenses for the use, maintenance and repair of properties – which in the financial statements are included in 'Property and store site maintenance expenses' – the total sum of which was €198.5 million (€185.1 million) in 2024. In addition to property maintenance and repair costs, the figure includes expenses related to e.g. heating, electricity and water consumption, and waste management, which are not included in the Taxonomy definition of operating expenditure. In addition, Taxonomy-eligible expenses include expenses for servicing of the leasing car fleet and the logistics vehicles fleet in Denmark.

In Kesko's business model, operating expenditure is not material in the transition to more sustainable activities, but instead, building renovation measures, such as those related to improving energy efficiency, are capital expenditure by nature.

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Proportion of turnover from products or services associated with Taxonomy-aligned economic activities 2024

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activites	Code	Turnover	Proportion of turnover, year 2024	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Climate change miligation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A1) or eligible (A2) turnover, year 2023	Category enabling activity)	Category transitional activity
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%							Y	0.0%		
Of which Enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%							Y	0.0%	E	
Of which Transitional		0.0	0.0%	0.0%												Y	0.0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Transportation by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 CCA 6.5	26.5	0.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Sale of second-hand goods	CE 5.4	321.3	2.7%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								2.4%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		347.7	2.9%	0.2%	0.0%	0.0%	0.0%	2.7%	0.0%								2.6%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		347.7	2.9%	0.2%	0.0%	0.0%	0.0%	2.7%	0.0%								2.6%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		11,572.3	97.1%																
Total		11,920.1	100.0%																

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

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

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

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Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities 2024

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')								
Economic activites	Code	CapEx	Proportion of CapEx, year 2024	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A1) or eligible (A2) CapEx, year 2023	Category enabling activity)	Category transitional activity
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Construction of new buildings	CCM 7.1 CCA 7.1 CE 3.1	101.4	9.1%	Y	N	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	8.6%			
Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4 CCA 7.4	8.7	0.8%	Y	N	N/EL	N/EL	N/EL	N/EL	Y					Y	0.5%	E		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5 CCA 7.5	0.2	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y					Y	0.1%	E		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6 CCA 7.6	0.0	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y					Y		E		
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	63.3	5.7%	Y	N	N/EL	N/EL	N/EL	N/EL	Y					Y	1.9%			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		173.6	15.6%	15.6%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	11.0%			
Of which Enabling		8.9	0.8%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%							0.6%	E		
Of which Transitional		0.0	0.0%	0.0%												0.0%		T	

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

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

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

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Financial year 2024		2024		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activites	Code	CapEx	Proportion of CapEx, year 2024	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A1) or eligible (A2) CapEx, year 2023	Category enabling activity)	Category transitional activity
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Transportation by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 CCA 6.5	52.7	4.7%	EL	EL	N/EL	N/EL	N/EL	N/EL								4.5%		
Freight transport services by road	CCM 6.6 CCA 6.6	4.9	0.4%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Construction of new buildings	CCM 7.1 CCA 7.1 CE 3.1	27.0	2.4%	EL	EL	N/EL	N/EL	EL	N/EL								4.6%		
Renovation of existing buildings	CCM 7.2 CCA 7.2 CE 3.2	102.9	9.2%	EL	EL	N/EL	N/EL	EL	N/EL								10.2%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3 CCA 7.3	3.3	0.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.6%		
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	481.7	43.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								48.2%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		672.4	60.3%	60.3%	0.0%	0.0%	0.0%	0.0%	0.0%								68.2%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		846.0	75.9%	75.9%	0.0%	0.0%	0.0%	0.0%	0.0%								79.2%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		269.1	24.1%																
Total		1,115.1	100.0%																

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

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

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

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities 2024

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activites	Code	OpEx	Proportion of OpEx, year 2024	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A1) or eligible (A2) OpEx, year 2023	Category enabling activity)	Category transitional activity
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%							Y	0.0%		
Of which Enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%							Y	0.0%	E	
Of which Transitional		0.0	0.0%	0.0%												Y	0.0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Transportation by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 CCA 6.5	1.8	2.8%	EL	EL	N/EL	N/EL	N/EL	N/EL								3.2%		
Freight transport services by road	CCM 6.6 CCA 6.6	0.9	1.4%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	61.9	95.8%	EL	EL	N/EL	N/EL	N/EL	N/EL								96.8%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		64.6	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%								100.0%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		64.6	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%								100.0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		0.0	0.0%																
Total		64.6	100.0%																

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

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

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

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Taxonomy eligibility and alignment per environmental objective

	Proportion of turnover / Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	0.2%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	2.7%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

	Proportion of CapEx / Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	15.6%	60.3%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

	Proportion of OpEx / Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	100.0%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

CCM: Climate change mitigation
CCA: Climate change adaptation
WTR: Water and marine resources
CE: Circular economy
PPC: Pollution prevention and control
BIO: Biodiversity and ecosystems

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E1 CLIMATE CHANGE

Material impacts, risks and opportunities

Impacts related to climate change

Nature of impact	Value chain	Description	Management
Climate change mitigation			
Actual negative	Own operations	Kesko's own operations generate greenhouse gas (GHG) emissions (Scope 1 and Scope 2). The most significant source of Scope 1 emissions is from the fuel emissions of transportation and logistics. The most significant source of Scope 2 emissions is from district heating consumption emissions.	• Kesko has set Scope 1 and Scope 2 climate targets to reduce GHG emissions. We are pursuing validation of our emissions targets through the Science Based Targets initiative (SBTi). • The most significant investments in emissions reductions are related to the electrification of the logistics fleet and improving energy efficiency by installing energy recycling systems.
Actual negative	Value chain	Kesko's value chain generates GHG emissions (Scope 3). Most of the value chain emissions arise during the life cycle of purchased and sold products, from their production, use, and end-of-life treatment. Additionally, emissions are generated from the manufacturing and transportation of capital goods.	• Kesko is committed to setting net-zero targets and reduce emissions in the entire value chain to net zero by 2050. We are pursuing validation for these targets through SBTi. • Suppliers are encouraged to set their own science-based emissions targets.
Energy			
Actual negative	Own operations	The consumption of fossil energy sources in properties owned and managed by Kesko and in transport and logistics generates GHG emissions.	• The transition to fossil-free energy sources and the electrification of logistics transport. • Consumption of renewable and non-fossil purchased electricity and heat.

Risks related to climate change

Time horizon	Nature of risk	Description	Management
Medium-term	Physical risk	Kesko owns and manages a significant number of properties through leases in all its operating countries. In the future, increasing extreme weather events will put additional strain on these properties. Individual assets may face risks of damage or investment needs due to extreme weather phenomena.	• Construction projects take into account common climate risks observed in Finland, such as heat stress, heavy rainfall, and snow loads on roofs. • A risk assessment is conducted for properties to identify climate risks. Preparing for future climate risks is integrated into property planning guidelines.

The process for identifying and assessing impacts, risks, and opportunities is described in the section of the sustainability statement titled General disclosures, Identification and assessment of material impacts, risks and opportunities.

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Climate targets

Target	Unit	2024	Target 2026	Target 2030
Greenhouse gas emissions (Scope 1 + Scope 2 market-based)	tCO_2eq	84,576		~59,000
Greenhouse gas emissions (Scope 3 Purchased goods and services), emissions reductions targets of suppliers	%	48%	67%	
Energy efficiency measures	GWh	20.9		95.0

During 2024, Kesko updated its climate targets and set emissions reductions targets for its own operations extending to 2034. The target is to halve emissions from own operations (Scope 1 and Scope 2) by the end of 2034 from the 2024 baseline. Using the 2034 target, a target level has been calculated for 2030, which is about 30% reduction in emissions from the 2024 baseline. The emission baseline and target have been calculated on a market-based approach.

Most of the greenhouse gas emissions in Kesko's value chain (Scope 3) arise during the life cycle of purchased and sold products, from their production, use, and end-of-life treatment. Our target is that 67% of suppliers and service providers, measured by spend, will set science-based emission reduction targets by the end of 2026. In 2024, 48% of suppliers had set science-based, short-term emission targets. The achievement is calculated based on 2023 spend.

Our energy strategy aims to improve energy efficiency by 10% between 2024 and 2030. To achieve this goal, we need to implement energy efficiency measures totalling 95 GWh.

In setting the new emissions reductions targets for Kesko's own operations (Scope 1 and Scope 2), we identified the sources of emissions and assessed their development on the basis of the available technical options, taking into account both financial and other constraints, and calculated the annual development of emission impacts from different emission sources. The most significant emission sources of Kesko's own operations (Scope 1 and Scope 2) are the use of district heating and fuels in transportation, logistic operations, and company cars.

In the emission scenario work, the impact of the Onninen logistics centre, which is under construction, and the planned renovation projects for store sites and new store sites to be opened were also taken into account regarding district heating emissions. The district heat emission scenario also considers the emission reduction plans published by district heating companies to the extent that the information has been available. We have assumed that these plans will be realised and that the emission factor will decrease as planned. A reduction plan is in place for around 80% of the total volume of Kesko's district heat. If a district heating company had not announced any emission reduction plans, the emission factor was estimated to remain unchanged.

The majority of emission in transportation, logistic operations, and company cars are generated in Finland by the grocery trade division's transportations. The development of logistics emissions has taken into account the estimated progress of electrification.

Potential future corporate and property acquisitions and their impact on energy consumption and emissions have not been assessed. Stakeholders have not been involved in setting climate targets.

In addition to the updated Scope 1 and Scope 2 emission targets for our own operations, Kesko is committed to setting net-zero targets and reduce emissions in the entire value chain (Scope 3) to net zero by 2050. We are pursuing validation of our emissions targets through the Science Based Targets initiative (SBTi) during 2025. SBTi approval of the emission targets means they are aligned with the goals of the Paris Agreement. Kesko has not been excluded from the EU's Paris Agreement benchmarks.

In September 2024, Kesko's Board of Directors approved new climate targets extending to 2034 and the related transition plan.

The achievement of climate targets is one of the indicators in the performance-based share plan for senior management. For more information on sustainability targets as part of remuneration schemes, see the section Sustainability governance, Sustainability-related targets in incentive schemes of the sustainability statement.

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Policies related to climate change mitigation and adaptation

Kesko's sustainability policy steers Kesko's climate work. In our sustainability policy, we are committed to the goals of international climate summits for the mitigation of global warming and to reduce emissions in our own operations and in the value chain. The sustainability policy has been approved by Kesko's Board of Directors. The implementation of the principles of the policy is the responsibility of the Executive Vice President, Legal and Sustainability of Kesko Group, who is a member of the Group Management Board.

Additionally, Kesko has an energy strategy that guides energy procurement and sets principles for improving energy efficiency. The energy strategy was approved by Kesko's Group Management Board in February 2024, and its implementation is overseen by Kesko Group's Energy Director. Our energy strategy aims to improve energy efficiency by 10% between 2024 and 2030. Furthermore, starting from the beginning of 2025, we will transition to using renewable purchased electricity, ensuring that at least 80% of Kesko's total electricity consumption is renewable.

Transition plan and actions related to climate change mitigation

Our target is to reduce our own operational emissions (Scope 1 and Scope 2) around 30% from the 2024 baseline by the end of 2030.

Use of district heat

A significant portion of Kesko's emissions (Scope 1 and Scope 2) from its own operations is generated from the consumption of district heating.

Approximately 67% of the district heating emission reduction target is estimated to be achieved through the greening of district heating production and the reduction of emissions. The share of emission reductions from our own energy efficiency measures is estimated to be around 33%.

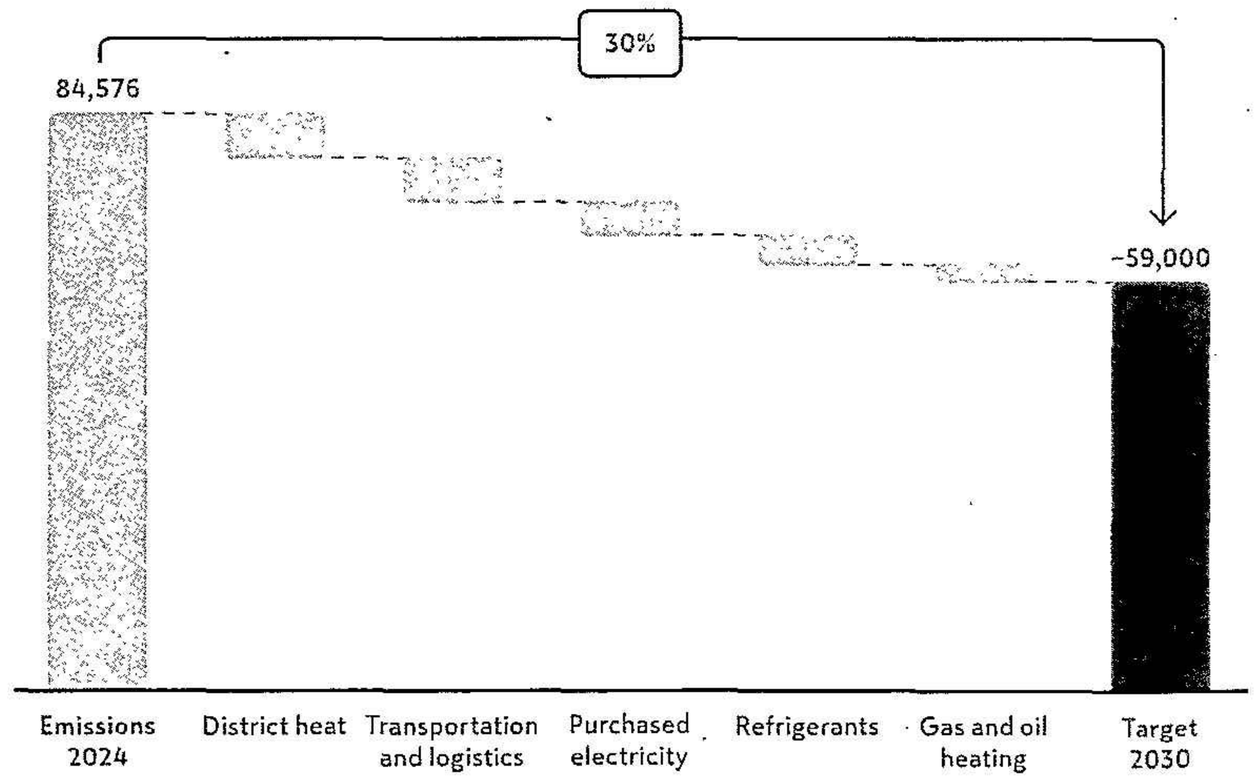
A key energy efficiency measure is the installation of energy recycling system, which uses waste heat from store refrigeration systems, as part of our project to upgrade store site refrigeration systems. This will reduce the consumption of the district heat purchased for the site. Kesko has been conducting similar projects for several years, so there is a good basis of data about the impact on energy consumption. Projects conducted in previous years have reduced district heat consumption by an average of around 50% compared to the level before the upgrade.

We also conduct annual maintenance projects for the renovation or improvement of properties and setpoint optimisations, based on energy audits conducted at the sites or observations arising from energy data analysis.

Kesko has around 600 properties that use district heating where the maintenance of a certain minimum emission level continues to be identified after all possible energy efficiency measures have been implemented. So far, we have estimated that emissions could potentially continue to decrease beyond 2030, but we have not been able to estimate an exact residual level of emissions, as it depends on the actions of district heating producers.

Transition plan to reduce Scope 1 and Scope 2 emissions

Transition plan to reduce Scope 1 and Scope 2 emissions



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Transport and logistics

For Kesko's emissions (Scope 1 and Scope 2) from its own operations, the most significant source is the fuel consumption in transportation, logistics operations, and company cars.

Emissions from the consumption of fossil fuels are estimated to decrease with the increase in electrification and the use of biofuels. We estimate that around 20% of logistics transport will be electric by 2030, provided that suitable equipment is sufficiently available.

Fossil fuel consumption may still cause emissions beyond 2030, but it is not possible to estimate the residual amount with the existing information.

Electricity consumption

Kesko primarily uses renewable or emission-free electricity in its operations. Emissions from electricity consumption mainly arise from the electricity used in properties in the Baltics and Poland. Over the coming years, we will gradually transition to using renewable electricity in these locations as well.

Refrigerant emissions

Kesko's refrigerant emissions include leaks from refrigeration equipment in Kespro's cash-and-carry outlets and grocery trade logistics sites, as well as leaks from property refrigeration equipment. To reduce emissions, refrigeration systems will be upgraded to systems using natural refrigerants by 2030.

Refrigerant emissions from K-stores' refrigeration systems are included in Kesko's value chain (Scope 3) emissions.

Self-produced heat

Kesko has approximately 85 sites using oil or gas heating, most of which are leased for Kesko's use. Our goal is to upgrade the heating solutions in these sites to emission-free alternatives or district heating by 2029.

Investments and financing related to the transition plan

The transition plan investments relate to investments in the electrification of logistics fleet, in improving energy efficiency in properties and in replacing oil and gas heating with other forms of heating.

Energy efficiency investments are made as part of the maintenance of properties, and the investment relates both to the maintenance needs of the property and to the reduction of emissions in the properties. The investment needs anticipated for the electrification of the logistics fleet relate in particular to investments in the charging infrastructure for heavy vehicles.

The transition plan has been prepared by estimating the amount of investment needed for the target years. Investment decisions and their implementation are part of the annual strategy work and annual planning. The investments needed to implement Kesko's transition plan do not make up a significant share of the Group's total investments. The annual investment requirement is estimated to be around 2–4% of Kesko's estimated total investments.

In 2024, Kesko issued a green notes of €300 million under the Green Finance Framework to finance investments that meet the criteria of the Framework.

Taxonomy-aligned investments

Kesko does not have CapEx plans as defined by the Taxonomy Regulation, based on which Kesko's owned properties or logistics vehicles would become Taxonomy-aligned. For existing properties, this means that improvements to properties would lead to a reduction in primary energy demand of at least 30%. Regarding the logistics fleet, vehicles should have zero emissions. Plans for Taxonomy-aligned investments have not yet during 2024 been directly linked to the Group's new emission reduction targets and to the investments required by the transition plan.

Kesko's principle is to build new properties based on the technical screening criteria as Taxonomy-aligned. In 2024, Kesko had nine construction projects underway in Finland, where the properties are being built in accordance with the technical screening criteria of the Taxonomy. The largest of these projects is the logistics centre in Hyvinkää that is intended for Onninen and K-Auto. Not all new construction projects in progress during 2024 meet the Taxonomy criteria, as the planning and construction decisions have been made before the publication of the technical screening criteria and its adoption by Kesko.

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Energy consumption

Energy consumption and energy mix

MWh	2024
Energy consumption from non-renewable sources	
Fuel consumption from coal and coal products	-
Fuel consumption from crude oil and petroleum products	184,372
Fuel consumption from natural gas	6,211
Fuel consumption from other fossil sources	2,326
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	120,811
Total fossil energy consumption	**313,720**
Share of fossil sources in total energy consumption, %	42%
Consumption from nuclear sources	**302,436**
Share of consumption from nuclear sources in total energy consumption, %	40%
Energy consumption from renewable sources	
Fuel consumption for renewable sources	655
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	126,856
The consumption of self-generated non-fuel renewable energy	9,027
Total renewable energy consumption	**136,538**
Share of renewable sources in total energy consumption, %	18%
Total energy consumption	**752,695**

Energy intensity

MWh / Net sales, € million	2024
Energy intensity from activities in high climate impact sectors based on net sales	63

In 2024, we implemented energy efficiency measures totalling approximately 20.9 GWh. The most significant measures included the installation of an energy recycling system using waste heat in 20 sites, which is estimated to reduce district heat consumption by around 10 GWh. Additionally, we converted the heating systems in two oil- or gas-heated properties to district heating or heat pump solutions and permanently closed one oil-heated property. In total, we carried out 288 energy efficiency improvement measures recorded in our information system. As a result of these measures, emissions from heat consumption decreased by approximately 1,580 tCO_2eq.

The energy efficiency measures carried out during 2024 cannot be directly included Kesko's reporting aligned with the Taxonomy Regulation, as the measures are spread across several classification system functions and cannot be directly included in the energy efficiency measures described above.

Accounting policies

Energy consumption includes properties owned and managed by Kesko, covering all Kesko divisions and operating countries to the extent that consumption data are available or can be estimated. The evaluation is based on a coverage figure, which is calculated using data on floor area. Kesko's joint venture Kesko Senukai is not included in the energy consumption figures.

The consumption figures are based on the consumption of purchased electricity and district heating by energy source, as well as the calculated energy consumption of self-generated heat and fuel for transport, logistics operations and company cars. Consumption data is obtained from Kesko's various information systems and invoices.

In Finland, Sweden, Norway and Denmark, electricity and heating consumption data are obtained from the operational information system. Energy managers monitor consumption and make corrections to metered figures if necessary, based on error reports. For district heating and cooling, only measured consumption is reported. The reporting of district heat consumption uses the district heat production breakdown into fossil and renewable sources maintained by the Local Power organisation, by locality for the sites for which data is available in the service.

The consumption of oil and gas includes buildings that have been heated wholly or partly by oil or gas during the reporting period.

The calculated energy consumption of transportation and logistics operations is based on fuel consumption. The calculated energy consumption of fuel for company cars is also largely based on fuel consumption, except for benefit cars, where the calculated energy consumption is based on kilometres driven and average consumption.

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Energy intensity is calculated by dividing total energy consumption by the amount of net sales reported in the consolidated financial statements.

Kesko's business operations can mainly be classified as a high climate impact sector. Among the products and services offered by Kesko, only the car leasing business is not classified as having a high climate impact. The net sales from the leasing business is not significant in relation to the total net sales reported by the Group. The energy consumption of the leasing business cannot be separated from other energy consumption.

The metrics presented in this section have not been validated by an external third party other than the sustainability reporting auditor.

Greenhouse gas emissions

Scope 1, Scope 2 and Scope 3 GHG emissions

	Base year	Target	
tCO_2eq	2024	2030	Average annual emission reduction (%)
Scope 1 GHG Emissions			
Gross Scope 1 GHG emissions	56,637	~43,000	3.9%
Percentage of Scope 1 GHG emissions from regulated emission trading scheme, %			
Scope 2 GHG Emissions			
Gross location-based Scope 2 GHG emissions	42,950	~42,000	0.4%
Gross market-based Scope 2 GHG emissions	27,939	~16,000	7.3%
Significant Scope 3 GHG emissions			
Total gross indirect Scope 3 GHG emissions	7,122,142		
1 Purchased goods and services	6,108,778		
2 Capital goods	144,096		
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	8,372		
4 Upstream transportation and distribution	90,076		
5 Waste generated in operations	9,488		
6 Business travelling	1,774		
7 Employee commuting	9,140		
8 Upstream leased assets (Kesko as a lessee)			
9 Downstream transportation	87,713		
10 Processing of sold products			
11 Use of sold products	505,950		
12 End-of-life treatment of sold products	126,873		
13 Downstream leased asset (Kesko as a lessor)			
14 K-retailers (Franchising)	29,881		
15 Investments			
Total GHG emissions			
Total GHG emissions, location-based	7,221,729		
Total GHG emissions, market-based	7,206,718		

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Scope 1 and Scope 2 GHG emissions by emissions sources

tCO_2eq	2024
Direct GHG emissions (Scope 1)	
Transportation, logistics and company cars	48,954
Self-produced heat	3,296
Refrigerant leakages	4,386
Total (Scope 1)	**56,637**
Indirect GHG emissions (Scope 2)	
Location-based	**42,950**
Purchased electricity	12,871
District heat	30,078
District cooling	-
Market-based	**27,939**
Purchased electricity	4,538
District heat	23,401

GHG intensity

tCO_2eq / Net sales, € million	2024
Total GHG emissions (location-based) per net sales	606
Total GHG emissions (market-based) per net sales	605

Accounting policies

Kesko reports direct and indirect greenhouse gas (GHG) emissions (Scope 1, Scope 2, and Scope 3) in accordance with the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain Accounting and Reporting Standard. The principle of financial control is applied to emissions reporting, whereby emissions are reported for the companies in which Kesko has control (subsidiary) or joint control (joint venture). Associates are not included in the emissions calculation. The emissions of Kesko Senukai, Kesko's joint venture, have not been included in the emissions calculation or the emission reduction targets. Under the GHG Protocol, the share of the joint venture's emissions would be calculated in accordance with the share of ownership.

Kesko has set 2024 as the new base year for emissions calculations. In line with the Corporate Sustainability Reporting Directive's transitional provisions to ease first-time application, comparative data for previous years are not presented. Kesko completed an emissions inventory and reviewed and revised its emissions calculation in 2024.

The emission factors used in the calculation are largely from local Finnish databases or global databases. The databases used include Ecoinvent 3.10, DEFRA GHG conversion factors (2023), IEA energy statistics (2023), GLEC Framework V3.1, Statistics Finland's Fuel classification (2024) and the Emissions database for construction (2024). Individual factors and emission data have been obtained directly from suppliers and service providers and other business partners.

I some cases it has not been possible to calculate all the emission data for the sustainability statement's entire reporting period. In these cases, emissions have been estimated to cover the whole reporting period based on the averages from the reported months.

The calculation includes the most material greenhouse gases for each emission source, as they are included in the emission factors used. Emissions have been converted and expressed as carbon dioxide equivalents (tCO_2eq). The material GHG emissions are CO_2, NO_x and SO_2. Kesko does not report the biogenic emissions of CO_2 emissions because Kesko does not have its own production that would generate biogenic emissions.

The greenhouse gas intensity is calculated by dividing the total greenhouse gas emissions by the net sales reported in the consolidated financial statements.

The metrics presented in this section have not been validated by an external third party other than the sustainability reporting auditor.

Scope 1 – Direct GHG emissions

Scope 1 emissions from own operations include emissions arising from the consumption of fuels for self-generated heat, emissions from fuels consumed by transportation, logistics and company cars, and emissions from refrigerant leakages.

Emissions from self-generated heat have been calculated mainly based on fuel consumption.

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Transportation emissions in Finland are calculated on the basis of tonne-kilometres based on the mode of transport and accurate route information. The calculation is based on the ISO 14083:2023 standard and the GLEC Framework V3.1. For logistics operations in Finland and transportation in other operating countries, emissions are calculated based on fuel consumption.

Emissions from company cars are calculated mainly on the basis of actual fuel consumption. For benefit cars, the calculation is based on kilometres driven and the cars' average emissions per kilometre driven. Emissions from company cars include company cars in Finland, Denmark and Latvia.

Emissions from refrigerant leakages include refrigeration equipment and leakages from refrigeration systems in properties. Emissions from refrigerant leakages are calculated based on the refrigerant capacity and the GWP (global warming potential) values of the different refrigerants. The refrigerant emissions also include an estimate of the leakage rates of the refrigeration systems in properties. The leakage rates of the refrigeration systems in properties are based on the available data for individual properties, from which the average leakage rates for all properties are calculated based on the floor area of the property.

Scope 2 – Indirect GHG emissions from energy consumption

Scope 2 emissions from own operations include emissions from purchased energy. This includes purchased electricity, and district heat and cooling.

Both location-based and market-based emissions are calculated for purchased electricity. Location-based emissions are calculated using national average emission factors. The market-based figure is calculated on the basis of the energy contracts used by Kesko and guarantee of origin certifications. Purchased electricity covered by guarantees of origin is counted as zero-emission. Other market-based purchased electricity is calculated with national emission factors according to the residual mix.

Of Kesko's purchased energy, i.e. purchased electricity, district heat and district cooling, a total of 60%, approximately 331 GWh, is covered by guarantees of origin or renewable energy certificates. The electricity covered by guarantees of origin and renewable energy certificates is generated by nuclear and wind power.

Consumption data for purchased electricity covers 97% of the properties and the remainder is estimated on the basis of existing data. In Finland, the district heat consumption data covers 98% of properties. In some of the operating countries, there is incomplete data on district heat. However, the proportion of missing data is not significant.

Scope 3 – Indirect GHG emissions from the value chain

Kesko reports Scope 3 value chain emissions in categories 1, 2, 3, 4, 5, 6, 7, 9, 11, 12 and 14. The omitted categories have been identified as non-material in relation to Kesko's Scope 3 emissions, or Kesko does not have the activity described by the category. In some of the Scope 3 categories there are shortcomings in the data for the operating countries. The most significant shortcomings are indicated for the category in question in the text describing the calculation methodology. The calculation of the indirect emissions from the value chain is largely based on estimates and therefore the calculation methods and sources used contain a considerable degree of uncertainties and can only be used as a very high-level estimate of the actual climate impacts.

The basic data for the calculation have been collected from Kesko's systems, external service providers or directly from business partners. The emission factors used are largely from local Finnish databases or global databases. The databases used include DEFRA GHG conversion factors (2023), GLEC Framework V3.1, Statistics Finland's Fuel classification (2024) and the Emissions database for construction (2024). Individual emission factors and emission calculations have been obtained directly from suppliers and service providers and other business partners.

Kesko's largest value chain emissions are generated in category 1 Purchased goods and services. In the following, we explain in more detail the calculation methods for the main emission categories.

Category 1 – Purchased goods and services, category 11 – Use of sold products and category 12 – End-of-life treatment of sold products

Emissions from purchased goods and services are calculated based on the weights of the purchased goods. If purchase data are not available, sales data are used. If data on the weight of the goods is not available, emissions are calculated based on euros. The calculation of vehicle emissions utilises a commonly used tool within the automotive industry.

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In the building and technical trade division, the share of emissions generated during the use of the product is assumed to be 30% of emissions from the entire life cycle of relevant product categories, e.g. electrical appliances. Emissions generated during end-of-life treatment in the car trade are assumed to be 5% of emissions generated during the entire life cycle.

The emission calculation for services includes emissions from the car trade division's demonstration and servicing activities, as well as emissions from cleaning, property maintenance and technical services, and IT services purchased by Kesko. For services, the emission factors are based on the factors reported by the service providers. The calculated average of these factors is then used to estimate emissions for all similar services.

The emissions from the use of leased vehicles are included in the categories Use of sold products (11) and End-of-life treatment of sold products (12), as the vehicles are generally sold after the lease period. Therefore, the emissions during the lease period are not included in category 13 Leased assets.

Category 2 – Capital goods

The calculation includes emissions from new buildings under construction or completed during 2024 that are owned by Kesko. Only emissions during the construction phase are included, as it is assumed that emissions during use or at the end of the building's life cycle are included in Kesko's own Scope 1 and Scope 2 emissions. Emissions generated during construction are allocated across the entire construction period.

Additionally, the category includes vehicle investments in K-Auto leasing.

Category 4 – Upstream transportation and distribution

Emissions from upstream transportation and distribution are mainly calculated on the basis of tonne-kilometres based on transportation mode and route data. International route data are based on averages. Accurate route data is used for transportation and distribution in Finland. The data used for calculating emissions are obtained from Kesko's ERP systems. The calculation is based on the ISO 14083:2023 standard and the GLEC Framework V3.1.

In addition, emissions from the direct deliveries of Kesko's largest suppliers in its grocery trade and car trade and emissions from postal services in Finland are included in the emissions in this category.

The transportation emissions of K-Bygg and Byggmakker are calculated on the basis of actual fuel consumption. The data includes estimates due to incomplete information.

Category 14 – K-retailer operations (Franchising)

The emission calculation for K-retailer activities includes the emissions from energy consumption in properties owned or rented by the retailers and the emissions from refrigerant leakages from retailers' refrigeration equipment.

The energy consumption emissions of stores owned or rented by K-retailers are calculated on the basis of the floor area of the store and the specific consumption of electricity and heat. Specific consumption is assumed to be in line with the sites used in Kesko's own retail trade operations.

Emissions from refrigerant leakages are calculated based on the refrigerant capacity and the GWP (global warming potential) values of the different refrigerants.

Targets

For Scope 1 and Scope 2 emissions, our goal is to achieve a total reduction of approximately 30% compared to the 2024 base year. The base year and target level for emissions have been calculated market-based basis. The target levels for emissions reductions by 2030 have also been defined separately for Scope 1 and Scope 2 emissions, based on an assessment of the development of different emission sources. The Scope 2 emission target, calculated on a location-based basis, is based on an estimate of electricity and heat consumption in 2030. Since there is no outlook available for the development of national average emission factors for purchased electricity and heat, the calculation has been carried out using the national emission factors for 2024.

The target for Kesko's value chain is that 67% of suppliers and service providers, measured by spend, will set science-based emissions reductions targets by the end of 2026. In 2024, 48% of suppliers had set science-based, short-term emission targets. The achievement is calculated by dividing the purchase euros of suppliers who have set science-based emission

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targets by Kesko's total purchase euros. The monitoring of science-based emission targets is based on the databases of SBTi and CDP. The spend euros for 2023 are used, as the 2023 spend euros are the selection criterion for suppliers invited by Kesko to respond to the CDP climate questionnaire.

Our energy strategy aims to improve energy efficiency by 10% between 2024 and 2030. To achieve this goal, we need to implement energy efficiency measures totalling at least 95 GWh. The implemented energy efficiency measures and their impacts are monitored based on the actions recorded in Kesko's information system and the recorded electricity and heat savings data.

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E5 RESOURCE USE AND CIRCULAR ECONOMY

Material impacts, risks and opportunities

Impacts related to resource use and circular economy

Nature of impact	Value chain	Description	Management
Resource outflows related to packaging			
Actual negative	Own operations	The logistics chain of products includes several packages, from logistics packaging to the sales packaging of a single product.	• Reducing the use of plastic in packaging. • Participation in R&D projects on packaging materials.
Waste and food waste			
Actual negative	Own operations	Waste is generated in Kesko's operations, especially in warehousing and stores.	• Increasing the waste recycling rate by ensuring proper collection facilities at each site and personnel competence. • Reducing amount of energy waste for incineration.
Actual negative	Own operations	Kesko's warehousing and wholesalers generate food waste.	• Food waste hierarchy measures to prevent waste through order and selection management and an efficient logistics process.
Actual negative	Downstream	K-food retailers' store operations generate food waste.	• Food waste hierarchy measures to prevent waste through order and selection management, and discounted prices as the best-before date or expiry date approaches.

The process for identifying and assessing impacts, risks, and opportunities is described in the section of the sustainability statement titled General disclosures, Identification and assessment of *material impacts, risks and opportunities*.

Targets related to circular economy

			Target
Target	**Unit**	**2024**	**2030**
Waste recycling rate	%	67%	73%
Food waste in Kesko's warehousing and logistics operations	%	0.45%	0.22%
Food waste in K-food retailers' store operations	%	1.68%	1.10%

In 2024, Kesko set a target to improve its waste recycling rate by six percentage points by the end of 2030 compared to the 2024 baseline. This target relates to the recycling level of waste hierarchy.

Kesko's grocery trade division is committed to halving its food waste percentage from the 2019 baseline by 2030. The target to halve the percentage covers Kesko's warehousing and logistics operations as well as K-food retailers' store operations. The target relates to the reduction of waste level of the waste hierarchy. Food industry operators are required by law to report their food waste to the Natural resources institute in Finland. The food waste target is also one of the indicators of Kesko's sustainability-linked loans.

The targets have been set voluntarily and they are not science based.

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Policies related to resource use and circular economy

In its sustainability policy, Kesko is committed to reducing food waste in its own operations as well as in collaboration with stakeholders such as K-food retailers who operate downstream in Kesko's value chain. In the sustainability policy, Kesko also commits to reducing the use of packaging materials, especially plastic, and promoting recyclable packaging material in its private label products' packaging. The policies for Kesko's private label products' packaging and logistics packaging are described in the packaging policy. The sustainability policy does not include the waste hierarchy or prioritise minimising waste over recycling. The sustainability policy covers the Kesko Group operations.

The Executive Vice President, Legal and Sustainability at Kesko Group is responsible for implementing the principles of Kesko's sustainability policy.

Resource outflows related to packaging

Kesko has a packaging policy for its private label products and logistics packaging. In its packaging policy, Kesko is committed to avoiding the use of excess packaging material and reducing the use of plastic in its packaging.

Several different packages are included in the logistical chain of a product. The packaging hierarchy levels are transport package, multipack and sales package. These packaging hierarchy levels cover packaging ranging from transport packages containing hundreds of products to sales packages for a single product.

Kesko is committed to several national Green Deals related to the circular economy. The grocery trade is committed to the food industry's material efficiency commitment and the SUP (Single Use Plastic) Green Deal. These include targets and actions on food waste, increasing waste recycling rates and reducing single-use plastics. The commitments cover both Kesko's own operations and the operations of downstream retailer entrepreneurs. The building and technical trade in Finland has joined the Construction Plastics Green Deal, which aims to accelerate the circular economy of plastics by reducing the use of single-use plastics, to increase the use of recycled plastics and promote the recycling of plastics in the construction sector.

Kesko is also involved in several research and development projects in which, in cooperation with partners, the aim is to find new solutions that support the circular economy and solutions for example reducing the amount of plastic throughout the value chain.

Recyclability of packaging

The materials used in the packaging of Kesko's private lablel products are 97% recyclable. The figure is calculated on the basis of the materials used for the product's sales packaging. The figure indicates the recyclability of the material, but does not indicate whether the packaging is actually ultimately recycled. The figure covers packaging of private label products in Finland. The recyclable materials are materials that can be sorted for recycling by consumers in Finland. Non-recyclable packaging materials include rubber, wood in consumer packaging, ceramics and porcelain. Private label products are products where trademark is owned by Kesko or where Kesko is mentioned in the contact details on the product's product labelling.

Food waste

Kesko is committed to halving its food waste percentage by 2030 from the 2019 baseline. The commitment covers Kesko's warehousing and logistics operations, as well as K-food retailers' store operations.

Kesko has developed a food waste roadmap and a food waste hierarchy to reduce the amount of food waste. In line with the target to halve food waste, the food waste hierarchy also takes into account the food waste generated by both Kesko's and K-food retailers' operations and the measures to reduce it.

The primary means of preventing food waste include selection management at K-food stores and Kespro's cash-and-carry outlets, as well as forecasting and demand planning. In practice, this means having the right amount of products that customers want in the right place at the right time. The most important decisions in terms of preventing food waste are made at the selection planning stage.

In addition to preventing food waste, a key means to reduce waste at K-food stores is to sell products at a discount as the products' 'best before' or 'use by' date approaches.

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Edible but unsellable fruit and vegetable waste generated in Kesko's warehouse and logistics operations is used to produce waste-based products. An example of this is soups made from tomato and pepper waste generated during storage.

Food waste covers the two lowest levels of the food waste hierarchy, the donation of edible food to food aid and non-edible organic waste. K-food stores and Kespro cash-and-carry outlets donate edible products removed from sale for distribution as food aid. Biogas is produced from non-edible food waste and used as energy.

Kesko food waste hierarchy



The food waste management steering group monitors food waste reduction targets in Kesko's grocery trade. The steering group's role is to ensure that the annual targets of the food waste roadmap are met. Reducing food waste is an ongoing effort, involving a wide range of grocery trade personnel in different roles, as well as K-food retailers and their employees.

During 2024, K-food stores have taken measures such as reducing minimum stock levels and reducing and refining pre-ordering. Additionally, new basic and advanced level online training courses on the reduction of food waste have been launched for the grocery store employees.

Progress towards the target in 2024

				Target
Target	Unit	2019	2024	2030
Food waste in Kesko's warehousing and logistics	%	0.44%	0.45%	0.22%
Food waste in K-food retailers' store operations	%	2.12%	1.68%	1.10%

The base year for the target to halve food waste is 2019. The food waste percentage in Kesko's warehousing and logistics operations was 0.44%. The food waste percentage in K-food retailers' store operations was 2.12%.

Kesko's grocery trade warehousing and logistics operations include warehousing and logistics operations serving K-food stores and Kespro's foodservice customers. The relative food waste level of Kesko's warehousing and logistics operations has remained at the same as the 2019 baseline. In the warehousing and logistics operations serving only K-food stores, the relative food waste percentage has decreased from the 2019 level, from 0.36% in 2019 to 0.29% in 2024.

The combined food waste percentage from logistics operations serving K-food retailers and K-food stores was 2.32% in 2019. The food waste percentage has decreased to 1.84% by 2024. The percentage is calculated by comparing the total amount of food waste generated in logistics operations serving the stores and in the K-food stores to the amount of food sold in kilograms by the stores.

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Food waste includes food that ends up as waste or animal feed and food aid donations. The food waste percentage is calculated by comparing the kilograms of food waste to the kilograms of food sold during the reporting period.

Actions on waste management and circular economy

Kesko is committed to reducing the amount of waste directed to disposal and increasing the amount of waste directed to recycling in its operations.

Kesko has a centralised waste management agreement, a circular economy agreement, which largely covers Kesko's operations in Finland. Independent grocery and building and home improvement stores can also enter the agreement. The aim of the agreement is to prevent waste, enhance recycling and promote the circular economy.

Key measures to improve the efficiency of waste management and increase recycling rates are ensuring proper collection facilities at each site, ensuring personnel competence and recycling concepts. Key measures to increase the waste recycling rate are improving the separate collection of plastic packaging fractions and reducing the amount of energy waste going to incineration.

The key actions to promote the circular economy and increase the recycling rate of waste start from formatting the Group's waste hierarchy and division-specific action plans. Many circular economy measures are already part of everyday operations at Kesko's sites, but new circular economy operating models are being explored and efforts are being made to continuously improve the efficiency of operations.

Progress towards the target

The target for increasing the recycling rate was set in 2024. Progress towards the target will be monitored at the division level. In the divisions, progress towards the target is monitored by their sustainability steering groups. The role of the steering groups is to monitor and steer the recycling rate and set the necessary division-specific measures through action plans. At Group level, progress towards the target is reported to the Group sustainability management team.

Amount and type of waste

Total waste

Tonnes	2024
Non-hazardous waste	27,177
Hazardous waste	782
Total waste	**27,959**
Total recycled waste	18,854
Total non-recyclable waste	9,105
Percentage of non-recyclable waste from total waste, %	33%

Non-hazardous waste

Tonnes	2024
Waste diverted from disposal	
Preparation for reuse	-
Recycling	18,470
Other recovery operations	7,959
Total waste diverted from disposal	**26,430**
Waste directed to disposal	
Incineration	210
Landfill	531
Other disposal operations	6
Total waste directed to disposal	**747**
Total non-hazardous waste	**27,177**

Hazardous waste

Tonnes	2024
Waste diverted from disposal	
Preparation for reuse	2
Recycling	384
Other recovery operations	376
Total waste diverted from disposal	**762**
Waste directed to disposal	
Incineration	9
Landfill	2
Other disposal operations	9
Total waste directed to disposal	**21**
Total hazardous waste	**782**

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Most of the waste is generated in Kesko's own retail store operations, warehousing and logistics operations. The largest waste fraction in Kesko's operations is cardboard, which is generated from packaging used during the transportation and storage of products. The second largest is energy waste, which is incinerated to produce heat and electricity.

In the grocery trade division a significant waste stream is biowaste, which includes former food products of animal origin (category 3 by-product), such as meat and fish products, which are no longer fit for human consumption and by-products from food storage, handling and manufacturing. Waste streams in the building and technical trade include, in particular, wood waste, mixed waste and various construction product waste. In addition to cardboard, the car trade division generates metal and steel waste and hazardous waste from, for example, car batteries, paints and oils used in servicing and damage repair work.

The nuclear energy purchased by Kesko in Finland and Sweden produced 141 kg of *radioactive waste*. In Finland and Sweden the management and disposal of nuclear waste is strictly regulated and controlled.

Accounting policies

The amount of waste covers the amount of waste generated at Kesko's own sites and the amount of waste generated by outsourced storage services.

Data on the amount of waste generated is obtained from the databases of waste management partners and from invoices or lessors of properties. Data on individual sites have been estimated on the basis of existing data if the amount of waste generated by Kesko's operations is not directly available. Such sites include, for example, locations in shopping centres where Kesko does not have its own waste management contract. The amount of waste in outsourced storage services and in some department stores in the K-Citymarket chain includes estimates of the amount of waste generated by Kesko.

Incineration with energy recovery has been classified as other recovery operation in all operating countries, in accordance with Annexes 1 and 2 of the European Parliament Directive 2008/98. Incineration without energy recovery is classified as incineration.

Hazardous Waste is classified according to Annex 3 of the European Parliament Directive 2008/98. All other waste is classified as non-hazardous. Waste disposal is classified according to the waste treatment methods of each operating country, which may result in differences between countries.

The recycling percentage includes recycled waste, which is calculated as a proportion of the total amount of waste generated during the reporting period.

The metrics presented in this section have not been validated by an external third party, other than the sustainability reporting auditor.

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SOCIAL

S1 OWN WORKFORCE

Material impacts, risks and opportunities

Impacts related to own workforce

Sub-topics	Nature of impact	Value chain	Description	Management
Working conditions				
Employment and cooperation between the parties • Secure employment • Adequate wage • Collective bargaining • Social dialogue	Potential positive	Own operations	Ongoing cooperation with employees and employee representatives on secure employment, adequate wages, employment terms and dialogue ensure fair employment terms and working conditions for employees.	Kesko has agreed cooperation concepts in place that allow employees to influence matters that concern them and that describe the way in which ongoing dialogue can be used to influence the culture of cooperation.
Ways of working, work-life balance • Working time • Work-life balance	Potential positive	Own operations	Improving the ways of working and work-life balance provide the opportunity for meaningful and flexible working throughout the life cycle of an employment relationship. The entitlement and opportunity for employees to take family leave are essential. We offer various options to ensure employees achieve balance between work and private life.	We are enhancing workplace flexibility and streamlining processes, and offer a range of flexibilities, such as flexible working hours, adaptable working time, part-time work and, for specialists, hybrid work. These possibilities have an impact on job satisfaction, a good employee experience and commitment to the job.
Health, safety and wellbeing	Actual negative	Own operations	We offer a wide range of jobs, and the health and safety challenges of these jobs also vary. These may affect employees' work capacity in the short or long term.	We respond to the identified impacts with an occupational safety management model and systematic planning to anticipate and mitigate various occupational health and safety challenges. The weighting of impacts and their management vary in different units and age groups.
Equal treatment and opportunities for all				
Equal treatment and inclusion • Gender equality and equal pay • Diversity • Measures against harassment in the workplace	Potential positive	Own operations	Equal treatment, diversity and inclusion have a major impact on the attractiveness of a workplace and employee retention. Kesko has a zero-tolerance policy on violence and harassment to ensure employees' health and safety.	We manage impacts related to equal treatment through the DEI (diversity, equity, inclusion) programme. Non-discriminatory recruitment, good management, functional HR practices, anti-harassment policies and training promote positive impacts. We ensure gender equality and equal remuneration through our remuneration principles and practices.
Training and skills development	Potential positive	Own operations	Employees have the opportunity for continuous learning, skills development and career advancement.	Competence development is based on business targets. In accordance with the management model's annual cycle, a development discussion is held between managers and employees to agree on the competence development actions. Kesko has a range of classroom and online training courses for employees, and information on available trainings is provided on the intranet.

The process for identifying and assessing impacts, risks, and opportunities is described in the section of the sustainability statement titled General disclosures, Identification and assessment of material impacts, risks and opportunities.

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Material impacts, risks and opportunities and their interaction with strategy and business model

Material impacts, risks and opportunities relating to own workforce have been assessed by Kesko's HR management, and material impacts have been discussed by the Group's employee representative team. Own workforce includes all Kesko employees who are in an employment relationship with Kesko. The types of employment relationships are described in more detail in S1 Key figures for personnel. Personnel recruited through employment agencies work in some of Kesko's business areas. To ease the first-time application, we utilise the phased-in provisions and we do not include information on non-employees in the first year of preparing the sustainability statement.

Kesko has identified positive impacts on its own workforce in the following areas: employment and cooperation between parties, ways of working and work-life balance, equal treatment and inclusion, and training and skills development. These are described in more detail under the different sub-topics. We have identified an actual negative impact in the area of occupational safety in relation to work-related accidents. Work-related accidents are usually individual accidents, and mainly minor. The highest number of work-related accidents take place among logistics workers, car mechanics and store employees. In Finland, the proportion of people under 35 years of age was higher in work-related accidents than in other age groups.

The rate of sickness absences has begun to decline. The primary cause of diagnosed sickness absence was mental health disorders, which were particularly prevalent among young people under 35 and among store employees. Absences due to musculoskeletal disorders were notably prevalent among workers aged over 50.

Kesko does not have any particularly high-risk operations in operating countries or geographical areas, for example, which would be associated with a significant risk of forced labour or child labour among its own workforce. The S2 Workers in the value chain section also covers the risk of forced labour and child labour. Kesko has not identified any material impact on its own workforce in relation to the green transition plan.

Management of impacts

Kesko's HR management conducts an HR risk analysis quarterly. Risk assessments and the *necessary mitigation measures are an integral part of all operations and decision-making* related to Kesko's own workforce. Separate systematic monitoring of occupational safety, health and wellbeing is carried out using data and planning of further measures in cooperation by the Group and the business areas. We work closely with insurance companies and occupational health service providers to manage and reduce negative impacts. The responsible persons in the Group's and divisions' HR, Legal Affairs and Sustainability units and the responsible persons and managers in the business areas are the key parties responsible for managing the identified material impacts. Within the various sub-topics, extensive cooperation is carried out with employees and employee representatives, and this is described in more detail in the Engagement with own workforce section.

Material identified impacts from the perspective of Kesko's own workforce have been taken into account in Kesko's sustainability strategy and HR strategy and the related objectives.

Targets related to own workforce

Target	Unit	2024	Target 2030
Workplace injuries, own workforce	Total Recordable Injury Frequency (TRIF)	25.9	22.0
Employee wellbeing	Wellbeing index	83	86
Diversity and inclusion	D&I index	87	89
Gender balance in top management	% of underrepresented gender	27.7%	40.0%
Gender balance in middle management	% of underrepresented gender	32.8%	45.0%

Kesko's sustainability targets and metrics for the sub-topics of wellbeing and occupational safety and diversity, equity and inclusion are set out in the table above. The sustainability targets have also been discussed in the Group's team of employee representatives.

The Group Management Board regularly follows the targets related to own employees as part of the progress of the sustainability strategy. HR management and sustainability management, responsible persons at HR, steering and working groups and employee

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representatives monitor achievement of the targets. Key monitoring tools include employee engagement survey results, continuous performance management and performance reviews and development discussions. Targeted surveys and interviews are also conducted to identify needs by business area or country.

We monitor our gender balanced representation using data from Kesko's HR system. The workforce-related targets are based on our personnel policies. The year 2024 is the base year for the human resources metrics and the target level is set for 2030.

Policies related to own workforce

The Group's HR policy and the K Code of Conduct, as well as the sustainability and HR strategies, steer and support goal-driven actions related to employees. The HR policy includes guidelines and principles of the following topics: leadership cornerstones, performance management, compensation, competence development, equality, non-discrimination and diversity, safety and wellbeing, and recruitment. These are complemented by health and occupational safety principles, competence development principles and remuneration principles. In line with the K Code of Conduct, we do not accept the use of child labour, any form of forced labour, or human trafficking or any other forms of modern slavery. All these policies mentioned cover the entire own workforce in all operating countries and they are available for the personnel on Kesko's intranet. The policies do not include employment and cooperation between parties, or work-life balance. The HR policy, K Code of Conduct and the occupational health and safety principles are available on Kesko's external website.

The HR policy has been approved by Kesko's Board of Directors and the occupational health and safety principles by Kesko's labour protection steering group. The most senior role that has responsibility for implementation of the policies concerning personnel mentioned above is the Executive Vice President, HR, who is a member of the Group Management Board. The policies are also addressed in each separate topic.

Section G1 Business Conduct lists Kesko's own guidelines and operating models relating to corporate culture, business conduct and respect of human rights are listed, as well as the international guidelines and principles to which Kesko is committed in all its operations. In addition to these, Kesko complies with the ILO Declaration on Fundamental Principles and Rights at Work and is committed to the UN's Women's Empowerment Principles to promote gender equality and professional development for women.

Our operations are based on non-discrimination and equal opportunities. We do not accept any forms of forced labour or child labour. We ensure safe and healthy working conditions in accordance with local laws, international occupational safety standards and best practices. Kesko's engagement with employees is based on openness, inclusion and continuous dialogue.

Kesko protects the personal data and privacy of employees both during and after the employment relationship. Employee data is processed securely and responsibly. In addition to internal control, external parties regularly conduct audits on operations.

Key figures for own workforce

Employee head count by gender

Gender	Number of employees
Male	10,853
Female	7,444
Other	12
Not reported	-
Total employees	**18,309**

The average number of Group personnel converted to full-time equivalent employees by segment is presented in the Note 2.5 Operating expenses and geographical breakdown in the Note 2.2 Segment information of the consolidated financial statements.

Employee head count in countries where there are at least 50 employees representing at least 10% of the total number of employees

Country	Number of employees
Finland	12,555
Norway	2,091

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Employee head count by contract type and gender

	2024				
	Male	Female	Other	Not reported	Total
Employees	7,444	10,853	12	-	**18,309**
Permanent	6,528	9,183	10	-	**15,721**
Temporary	659	896	1	-	**1,556**
Non-guaranteed hours	257	774	1	-	**1,032**
Full-time	3,845	8,533	4	-	**12,382**
Part-time	3,599	2,320	8	-	**5,927**

Employee turnover

	2024
Number of employees who have left undertaking	4,161
Employee turnover, %	18.5%

Employee head count by contract type and operating country

	2024									
	Finland	Norway	Sweden	Denmark	Estonia	Latvia	Lithuania	Poland	China*	Total
Number of employees	12,555	2,091	1,458	893	181	93	88	935	15	**18,309**
Permanent	10,862	1,711	1,224	825	172	93	87	732	15	**15,721**
Temporary	794	380	101	68	9	-	1	203	-	**1,556**
Non-guaranteed hours	899	-	133	-	-	-	-	-	-	**1,032**
Full-time	7,746	1,554	1,084	699	179	88	87	930	15	**12,382**
Part-time	4,809	537	374	194	2	5	1	5	-	**5,927**

*Kesko's building and technical trade has a purchasing office in Shanghai, serving all operating countries in purchasing.

Accounting policies

Key figures related to own workforce cover Kesko Group employees in all operating countries. The own workforce figure used in the calculations is expressed as the number of employees as at the last day of the year. This figure also includes people who are not actively working, such as those on family leave.

The gender distribution of the workforce by number of employees is as follows: male, female, other or not reported by the employee.

Employee turnover includes all employees who left the Group during the year divided by the average number of employees during the year. The average number of employees for the year is calculated as the average of the average number of employees over the reporting months.

The metrics presented in this section have not been validated by an external third party, other than the sustainability reporting auditor.

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Engagement with own workforce

Processes for engaging with own workforce and their representatives

Actual and potential impacts on own workforce are discussed in close cooperation between the employer and employee representatives in those Kesko operating countries where there are employee representatives. Kesko takes the views of its employees into account in its decision-making, which helps the company to better understand the potential risks and impacts related to its workforce.

Kesko has multible employee forums where there is regular dialogue between employees and the employer. The dialogue is conducted directly with employees, their representatives and managers. Cooperation models vary by country, depending on the local legislation. Kesko Group has the following employee forums to develop and follow the impacts on our employees: Kesko's cooperation group meets twice a year, employee representative team meets monthly, the HR management groups for each business area meet monthly or at least quarterly, and the equality and non-discrimination group meets twice a year. The person with the most senior role that has operational responsibility for ensuring engagement of and cooperation with employee representatives is the Executive Vice President, HR, who is a member of the Group Management Board.

In Finland, there is an agreement on the organisation of employee representation. At Kesko, we have also made a European Works Council (EWC) statement to deepen our cooperation and dialogue. The effectiveness of inclusion of the employees is measured by the amount of dialogue, the topics discussed, the continuous feedback from employee representatives and the questions presented to senior level management at the Group cooperation meeting.

At Kesko, a K Voices employee engagement survey has been conducted on the entire workforce to gather views and experiences on a broad scale. Based on the employee survey, teams and units drew up development plans in 2024. For example, in Finland, there have been discussions with individuals representing language minorities on how to better include them in the working community, and communication in English has been increased.

Kesko respects employees' freedom of association and collective bargaining in accordance with local legislation. Regarding issues related to working conditions, wages and collective agreements, we provide employees with channels to influence the decisions that affect them.

Processes to remediate negative impacts and channels for own employees to raise concerns

We organise employee forums and consultations where employees can raise their views on any problems they may have regarding working conditions, occupational health and safety or discrimination. The challenges raised by employees can lead to concrete changes in practices, which can help to manage potential negative impacts.

Kesko is committed to ensuring a fair and safe working environment for all its employees. Kesko involves employees and labour protection representatives in the assessment of working environment risks. Inclusion of employees helps to identify both current and potential risks more effectively.

We address employee concerns appropriately and effectively through the following topics: clear communication, prompt and systematic investigation, and a fair handling process that protects the employee when necessary. We actively monitor the effectiveness of remedies and implement new measures, as necessary.

Kesko collaborates closely with employee representatives, such as employee representatives and trade unions. We organise regular discussion events where employees can raise their concerns and discuss them directly with management. At these events, we discuss topical issues and seek solutions together. Dialogue has focused on issues such as workload, the working capacity of senior employees, hybrid working models, i.e. combining on-site and remote work, and remuneration practices.

Employees are informed about the available reporting channels and how to use them, for example via intranets and screens at sites. Employees and consultants should report suspected misconduct primarily to their manager or responsible person at K Group. When for some reason the the information can not be delivered to the persons in charge, the SpeakUp whistleblowing channel, where all reports are handled confidentially, can be used. The employees of the company maintaining the SpeakUp channel are bound by strict confidentiality obligations. The reports to be investigated by Kesko are handled by Kesko´s

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Governance, Compliance & Ethics Group function. Other experts or authorities may be needed in investigations on a case-by-case basis. The SpeakUp channel is described in more detail in section G1 Business Conduct, Whistleblower protection.

In addition to the SpeakUp channel, representatives of Kesko's employees, occupational health and safety representatives or employee representatives, are available to the workforce locally. In Finland, the Task Force approach can be used to investigate more extensive or serious reports from employees. There are also various surveys through which employees can express their views and wishes anonymously. Cases and internal investigations other than those submitted through the SpeakUp channel are part of the normal HR work and employment law and are not included in the statistics. The business areas' HR and employee representatives address the challenges and concerns of employees and monitor the effectiveness of implemented measures.

Employment and cooperation between the parties

Employment and cooperation between the parties covers following sub-sub-topics of the Own workforce standard relating to working conditions: coverage of collective agreements and social dialogue, adequate pay and social protection.

Policies related to employment and cooperation between the parties

We promote continuous dialogue with employees and employee representatives to ensure fair employment terms and working conditions.

Actions related to employment and cooperation between the parties

A good employer brand is a key factor in ensuring the recruitment of skilled employees and commitment to the job. Equal treatment, diversity, inclusion, opportunities for personal development and related measures have a major impact on the attractiveness of the workplace and employee retention.

Trade union representation at the workplace is widespread in the Nordic countries. Social partners engage in intensive and ongoing dialogue to consult employees on their expectations. We participate in dialogue, for example, in Finland as a member of the Finnish Commerce Federation, an association for employers in negotiating collective agreements, and as members of its various decision-making bodies. At the local level, we engage in dialogue with elected employee group representatives in many of the negotiation forums mentioned above. There are no collective agreements in Estonia, Lithuania, Latvia or Poland.

Kesko is committed to paying all its employees competitive wages that meet or exceed the minimum legal requirements and are sufficient to cover basic living costs. Wages are based on the level defined in the collective agreement. In countries where there is no collective agreement practice, employees are entitled to at least a minimum wage.

At Kesko, all employees are covered by social protection in accordance with collective agreements, legislation or insurance. Social protection covers the following situations against possible loss of income: sickness, unemployment, employment injuries and disability, parental leave and retirement.

Coverage of collective bargaining and social dialogue

	Collective Bargaining Coverage		Social Dialogue
Coverage Rate	Employees – EEA	Employees – Non- EEA	Workplace representation (EEA only)
0-19%			
20-39%			
40-59%			
60-79%	Finland		
80-100%	Norway		Finland, Norway

for countries with >50 employees representing >10% total employees

Employees covered by collective bargaining agreements

	2024
Percentage of total employees covered by collective bargaining agreements	75.6%

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Accounting policies

The number of employees who are covered by collective agreements and in an employment relationships is set in proportion to the number of employees with an employment relationship. In Finland, Norway and Denmark, blue-collar and white-collar workers are covered by collective agreements, excluding senior salaried employees in Finland. In Sweden, all employees, excluding the country director, are covered by collective agreements.

An employee's base salary is compared to the applicable base salary, which, depending on the country's practice, is either the salary according to the collective agreement or the minimum wage. In the Nordic countries, an employee's base salary is compared to the salary according to the collective agreement. In Estonia, Latvia, Lithuania and Poland, an employee's base salary is compared to the minimum wage. The metrics presented in this section have not been validated by an external third party, other than the sustainability reporting auditor.

Ways of working, work-life balance

The ways of working, work-life balance section covers the following sub-sub-topics of the Own workforce standard related to working conditions: working time and work-life balance.

Policies related to work-life balance and ways of working

We are committed to supporting work-life balance with flexible working conditions and respecting family rights such as parental leave and the right to care for dependants. At Kesko, all employees are entitled to family leave in all operating countries in accordance with local legislation. Separate principles on ways of working, such as hybrid work, have been drawn up and may vary from country to country.

Actions related to work-life balance and ways of working

At Kesko, we offer various opportunities for a good work-life balance, such as flexible working time, part-time work during different life situations and the opportunity for specialists to do hybrid work. Various flexibilities and family leave policies contribute to employee wellbeing and retention at different stages of the career.

Distribution of employees entitled to take family-related leave and employees who have taken family-related leave

	2024
Employees that are entitled to take family-related leave, %	100%
Male employees that have taken family-related leave, %	3.2%
Female employees that have taken family-related leave, %	5.5%
Other or unknown that have taken family-related leave, %	-

During 2024, a total of 4.2% of Kesko´s employees have been on a family-leave.

Accounting policies

The metric is based on the legislation on family leave in different operating countries. Eligibility for family leave is defined in the legislation of each country. All employees are entitled to family leave. The distribution of employees on family leave is presented by gender (male, female, other or not known) as a percentage of the group entitled to family leave. The metrics presented in this section have not been validated by an external third party, other than the sustainability reporting auditor.

Health, safety and wellbeing

Policies related to health, occupational safety and wellbeing

Our operations are guided by Kesko's HR policy that covers all operating countries, separate health and occupational safety principles and the K Code of Conduct.

Occupational health and safety management is based on legal requirements, the identification of material risks and the implementation of good practices. Our occupational safety management model defines responsibilities at different levels of the organisation. Occupational safety risks are assessed and analysed within the Group in accordance with its approved risk assessment system. Managers are responsible for the induction of occupational health and safety topics to new employees, and employees are also provided with occupational safety training. The manager, together with occupational health and HR specialists, also assesses the employee's work capacity and wellbeing. At Group level, we measure wellbeing and psychosocial load regularly as part of the K Voices employee engagement survey.

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Kesko's occupational safety steering group is responsible for the defining strategic targets, specifying the division of responsibilities at different organisational levels, coordinating measures and monitoring their effectiveness. Measures include occupational safety induction and job training, opportunity to make safety observations and a comprehensive risk assessment process, as well as guidance on how to investigate work-related accidents that result in absence from work. Management models vary according to the countries of operation and local legislation.

Kesko's employees can share their observations and views on occupational safety as agreed within the work community. The managers have operational responsibility for occupational safety in their units and the labour protection managers coordinate cooperation in their area of responsibility. The Group's occupational safety unit reports on key occupational safety indicators and measures to the division and Group management every six months.

It is important for everyone to identify the resources that support wellbeing and to address factors and situations that threaten health and work capacity. Services that support employees' occupational health are organised in accordance with the practices and legislation of each country. Support for mental health is also available in some operating countries. Kesko's HR policy includes principles for supporting work capacity throughout the career. The means vary according to the legislation and practices of the operating countries. We are also committed to helping persons with partial work capacity to continue in working life through various means. The priorities for supporting groups in vulnerable situations vary by country.

Actions related to health, occupational safety and wellbeing

The occupational health and safety management system covers 100% of the entire workforce. Occupational safety systems and measures vary from country to country. At Kesko, we prevent potential negative impacts on occupational health, safety and wellbeing by fulfilling legal requirements, identifying, preventing and mitigating material risks and implementing good occupational health and safety practices. The business areas are mainly responsible for occupational safety, employees' wellbeing at work, and related measures. Occupational safety managers and representatives play a key role in planning and developing. We develop cooperation with employees and employee representatives in accordance with national laws and practices. We ensure the management of impacts through concrete action plans and the monitoring of their implementation, and through effective processes and human resources planning.

Occupational health and safety issues are discussed at Group level three times a year in the Occupational Safety Group Personnel Committee. In addition, in Finland, business area managers and HR review occupational health and safety issues every six months, monitor the development of indicators and decide on the necessary measures for occupational safety and wellbeing at work. The Group sustainability management team reviewed the execution of the occupational safety and wellbeing objectives during 2024.

In 2024, communication guidelines were compiled at Kesko, according to which all operating countries are obliged to inform Kesko Group's communications about, for example, fatal accidents at work that have occurred at a Kesko workplace. In Finland, for example, labour protection officers received training on more preventive labour protection work, and new thematic labour protection training and online training for labour protection delegates were implemented. A safety campaign for commuting was also launched. Surveys, risk assessments and statistical data have been used to assess the risks and hazards of work. Specific support has been provided to managers whose teams have experienced harmful psychosocial loading. Work-related accidents are recorded in work-related accident systems to facilitate their investigation.

Kesko's units create an annual action plan outlining topics for development, and HR monitors its implementation. Division and Group management also carry out occupational safety management measures on the basis of semi-annual reporting. Occupational safety is promoted both through internal audits and external ISO 45001 certification in the building and technical trade in all operating countries. The principles of the certification are also applied elsewhere at Kesko.

Absences, accidents and occupational diseases are prevented at Kesko through systematic operating models and close cooperation between the Group, the business areas and employee representatives. Examples of this include the sickness absence and occupational safety management model and, in Finland, developing the competence of HR employees and managers in work capacity management. At Kesko, we actively support employees in individual situations where their work capacity is reduced, for example by modifying their

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work. Different countries have different priorities for supporting groups in vulnerable situations.

Work-related accidents, cases of work-related ill health and fatalities

	2024
Number of recordable work-related accidents	714
Rate of recordable work-related accidents (TRIF)	25.9
The number of cases of work-related ill health	4
The number of fatalities as a result of work-related injuries and work-related ill health	-
The number of days lost to work-related injuries and fatalities	2,147

Accounting policies

Work-related accidents, occupational diseases, fatalities due to work-related accidents and occupational diseases, number of days lost due to work-related accidents and fatalities are reported for own workforce. The number of work-related accidents is the number of work-related accidents that have been reported to the employer from all countries. The work-related accident frequency is calculated by multiplying the number of work-related accidents by one million hours worked and dividing by the number of hours actually worked (TRIF). The figure includes all work-related accidents and work-related pain cases reported.

Occupational diseases include confirmed cases of occupational diseases according to the ILO List of Occupational Diseases.

The days lost due to work-related diseases and fatalities are calculated in calendar days, including the whole absence period from the first full day of absence. The number includes days lost due to work-related accidents. The number of fatalities due to work-related accidents and occupational diseases are added together. The figures for work-related accidents, occupational diseases and fatalities do not include data on non-employees, such as recruitment agency employees. The metrics presented in this section have not been validated by an external third party, other than the sustainability reporting auditor.

Equal treatment and inclusion

The Equal treatment and inclusion section comprises the following sub-sub-topics related to the equal treatment and equal opportunities sub-topic of the Own workforce standard: Gender equality and equal pay, diversity, and measures against violence and harassment in the workplace.

Policies related to equal treatment

In accordance with Kesko's HR policy and the K Code of Conduct, we are committed to promoting non-discrimination, equality and fairness in all our operations. We are committed to ensuring there is no discrimination based on gender, ethnicity, nationality, skin colour, religion, political views, marital status, sexual orientation, gender identity, age, disability, or any other personal characteristic at the workplace. Competence, education, and motivation are emphasised in our recruitment process. Equality is promoted by means of a participatory approach, and is coordinated by Kesko's employee equality and non-discrimination group. We promote equality and non-discrimination across all our operating countries, though the organisation and processes vary by country.

A diverse working community and a culture of inclusion are shaped through the behaviour, attitude and choices of each employee. This is the foundation for preventing discrimination at the workplace. Kesko is committed to the UN's Women's Empowerment Principles to strengthen the position and career development of women.

We promote equal treatment and prevent discrimination through Kesko's common operating principles, the K Code of Conduct and by following operating models to prevent harassment and inappropriate behaviour and, where necessary, systematic resolution processes. Diversity and inclusion is promoted through a programme that supports the DEI targets, with a focus on promoting a diverse and inclusive workplace, equal remuneration and gender equality at all levels of the organisation. At Kesko, we have prepared statutory equality and non-discrimination plans, and we have an operating model to prevent harassment and inappropriate behaviour and guidelines on how to act in possible discrimination situations.

Kesko's core principles of remuneration are competitive total remuneration based on performance and the transparent and equitable treatment of employees. The purpose of remuneration is to encourage good performance and to commit employees to the company

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and its key targets. Kesko uses a job evaluation system which enables the comparison of salaries in comparable jobs.

Actions related to equal treatment

Kesko is committed to the targets, measures and indicators determined in its diversity, equity and inclusion (DEI) programme. In all operating countries, we regularly monitor employee experience of equity and inclusion through the D&I Index. In the employee engagement survey, the index score for 2024 was 87 on a scale of 0-100. We scored highly regarding our employees' perceptions that they feel accepted in the work community as individuals and that managers treat them fairly and with respect. There was room for improvement in how different opinions are valued in the work community.

Kesko has reviewed its recruitment process from a diversity perspective and practical changes will be made in 2025. Awareness of diversity and equity is promoted through a range of online training courses. Diversity and equity matters are also part of the Leader@K training for new managers at Kesko.

At Kesko, we want to promote the career development of women. In 2024 in Finland, we launched a leadership programme for women in partnership with Mothers in Business (MiB), to empower women with encouragement and coaching to advance in their careers. Thirty women are participating in the programme, which runs from 2024 to 2025.

During 2024, the English language was taken into use more extensively in Finland, which enables more diverse employment in the future. In Finland, the grocery trade's programme for people with an immigrant background combines on-the-job training with training and, where possible, employment in a store after the on-the-job training period.

The Group HR management team and the Group sustainability management team regularly monitor the progress of the DEI programme targets.

Age distribution of employees

Age	Number	Percentage
Under 30 years	4,763	26.0%
30-50 years	8,547	46.7%
over 50 years	4,999	27.3%

Gender distribution of top management

Gender	Number	Percentage
Female	26	27.7%
Male	68	72.3%
Other or unknown	-	-

Gender pay gap by employee group

	2024
Management	2%
Managers and specialists	3%
White collar	3%
Blue collar	1%

At Kesko in 2024, the remuneration ratio between genders is 2%. The ratio between the annual total remuneration of the highest paid individual and the median annual total remuneration (excluding the highest paid person) was 33.

Cases that come through other channels than through SpeakUp channel are routine investigations related to regular HR and employment lawyers´ duties and are not registered on a case-by-case basis. In 2024, it is estimated that Kesko received around 10–15 notifications of discrimination and harassment concerning its own workforce. This estimate includes uncertainties, as it excludes reports that do not align with the situations defined in the policy on inappropriate treatment or according to investigation results are other disputes related to employment. Through the SpeakUp channel, 15 reports were received concerning the working conditions or terms of employment of Kesko's own workforce and other employment-related rights, excluding notifications related to discrimination or harassment. In 2024, no serious human rights violations were found at Kesko. Kesko has not been fined or faced any other consequences in the cases mentioned above.

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The age distribution of employees is reported as a number and percentage of employees in three age groups.

The gender distribution of the top management is reported as a number and percentage. At Kesko, the top management level consists of directors with a director agreement.

The remuneration figures are based on employees in active employment on the last day of the year. The average pay gap between the total remuneration of women and men is calculated as the weighted average of the number of people working in the same operating country and between women and men in comparable jobs. The difference in total remuneration is defined by employee group in the table.

The ratio of the highest-paid individual's annual total remuneration has been calculated by comparing it to the median of annual total remuneration. The median is calculated excluding individuals who started after the beginning of the reporting year, who have been absent for more than 3 months during the reporting year, and the remuneration of the highest paid individual.

The total number of notifications on discrimination and harassment concerning the own workforce is reported as an estimate. The main uncertainties in the assessment are described in the measures. The number of notifications received through the SpeakUp channel includes reports relating to own workforce and possible inappropriate behaviour, excluding notifications of harassment and discrimination, taking place at the workplace.

The metrics presented in this section have not been validated by an external third party, other than the sustainability reporting auditor.

Training and skills development

Policies related to competence development

In accordance with Kesko's HR policy, competence development is based on strategy and business objectives. As a part of annual planning process, Kesko has developed a comprehensive plan outlining priorities and measures for competence development at both at a Group level and within individual business units. The training plan includes competence development actions in the following areas: leadership and management, interaction and work life skills, and various areas of professional expertise. Group HR and responsible persons in business areas work closely on competence development and systematically monitor the implementation of the plans.

Sufficient level of competence ensures success at work, wellbeing at work and offers opportunities for professional development and career advancement. We promote competence development through training and on-the-job learning. Progress is discussed and actions are agreed as part of the performance management process and in other discussions with individuals.

Actions related to competence development

In 2024, the focus areas in competence development were influencing and self-leadership, leadership and management, diversity at work, and fluent usage of IT and digital tools. In the stores, the focus was on strengthening sales and customer interaction as well as service and product competence. For example, store employees in Finland are provided with a broad selection of professional training courses in a virtual learning environment, including chain-specific training, eLearning courses and opportunities to complete vocational degrees. Workplace instructors work in stores extensively to support employees with their learning. In Sweden, there is also a learning platform providing extensive selection of both vocational and general training that can be utilised by all employees.

Performance management and competence development

Performance and development discussions and performance review discussions are a systematic part of Kesko's performance management model. 63.5% of the own workforce participated in performance management discussions and reviews in accordance with the common operating approach. In addition, Kesko´s business areas have separate performance management practices.

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Performance management and competence development

	2024
% of employees that participated in regular performance and development discussions	92.7%
Male	88.1%
Female	97.4%
Other or unknown	100%
The average number of training hours per employee	4.4
Male	5.5
Female	3.2
Other or unknown	1.6

Accounting policies

The percentages of performance management discussions displayed in the table represent the performance management discussions (target setting and development discussions and performance review discussions) conducted in accordance with Kesko's common operating approach. The ratio of performance management discussions is calculated on the basis of the number of people with the opportunity to have performance and development discussions in accordance with Kesko's common operating approach (target setting and development discussions and performance evaluation review). These discussions are documented in the personnel data system. In situations such as long absences or when an employment relationship starts near the end of the year, the development discussion is not conducted during the same calendar year. For individuals working in certain jobs, such as in logistics and grocery store operations, team-, department- or store-level targets are set and discussions are held regularly, but these discussions are not reported according to Kesko's common model.

The number of training hours, for both internal and external training, is calculated by the reported training hours. For online training, the duration of one training session is estimated to be 15 minutes.

The metrics presented in this section have not been validated by an external third party, other than the sustainability reporting auditor.

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S2 WORKERS IN THE VALUE CHAIN

Material impacts, risks and opportunities

Impacts related to workers in the value chain

Nature of impact	Value chain	Description	Management
Working conditions			
Potential negative	Upstream	Inadequate working conditions weaken value chain workers' wellbeing and quality of life.	• The K Code of Conduct for business partners and the amfori BSCI Code of Conduct as part of the contracts with suppliers and service providers include requirements on respecting working conditions and human rights. • We require social responsibility audits and corrective actions where necessary from our direct suppliers in risk countries.
Child labour and forced labour			
Potential negative	Upstream	Infringements of labour rights affecting value chain workers cause suffering for the affected workers and their families.	• The K Code of Conduct for business partners and the amfori BSCI Code of Conduct as part of the contracts with suppliers and service providers include a ban on child labour and forced labour. • We require social responsibility audits and corrective actions where necessary from our direct suppliers in risk countries.

Material risks

Time horizon	Description	Management
Short-term	A breach of the supplier agreement between the supplier and Kesko and conduct that violates the K Code of Conduct may affect Kesko's reputation and lead to disruptions in business operations if the business relationship with the supplier has to be terminated.	• We require social responsibility audits and corrective actions where necessary from our direct suppliers in risk countries.

The process for identifying and assessing impacts, risks, and opportunities is described in the section of the sustainability statement titled General disclosures, Identification and assessment of material impacts, risks and opportunities.

Material impacts, risks and opportunities and their interaction with strategy and business model

Ensuring the sustainability of the value chain is a key part of Kesko's strategy, where sustainability is identified as a material competitive advantage. Kesko's value chains are extensive, and sustainable sourcing processes are an integral part of Kesko's sustainability work.

Kesko has identified potential negative impacts especially in the upstream value chain, i.e. the workers of suppliers and service providers. Due to Kesko's business model and extensive product range, products sold by Kesko are supplied from countries where value chain workers may face negative impacts. The potential negative impacts particularly affect the workers of suppliers in countries where the risks for human rights violations are the highest. We apply the amfori risk country classification for evaluating the risks in countries of origin, which is based on the Worldwide Governance Indicators provided by the World Bank. The

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risk of inadequate working conditions is particularly related to the workers of Kesko's suppliers who participate in the manufacture or primary production of goods in these countries. The workers of Kesko's risk country suppliers are also face the highest risk of child labour or forced labour.

In Kesko's downstream value chain, a key group of workers is the K-retailers' personnel, but no material risks related to working conditions were identified for this group.

Policies related to value chain workers

Kesko's principles on human rights issues and working conditions in supply chains are defined in Kesko's sustainability policy. Kesko pays special attention to human rights issues and working conditions in supply chains in countries where the risks of human rights violations are the highest. In assessing our suppliers located in risk countries, we use international social responsibility assessment systems. Our policy is to collaborate only with risk country suppliers that are included in the scope of social responsibility audits. Division Presidents are responsible for the execution of the policy and supplier selections. The implementation of the principles of the sustainability policy is the responsibility of the Executive Vice President, Legal and Sustainability of Kesko Group.

Kesko has published a statement of commitment on human rights and an impact assessment in compliance with the UN Guiding Principles on Business and Human Rights. Kesko respects all internationally recognised human rights and is committed to several international declarations and conventions.

Kesko requires its suppliers and service providers to commit to the requirements outlined in the K Code of Conduct for business partners. Suppliers and service providers must respect all internationally recognised human rights principles, including the UN Universal Declaration of Human Rights and the UN Convention on the Rights of the Child, the OECD Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business Conduct, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights.

The K Code of Conduct for business partners commits business partners to comply with requirements related to working conditions, such as responsible recruitment, proper working conditions, decent working hours, fair remuneration, freedom of association and collective bargaining, and occupational health and safety. Business partners must not use forced labour in any form, including all types of involuntary work and human trafficking. Business partners must abstain from directly or indirectly employing children below the legal minimum age for employment.

Our business partners must ensure that their subcontractors, suppliers and service providers follow principles and standards similar to those set out in the K Code of Conduct for business partners.

Kesko is a member of amfori, an association promoting sustainable trade, and takes part in amfori BSCI (Business Social Compliance Initiative). In addition to Kesko's own K Code of Conduct for business partners, contracts with suppliers and service providers contain contractual clauses concerning the amfori BSCI Code of Conduct. Through the amfori BSCI Code of Conduct, suppliers and service providers commit to ensuring respect for human rights in their supply chains in accordance with internationally recognised principles. The Code of Conduct includes requirements relating to working conditions and the prohibition of child labour, forced labour and human trafficking.

Kesko guides the procurement of products containing raw materials identified as critical from a social responsibility perspective with sustainability guidelines. We have identified human rights challenges particularly related to the production of cocoa, coffee, tea, palm oil, soy, and cotton. These guidelines direct the procurement of raw materials for Kesko's private label products, mainly produced in accordance with internationally recognised certification systems. The certification standards include criteria for respecting workers' working conditions and human rights.

Engagement with value chain workers

Processes for engaging with value chain workers about impacts

Kesko recognises that, especially in global value chains, cooperation between different operators is needed to prevent material negative impacts. We engage about the impacts on value chain workers primarily through multi-stakeholder initiatives. Currently, there is no engagement with value chain workers that would allow their perspectives to be taken into account in decisions or activities aimed at managing the impacts on value chain workers. Due

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to the large number of workers in Kesko's value chain, enabling such engagement is for now not considered realistic.

We engage indirectly with the workers of our direct suppliers in risk countries through social responsibility audits conducted by third parties. A direct supplier in a risk country refers to a supplier whose products manufactured in a risk country are imported directly by Kesko from those risk countries. In the assessment of social responsibility of our direct risk country suppliers, we favour primarily amfori BSCI audits, which are based on the amfori BSCI Code of Conduct. We accept other social responsibility assessment systems if their criteria correspond to those of amfori BSCI auditing and if the audit is conducted by an independent party. Audits provide us with information on workers' working conditions, including the safety of working conditions in production, the wages and working hours of workers and their rights of freedom of association and collective bargaining. Interviews with workers are a key part of amfori BSCI, SMETA and Fairtrade audits, for example.

Processes to remediate negative impacts and channels for value chain workers to raise concerns

Corrective actions and follow-up for identified issues are determined on a case-by-case basis based on the audit report. When issues related to value chain workers arise, the sustainability unit and purchasing personnel of the responsible division address the issues and corrective actions as needed in cooperation. Situations are discussed with the supplier, and the aim is to get the supplier to commit to corrective actions.

Serious violations of value chain workers' human rights and working conditions are handled in collaboration with Kesko Group's sustainability unit. Kesko does not terminate cooperation with a supplier that undertakes to resolve the identified issues. The effectiveness of corrective actions is assessed through follow-up audits, for example. The final decision on whether to continue the cooperation lies with the management of the purchasing unit.

Kesko is a member of the Centre for Child Rights and Business, an organisation promoting children's rights. Kesko receives up-to-date information on child labour and its prevention at the organisation's regular working group meetings. If the use of child labour is detected in Kesko's value chain, the organisation's remediation model is available.

In accordance with the K Code of Conduct for business partners, Kesko's partners must implement mechanisms to receive, address and respond to complaints or concerns that relate to potential non-compliance with the K Code of Conduct for business partners. The K Code of Conduct for business partners provides information about K Group's SpeakUp reporting channel that is open to all and allows workers in the value chain to report any concerns. The SpeakUp channel is described in more detail in section G1 Business Conduct, Protection of whistleblowers.

Actions related to value chain workers

In accordance with Kesko's policy, 100% of the factories of direct suppliers in risk countries must undergo a social responsibility audit. These purchases from direct suppliers in risk countries accounted for 0.9% of Kesko's purchases of goods in 2024.

In 2024, a total of 705 factories of direct suppliers in risk countries had a valid social responsibility audit, resulting in an audit coverage of 90.7% of all factories of direct risk country suppliers. The most common audit systems were amfori BSCI and SMETA. Missing audits include situations where an audit was not valid or the audit process was incomplete or delayed at the time of purchasing, or necessary information regarding the audit was not received. In some cases, it has been possible to continue purchasing on the basis of an exemption or while the audit process has been ongoing.

Kesko is taking part in the International Accord for Health and Safety in the Textile and Garment Industry, which promotes occupational health and safety at garment and textile factories in Bangladesh. We require the factories in Bangladesh that manufacture clothing and home textiles for the grocery trade division's own brands to be included in the International Accord process.

The majority of the deficiencies in amfori BSCI audits were related to compliance with working time regulations and to social management systems at factories. The amfori BSCI audit process includes a Zero Tolerance Protocol, which is followed when an auditor observes a particularly critical issue during the audit. In 2024, Kesko supported one of its suppliers in the remediation of an incident related to occupational safety measures that was detected at a production facility in autumn 2023. Corrective actions are assessed through audits. The production facility was last audited in spring 2024 and will be audited again in spring 2025.

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In 2024, we terminated cooperation with two factories because consensus could not be reached with the factories regarding necessary corrective actions.

Kesko participated in a pilot project initiated in 2024 by Fairtrade Finland, aimed at addressing human rights challenges in the wild berry picking industry in Finland, together with companies representing the entire supply chain. The core focus of the project was on the concerns related to the working conditions, earnings and recruitment costs of the foreign wild berry pickers who came to Finland. In the pilot, a new operating model and Fairtrade certification criteria were created for the wild berry industry in Finland. Kesko also organised training sessions on the requirements of the K Code of Conduct for companies in the wild berry industry.

The material negative impacts on workers in Kesko's value chain are related to individual incidents. During the reporting period, no verified severe human rights incidents were reported to Kesko from the upstream or downstream value chain, but Kesko is aware of one ongoing legal case within its value chain.

Kesko's suppliers in risk countries have the opportunity to participate in training sessions on working conditions and human rights organised by Kesko's partners. During 2024, 62 of Kesko's suppliers participated in training provided by amfori on topics such as fair remuneration and working hours, zero tolerance for violence and harassment, and remediation.

Kesko regularly organises responsible purchasing training for its purchasing organisations. In 2024, human rights in global supply chains and social responsibility audits were covered in training for Kespro's purchasing organisation and in the building and technical trade as part of the training in commerce.

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S4 CONSUMERS AND END-USERS

Material impacts, risks and opportunities

Impacts related to consumers and end-users

Sub-topics	Nature of impact	Value chain	Description	Management
Health and safety				
Enabling healthy choices	Potential positive	Downstream	Kesko has the opportunity to influence the health of consumers and end-users by offering healthier products that contain less salt, sugar or saturated fat.	• Reducing the amount of salt, sugar and fat in private label food products by reformulating the nutritional content of products.
Product safety	Potential negative	Downstream	Deficiencies in the safety of the products sold by Kesko can have significant negative impacts on the health and safety of consumers and end-users.	• Documented own-control plans for food safety management. • Safety and quality systems.
Privacy				
Data protection	Potential negative	Downstream	Kesko processes large amounts of data related to consumers' personal data in its operations. Deficiencies in Kesko's data protection principles and personal data processing procedures can expose consumers to misuse of their personal data.	• The data protection compliance programme ensures that competence and awareness of data protection guidelines in relation to protection of personal data remain at a high level.

Material risks

Sub-topics	Time horizon	Description	Management
Health and safety			
Product safety	Short-term	The realisation of product safety risk may cause reputational damage and may result in liability for damages for Kesko.	• Documented own-control plans for food safety management. • Safety and quality systems. • Risk assessments and continuous improvement of processes.
Privacy			
Data protection	Short-term	The realisation of data protection risk may cause reputational damage and may result in liability for damages for Kesko.	• Risk assessments are conducted at the planning stage of personal data processing. • Data protection risk management conducted as part of the annual risk assessment process.

The process for identifying and assessing impacts, risks, and opportunities is described in the section of the sustainability statement titled General disclosures, Identification and assessment of material impacts, risks and opportunities.

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Material impacts, risks and opportunities and their interaction with strategy and business model

The quality and safety of the products offered to consumers and end-users are a key part of Kesko's strategy, where the trusted K-brand and quality in all operations are material competitive advantages. Product safety, correct product labelling and instructions for use, and the protection of the privacy of consumers shopping at K Group (Kesko and chain stores) retail stores or online stores are a material part of the implementation of these strategic priorities and cornerstones of day-to-day operations.

Kesko sells products either directly to consumers or to retailers who sell the products to consumers. Kesko's broad product range includes products that may have negative impacts on the health of consumers and end-users. The sale of these products is strictly regulated and subject to the laws governing their sale. Products that are harmful to health display labelling with health warnings and special care is taken in the sale of these products, according to the principles of sales restrictions and own control.

Accurate product information is an essential part of a product. In food products, labelling on the allergens contained in the products, is essential for consumers or end-users when they are considering the suitability of the product. Instructions for the use of products such as chemicals and electrical appliances, and information on the suitability of the product for use in different conditions, are also essential information for consumers and end-users in relation to the use of products.

Consumers belonging to the K Group's (Kesko and the chain stores) K-Plussa customer loyalty programme have been identified as a significant group of persons whose data are collected and used primarily for the provision of services.

Kesko protects the data of its customers, personnel and stakeholders and ensures that the data protection rights of individuals are fulfilled when data is processed. Kesko's data protection instructions and methods are based on the company's data protection policy approved by the Kesko Board of Directors. Personal data processing is planned in advance, ensuring that the processing is lawful. Kesko processes the personal data only to the extent that it is necessary for the purpose of use, and only for as long as it is necessary and justified for the purpose of use.

Due to Kesko's business model, the group of consumers and end-users involved in Kesko's operations is extensive. Kesko has not identified specific groups of consumers and end-users who would be particularly affected by negative impacts. The potential impacts would equally affect the entire group of consumers and end-users.

Potential negative impacts on consumers and end-users were identified in relation to product safety and data protection. In each case, the potential negative impacts are individual incidents in nature.

The potential positive impacts on consumers and end-users relate to Kesko's private label food products and the healthiness of these products' nutritional content. Kesko operates in the grocery trade in Finland, so the impact is limited to Kesko's grocery trade customers in Finland.

Channels for engaging with consumers and end-users

Kesko has numerous channels for engaging with consumers. In Finland, Kesko's key channel for engaging with consumers is the K-Kylä customer community, which is used by all three divisions. The aim of the K-Kylä customer community is to increase customer understanding and develop business in a customer-oriented way. Through the K-Kylä customer community, Kesko can communicate with members of the customer community through surveys or recruit members to participate in interviews or user testing. Feedback is also actively collected from consumers through several other channels.

Kesko has communication channels through which consumers or end-users can communicate with Kesko. All Kesko's business areas have websites through which consumer customers can give feedback, report problems or submit a product complaint. Customers can also contact Kesko's customer service by telephone. Feedback received by customer service is recorded in the customer service system, and the progress made in and resolution of the feedback is recorded in the system. Feedback and product complaints are monitored, and multiple instances of feedback received on the same issue within a short period of time lead to further investigation and possibly corrective measures. The president of each division holds senior operational responsibility for the communication channels and the functioning of these channels.

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In 2024, the grocery trade's Consumer Service Unit received a total of some 25,600 instances of consumer feedback, of which a total of some 18,500 were product complaints. In the building and technical trade in K-Rauta, the total number of complaints was some 39,400, of which a total of some 11,200 were product complaints.

Consumers and end-users can report suspected malpractice through the SpeakUp channel. The SpeakUp channel is described in more detail in section G1 Business Conduct of the sustainability statement. However, SpeakUp is not a communication channel specifically targeted at consumers and end-users, although it is open to consumers. We do not separately assess consumers' and end-users' trust in the SpeakUp channel.

Making healthy choices easier for consumers and end-users

			Target
Target	Unit	2024	2025
Decrease the amount of salt in private label products	kg	15,353	50,000
Decrease the amount of sugar in private label products	kg	97,171	200,000
Decrease the amount of saturated fat in private label products	kg	32,347	50,000

As a retail sector operator, Kesko has opportunities to make it easier for consumer to make food choices that promote their wellbeing. To support consumers in making healthier choices, Kesko is committed to reformulating the nutritional content of its private label products by reducing the amount of salt, sugar and saturated fat. The reformulation of nutritional content, especially in everyday staples, reduces consumers' intake of salt, sugar and saturated fat. Kesko has set a target of reducing the amount of added salt by 50,000 kg, the amount of added sugar by 200,000 kg and the amount of saturated fat by 50,000 kg by the end of 2025 from the 2021 baseline by reformulating the nutritional content its products.

The nutritional content of a total of 89 private label products was reformulated by the end of 2024 from the 2021 baseline. The reformulation of nutritional contents has achieved a total reduction of 15,353 kg in salt, 97,171 kg in sugar and 32,347 kg in saturated fat compared to the 2021 baseline. These amounts represent 31% of the target to reduce salt, 49% of the target to reduce sugar and 65% of the target to reduce saturated fat by the end of 2025.

During 2024, the nutritional content of a total of 42 products was reformulated, which resulted in a total reduction of 7,535 kg in salt, 19,833 kg in sugar and 4,174 kg in saturated fat.

The realisation of the target is monitored by comparing the changed nutrient contents with the baseline, i.e. how much the amounts of salt, sugar and saturated fat have been reduced in the nutritional contents of the products relative to the baseline volume.

Product safety

Policies related to product safety

At Kesko, each division is responsible for monitoring product safety and product quality and taking the necessary measures.

Grocery trade

In the grocery trade, quality assurance is based on own control throughout the chain. Each stage, such as purchasing, storage, transport, grocery stores and cash-and-carry outlets, has its own documented own control plan. The own control plans contain descriptions of the measures to manage food safety at different stages of the food chain. In production, the own control plans are based on HACCP (Hazard Analysis and Critical Control Points) and on the identification of food safety hazards. The own control plan for purchasing covers all food products in Kesko's range. Kesko requires the manufacturing plants of suppliers of private label products to have a valid certified product safety system approved by Kesko or that Kesko has conducted an audit of the manufacturing plant.

K-Logistics, which is responsible for transportation and warehousing for K-food stores and Kespro, and of Kesko's subsidiaries Reinin Liha and Kalatukku E. Eriksson, have a certified food safety system (FSSC 22000). The food safety system focuses on the assessment of food safety hazards and on ensuring practices to prevent these hazards. The system is based on the idea of continuous improvement. The systems also require the ability to respond to various types of exceptional situations.

The product quality managers of the grocery trade's Quality and Product Development Unit monitor the product safety and quality of private label products and own imports. Product quality managers take samples of products during the product development phase before

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they are launched on the market. Samples of products on the market are taken according to an annual plan based on a product-specific risk assessment and, if necessary, based on customer feedback. Samples are tested in the Quality and Product Development Unit's own ISO 17025 accredited laboratory (T251) and product development kitchen and, if necessary, in an accredited outsourced laboratory.

Building and technical trade

The quality assurance of the building and technical trade's private label and own import products is conducted by the building and technical trade's quality manager in cooperation with the product managers, the purchasing department and the logistics centres. There are product standards for most of the products that set the required level of quality assurance for the product and any testing and approval requirements. The requirements for private label products are specified separately in the purchasing contract.

Onninen's units and the B2B sales unit in building and home improvement trade in Finland, as well as Kesko AB in Sweden, have a certified quality management system (ISO 9001) in use. The system requires the existence of quality assurance measures, response to various anomalies and continuous improvement of performance.

Car trade

In the car trade, Kesko is an importer of Volkswagen, Audi, SEAT, CUPRA, Porsche and Bentley passenger cars and Volkswagen commercial vehicles. It is Kesko's responsibility to document any safety concerns raised by consumers and report them to the manufacturer. Recall campaigns are the responsibility of the manufacturer, who will provide information on the content of the campaign and the cars targeted by the campaign. Kesko is responsible for implementing the campaign in its own market area.

There is an evaluation process for receiving used cars and inspecting the condition of the cars, where the condition of the car is inspected and necessary repairs are identified before the car is resold. In addition, comprehensive data on the car is collected for resale purposes.

Actions related to product safety

The grocery trade's Quality and Product Development Unit decides on the recall of private label and is responsible for providing information on the matter internally at Kesko, to K-food stores, Kespro's B2B customers, consumers and the authorities. In the case of products other than private label products, the supplier or importer of the product is responsible for the product safety of its own products and makes the decision on whether to recall products. Kesko's Quality and Product Development Unit is responsible for communicating recalls based on information received from the supplier.

In 2024, 170 product recalls were made in the grocery trade. Of these, 34 were private label or own import products. In other cases, we assisted the product manufacturers in the product recall. If a defect or error in a product could have health impacts, a public recall is carried out. In 2024, this happened three times for our private label products.

In the building and technical trade, quality managers are responsible, together with the product manager, for the recall of private label products and related measures. Information is provided internally at Kesko, to K-Rauta stores, to Onninen, and to customers and authorities.

In the building and technical trade in Finland, there were no public product recalls of private label or own import products that would have required a product recall from the customer in 2024. During 2024, one product withdrawal was made, where a product is withdrawn from sales channels.

In 2024, a total of 22 recall campaigns were initiated for the brands represented by K-Auto. During 2024, we also increased our used car dealers' competence in assessing the condition of used cars.

Data protection

Policies related to data protection

Kesko protects the data of its customers, personnel and stakeholders and ensures that the data protection rights of individuals are fulfilled. The data protection and information security policies have been approved by Kesko's Board of Directors and cover the Group's operations in all operating countries. The data protection policy determines principles, procedures and responsibilities to ensure the lawful processing of personal data and a high level of data protection. Ensuring data protection is part of Kesko's compliance function, risk management and the K Code of Conduct.

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The management of data protection risks is part of Kesko's risk management process. Risk assessments are conducted at the planning stage of personal data processing and as part of the annual risk assessment. Data Protection Impact Assessments (DPIAs) are carried out in situations where this is required by regulation and guidance from the authorities. The specification of technical and organisational management tools for data protection is based on the results of risk assessments.

The processing of personal data is lawful, reasonable and transparent, and personal data is processed for a specific purpose in accordance with a legal basis laid down by law. Kesko processes data only to the extent that it is necessary for the purpose of use, and only for as long as it is necessary for the purpose of use.

The implementation of data protection is ensured by documenting personal data processing practices and by issuing the related guidelines. Sufficient data protection competence is ensured through training and communication.

Kesko selects as its contractual partners only those personal data processors who adhere to good personal data processing practices through appropriate technical and organisational measures, comply with the requirements of the GDPR, and are able to ensure the realisation of the data subject's rights. Kesko prepares written agreements with personal data processing partners in accordance with the law.

Processes for engaging with consumers and end-users on data protection topics

Kesko has processes and channels in place that enable communication with customers on issues related to data protection. In Finland, Kesko has a public data protection portal on its website, which contains information and guidelines on data protection. Individuals can make data protection requests regarding their personal data through the data protection portal or by contacting register-specific contact points or customer service channels. Questions and requests raised will be answered without undue delay.

Kesko ensures that the data subjects' rights are implemented in accordance with the GDPR by informing data subjects about the processing of data and by determining procedures and guidelines for situations where data subjects wish to exercise their rights to familiarise themselves with the information collected, or request the rectification or erasure of their personal data. Kesko aims to ensure the accuracy of the data used, and the data is updated from the person themselves or from reliable sources.

Data subjects can contact the Data Protection Officer regarding any matters related to the processing of their personal data and the exercise of their rights under the data protection regulation. The Data Protection Officer ensures that the data subject receives a response to their inquiry.

Kesko documents all information security breaches and reports them to the data protection authorities if the controller believes that the incident poses a risk to the data subject. If the risk of malpractice or damage is deemed to be high, Kesko also informs without undue delay the person whose personal data protection has been jeopardised about the information security breach and provides instructions on what to do in the situation.

Actions related to data protection

Kesko Corporation and its subsidiaries as data controllers ensure and monitor the implementation of data protection in their own operations. Data protection requests submitted by data subjects are processed by the business unit that owns the respective register. The Group-level data protection organisation provides support, as necessary. In addition, Kesko's Legal Affairs unit has persons focusing on data protection matters as part of the Governance, Compliance & Ethics function.

Ensuring data protection in operations

Kesko's data protection compliance programme ensures that competence and awareness of data protection guidelines remain at a high level.

The guidelines consist of a Group data protection manual and supplementary country-specific instructions. Kesko's data protection guidelines concern all employees and include key rules, operating instructions and processes for implementing data protection and identifying and processing incidents and risks.

Regular data protection risk assessment provides guidelines for the annual data protection plan and data protection programme. Kesko also carries out internal and commissions external data protection audits, when there are changes in business operations and, on a case-by-case basis, in connection with business acquisitions.

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In 2024, Kesko processed in Finland 875 data protection requests submitted through its data protection portal. Requests were also processed in other channels.

Kesko Group detected and investigated a total of 347 information security breaches in its operations in Finland in 2024. Of these, 63 were also reported to the office of the Data Protection Ombudsman. A total of 6 information security breaches were detected in other operating countries. Of these, 3 were reported to the local competent supervisory authorities. In individual cases, the affected data subject was also notified of the information security breach.

Training and communication

The onboarding programme and continuous training for each employee handling personal data include achieving and maintaining the level of data protection expertise required for their role.

Up-to-date instructions concerning data protection are easily available to all employees. Active communications, information bulletins and continuous training ensure a high level of data protection competence.

Targeted training events complement the regular training activities. During the year, a total of 24 Data Protection Interest Group events were organised for six target groups. The events covered the latest data protection application practices, instructions issued by the authorities, amendments to legislation and best practices.

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GOVERNANCE

G1 BUSINESS CONDUCT

Material impacts, risks and opportunities

Impacts on business conduct

Nature of impact	Value chain	Description	Management
Corporate culture			
Potential positive	Own operations, value chain	The K Code of Conduct supports the principles of ethical corporate culture. Kesko has two versions of the K Code of Conduct: a K Code of Conduct that covers the entire K Group and a separate K Code of Conduct for business partners. Both support the principles of an ethical corporate culture throughout the value chain.	Corporate culture is strengthened by training and communication, and effective investigation of potential cases. Tone from the top – corporate culture is strongly shaped by participation of management and leading by example.
Whistleblower protection			
Potential positive	Own operations, value chain	Kesko has a confidential SpeakUp channel that is open to personnel, customers, suppliers and other stakeholders. Kesko has anti-harassment and non-discrimination policies in place which, in line with the absolute prohibition of retaliation, ensure that the reporting of incidents or suspected incidents does not adversely affect the reporter or their employment relationship.	Kesko communicates on the SpeakUp channel to ensure people are aware of the channel and the principles of whistleblower protection, thus encouraging people to report concerns. Reports are investigated promptly and impartially, and it is ensured that the prohibition of retaliation is upheld in practice.
Corruption and bribery			
Potential negative	Own operations, upstream	Potential cases of corruption and bribery have a negative impact on society and undermine trust throughout the value chain. Kesko has a zero-tolerance approach to corruption and bribery. Prevention of corruption and bribery is an integral part of the K Code of Conduct and contributes to creating a more ethical value chain.	Communication and training is provided to ensure that personnel know what to do and how to identify cases of corruption and bribery and report them to the right parties.
Relationships with suppliers and service providers			
Potential positive	Upstream	Kesko's requirements for suppliers and service providers, such as commitment to the K Code of Conduct for business partners, promote an ethical and sustainable value chain.	The K Code of Conduct for business partners and other Kesko requirements are incorporated into suppliers' and service providers' contracts. Trainings and information events are organised for suppliers and service providers.

Material risks

Time horizon	Description	Management
Short-term	Increasing sustainability regulation may lead to changes in the business model and require investments only to meet legislative requirements.	Changes in regulation are monitored actively and the impact of changes on business is assessed proactively.

The process for identifying and assessing impacts, risks, and opportunities is described in the section of the sustainability statement titled General disclosures, Identification and assessment of material impacts, risks and opportunities.

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Targets related to corporate culture

			Target
Target	**Unit**	**2024**	**2030**
Employee commitment to K Code of Conduct	%	85%	100%

Kesko has set target to strengthen employee commitment to the K Code of Conduct and increase awareness of it. The target is to achieve a 100% annual confirmation rate by 2030.

Corporate culture and business conduct policies

Ethical business conduct and compliance in Kesko Group is ensured by complying with legislation and with the K Compliance operating model and the K Code of Conduct both of which approved by Kesko's Board of Directors. In addition, Kesko is committed to complying with the amfori BSCI Code of Conduct, the OECD Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business. Kesko's operations are also guided by the UN's Guiding Principles on Business and Human Rights, Global Compact initiative and Sustainable Development Goals (SDGs).

Putting the K Compliance operating model into practice is supported by the K Compliance programmes approved by Kesko's President and CEO. In 2024, Kesko's K Compliance programmes covered data protection, competition law, trade sanctions and export control, as well as prevention of corruption and bribery. The Governance, Compliance & Ethics function at Kesko leads actions in accordance with the K Compliance operating model and reports on its activities to Kesko's President and CEO and the Audit Committee of the Board of Directors.

The K Code of Conduct that covers the entire personnel and Kesko's business partners serves as a basis for the K Compliance operating model. The updated K Code of Conduct entered into force on 1 March 2024. The updated K Code of Conduct meets better the requirements of increasing sustainability legislation and stricter interpretations on bribery and hospitality, and takes into account the conditions set by Kesko's business. The Board of Directors of Kesko approves the K Code of Conduct and any material changes to it. The President and CEO is responsible for the implementation of the K Code of Conduct throughout the organisation, ensuring that it is integrated into all areas of operation.

All members of Kesko's personnel confirm their commitment to compliance with the K Code of Conduct annually. The annual confirmation process also includes a discussion between each employee and their manager on the application of the K Code of Conduct in practice. The proportion of Kesko's personnel who submitted the annual confirmation in 2024 was 85%.

The focus areas of ensuring compliant and ethical business conduct were the training of personnel and performance of compliance audits in accordance with to the annual plan. In 2024, personnel completed training on the updated K Code of Conduct either online or as classroom training. During 2024, 88% of the Group's employees completed the training. Depending on their role, personnel are also required to complete other compliance-related online training, such as competition law and data protection training.

The role of managers is emphasised in ensuring the compliance and ethics of Kesko's business operations in daily work. According to the K Code of Conduct, activities must be transparent, and a culture of doing the right thing is emphasised. Suspected misconduct or unethical behaviour should always be reported, primarily to one's own manager or the responsible unit. If this is not possible for some reason, any suspected misconduct can be reported to K Group's SpeakUp channel, which is a confidential reporting channel open to everyone and which can be found through the Kesko.fi website. The channel also allows anonymous reporting.

Protection of whistleblowers

SpeakUp is a confidential reporting channel for the whole K Group. The whistleblowing channel helps to maintain the trust of employees, customers and stakeholders in Kesko's and K Group's business operations. Through the channel, K Group's employees and suppliers, customers and other stakeholders can report their observations concerning Kesko Group, K Group or Kesko Pension Fund regarding suspected misconduct or criminal offences or activities that breach the K Group's K Code of Conduct.

Kesko surveys its employees' confidence in the SpeakUp channel and its operations, as well as in the reporting of grievances in general, with the K Voices personnel survey conducted every other year. Maintaining the channel is an essential part of Kesko's K Compliance operating model and is the responsibility of the Governance, Compliance & Ethics function. Kesko strictly complies with all applicable legislation, including in the investigation of reports

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and the protection of whistleblowers. Both national and European Union legislation on whistleblower protection imposes an obligation on Kesko to protect persons who report violations of European Union law and certain fields of national law to Kesko. As a general rule, personal data related to individuals involved in SpeakUp investigations is processed only when it is absolutely necessary for the investigation. In accordance with its Anti-Discrimination and Anti-Harassment Principles Kesko is committed to protecting its employees and other stakeholders who report suspected discrimination, harassment, abuse or other prohibited conduct to Kesko, and to preventing any retaliation in relation to such reports. Kesko prohibits any attempt to sanction or in any way disadvantage or harass persons who express an intention to report or who have already reported suspected misconduct. Kesko's principle of protecting whistleblowers applies to anyone who reports a suspicion of wrongdoing in good faith, even if the concern later proves to be unfounded. All employees who experience or witness retaliation or otherwise observe behaviour that appears to be retaliatory should immediately report it to either the supervisor, the Occupational Health and Safety Department, Human Resources or Kesko's Governance, Compliance & Ethics function. They may also report their concerns through Kesko's confidential SpeakUp channel. Kesko's Anti-Harassment and Anti-Discrimination Principles also protect persons who participate in the investigation of reports, act as witnesses or otherwise assist in the investigation, or make decisions or recommendations in connection with investigations. A finding of retaliation or harassment may lead to disciplinary action, such as termination of employment, liability for damages or legal sanctions. Kesko's anti-discrimination principle also applies when the report does not fall within the scope of national or European Union whistleblower protection legislation.

Kesko Group's Governance, Compliance & Ethics function is responsible for investigating reports received through the channel. Other experts or authorities may be needed in the investigation on a case-by-case basis. Those who regularly take part in investigating reports receive training on how to perform the investigations. Information about the channel, its functioning and reporters' rights can be found on the Group's internal intranet pages and on Kesko.fi. The K Code of Conduct eLearning also includes a section on SpeakUp. An external service provider is responsible for the technical implementation of the channel.

A total of 53 reports concerning Kesko were submitted through the SpeakUp channel in 2024. No incidents of serious misconduct were identified. Reports were submitted on unethical behaviour, conflict of interest and harassment, for example. No misuse of the reporting channel was observed.

Prevention of corruption and bribery

The prevention of corruption and bribery is one of the focus areas of Kesko's compliance operations. Kesko manages this work through the K Compliance programme, which also includes regular risk assessments conducted throughout Kesko. The programme has identified as specific risk areas in Kesko's operations property and store site operations, procurement of goods and services, participation in public procurement, operations in new geographical and business areas, relations with government officials, and mergers and acquisitions. All those working with high-risk areas are required to complete the K Code of Conduct eLearning, including the section on corruption and bribery. In 2024, 94% of Kesko's white collar employees completed the K Code of Conduct eLearning, and this figure can be considered comparable to the completion rate of employees in risk areas. Kesko's K Code of Conduct includes anti-corruption and anti-bribery guidelines, which were complemented by more detailed anti-corruption and anti-bribery principles that entered into force in 2024.

Every new employee must also complete the K Code of Conduct eLearning, which includes a comprehensive section on combatting corruption and bribery. In addition to the eLearning, new employees receive training on the K Code of Conduct at Welcome to K Group events, for example, where rules on gifts and hospitality, among other things, are covered. Members of the Board of Directors of Kesko Corporation also complete this training.

The unified guidelines and training help to ensure that everyone at Kesko has the same understanding of the anti-corruption and anti-bribery principles and practices that guide daily work. The training also includes a section on Kesko's SpeakUp channel, with information such as where to find the channel and how to use it.

Compliance with the anti-corruption and anti-bribery guidelines throughout Kesko's entire operation chain requires knowing the partners and their commitment to the contract terms. Kesko's business partners are expected to have an operating model that prevents corruption and bribery. This is ensured in contracts with partners by requiring them to commit to the K Code of Conduct for business partners or equivalent instructions, and by requiring suppliers to commit to the amfori BSCI Code of Conduct. A violation of these may even lead to

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termination of the contractual relationship. Kesko may seek compensation from a business partner for damages caused by the violation.

In 2024, Kesko did not become aware of any confirmed cases of corruption or bribery. As with all SpeakUp cases, reports related to corruption and bribery are investigated independently by Kesko's Governance, Compliance & Ethics function. SpeakUp cases are reported regularly to Kesko's Audit Committee and, if required by the investigation, other management. Kesko works with the authorities as required by law.

Management of relationships with suppliers

Kesko expects its business partners to act responsibly and commit to sustainable business practices. Business partners must comply with all applicable laws, regulations and international standards relevant to their operations, as well as Kesko's K Code of Conduct for business partners or their own corresponding principles. The K Code of Conduct is an integral part of our contracts with suppliers and service providers. The K Code of Conduct for business partners requires business partners to respect human rights, to provide a safe and healthy working environment and working conditions, to commit to minimising negative and maximising positive impacts on climate and nature, and to carry out ethical business conduct. Ethical business practices cover the prevention of corruption and bribery, guidelines on hospitality and gifts, the requirement to engage in fair, honest and transparent competition, the respect of intellectual property rights and confidential information, compliance with trade sanctions and export controls, and the management of personal data legally and responsibly.

In 2024, a sustainability attachment was added to Kesko's supplier agreements in the building and technical trade. The attachment contains Kesko's key objectives and measures to promote sustainability in the value chain, as well as the related guidelines and requirements for suppliers. The sustainability attachment includes topics related to climate, biodiversity, environmental protection, social responsibility and conflict minerals, as well as guidelines on chemicals. The attachment covers an increasing number of supplier agreements as they are updated.

With the principles of the K Code of Conduct for business partners, we also bring similar principles of our B2B customers into our supply chain. In turn, our business partners must promote responsible business practices throughout their supply and value chains. Our business partners must ensure that their subcontractors and suppliers and service providers comply with principles and standards that are similar to those set out in the K Code of Conduct for business partners. We expect our business partners to implement appropriate due diligence processes to monitor and manage their subcontracting relationships.

When selecting its suppliers and service providers, Kesko takes into account criteria related to social responsibility and the environment, for example by requiring suppliers and service providers to commit to the K Code of Conduct or its own principles of a similar level and the aforementioned sustainability attachment. Social responsibility in the value chain is central to Kesko's relationships with suppliers and services providers, and our principle is to cooperate only with suppliers from high-risk countries that are subject to social responsibility audits. Social responsibility is described in more detail in S2 Workers in the value chain.

Kesko annually organises sustainability trainings and information events for its business partners, both independently and in cooperation with its partners. Business partners are also actively encouraged to provide training, workshops or resources to their subcontractors and their suppliers and service providers, and to ensure that they understand and maintain these principles.

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Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Materiality	Page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		Material	84
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Material	84
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Material	85
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/245328Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Non-material	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Non-material	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Non-material	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Non-material	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Material	97
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Material	97
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	97
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Material	100
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Material	100
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Material	100

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Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Materiality	Page
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1:Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	101
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	102
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Non-material	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phased-in	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a), ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Phased-in	
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking *book -Climate change transition risk:* Loans collateralised by immovable property - Energy efficiency of the collateral			Phased-in	
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Phased-in	
ESRS E2-4 Amount of each pollutant listed in Annex II of the E- PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Non-material	
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Non-material	
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Non-material	

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Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Materiality	Page
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Non-material	
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Non-material	
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Non-material	
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Non-material	
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Non-material	
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Non-material	
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Non-material	
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Non-material	
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Non-material	
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Material	109
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Material	109, 110
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 of Table #1of Annex 1				Material	112
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Material	112
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Material	113, 114
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Material	113
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Material	113
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Material	117, 118
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Material	115, 116
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	119
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Material	119

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ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	120
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Material	120
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Material	120
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Non-material	
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Material	123, 124
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Material	124
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Material	124
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Non-material	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Material	124, 125, 126
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Material	126
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Non-material	
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Non-material	
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Non-material	
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Material	129, 130, 131

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Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Materiality	Page
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Non-material	
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Non-material	
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Non-material	
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Material	84, 85
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Material	86
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Non-material	

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CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

Consolidated income statement

€ million	Note	1 Jan.-31 Dec. 2024	1 Jan.-31 Dec. 2023
Net sales	2.1	**11,920.1**	**11,783.8**
Materials and services	2.3	-10,184.1	-10,035.0
Change in inventory		-21.6	-72.0
Other operating income	2.4	994.6	975.2
Employee benefit expense	2.5	-842.5	-786.6
Depreciation, amortisation and impairment charges	3.2 3.3	-247.9	-184.0
Depreciation and impairment charges for right-of-use assets	3.4	-375.5	-353.2
Other operating expenses	2.5	-684.5	-651.8
Share of result of joint ventures		20.9	19.0
Operating profit		**579.5**	**695.4**
Interest income and other finance income	4.4	17.7	16.9
Interest expense and other finance costs	4.4	-49.5	-26.3
Interest expense for lease liabilities	4.4	-78.6	-73.4
Foreign exchange differences	4.4	-1.3	-1.1
Total finance income and costs	4.4	-111.7	-83.9
Share of result of associates		3.8	2.1
Profit before tax		**471.5**	**613.5**
Income tax	2.7	-92.0	-118.0
Profit for the year		**379.6**	**495.6**
Profit for the year attributable to			
Owners of the parent		379.1	495.6
Non-controlling interests		0.4	-
Earnings per share for profit attributable to owners of the parent			
Basic and diluted, Group total, €	2.8	0.95	1.25

Consolidated statement of comprehensive income

€ million	Note	1 Jan.-31 Dec. 2024	1 Jan.-31 Dec. 2023
Profit for the year		**379.6**	**495.6**
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains and losses	2.7 3.7	37.6	-5.5
Items that may be reclassified subsequently to profit or loss			
Currency translation differences on foreign operations	2.7	-31.6	-19.5
Share of other comprehensive income of associates and joint ventures	2.7	0.5	-1.8
Cash flow hedge revaluation	2.7	-7.7	-31.0
Total comprehensive income for the year, net of tax		**-1.2**	**-57.9**
Total comprehensive income for the year		**378.3**	**437.7**
Comprehensive income for the year attributable to			
Owners of the parent		377.9	437.7
Non-controlling interests		0.4	-

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€ million	Note	31 Dec. 2024	31 Dec. 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3.2	2,403.3	2,055.6
Goodwill	3.3	643.0	663.7
Intangible assets	3.3	234.2	211.4
Right-of-use assets	3.4	1,867.7	1,816.9
Shares in associates and joint ventures	3.8 5.1	239.7	232.8
Other investments	4.3 4.5	14.8	14.0
Non-current receivables	4.3 4.5	65.9	71.4
Deferred tax assets	2.7	16.9	13.7
Pension assets	3.7	127.5	79.6
Total non-current assets		**5,612.9**	**5,159.1**
Current assets			
Inventories	3.5	1,101.5	1,083.9
Interest-bearing receivables	3.6 4.5	4.2	4.3
Trade receivables	3.6 4.3 4.5	957.9	970.5
Income tax assets	3.6	12.9	6.6
Other non-interest-bearing receivables	3.6 4.5	287.1	302.6
Other financial assets	4.3 4.5	15.0	15.4
Cash and cash equivalents	4.5	473.1	211.9
Total current assets		**2,851.7**	**2,595.2**
Non-current assets classified as held for sale		6.6	-
Total assets		**8,471.2**	**7,754.3**

€ million	Note	31 Dec. 2024	31 Dec. 2023
EQUITY AND LIABILITIES			
Share capital	4.2	197.3	197.3
Share premium	4.2	197.8	197.8
Other reserves	4.2	266.8	266.9
Currency translation differences	4.2	-103.3	-71.7
Revaluation reserve	4.2	-3.4	4.3
Treasury shares		-22.8	-26.7
Retained earnings		2,189.7	2,190.6
Equity		**2,722.1**	**2,758.4**
Non-controlling interests		12.9	-
Total equity		**2,734.9**	**2,758.4**
Non-current liabilities			
Interest-bearing non-current liabilities	4.3 4.5 4.6	1,054.0	690.7
Lease liabilities	4.5 4.6	1,628.8	1,647.2
Non-interest-bearing non-current liabilities	4.3 4.5	42.8	24.5
Deferred tax liabilities	2.7	76.3	70.9
Provisions	3.9	6.3	6.9
Total non-current liabilities		**2,808.1**	**2,440.2**
Current liabilities			
Current interest-bearing liabilities	4.3 4.5 4.6	291.3	98.5
Lease liabilities	4.5 4.6	422.2	350.6
Trade payables	4.3 4.5	1,404.4	1,418.3
Other non-interest-bearing liabilities	4.3 4.5	342.4	250.0
Income tax liabilities		12.2	11.2
Accrued liabilities	4.3 4.5	442.4	415.1
Provisions	3.9	13.2	12.0
Total current liabilities		**2,928.1**	**2,555.7**
Liabilities related to non-current assets classified as held for sale		0.1	-
Total liabilities		**5,736.3**	**4,995.9**
Total equity and liabilities		**8,471.2**	**7,754.3**

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€ million	Note	1 Jan.-31 Dec. 2024	1 Jan.-31 Dec. 2023
Cash flows from operating activities			
Profit before tax		471.5	613.5
Adjustments			
Depreciation according to plan		207.4	184.0
Depreciation and impairment for right-of-use assets		375.5	353.2
Finance income and costs		33.1	10.5
Interest expense for lease liabilities		78.6	73.4
Other adjustments	2.9	22.2	-10.8
		716.9	610.3
Change in working capital			
Current non-interest-bearing receivables, increase (-)/decrease (+)		43.8	69.3
Inventories, increase (-)/decrease (+)		25.5	58.3
Current non-interest-bearing liabilities, increase (+)/decrease (-)		-44.8	-137.1
		24.5	-9.5
Interest paid and other finance costs		-45.6	-24.9
Interest paid on lease liabilities		-78.6	-73.4
Interest received		16.9	15.0
Dividends and capital repayments received from associated companies and joint ventures		22.3	24.4
Dividends received from others		0.5	2.4
Income taxes paid		-120.2	-108.3
Net cash flows from operating activities, total		**1,008.2**	**1,049.5**

€ million	Note	1 Jan.-31 Dec. 2024	1 Jan.-31 Dec. 2023
Cash flows from investing activities			
Payments for acquisition of subsidiary shares, net of cash acquired	3.1	-151.6	-140.1
Payments for investments consolidated using the equity method		-0.1	-
Payments for property, plant, equipment and intangible assets	2.9	-491.4	-539.2
Proceeds from sale of subsidiaries and businesses, net cash deducted		-	9.9
Proceeds from sale of property, plant, equipment and intangible assets		45.0	24.8
Proceeds from sale of other investments		0.0	0.1
Loan receivables and other financial assets, increase (-)/decrease (+)		0.5	54.3
Net cash flows from investing activities, total		**-597.5**	**-590.2**
Cash flows from financing activities			
Interest-bearing liabilities, increase (+)/decrease (-)	4.1	534.0	283.4
Repayments for lease liabilities	3.4 4.1	-370.9	-354.3
Interest-bearing receivables, increase (-)/decrease (+)	4.1	3.9	2.2
Dividends paid		-320.3	-430.3
Other items		3.5	6.8
Net cash flows from financing activities, total		**-149.8**	**-492.2**
Change in cash and cash equivalents		**260.9**	**-32.9**
Cash and cash equivalents as at 1 January	4.5	211.9	245.5
Currency translation difference adjustment and change in value		0.3	-0.7
Cash and cash equivalents as at 31 December	4.5	**473.1**	**211.9**

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Consolidated statement of changes in equity

€ million	Share capital	Reserves	Currency translation differences	Revaluation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total
Balance as at 1 January 2024	**197.3**	**464.7**	**-71.7**	**4.3**	**-26.7**	**2,190.6**	**-**	**2,758.4**
Share-based payments					3.9			3.9
Dividends						-405.9		-405.9
Increase of non-controlling interests						-17.0	12.4	-4.5
Other changes		-0.0	-			4.8		4.8
Transactions with owners, total		-0.0	-		3.9	-418.1	12.4	-401.8
Comprehensive income								
Profit for the period						379.1	0.4	379.6
Actuarial gains and losses						37.6		37.6
Currency translation differences on foreign operations			-31.6			-	0.0	-31.6
Share of other comprehensive income of associates and joint ventures				-		0.5		0.5
Cash flow hedge revaluation				-7.7		-		-7.7
Total other comprehensive income for the period, net of tax			-31.6	-7.7		38.1	0.0	-1.2
Total comprehensive income for the period			-31.6	-7.7		417.2	0.4	378.3
Balance as at 31 December 2024	**197.3**	**464.7**	**-103.3**	**-3.4**	**-22.8**	**2,189.7**	**12.9**	**2,734.9**
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								
Profit for the period						495.6	-	495.6
Actuarial gains and losses						-5.5		-5.5
Currency translation differences on foreign operations			-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 other comprehensive income for the period, 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**

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

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

1.1 Basic information about the Company

Kesko is a Finnish listed trading sector company. Kesko has approximately 1,700 stores engaged in chain operations in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania 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, 00016 KESKO, Finland. Copies of Kesko Corporation's financial statements and the consolidated financial statements are available from Kesko Corporation, visiting address Työpajankatu 12, Helsinki, Finland and from the internet at www.kesko.fi/en.

These consolidated financial statements were authorised for issue by the Board of Directors on 4 February 2025.

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

1.2 Basis of preparation

Kesko's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) approved for adoption by the European Union, and they comply with the IAS and IFRS standards and respective SIC and IFRIC Interpretations effective on 31 December 2024. 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 2024. 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.

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.

1.3 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

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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 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.

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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 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 joint operations 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.

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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 items also for the comparatives. The Group did not have any discontinued operations in 2024 and 2023.

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

New 'IFRS 18 Presentation and Disclosure in Financial Statements'

The new standard 'IFRS 18 Presentation and Disclosure in Financial Statements' was published on 9 April 2024, and it will be effective for financial reporting periods beginning on or after 1 January 2027. Comparison period shall be restated accordingly. The new standard includes instructions especially in relation to the presentation of the statement of profit or loss. The standard includes two defined subtotals and one total which shall be presented in the statement of profit or loss: the subtotals are 'operating profit' and 'profit before financing and income taxes' and the total is 'profit for the year'. According to the standard, income and expenses included in the statement of profit or loss shall be classified under five categories: operating, investing, financing, income tax and discontinued operations. The standard also requires the presentation of Management-defined Performance Measures in the financial statements. The Group estimates that the new standard will impact the presentation of the statement of profit or loss and the information presented in the financial statements. The Group will analyse the need for changes in accordance with the requirements of the standard.

Other annual improvements or amendments to existing standards that become effective on or after 1 January 2025 are not estimated to have a material impact on the consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

Segment 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

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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 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. Kesko's wholesale to retailers accounted for 45% (46%) of the Group's net sales in 2024. B2B trade accounted for 37% (39%) of the Group's net sales in 2024. Kesko's BtoC trade accounted for 18% (15%) 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 from 1 April 2023 onwards. Sports trade became part of the car trade division, while it previously had been 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 1,100 grocery stores operated by K-retailers in Finland. These stores form the K-Citymarket, K-Supermarket and K-Market grocery retail chains. The Neste K chain was discontinued during the year 2024. 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, Denmark, the Baltic countries and Poland. On 31 January 2024 Kesko expanded its operations to Denmark by acquiring 90% of the shares in Davidsen Koncernen A/S. In building and home improvement trade, Kesko operates with the K-retailer business model in Finland, and as a retail operator in Sweden, Norway and Denmark. The retail store chains are K-Rauta (Finland), K-Bygg (Sweden), Byggmakker (Norway) and Davidsen (Denmark). The reorganisation of the K-Rauta chain in Sweden was completed in December 2024. In October-November 2024, a total of 8 K-Rauta stores were transferred 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.

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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. The business acquisition of Autotalo Lohja was completed on 1 September 2024. In the comparison period 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.

Common functions

Common functions comprise Group support functions.

Segment information 2024

Profit

€ million	Grocery trade	Building and technical trade	Car trade	Common functions	Total
Division net sales	6,381.4	4,351.6	1,209.4	1.5	11,943.9
of which intersegment sales	-16.1	0.2	-7.3	-0.7	-23.9
Net sales from external customers	**6,365.3**	**4,351.8**	**1,202.1**	**0.8**	**11,920.1**
Change in net sales in local currency excluding acquisitions and disposals, %	0.4	-6.0	-4.0	-	-2.3
Change in net sales, %	0.5	3.8	-4.2	-	1.2
Other division income	813.0	144.1	29.0	12.7	998.7
of which intersegment income	-0.9	-2.0	0.1	-1.3	-4.1
Other operating income from external customers	**812.0**	**142.1**	**29.1**	**11.3**	**994.6**
Depreciation and amortisation	-108.6	-76.9	-31.4	-31.0	-247.9
Depreciation and impairment charges for right-of-use assets	-243.9	-100.8	-24.2	-6.6	-375.5
Share of result of joint ventures	-	20.9	-	-	20.9
Operating profit	**420.9**	**116.3**	**69.3**	**-26.9**	**579.5**
Items affecting comparability	-17.2	-52.8	-0.0	-0.5	-70.6
Comparable operating profit	**438.0**	**169.1**	**69.3**	**-26.4**	**650.1**
Finance income and costs					-111.7
Share of result of associates					3.8
Profit before tax					**471.5**

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Assets and liabilities

€ million	Grocery trade	Building and technical trade	Car trade	Common functions	Eliminations	Total
Property, plant, equipment and intangible assets	1,697.0	1,215.9	286.5	82.4	-1.3	3,280.5
Right-of-use assets	1,258.9	472.3	78.6	57.9	-	1,867.7
Interests in associates and joint ventures and other investments	6.2	160.8	0.1	88.1	-0.6	254.5
Pension assets	18.6	5.0	-	103.8	-	127.5
Inventories	285.8	586.0	229.7	-	-	1,101.5
Trade receivables	363.5	524.1	71.1	2.1	-2.9	957.9
Other non-interest-bearing receivables	71.5	197.5	24.2	45.5	-31.5	307.2
Interest-bearing receivables	1.1	-	-	61.9	-	63.0
Non-current assets classified as held for sale	-	6.6	-	-	-	6.6
Assets included in capital employed	**3,702.7**	**3,168.1**	**690.1**	**441.7**	**-36.3**	**7,966.3**
Unallocated items						
Deferred tax assets						16.9
Other financial assets						15.0
Cash and cash equivalents						473.1
Total assets	**3,702.7**	**3,168.1**	**690.1**	**441.7**	**-36.3**	**8,471.2**
Trade payables	603.4	736.3	52.3	14.6	-2.2	1,404.4
Other non-interest-bearing liabilities	312.6	269.7	113.4	45.5	-22.7	718.5
Provisions	1.1	5.2	12.6	0.5	-	19.5
Liabilities related to non-current assets classified as held for sale	-	0.1	-	-	-	0.1
Liabilities included in capital employed	**917.1**	**1,011.4**	**178.3**	**60.6**	**-24.9**	**2,142.4**
Unallocated items						
Interest-bearing liabilities						1,345.3
Lease liabilities						2,051.0
Other non-interest-bearing liabilities						121.3
Deferred tax liabilities						76.3
Total liabilities	**917.1**	**1,011.4**	**178.3**	**60.6**	**-24.9**	**5,736.3**
Total capital employed as at 31 December	**2,785.6**	**2,156.7**	**511.8**	**381.1**	**-11.4**	**5,823.8**
Average capital employed	**2,734.9**	**2,172.8**	**503.0**	**350.7**	**-2.7**	**5,758.7**
Return on capital employed, %, comparable	**16.0**	**7.8**	**13.8**	**-**	**-**	**11.3**
Number of personnel as at 31 December	**8,257**	**7,341**	**1,752**	**959**		**18,309**
Average number of personnel converted into full-time employees	**6,346**	**6,538**	**1,556**	**908**		**15,347**

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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	13.9	-	-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	Eliminations	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**
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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Alternative performance measures in segment reporting

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

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

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 disposal of real estate, shares and business operations, impairment charges and significant restructuring costs are identified as items affecting comparability. Gains on disposal have been presented within other operating income, and losses on disposal within other operating expenses in the income statement. 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 monitor the achievement of certain financial targets. The EBITDA excluding the impact of IFRS 16 corresponds to EBITDA before the adoption of IFRS 16, and the interest-bearing net debt excluding lease liabilities correspond to interest-bearing net debt before the adoption of the standard. These restated indicators are included as components in the Group's financial target "interest-bearing net debt excluding lease liabilities divided by EBITDA excluding the impact of IFRS 16".

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

Items affecting comparability

€ million	2024	2023
Gains on disposal	+11.4	+0.4
Losses on disposal	-1.6	-1.0
Impairment charges	-40.0	-
Structural arrangements	-40.4	-16.1
Items in operating profit affecting comparability, total	**-70.6**	**-16.7**

Items related to structural arrangements are presented on the following lines in the consolidated income statement: other operating income (€+11.7 million), materials and services (€-0.1 million), change in inventory (€-8.2 million), employee benefit expenses (€-4.4 million), amortisation and impairment charges (€-44.8 million), amortisation and impairment charges for right-of-use assets (€-13.5 million) and other operating expenses (€-11.4 million).

In 2023 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), amortisation and impairment charges (€-0.5 million), amortisation and impairment charges for right-of-use assets (€-3.4 million) and other operating expenses (€-5.1 million).

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Reconciliation of alternative performance measures to IFRS financial statements

€ million	2024	2023
Operating profit, comparable		
Operating profit	579.5	695.4
Net of		
Items in operating profit affecting comparability	-70.6	-16.7
Operating profit, comparable	**650.1**	**712.0**
Return on capital employed, comparable, %		
Operating profit, comparable	650.1	712.0
Capital employed, average	5,758.7	5,313.3
Return on capital employed, comparable, %	**11.3**	**13.4**
Comparable change in net sales		
Net sales, grocery trade	6,381.4	6,351.6
Effect of acquisitions and divestments	-3.7	
Change in net sales, comparable, %	0.4	
Net sales, building and technical trade	4,351.6	4,193.2
Foreign exchange effects	-2.8	
Effect of acquisitions and divestments	-407.9	
Change in net sales, comparable, %	-6.0	-10.5
Net sales, car trade	1,209.4	1,262.3
Effect of acquisitions and divestments	2.5	
Change in net sales, comparable, %	-4.0	
Net sales, Group	11,920.1	11,783.8
Foreign exchange effects	-2.8	
Effect of acquisitions and divestments	-409.1	-258.5
Change in net sales, comparable, %	-2.3	-0.8

Calculation of performance indicators

Operating profit, comparable

Operating profit +/– items affecting comparability

Return on capital employed, %, comparable

Comparable operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months

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Geographical information

The Group operates in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and Poland. The grocery trade operates in Finland. The building and technical trade operates in Finland, Sweden, Norway, Denmark, 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.

2024 € million	Finland	Other Nordic countries	Baltic countries	Others	Eliminations	Total
Net sales	9,542.7	1,889.3	127.4	368.1	-7.4	11,920.1
Assets included in capital employed	6,019.5	1,546.6	232.1	168.1		7,966.3
Average number of personnel converted into full-time employees	10,345	3,687	359	957		15,347

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

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2.3 Material and services

€ million	2024	2023
Materials and services	-9,959.5	-9,814.8
External services	-224.6	-220.2
Total	**-10,184.1**	**-10,035.0**

2.4 Other operating income

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

€ million	2024	2023
Service fees	779.2	780.3
Lease income	50.6	46.1
Gains on disposal of property, plant, equipment and intangible assets	12.6	1.6
Realised gains on derivative contracts and changes in fair value	3.6	1.4
Others	148.6	145.9
Total	**994.6**	**975.2**

Service fees mainly comprises chain and store site fees paid by the independent retailers.

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	2024	2023
Salaries and fees	-686.2	-629.8
Social security costs	-54.8	-58.4
Pension costs		
Defined benefit plans	0.2	-1.2
Defined contribution plans	-94.7	-89.2
Share based payments	-7.0	-8.1
Total	**-842.5**	**-786.6**

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

	2024	2023
Grocery trade	6,346	6,257
Building and technical trade	6,538	6,073
Car trade	1,556	1,531
Common operations	908	905
Total	**15,347**	**14,766**

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

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Other operating expenses

€ million	2024	2023
Marketing costs	-201.0	-208.5
Property and store site maintenance expenses	-198.5	-185.1
ICT expenses	-123.4	-111.9
Lease payments in the income statement	-8.5	-7.7
Losses on disposal of property, plant, equioment and intangible assets	-2.1	-1.1
Realized losses on derivative contracts and changes in fair value	-1.5	-1.7
Other operating expenses	-149.6	-135.8
Total	**-684.5**	**-651.8**

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	2024	2023
Audit	-1.4	-1.2
Tax consultation	-	-0.0
Other services	-0.1	-0.2
Total	**-1.5**	**-1.4**

Kesko Corporation's Auditor is Deloitte Oy. A statutory audit fee of €0.0 million (€0.1 million) was paid to an audit firm outside of Deloitte chain.

2.6 Foreign exchange differences recognised in operating profit

€ million	2024	2023
Net sales	-0.1	-0.2
Other operating incom	3.6	1.4
Materials and services	-0.5	-1.0
Other operating expenses	-1.5	-1.7
Total	**1.5**	**-1.4**

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. Kesko applies the mandatory exception under IAS 12 from deferred tax accounting in relation to Pillar Two income taxes. 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, tangible and intangible assets and tax losses.

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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.

€ million	2024	2023
Current tax	-114.8	-113.9
Tax for prior years	-0.3	-0.5
Change in deferred taxes	23.1	-3.6
Total	**-92.0**	**-118.0**

Pillar Two minimum tax legislation is applied for the first time to the financial year beginning on 1 January 2024. Group's current tax expense in 2024 does not include top-up taxes arising under the Pillar Two rules.

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

€ million	2024	2023
Profit before tax	471.5	613.5
Tax at parent's tax rate 20.0%	-94.3	-122.7
Effect of foreign subsidiaries' different tax rates	0.1	-3.5
Effect of tax-free income	2.4	0.4
Effect of expenses not deductible for tax purposes	-11.6	-2.0
Effect of unrecognised deferred tax assets	0.1	-0.6
Effect of consolidation of share of result of associates and joint ventures	4.9	4.2
Tax for prior years	-0.3	-0.5
Adjustment and revaluation of deferred tax for previous years	6.7	7.0
Effect of changes in tax rates	-0.0	-
Others	0.0	-0.3
Tax charge	**-92.0**	**-118.0**
Effective tax rate %	**-19.5**	**-19.2**

Balance sheet division of net deferred tax assets (liabilities)

€ million	2024	2023
Deferred tax assets	16.9	13.7
Deferred tax liabilities	76.3	70.9
Total	**-59.4**	**-57.2**

Movements in deferred tax in 2024

€ million	1 Jan. 2024	Income statement charge	Tax charged/ credited to equity	Exchange differences	Other changes	31 Dec. 2024
Deferred tax assets						
Tangible and intangible assets	7.1	1.5	-	-0.1	-0.3	8.2
Inventory	7.0	0.4	-	-0.2	-	7.2
Leases	36.6	0.9	-	-0.2	-	37.3
Provisions	4.8	-0.3	-	0.0	0.0	4.5
Tax loss carry-forwards	10.5	5.2	-	-0.3	-0.0	15.4
Other temporary differences	7.2	0.8	0.9	-0.0	0.2	8.9
Total	**73.1**	**8.5**	**0.9**	**-0.8**	**-0.1**	**81.5**
Deferred tax liabilities						
Tangible and intangible assets	97.6	-8.8	-	-0.6	17.1	105.3
Derivative contracts	1.6	0.0	-1.0	-	-	0.6
Pensions	15.9	0.1	9.5	-0.0	-	25.5
Untaxed earnings	10.4	-5.2	-	-0.2	-	5.1
Other temporary differences	4.8	-0.8	-	0.0	0.5	4.5
Total	**130.2**	**-14.7**	**8.5**	**-0.8**	**17.6**	**140.9**
Net deferred tax asset (+)/liability (-)	**-57.2**					**-59.4**

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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						
Tangible and intangible assets	7.5	-0.5	-	-0.0	0.0	7.1
Inventory	4.2	2.6	-	-0.0	0.2	7.0
Leases	37.1	-0.4	-	-0.1	-	36.6
Provisions	5.8	-1.1	-	0.1	-	4.8
Tax loss carry-forwards	0.1	9.9	-	0.3	0.1	10.5
Other temporary differences	6.7	0.0	0.3	0.1	0.0	7.2
Total	**61.4**	**10.5**	**0.3**	**0.4**	**0.4**	**73.1**
Deferred tax liabilities						
Tangible and intangible assets	85.5	9.4	-	-0.7	3.4	97.6
Derivative contracts	9.0	0.1	-7.5	-	-	1.6
Pensions	17.2	0.1	-1.4	0.0	-0.1	15.9
Untaxed earnings	6.3	4.1	-	-0.0	-	10.4
Other temporary differences	4.5	0.5	-	0.2	-0.4	4.8
Total	**122.5**	**14.2**	**-8.8**	**-0.5**	**2.9**	**130.2**
Net deferred tax asset (+)/liability (-)	-61.0					-57.2

Deferred tax related to components of other comprehensive income

€ million	2024 Before tax	Tax charge/ credit	After tax	2023 Before tax	Tax charge/ credit	After tax
Items that will not be reclassified subsequently to profit or loss						
Actuarial gains and losses	47.0	-9.4	37.6	-6.9	1.4	-5.5
Items that may be reclassified subsequently to profit or loss						
Currency translation differences relating on foreign operations	-31.6		-31.6	-19.5		-19.5
Share of other comprehensive income of associates and joint ventures	0.5		0.5	-1.8		-1.8
Cash flow hedge revaluation	-9.5	1.8	-7.7	-38.8	7.8	-31.0
Total	**6.3**	**-7.6**	**-1.2**	**-67.0**	**9.1**	**-57.9**

Tax loss carry-forwards

In the 31 December 2024 consolidated financial statements, the Group has recognised €15.3 million (€10.2 million) deferred tax asset on tax losses carried forward by the Swedish Group companies. The reorganisation of unprofitable operations in Sweden has been completed, and following the previously conducted acquisitions, utilization of historical tax losses has become possible. 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 2024, the Group still had €128.3 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	2025	2026	2027	2028	2029	2030-	Total
	-	-	-	-	0.1	128.2	128.3

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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.

	2024	2023
Profit for the period attributable to equity holders of the parent, €million	379.1	495.6
Number of shares		
Weighted average number of shares outstanding	397,921,553	397,705,620
Diluted weighted average number of shares outstanding	397,921,553	397,705,620
Earnings per share from profit attributable to equity holders of the parent		
Basic and diluted, Group total, €	0.95	1.25

2.9 Additional details related to the statement of cash flows

Adjustments to cash flows from operating activities

€ million	2024	2023
Adjustment of non-cash transactions in the income statement and items presented elsewhere in the statement of cash flows:		
Change in provisions	0.7	-2.4
Share of results of associates and joint ventures	-24.7	-21.0
Impairments	40.5	-
Credit losses	7.1	5.1
Gains on disposal of property,plant, equipment and intangible assets and business operations	-12.7	-1.6
Losses on disposal of property, plant, equipment and intangible assets and business operations	4.8	5.5
Share-based compensation	2.6	-2.3
Defined benefit pensions	-0.3	0.5
Others	4.2	5.5
Total	**22.2**	**-10.8**

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	2024	2023
Total acquisition of property, plant, equipment and intangible assets	527.6	550.0
Total acquisition of subsidiaries and investments in associates and other investments	148.3	129.0
Total capital expenditure	**675.9**	**678.9**
of which cash payments	614.7	643.5
Loans relating to acquired companies and cash and cash equivalents	49.9	40.3
Payments arising from prior period investing activities	-30.2	-39.0
Capital expenditure financed with liabilities	41.5	34.2
Total	**675.9**	**678.9**

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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 2024

Kesko expanded its operations to the Danish building and home improvement trade market by acquiring 90% of the shares in Davidsen Koncernen A/S on 31 January 2024. The Davidsen family will remain as a 10% minority shareholder in the company. Kesko acquired the shares in the company for a consideration of €147.9 million. The acquisition strengthens Kesko's market position in Northern Europe. The figures for Davidsen have been consolidated into Kesko Group's financial reporting from 1 February 2024 onwards.

Based on the purchase price allocation, the fair value of the assets acquired for Kesko Group amounted to €267.9 million and the fair value of the liabilities assumed amounted to €142.9 million. The fair value of intangible assets acquired at the date of acquisition totalled €39.3 million. The goodwill arising from the acquisition, €35.4 million reflects the strengthening of Kesko's market position in Northern European building and home improvement trade both with Davidsen's business operations and the synergies to be obtained. The goodwill arising from the acquisition is not tax deductible. The non-controlling interest is reported as proportionate share of net assets of the acquired company. Based on the agreement between Kesko and the minority shareholder, Kesko has recorded a financial liability related to the redemption of the non-controlling interest in its consolidated statement of financial position, which reduces the amount of equity attributable to owners of the parent company. The consolidated income statement includes minor acquisition-related costs under "Other operating expenses", presented as items affecting comparability.

On 1 September 2024, Kesko acquired Autotalo Lohja, thus expanding its car trade dealership network by two locations. Autotalo Lohja recorded net sales of €43.3 million in 2023. Based on the preliminary purchase price allocation, the fair value of the assets acquired for Kesko Group amounted to €2.4 million and the fair value of the liabilities assumed amounted to €0.5 million. The preliminary fair value of the intangible assets acquired (including customer relationships) at the date of acquisition totals €0.6 million. The €3.0 million goodwill arising from the acquisitions reflects the synergies expected to be achieved in efficiency in retail and other operations. The consolidated income statement includes minor acquisition-related costs, which are presented as items affecting comparability. The impact of the acquired business on the Group's net sales and operating profit in September-December 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.

	2024
€ million	***Davidsen Koncernen A/S***
Acquisition price	147.9
Fair values of assets acquired and liabilities assumed at the date of acquisition	
Intangible assets	39.3
Property, plant, equipment, right-of-use assets and investments	106.7
Inventories	52.8
Receivables	47.3
Deferred tax asset	0.0
Cash and cash equivalents	21.7
Total assets	**267.9**
Trade payables, other payables and provisions	71.5
Interest-bearing liabilities including lease liabilities	54.2
Deferred tax liability	17.2
Total liabilities	**142.9**
Net assets acquired, total	125.0
Non-controlling interests	-12.5
Goodwill	35.4
Acquisition price of the shares	**147.9**
Cash flow impact of acquisition	
Consideration paid	-168.0
Cash and cash equivalents acquired	21.7
Cash flow impact of acquisition	**-146.3**

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.

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.

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.

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	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
Acquisition price of the shares	**4.9**	**120.8**	**8.0**
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**

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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.

2024 € million	Land and waters	Buildings	Machinery and equipment	Other tangible assets	Prepay-ments and construc-tion in progress	Total 2024
Cost						
Cost as at 1 January	391.2	1,866.2	700.6	37.4	232.3	3,227.7
Exchange differences	-0.9	-1.8	-2.5	-0.2	0.0	-5.4
Additions	27.5	193.2	122.5	1.5	150.2	494.9
Acquisitions	5.1	86.4	2.9	0.0	-	94.4
Deductions	-5.0	-12.0	-87.2	-4.0	-7.3	-115.5
Transfers between items	3.8	71.4	1.8	0.6	-102.6	-25.0
Cost as at 31 December	421.8	2,203.4	738.1	35.2	272.6	3,671.0
Accumulated depreciation and impairment charges						
Accumulated depreciation and impairment charges as at 1 January	-7.2	-740.7	-400.3	-23.9		-1,172.0
Exchange differences	0.1	1.0	1.7	0.1		2.9
Accumulated depreciation on deductions	0.8	1.1	48.8	3.4		54.2
Accumulated depreciation on transfers	-	4.3	10.2	0.0		14.5
Depreciation and impairment charges for the year	-0.5	-98.3	-66.3	-2.2		-167.3
Accumulated depreciation and impairment charges as at 31 December	-6.8	-832.7	-405.9	-22.4		-1,267.8
Carrying amount as at 1 January	384.1	1,125.5	300.3	13.5	232.3	2,055.6
Carrying amount as at 31 December	**415.0**	**1,370.7**	**332.2**	**12.8**	**272.6**	**2,403.3**

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2023 € million	Land and waters	Buildings	Machinery and equipment	Other tangible assets	Prepay-ments and construc-tion 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**

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, which are 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 estimated 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.

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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. The previously recorded impairment of an asset is reversed if, upon reassessment, the recoverable amount has increased. 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.

2024 € million	Goodwill	Trade-marks	Other intangible assets	Prepay-ments	Total 2024
Cost					
Cost as at 1 January	710.1	96.0	298.2	4.2	1,108.5
Exchange difference	-19.6	-1.5	-3.5	-	-24.6
Additions	-	-	14.2	2.0	16.2
Acquisitions	38.5	29.8	9.9	-	78.2
Deductions	-	-	-8.1	-0.2	-8.3
Transfers between items	-	-	6.8	-2.9	3.9
Cost as at 31 December	729.0	124.3	317.6	3.1	1,174.0
Accumulated amortisation and impairment charges					
Accumulated amortisation and impairment charges as at 1 January	-46.4	-10.0	-177.0		-233.5
Exchange difference	0.4	0.5	2.1		3.0
Accumulated amortisation and impairment charges on disposals		-	14.3		14.3
Accumulated amortisation and impairment charges on transfers		0.0	-0.0		-0.0
Amortisation and impairment charges for the year	-40.0	-1.3	-39.3		-80.6
Accumulated amortisation and impairment charges as at 31 December	-85.9	-10.8	-200.0		-296.7
Carrying amount as at 1 January	663.7	86.0	121.2	4.2	875.1
Carrying amount as at 31 December	**643.0**	**113.5**	**117.7**	**3.1**	**877.3**

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2023 € million	Goodwill	Trade-marks	Other intangible assets	Prepay-ments	Total 2023
Cost					
Cost as at 1 January	635.1	96.1	249.4	9.1	989.7
Exchange difference	-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 difference	-0.2	0.5	2.2		2.5
Accumulated amortisation and impairment charges on disposals		-	14.5		14.5
Accumulated amortisation and impairment charges 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**

Other intangible assets include software and licences amounting to €42.2 million (€55.0 million).

Impairment testing

Goodwill is allocated to cash-generating units (CGUs) for impairment testing purposes. The cash-generating units have been identified at the level of reportable segments at most. 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	Trade-marks 2024	Goodwill 2024	Trade-marks 2023	Goodwill 2023
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	147.9	58.3	152.2
Byggmakker, Norway	19.8	150.7	20.8	199.3
K-Bygg, Sweden	-	185.0	-	191.0
Davidsen, Denmark	29.8	35.4	-	-
Car trade	-	46.1	-	43.1
Total	**113.2**	**643.0**	**84.4**	**663.7**

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 2024 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.

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The average compound annual growth rate for the forecast period was 1.8%-15.5% and the EBITDA ratio range 4.7%-12.7%. 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 2024	Terminal growth rate 2024	Pre-tax discount rate 2023	Terminal growth rate 2023
Grocery trade				
Grocery trade, chain operations	6.5%	0.5%	6.8%	0.5%
Grocery trade, Kespro	6.3%	1.5%	6.5%	1.5%
Building and technical trade				
Technical trade	9.1%	2.0%	7.6%	2.0%
Byggmakker, Norway	8.7%	2.0%	7.2%	2.0%
K-Bygg, Sweden	7.0%	2.0%	7.1%	2.0%
Davidsen, Denmark	7.2%	2.0%		
Car trade	8.5%	2.0%	7.2%	1.5%

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

Impairment charges

In the 2024 financial year, a €40 million impairment of goodwill was recognised for the Norwegian building and home improvement trade chain Byggmakker, which is part of the building and technical trade segment, influenced by weaker-than-anticipated profit performance as well as the weak cycle in the Norwegian construction market and high interest rates. The recoverable amount for the Byggmakker business based on a value-in-use calculation totalled €411.8 million, and the discount rate used in the calculation was 8.7% (7.2%). There were no impairment charges recognised on goodwill or intangible rights in the 2023 financial year.

Sensitivity analysis

The sensitivity analysis concerns other than Byggmakker's impairment test. The most sensitive to movements in assumptions is the goodwill impairment test for K-Bygg. K-Bygg's net sales in 2024 totalled €277.0 million. During the forecast period, the range for change in K-Bygg's net sales is 4.9%-33.6%, impacted by the transfer of eight former K-Rauta stores under the K-Bygg chain in the final quarter of 2024. By the end of the forecast period, K-Bygg's EBITDA margin is expected to have grown by 4.4 percentage points from the EBITDA margin achieved in 2024. The weak construction market has negatively impacted the realised EBITDA level. In K-Bygg's impairment test, the recoverable amount exceeded the carrying amount of the assets tested by €20.9 million. Impairment would be recognised if the post-forecast period EBITDA margin would decrease by more than 0.3 percentage points, if the post-forecast period growth percentage would be below 1.7% or if the pre-tax discount rate was above 7.3%.

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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.

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.

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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.

2024 € million	Land and buildings	Machinery and equipment	Total
Carrying amount as at 1 January	1,799.9	17.0	1,816.9
Additions	444.0	13.5	457.5
Acquisitions	2.7	9.7	12.3
Transfer between items	0.0	-0.4	-0.4
Depreciation	-348.5	-11.0	-359.5
Impairment charges	-12.8	-	-12.8
Deductions	-36.9	-0.2	-37.1
Exchange differences	-8.9	-0.4	-9.3
Carrying amount as at 31 December	1,839.5	28.2	1,867.7

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

The lease commitments for leases not commenced on 31 December 2024 to which the Group is committed totalled €298.8 million (€233.2 million).

Lease expenditure

€ million	2024	2023
Operating profit		
Depreciation and impairment charges on right-of-use assets	-375.5	-353.2
Lease payments for short-term leases	-4.3	-3.2
Lease payments for low-value assets	-3.5	-3.6
Variable lease payments	-0.7	-1.0
Financial expenses		
Interest expense for lease liabilities	-78.6	-73.4
Total	**-462.6**	**-434.3**

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

Cash flow from leases

€ million	2024	2023
Interest expense for lease liabilities	-78.6	-73.4
Repayments of lease liabilities	-370.9	-354.3
Lease payments in the income statement	-8.5	-7.7
Total	**-458.0**	**-435.4**

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

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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	2024	2023
Lease income for operating leases	75.0	68.5

3.5 Inventories

Accounting Policies

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less direct costs necessary to make the sale. The cost is determined using weighted average costs. The cost of finished goods comprises all costs of purchase including freight. The cost of self-constructed goods comprises all costs of conversion 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	2024	2023
Goods	1,096.1	1,078.4
Prepayments	5.4	5.5
Total	**1,101.5**	**1,083.9**
Write-down of inventories to net realisable value	70.2	72.3

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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.

€ million	2024	2023
Interest-bearing receivables		
Interest-bearing loans and receivables	4.2	4.3
Total interest-bearing receivables	4.2	4.3
Trade receivables	957.9	970.5
Income tax assets	12.9	6.6
Other non-interest-bearing receivables		
Non-interest-bearing loans and receivables	38.0	44.6
Prepaid expenses and deferred income	249.1	258.0
Total other non-interest-bearing receivables	287.1	302.6
Total	**1,262.1**	**1,284.0**

The most material part of prepaid expenses relates to refunds of 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	2024	2023
Trade receivables not due	878.3	875.8
1-7 days past due trade receivables	40.6	58.0
8-30 days past due trade receivables	17.6	14.7
31-60 days past due trade receivables	4.1	4.7
Over 60 days past due trade receivables	17.2	17.1
Total	**957.9**	**970.5**

In Finland the key part of the business is done in cooperation with retailers and within trade receivables, €357.7 million (€382.7 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 €187.1 million (€199.5 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 €30.6 million (€24.4 million). The aggregate amount of credit losses and impairments recognised in the profit for the financial year was €7.1 million (€5.1 million)

The amount of trade receivables with renegotiated terms totalled €2.1 million (€1.4 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 1,996 beneficiaries, of whom 245 were active employees and 1,751.were retired employees. Kesko Group's contribution to the Pension Fund's obligation is 96.3% (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 2024 or 2023.

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

€ million	2024	2023
Present value of defined benefit obligation	-214.6	-241.0
Fair value of plan assets	342.1	320.3
Net assets recognised in the balance sheet	**127.5**	**79.6**

Movement in the net assets recognised in the balance sheet		
As at 1 January	79.6	86.9
Income/cost recognised in the income statement	0.2	-1.2
Remeasurement	46.9	-6.8
Contributions to plan and plan costs	0.7	0.3
As at 31 December	**127.5**	**79.6**

€ million	Present value of defined benefit obligation	Fair value of plan assets	Total
As at 1 January 2024	-241.0	320.3	79.6
Current service cost	-1.9		-1.9
Gains or losses on settlement	0.1		0.1
Interest cost/income	-7.2	9.8	2.5
Plan costs		-0.5	-0.5
	-9.0	**9.3**	**0.2**
Remeasurement			
Return on plan assets		20.4	20.4
Gain/loss from changes in financial	26.2		26.2
Experience gains/losses	0.3		0.3
	26.5	**20.4**	**46.9**
Contributions to plan		0.7	0.7
Other Changes	-5.9	6.3	0.1
Benefit payments	14.9	-14.9	-
As at 31 December 2024	**-214.6**	**342.1**	**127.5**

€ 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	-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**

Plan assets were comprised as follows in 2024

€ million	Quoted	Unquoted	Total
Europe			
Equity instruments		29.2	29.2
Debt instruments	50.6	7.6	58.2
Investment funds	74.0	15.4	89.5
Properties		85.6	85.6
United States			
Equity instruments			
Investment funds	61.7		61.7
Other countries			
Investment funds	23.6		23.6
Total	**209.9**	**137.8**	**347.8**

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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			
Equity instruments			
Investment funds	51.2		51.2
Other countries			
Investment funds	16.9		16.9
Total	**198.5**	**133.1**	**331.6**

€ million	2024	2023
Kesko Corporation shares included in fair value	-	-
Properties leased by Kesko Group included in fair value	85.6	85.5

Principal actuarial assumptions

	2024	2023
Discount rate	3.35%	3.02%
Salary growth rate	2.27%	2.96%
Inflation	1.99%	2.48%
Pension growth rate	1.80%	2.67%
Average service expectancy, years	4	5

Weighted average duration of pension obligations and expected maturity analysis of undiscounted pension obligations

	2024	2023
Weighted average duration of pension obligations, years	11	12
Expected maturity analysis of undiscounted pension obligations, € million		
Less than 1 year	15.6	15.4
Between 1–10 years	114.5	121.4
Between 10–20 years	96.1	109.2
Between 20–30 years	62.0	75.6
Over 30 years	40.1	55.5
Total	**328.3**	**377.0**

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 2024 , the realised return on investing activity was 10.21%.

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

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diversification of assets is aimed to reduce this risk in varying financial conditions. If a deficit 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 €131.8 million as at 31.12.2024. 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
2024			
Discount rate	0.50%	-5.35%	5.86%
Salary growth rate	0.50%	0.65%	-0.46%
Pension growth rate	0.50%	5.10%	-4.70%
2023			
Discount rate	0.50%	-5.87%	6.52%
Salary growth rate	0.50%	0.74%	-0.65%
Pension growth rate	0.50%	5.60%	-5.10%

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.

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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 5.2.

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%.

Summary of financials of significant joint ventures, € million	31.12.2024	31.12.2023
Current assets	416.7	413.9
Non-current assets	402.1	426.8
Current liabilities	293.4	301.0
Non-current liabilities	268.8	292.9
The above-mentioned balance sheet items contain the following items:		
Cash and cash equivalents	26.3	69.7
Current interest-bearing liabilities	46.6	47.1
Non-current interest-bearing liabilities	268.7	292.8

Summary of financials of significant joint ventures, € million	1.1.-31.12.2024	1.1.-31.12.2023
Net sales	1,199.6	1,174.9
Net profit attributable to owners of the parent	41.8	37.9
Comprehensive income for the year attributable to owners of the parent	42.8	34.3
Group share of profit for the year	20.9	19.0
Share of result of the joint venture consolidated in the consolidated financial statements	20.9	19.0
Share of other comprehensive income of the joint venture consolidated in the consolidated financial statements	21.4	17.1
The above-mentioned income statement items contain the following items:		
Depreciation, amortisation and impairment	-56.1	-53.9
Interest income	1.1	1.1
Interest expense	-12.9	-11.9
Income tax	-4.5	-4.7
Dividends and repayment of capital received from joint ventures	-16.4	-21.7

Reconciliation for balance sheet value of joint ventures, € million	2024	2023
Net assets of joint ventures	256.6	246.7
Minority interest in net assets	20.6	22.0
Group interest in net assets	117.7	112.6
Goodwill	19.2	19.2
Fair value allocations	15.0	15.0
Balance sheet value of joint ventures	151.8	146.8

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

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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	2024	2023
Current assets	20.0	22.1
Non-current assets	495.4	506.7
Current liabilities	6.8	11.1
Non-current liabilities	467.9	477.6
Equity attributable to equity holders of the parent	40.8	40.1
Net sales	54.2	51.8
Net profit for the year	0.7	-4.1
Comprehensive income for the year, total	0.7	-4.2

Reconciliation for balance sheet value of an associate, € million	2024	2023
Net assets of the associate	40.8	40.1
Group interest in net assets	13.6	13.4
Balance sheet value of the associate	13.6	13.4

Other associates

Summary of financials of other associates, € million	2024	2023
Group share of profit for the year	3.0	2.8
Group share of comprehensive income for the year	3.0	2.8
Balance sheet value of associates in the consolidated statement	74.3	72.7

The table presents the associates Vähittäiskaupan Takaus Oy and K-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. 2024	6.6	12.3	18.9
Foreign exchange effets	0.0	-0.1	-0.1
Additional provisions	5.5	7.4	12.9
Unused amounts reversed	-3.0	-0.9	-3.9
Amounts charged against provisions	-1.4	-7.0	-8.4
Provisions as at 31 Dec 2024	9.0	10.5	19.5
Analysis of total provisions			
Non-current	3.2	3.1	6.3
Current	5.8	7.4	13.2

The largest items in other provisions are costs related to maintenance agreements of vehicles and machines sold by Group companies, property cost for empty store sites, and restructuring costs. The average duration for maintenance agreements 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 medium-term financial targets for the company on 27 May 2021. The 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 2.50, excluding the impact of IFRS 16.

€ million	2024	2023
Interest-bearing liabilities and lease liabilities in the consolidated statement of financial position	3,396.3	2,787.0
- Lease liabilities	2,051.0	1,997.9
- Other current financial assets	15.0	15.4
- Cash and cash equivalents	473.1	211.9
Interest-bearing net debt excluding lease liabilities	**857.2**	**561.9**
Operating profit	579.5	695.4
+ depreciation, amortisation and impairment	247.9	184.0
+ depreciation and impairment charges for right-of-use-assets	375.5	353.2
- lease payments for right-of-use-assets	453.2	430.7
EBITDA excluding the impact of IFRS 16	**749.7**	**801.8**
Interest bearing net debt/EBITDA excluding the impact of IFRS 16	**1.1**	**0.7**

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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 €488.1 million (€227.3 million) on 31 December 2024. Interest-bearing liabilities on 31 December 2024 totalled €3,396.3 million (€2,787.0 million), of which lease liabilities accounted for €2,051.0 million (€1,997.9 million). Interest-bearing net debt totalled €2,908.2 million (€2,559.8 million), and interest-bearing net debt excluding lease liabilities totalled €857.2 million (€561.9 million).

€ million	2024	2023
Financial assets at amortised cost (maturing in less than 3 months)	185.2	3.3
Cash and cash equivalents	287.9	208.6
Other current financial assets	15.0	15.4
Borrowings - repayable within one year (including overdraft)	-291.3	-98.5
Lease liabilities - repayable within one year	-422.2	-350.6
Borrowings - repayable after one year	-1,054.0	-690.7
Lease liabilities - repayable after one year	-1,628.8	-1,647.2
Interest bearing net debt	**-2,908.2**	**-2,559.8**

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€ million	Carrying amount as at 1 Jan. 2024	Cash flows	Business acquisitions and divestments	Net changes of lease liabilities	Foreign exchange adjustments	Carrying amount as at 31 Dec. 2024
Lease liabilities due within 1 year	-350.6	370.9	-3.4	-441.0	1.9	-422.2
Lease liabilities due after 1 year	-1,647.2		-8.7	19.1	8.0	-1,628.8
Borrowings due within 1 year	-98.5	-191.5	-1.3		0.0	-291.3
Borrowings due after 1 year	-690.7	-343.1	-20.3		0.0	-1,054.0
Other current financial assets	15.4	-0.4	-		-	15.0
Cash and overdraft	208.6	57.8	21.7		-0.3	287.9
Financial assets at amortised cost	3.3	181.9	-		-	185.2
Net debt	**-2,559.8**	**75.7**	**-11.9**	**-421.9**	**9.7**	**-2,908.2**

€ 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**

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4.2 Shareholders' equity

Accounting principles

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**
As at 1 January 2023	126,948,028	270,510,619	397,458,647	197.3	197.8	266.9	662.0
Change in treasury shares		-310,864	-310,864				
As at 31 December 2023	126,948,028	270,821,483	397,769,511	197.3	197.8	266.9	662.0
Change in treasury shares		-186,897	-186,897				
As at 31 December 2024	**126,948,028**	**271,008,380**	**397,956,408**	**197.3**	**197.8**	**266.8**	**661.9**
Number of votes	**1,269,480,280**	**271,008,380**	**1,540,488,660**				

The number of B shares and the total number of A- and B shares are excluding treasury shares, which totalled 2,122,600 (2,309,497).

Treasury shares

On 31 December 2024, the company held a total of 2,122,600 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 B shares acquired in the year 2018 totals 2,000,000 and the number of shares acquired in 2014 122,600. 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 €1.0 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 26 March 2024 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 2025. Information on share-based payments has been given in Note 5.3.

	pcs
B shares held by the Company as at 31 Dec. 2023	**2,309,497**
Transfer, share-based compensation plan	-203,997
Returned during the period	17,100
B shares held by the Company as at 31 Dec. 2024	**2,122,600**

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Dividends
After the balance sheet date, the Board of Directors proposed the distribution of a dividend of €0.90 per share. The dividend distributed for the profit for 2023 was €1.02 per share.

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 €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 eight 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

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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. 2024 € million	DKK	NOK	PLN	SEK
Net investment	164.0	418.7	95.6	355.1

Group's translation exposure as at 31 Dec. 2023 € million	DKK	NOK	PLN	SEK
Net investment	-	487.2	85.2	297.5

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. 2024, € million	DKK	NOK	PLN	SEK
Weakening 10%	-14.9	-38.1	-8.7	-32.3
Strengthening 10%	18.2	46.5	10.6	39.5

Sensitivity analysis, impact on equity as at 31 Dec. 2023, € million	DKK	NOK	PLN	SEK
Weakening 10%	-	-44.3	-7.7	-27.0
Strengthening 10%	-	54.1	9.5	33.1

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. 2024 € million	DKK	NOK	PLN	SEK	USD
Group's transaction risk	1.8	33.8	-5.6	-44.6	-2.3
Hedging derivatives	-	-42.4	4.2	37.1	36.6
Open exposure	1.8	-8.6	-1.4	-7.6	34.3

Group's transaction exposure as at 31 Dec. 2023 € million	DKK	NOK	PLN	SEK	USD
Group's transaction risk	-0.0	51.7	-11.6	57.5	-2.9
Hedging derivatives	-	-42.3	5.1	-47.3	17.2
Open exposure	-0.0	9.5	-6.6	10.2	14.3

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 2024, the exposure with respect to USD was €-2.0 million.

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A sensitivity analysis of the transaction exposure shows the impact on profit or loss of a +/-10% exchange rate change in foreign currency denominated receivables and liabilities in the balance sheet, 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. 2024, € million	DKK	NOK	PLN	SEK	USD
Weakening 10%	-0.2	0.8	0.1	0.7	-3.1
Strengthening 10%	0.2	-1.0	-0.2	-0.8	3.8

Sensitivity analysis, impact on pre-tax profit as at 31 Dec. 2023, € million	DKK	NOK	PLN	SEK	USD
Weakening 10%	0.0	-0.9	0.6	-0.9	-1.3
Strengthening 10%	-0.0	1.1	-0.7	1.1	1.6

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 been invested in deposits on 31 December 2024 and the duration of these investments was 0.02 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 4.1.

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 six bilateral loans totalling €770 million, with interest margins that take into account Kesko's sustainability targets for carbon footprint and food waste, as well as emission reduction targets for direct suppliers of goods and services in Kesko's value chain. Kesko drew one new bilateral loan and in addition loans were amortized during year 2024. On 2 October 2024 Kesko issued unsecured senior green notes worth €300 million, which will mature on 2 February 2030 and pay an annual interest of 3.5%.

Bilateral loans involve the performance indicator 'interest-bearing net debt/EBITDA, excluding IFRS 16 impact' as a covenant. The indicator was clearly below threshold levels throughout the financial year.

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 include commercial paper programmes denominated in euros totalling an equivalent of €513 million (€546 million).

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	31 Dec. 2024				31 Dec. 2023			
€ 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	**193.0**	**563.7**	**164.1**	**920.8**	**0.2**	**650.6**	**0.8**	**651.6**
finance costs	31.9	38.1	12.9	82.9	29.6	17.3	0.1	47.0
Notes	**-**	**-**	**298.0**	**298.0**	**-**	**-**	**-**	**-**
finance costs	3.5	42.0	10.5	56.0	-	-	-	-
Pension loans	**12.0**	**20.3**	**-**	**32.3**	**12.0**	**32.3**	**-**	**44.3**
finance costs	0.4	0.5	-	0.9	0.6	0.9	-	1.5
Lease liabilities	**422.1**	**1,049.1**	**579.7**	**2,051.0**	**350.6**	**1,064.2**	**583.0**	**1,997.9**
finance costs	74.2	172.7	73.9	320.8	69.6	164.5	68.4	302.5
Payables to K-retailers	**64.7**	**-**	**-**	**64.7**	**64.5**	**-**	**-**	**64.5**
finance costs	-	-	-	-	-	-	-	-
Other interest-bearing liabilities	**21.5**	**7.9**	**0.0**	**29.4**	**21.7**	**7.9**	**0.0**	**29.6**
finance costs	-	0.4	-	0.4	0.1	0.4	-	0.5
Non-current non-interest-bearing liabilities	**0.6**	**22.7**	**19.1**	**42.4**	**0.6**	**3.9**	**19.7**	**24.1**
Current non-interest-bearing liabilities								
Trade payables	**1,404.4**			**1,404.4**	**1,418.3**			**1,418.3**
Accrued expenses	**442.4**			**442.4**	**415.1**			**415.1**
Other non-interest-bearing liabilities	**299.0**			**299.0**	**193.4**			**193.4**

Financial liabilities in the balance sheet include €6.2 million (€3.9 million) related to derivatives, of which €3.4 million mature within the next 12 months. Information on lease liabilities is presented in Note 3.4.

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	31 Dec. 2024				31 Dec. 2023			
€ 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	123.3	-	-	123.3	125.1	-	-	125.1
Interest rate derivatives	4.1	1.5	0.2	5.8	3.9	4.8	-	8.7
of which derivatives under hedge accounting	3.1	0.5	0.2	3.8	3.0	2.9	-	5.9
Electricity derivatives	2.4	3.0	-	5.5	0.5	1.3	-	1.9
Receivables								
Foreign currency derivatives	124.6	-	-	124.6	123.5	-	-	123.5
Interest rate derivatives	5.9	3.6	0.5	10.1	9.4	7.0	-	16.3
of which derivatives under hedge accounting	2.9	1.2	0.5	4.6	3.6	2.1	-	5.6
Electricity derivatives	1.5	0.8	0.0	2.3	5.3	2.2	0.0	7.5

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Interest rate risk on borrowings and sensitivity analysis

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

Hedge accounting is applied to hedging the interest rate risk of specifically determined Group's loans. Interest rate swaps have been used for hedging. The hedging ratio of the loans under hedge accounting is 70%. During the financial year, no ineffectiveness was recorded in the income statement for the hedging of the loans 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 1.0 (1.1) years on average.

The sensitivity analysis calculated at the balance sheet date of 31 December 2024, the effect of variable rate borrowings on the pre-tax profit would have been €-/+7.1 million (€-/+4.1 million), if the interest rate level had risen or fallen by 1 percentage point.

Pension loans, €32.3 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 3.5%.

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 2024 totalled €1,404.4 million, of which €332.4 million were liabilities related to outstanding payables covered by the schemes. Trade payables covered by the scheme for which the suppliers had already received payment from the financier totalled €326.0 million on 31 December 2024. In supply chain financing, the supplier leverages the buyer's credit rating when selling its receivables to a financial institution. Once the buyer approves the invoices, the bank pays them to the supplier without a right of recourse, meaning the supplier has quick access to the cash flows related to trade receivables. The Group does not pay commission to the banks for the supply chain financing. The terms of payment for trade payables covered by the supply chain financing scheme is 30 to 240 days, while the terms of payment for trade payables outside the scheme is 0 to 365 days. The trade payables covered by the scheme mainly concern Finland and the building and technical trade segment. Trade payables covered by the scheme are presented under trade payables on the Group balance sheet. The impact of these trade payables is presented in cash flow from operating activities in 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**	**2024**	**2023**
Carrying amount as at 1 January	15.4	38.7
Changes	-0.4	-23.3
Carrying amount as at 31 December	**15.0**	**15.4**

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 investments in money market funds. The sensitivity of

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money market funds has been determined based on duration. If the interest rates had changed by +/-1 percentage point, the effect of these items on the pre-tax profit would have been €+/-2.6 million (€+/-1.5 million).

Maturity of non-current receivables

Maturity analysis of non-current receivables as at 31 Dec. 2024, € million	2026	2027	2028	2029	2030-	Total
Non-interest-bearing non-current receivables	2.6	2.3	0.2	0.0	1.9	7.1
Loans and receivables from associates and joint ventures	0.5	1.5	-	-	56.0	58.0
Other non-current receivables	0.8	0.0	-	-	-	0.8
Total	**3.8**	**3.9**	**0.2**	**0.0**	**57.9**	**65.9**

The carrying amount of non-interest-bearing non-current receivables equals their fair value.

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**

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

	2024		2023	
€ million	Interest rate hedging of interest-bearing loans	Hedging of the price of electricity	Interest rate hedging of interest-bearing loans	Hedging of the price of electricity
Fair value as at 1 Jan. excluding deferred taxes	-0.3	5.7	-	44.2
Acquisitions	1.9	-	-	-
Booked to income statement	-1.3	-0.2	-0.1	-5.2
Change in fair value	0.4	-8.6	-0.2	-33.3
Fair value as at 31 Dec. excluding deferred taxes	0.8	-3.2	-0.3	5.7

As at the balance sheet date, a total quantity of 1,314,163 MWH (881,560 MWH) of electricity had been purchased with electricity derivatives and 851,126 MWH (9,802,890 MWH) under fixed price purchase agreements. The 1-12 month hedging level for system price was 84% (79%), the 13-24 month level was 75% (66%), the 25-36 month level was 61% (41%), the 37-48 month level was 38% (27%), and the 49-60 month level was 20% (27%).

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 2024, it would contribute €-/+3.2 million (€-/+3.3 million) to the 2025 income statement and €-/+5.8 million (€-/+4.6 million) to equity. The impact has been calculated before taxes.

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Derivatives

Fair values of derivative contracts € million	31 Dec. 2024 Positive fair value (balance sheet value)	31 Dec. 2024 Negative fair value (balance sheet value)	31 Dec. 2023 Positive fair value (balance sheet value)	31 Dec. 2023 Negative fair value (balance sheet value)
Interest rate derivatives	9.3	-5.6	14.8	-8.5
Foreign currency derivatives	1.6	-0.2	0.2	-1.8
Electricity derivatives	2.3	-5.5	7.5	-1.9

Notional principal amounts of derivative contracts € million	31 Dec. 2024	31 Dec. 2023
Interest rate derivatives	467.0	530.0
Foreign currency derivatives	124.9	125.3
Electricity derivatives	45.4	39.4

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 for posting a collateral had not been exceeded at the balance sheet date. Analysed by counterparty, derivative financial liabilities could be set off in a total of €0.7 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	2024	2023
Interest income and other finance income		
Income on investments at amortised cost	1.2	0.6
Interest income on loans and receivables	16.0	13.4
Income on investments at fair value through profit or loss	0.0	0.6
Other finance income	0.5	2.4
Total interest income and other finance income	17.7	16.9
Interest expense and other finance costs		
Interest expense on financial liabilities at amortised cost	-49.1	-24.9
Losses on investments at amortised cost	0.1	1.2
Losses on investments at fair value through profit or loss	-0.3	-0.3
Other finance costs	-0.1	-2.2
Total interest expense and other finance costs	-49.5	-26.3
Interest expense for lease liabilities	-78.6	-73.4
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	-1.3	-1.1
Total exchange differences	-1.3	-1.1
Total finance income and costs	**-111.7**	**-83.9**

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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 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.

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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 2024

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	14.8		-	14.8	14.8			14.8
Non-current receivables		61.0		61.0	61.0			
Non-current receivables, derivatives	3.0		1.9	4.9	4.9		4.9	
Current financial assets								
Trade receivables		957.9		957.9	957.9			
Other receivables		288.1		288.1	288.1			
Other receivables, derivatives	1.6		1.7	3.3	3.3		3.3	
Other financial assets	-	15.0	-	15.0	15.0		-	
Cash and cash equivalents	-	473.1	-	473.1	473.1		-	
Total financial assets	**19.4**	**1,795.0**	**3.6**	**1,817.9**	**1,817.9**		**8.2**	**14.8**

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		1,054.0		1,054.0	1,055.7			
Non-current lease liabilities		1,628.8		1,628.8	1,628.8			
Non-current non-interest-bearing liabilities		39.6		39.6	39.6			
Non-current non-interest-bearing liabilities, derivatives	0.0		2.8	2.8	2.8		2.8	
Current financial liabilities								
Current interest-bearing liabilities		291.3		291.3	291.2			
Current lease liabilities		422.2		422.2	422.2			
Trade payables		1,404.4		1,404.4	1,404.4			
Other non-interest-bearing liabilities		738.1		738.1	738.1			
Other non-interest-bearing liabilities, derivatives	0.2		3.1	3.4	3.4		3.4	
Total financial liabilities	**0.2**	**5,578.3**	**6.0**	**5,584.5**	**5,586.1**		**6.2**	

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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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, which amounted to €185.2 million (€3.3 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 €43.4 million (€56.7 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 from financial institutions have been calculated based on the present value of future cash flows using the 2.2%–2.9% 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**	**2024**	**2023**
Private equity funds and other shares and interests as at 1 January	14.0	13.2
Purchases	0.8	1.3
Gains and losses through profit or loss	-0.1	-0.5
Changes in fair value	-0.0	0.0
Private equity funds and other shares and interests as at 31 December	**14.8**	**14.0**

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 calculations received from the companies. A loss of €0.1 million has been recorded on these investments for the financial year 2024.

4.6 Commitments and contingencies

€ million	**2024**	**2023**
Collateral given for own commitments		
Pledges	9.0	9.0
Mortgages	181.2	181.2
Guarantees	12.3	10.3
Other commitments and contingent liabilities	66.3	64.0
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 commitments presented in Note 3.4. Figure for the comparison period has been adjusted accordingly.

Guarantee maturities are €2.3 million in 2025 and €10.1 million from 2026 onwards.

Leases not commenced yet but to which the Group is committed are presented in Note 3.4.

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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
Davidsen Koncernen A/S	Vojens, Denmark	90.00	90.00
Fiesta Real Estate AS	Tallinn, Estonia	100.00	100.00
Intersport Finland Oy	Helsinki, Finland	100.00	100.00
Kalatukku E. Eriksson Oy	Helsinki, Finland	100.00	100.00
K Auto Oy	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 EIENDOM AS	Oppegård, Norway	100.00	100.00
Kesko Export Oy	Helsinki, Finland	100.00	100.00
Kiinteistöosakeyhtiö Varkauden Kauppakatu 29	Varkaus, Finland	52.29	52.29
Kiinteistö Oy Espoon Sinikalliontie 1	Helsinki, Finland	100.00	100.00
Kiinteistö Oy Espoontori	Espoo, Finland	100.00	100.00
Kiinteistö Oy Espoon Asemakuja 2	Espoo, Finland	100.00	100.00
Kiinteistö Oy Espoon Asematori	Espoo, Finland	54.10	54.10
Kiinteistö Oy Eteläkoivulan Kauppakeskus	Pori, Finland	78.45	78.45
Kiinteistö Oy Harjantauksentie 11	Kotka, Finland	100.00	100.00
Kiinteistö Oy Helsingin Itäkeskus	Helsinki, Finland	100.00	100.00
Kiinteistö Oy Hiukkavaaran Kauppa	Oulu, Finland	100.00	100.00
Kiinteistö Oy Hyvinkään Onnela	Helsinki, Finland	100.00	100.00
Kiinteistö Oy Hämeenlinnan Katsastusmiehentie 10	Helsinki, Finland	100.00	100.00
Kiinteistö Oy Kittilän 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 Salon Hämeentie 24	Helsinki, Finland	100.00	100.00
Kiinteistö Oy Sarviniitynkatu 4	Kerava, Finland	100.00	100.00
Kiinteistö Oy Sunan Hallitalo	Helsinki, Finland	100.00	100.00
Kiinteistö Oy Tarkkaiikka	Oulu, Finland	100.00	100.00
Kiinteistö Oy Voisalmen Liiketalo	Helsinki, Finland	100.00	100.00
Klintcenter Ab	Mariehamn, Åland	100.00	100.00
Kompass Invest Oy	Kemiönsaari, Finland	100.00	100.00
Koskelan Ostokeskus Oy	Oulu, Finland	58.64	29.32
K-Liikenneasema Oy	Helsinki, Finland	100.00	100.00
K-Market Oy	Helsinki, Finland	100.00	100.00
Onninen Oy	Helsinki, Finland	100.00	100.00
Reinin Liha Oy	Helsinki, Finland	100.00	100.00
Saunakallion Ostoskeskus Oy	Järvenpää, Finland	56.30	56.30
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 Eiendom AS	Vefsn, Norway	100.00	
BREIFLÅTVEIEN 15/21 AS	Skedsmokorset,	100.00	
Davidsen Ejendomme A/S	Vojens, Denmark	90.00	
Davidsens Tømmerhandel A/S	Vojens, Denmark	90.00	
Espoontorin Pysäköintitalo Oy	Espoo, Finland	82.46	
JØSSANGVEGEN 5 AS	Jørpeland, Norway	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 EIENDOM BERGEN AS	Oppegård, Norway	100.00	
Kesko Onninen International Trading Co., Ltd	Shanghai, China	100.00	
Kestra Kiinteistöpalvelut Oy	Helsinki, Finland	100.00	
Kiinteistö Oy Kokkolan Kaanaanmaantie 2-4	Kokkola, Finland	64.78	
Kiinteistö Oy Lappeenrannan Rakuunaparkki	Lappeenranta, Finland	57.12	
Kiinteistö Oy Vantaan Simonsampo	Vantaa, Finland	100.00	
KR Fastigheter i Järfälla AB	Sollentuna, Sweden	100.00	
KR Fastigheter i Linköping AB	Sollentuna, Sweden	100.00	
KR Fastigheter i Täby AB	Sollentuna, Sweden	100.00	
K-Bygg Försäljning AB	Segeltorp, Sweden	100.00	
K-Bygg Sverige AB	Östersund, Sweden	100.00	
K-Rauta Holding Finland Oy	Helsinki, Finland	100.00	
Mark & Infra i Sverige AB	Täby, Sweden	100.00	
MIN BUTIK ApS	Vojens, Denmark	90.00	
Olarin Autokiinteistö 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	
Peltosaaren Liikekeskus Oy	Riihimäki, Finland	59.67	
Profelco Oy	Vantaa, Finland	100.00	
Sport1 Flokkmann Mosjøen AS	Mosjøen, Norway	100.00	
T-24 ApS	Kolding, Denmark	90.00	

Owned by other Group companies	Domicile	Group's ownership interest, %	Parent's ownership interest, %
VESTRE ROSTEN 97 AS	Oppegård, Norway	100.00	
Zenitec Sweden AB	Hästvdeda, Sweden	100.00	
Övik Låsteknik AB	Örnsköldsvik, 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
Kiinteistö Oy Itäaukio	Lahti, Finland	26.20	26.20
Kiinteistö Oy Janakkalan Linnatuuli	Janakkala, Finland	29.86	29.86
Kiinteistö Oy Joensuun Kaupunginportti	Joensuu, Finland	22.77	22.77
K-Tilipalvelu Oy	Helsinki, Finland	30.00	30.00
Mercada Oy	Helsinki, Finland	33.33	33.33
Vähittäiskaupan Takaus Oy	Helsinki, Finland	42.84	42.84

Owned by other Group companies	Domicile	Group's ownership interest, %	Parent's ownership interest, %
EDISON Data AS	Oslo, Norway	40.00	
Proffsenteret AS	Ringerike, Norja	34.11	
KS Holding UAB	Vilna, Liettua	50.01	

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Owned by the parent and others	Domicile	Group's ownership interest, %	Parent's ownership interest, %
Asunto Oy Harjutie	Espoo, Finland	20.80	20.80
Asunto Oy Helsingin Strorken	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 Taidetehtaanparkki	Porvoo, Finland	24.06	24.06
Kiinteistö Oy Ulvilan Hansa	Ulvila, Finland	43.47	43.47
Kiinteistö Oy Vantaanportin Liikekeskus	Vantaa, Finland	27.81	27.81
Lapin Tehdastalo Oy	Tampere, Finland	21.24	21.24
Munkkivuoren Ostoskeskus Oy	Helsinki, Finland	39.20	39.20
Raksilan Paikoitus Oy	Oulu, Finland	33.33	33.33
Talo Oy Kalevanpuisto	Kuopio, Finland	47.60	47.60
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 K-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 2024 or 2023, the pension assets did not include Kesko Corporation shares. Properties owned by Pension Fund have been leased to Kesko Group.

During the financial years 2024 and 2023 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	2024	2023	2024	2023	2024	2023
Sales of goods	8.2	7.2	85.3	87.8	-	-
Sales of services	4.6	4.7	0.7	0.9	0.3	-
Purchases of goods	-	-	-10.4	-10.7	-	-
Purchases of services	-0.1	-	-	-	-	-
Other operating income	1.2	0.8	16.5	19.1	-	-
Other operating costs	-4.3	-4.4	-0.2	-	-0.1	-0.1
Finance income	6.0	6.1	-	-	-	-
Finance expenses	-	-0.2	-	-	-0.2	-0.2

Balance sheet	Associates and joint ventures		Board and management		Pension Fund	
€ million	2024	2023	2024	2023	2024	2023
Current receivables	6.0	9.9	8.7	7.6	-	-
Non-current receivables	58.0	61.4	-	-	-	-
Current liabilities	7.8	5.8	1.2	3.8	6.4	2.8

Items related to leases	Associates and joint ventures		Board and management		Pension Fund	
€ million	2024	2023	2024	2023	2024	2023
Cash flow from leases	40.7	38.7	-	-	6.2	6.0
Lease liabilities	197.1	222.7	-	-	36.7	40.5

At the balance sheet date, receivables arisen from Kesko's sales to companies controlled by the Board members were €8.7 million (€7.6 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 €7.3 million (€10.6 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.

The Group joint ventures UAB Kesko Senukai Lithuania and UAB KS Holding distributed dividends in total of €16.4 million to Kesko Group companies in 2024. The Group's associated company Vähittäiskaupan Takaus Oy distributed dividends of €6.0 million to Kesko Corporation in 2024.

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		2024	2023
Jorma Rauhala	President and CEO as of 1.2.2024	1,186.6	-
Mikko Helander	President and CEO until 31.1.2024	2,084.5	3,370.1
Group Management Board	other members	3,895.9	8,232.9
Esa Kiiskinen	Board Chairman	122.0	114.6
Peter Fagernäs	Board Deputy Chairman	73.8	70.2
Jannica Fagerholm	Board member	79.8	74.4
Pauli Jaakola	Board member as of 26.3.2024	55.4	-
Piia Karhu	Board member	60.2	55.9
Jussi Perälä	Board member	56.6	52.9
Toni Pokela	Board member until 26.3.2024	1.2	52.9
Timo Ritakallio	Board member	62.0	57.7
Total		**7,678.1**	**12,081.6**

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 granted 7,789 Kesko Corporation B shares in 2024. The figures in the table are presented as payment-based. Remunerations to be paid in the later years are not included in the figures. In 2024, Mikko Helander was paid monetary salary, fees, fringe benefits and share-based compensation in accordance with the agreement concerning his service relationship up until 31 December 2024.

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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. The President and CEO Jorma Rauhala has a supplementary pension granted by Kesko Pension Fund based on a defined benefit plan, and his old-age pension begins at the age of 65. The amount of his defined benefit old-age pension is 66% of his pensionable earnings in accordance with the Employees Pensions Act (TyEL) for the ten (10) years preceding his retirement. No contribution was paid to the President and CEO's supplementary pension in the 2024 financial year. Due to a surplus, the accrued IFRS pension cost for the supplementary pension benefit was a positive €0.1 million. The accrued pension cost for the President and CEO's statutory pension provision was €0.2 million. Two Group Management Board members are provided with a supplementary pension based on a defined benefit plan in accordance with the rules of Kesko Pension Fund and their personal service contracts. Five Group Management Board members are provided with a supplementary pension based on a defined contribution plan. As for Mikko Helander, who was the President and CEO until 31 January 2024, the accrued pension cost to the supplementary defined contribution pension was €1.0 million (€0.5 million), and the accrued pension cost for the statutory pension provision, was €0.3 million (€0.3 million) in the 2024 financial year.

Share awards

During the reporting period 2024 members of the Group Management Board were granted 99,428 shares based on the PSP 2022-2025, while the maximum number of shares to be granted was 239,585. The number of shares represents gross earnings, from which withholding tax and transfer tax are deducted. During the reporting period 2023 members of the Group Management Board were granted 238,500 shares based on the PSP 2021-2024. 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 31.12.2024, the President and CEO held 238,029 Kesko Corporation B shares, which represented 0.06% of the total number of shares and 0.02% of votes carried by all shares of the Company. At 31.12.2024, the Group Management Board, including the President and CEO, held 2,824 Kesko Corporation A shares and 581,181 Kesko Corporation B shares, which represented 0.15% of the total number of shares and 0.04% 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.

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.

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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 2024 was €-7.0 million (€-8.1 million).

As at 31 December 2024, the amount to be recognised as expense for the financial years 2025-2027 is estimated at a total of €9.4 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 2024-2027	PSP 2023-2026	PSP 2022-2025	PSP 2021-2024
Grant dates	29.1.2024	1.2.2023	2.2.2022	2.2.2021
Grant date fair value of share award, €	16.39	20.56	27.71	21.01
Share price at grant date, €	17.41	21.64	28.77	21.76
Shares transferred in	2026	2025	2024	2023
Number of share awards granted, maximum, pcs*	821,516	710,557	513,800	646,970
Changes in the number of shares granted, pcs	-103,250	-201,770	-28,475	-100.950
Actual amount of share award, pcs*	-	-	183,796	409,515
Number of plan participants at end of financial year	57	52	60	49
Share price at balance sheet date, €	18.18	17.93	20.62	29.34
Fulfilment of performance criteria, %	-	-	41.5	75.0
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.

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 shareperformance.

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 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.

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Assumptions for share award calculations	KPSP and RSP 2024	KPSP and RSP 2023	KPSP and RSP 2022	KPSP and RSP 2021
Grant dates	29.1.2024	1.2.2023	2.2.2022	2.2.2021
Grant date fair value of share award, €	16.39	20.56	27.71	21.01
Share price at grant date, €	17.41	21.64	28.77	21.76
Shares transferred in	2027	2026	2025	2024
Number of share awards granted, maximum, pcs*	451,387	293,850	218,734	256,769
Changes in the number of shares granted, pcs	-18,970	-22,012	-32,211	-30,421
Actual amount of share award, pcs*	-	80,518	88,746	212,724
Number of plan participants at end of financial year	159	147	129	125
Share price at balance sheet date, €	18.18	17.93	20.62	29.34
Fulfilment of performance criteria, %	-	15.9	22.3	89.3
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 (FCCA) investigated actions by Kesko Group company Onninen as well as several other companies in the HPAC infra plastic pipe product market for nearly a decade. The investigation concerned events between 2009 and 2016. Kesko was aware of the ongoing investigation when it acquired Onninen in 2016. Kesko was not at any point of the investigation suspected of violations. In 2022, the FCCA decided to take the matter to the Market Court, and proposed that a penalty payment be imposed on Onninen and the other companies. In its decision on 28 August 2024, the Market Court dismissed all FCCA demands. The Market Court furthermore ordered the FCCA to reimburse Onninen for litigation costs. Apart from the issue of reimbursement of litigation costs, the Market Court decision has gained legal force.

Legal proceedings concerning UAB Kesko Senukai Lithuania – Kesko has disclosed, for example in its financial statements 2023, that it had been party to an arbitration concerning the shareholder agreement of Kesko's joint venture UAB Kesko Senukai Lithuania. Other parties to the arbitration included, for example, the minority shareholders of UAB Kesko Senukai Lithuania. The arbitration process ended in 2022, and the decision given was final. However, the opposing parties have in a separate legal proceeding demanded that the arbitral award be nullified and invalidated. The Helsinki Court of Appeal gave its judgement in 2024, which did not change the content or finality of the arbitral award. The opposing parties have been granted a leave to appeal to the Supreme Court on a procedural matter related to the judgement by the Helsinki Court of Appeal, and the appeal is still pending. The minority shareholders of UAB Kesko Senukai Lithuania and UAB Kesko Senukai Lithuania have initiated a new arbitration against Kesko in December 2024 related to the shareholder agreement between the parties.

5.5 Events after the balance sheet date

Kesko announced on 14 August 2024 that it would acquire Roslev Trælasthandel A/S and two other Danish builders' merchant companies. The acquisition of Roslev Trælasthandel received all necessary approvals and was completed on 31 January 2025. (Investor news release 31.1.2025)

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PARENT COMPANY'S FINANCIAL STATEMENTS (FAS)

Parent company's income statement

€	1 Jan.-31 Dec. 2024	1 Jan.-31 Dec. 2023
Net sales	**6,659,910,905.58**	**6,662,223,788.54**
Other operating income	887,656,680.44	898,211,500.06
Materials and services	-5,913,991,150.11	-5,893,409,138.14
Change in inventory	12,773,894.68	-23,008,211.48
Employee benefit expenses	-378,339,561.48	-384,770,788.96
Depreciation, amortisation and impairment	-126,306,061.75	-113,486,865.95
Other operating expenses	-783,861,147.15	-754,854,973.67
Operating profit	**357,843,560.21**	**390,905,310.40**
Finance income and costs	7,449,393.46	160,251,693.28
Profit before appropriations and taxes	**365,292,953.67**	**551,157,003.68**
Appropriations		
Change in depreciation reserve	-30,492,954.39	-23,549,009.97
Group contribution	105,653,373.11	64,919,581.06
Profit before taxes	**440,453,372.39**	**592,527,574.77**
Income taxes	-83,324,585.17	-82,909,736.55
Profit for the financial year	**357,128,787.22**	**509,617,838.22**

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Parent company's balance sheet

€	31 Dec. 2024	31 Dec. 2023
ASSETS		
NON-CURRENT ASSETS		
INTANGIBLE ASSETS		
Intangible rights	4,401,946.87	5,125,872.64
Other intangible assets	248,750,974.93	219,153,791.56
Prepayments	3,079,496.77	4,150,302.51
	256,232,418.57	228,429,966.71
PROPERTY, PLANT AND EQUIPMENT		
Land and waters		
Owned	289,933,581.65	277,174,152.62
Leasehold interests and connection fees	7,455,791.65	7,289,059.93
Buildings	734,977,190.65	658,740,908.91
Machinery and equipment	99,474,165.78	88,443,233.36
Other tangible assets	6,238,278.31	6,341,067.34
Prepayments and construction in progress	68,421,488.72	113,022,536.55
	1,206,500,496.76	1,151,010,958.71
INVESTMENTS		
Investments in subsidiaries	1,544,521,207.49	1,281,768,095.60
Investments in associates	122,431,239.85	121,462,239.85
Other investments	26,302,948.15	24,693,492.49
	1,693,255,395.49	1,427,923,827.94
CURRENT ASSETS		
INVENTORIES		
Finished products/goods	315,230,055.04	302,380,900.60
	315,230,055.04	302,380,900.60

€	31 Dec. 2024	31 Dec. 2023
RECEIVABLES		
Long-term		
Receivables from subsidiaries	7,664,587.02	34,933,925.92
Receivables from associates	58,018,585.04	61,386,166.16
Loan receivables	751,838.24	1,071,723.22
Other receivables	12,196,937.72	10,320,055.51
	78,631,948.02	107,711,870.81
Short-term		
Trade receivables	391,096,017.14	401,544,346.37
Receivables from subsidiaries	384,073,992.89	419,460,312.16
Receivables from associates	5,098,845.43	9,491,959.99
Loan receivables	292,993.99	276,310.07
Other receivables	11,853,472.66	12,647,229.78
Prepayments and accrued income	93,557,861.75	89,145,137.15
	885,973,183.86	932,565,295.52
OTHER FINANCIAL ASSETS	15,000,000.00	-
CASH AND CASH EQUIVALENTS	457,966,759.80	200,012,586.12
TOTAL ASSETS	**4,908,790,257.54**	**4,350,035,406.41**

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€	31 Dec. 2024	31 Dec. 2023
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	915,749,904.54	808,916,472.00
Profit for the financial year	357,128,787.22	509,617,838.22
	1,933,828,389.61	1,979,484,008.07
APPROPRIATIONS		
Depreciation reserve	237,152,690.30	206,658,990.11
PROVISIONS		
Provisions	7,717,854.63	2,017,574.84
LIABILITIES		
Non-current		
Notes	300,000,000.00	0.00
Loans from financial institutes	620,000,000.00	650,000,000.00
Pension loans	20,355,000.00	32,349,000.00
Other creditors	18,729,124.53	19,001,617.22
	959,084,124.53	701,350,617.22
Current		
Loans from financial institutes	150,000,000.00	0.00
Pension loans	11,994,000.00	11,994,000.00
Advances received	20,095,560.65	31,541,172.75
Trade payables	708,804,747.35	739,185,366.57
Payables to subsidiaries	363,884,310.23	262,814,413.54
Payables to associates	6,684,450.49	5,728,650.62
Other payables	272,966,364.29	183,827,426.62
Accruals and deferred income	236,577,765.46	225,433,186.07
	1,771,007,198.47	1,460,524,216.17
TOTAL LIABILITIES	**4,908,790,257.54**	**4,350,035,406.41**

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Parent company's cash flow statement

€	1 Jan.-31 Dec. 2024	1 Jan.-31 Dec. 2023
Cash flows from operating activities		
Profit before appropriations	365,292,953.67	551,153,503.68
Adjustments		
Depreciation according to plan	126,306,061.75	113,486,865.95
Finance income and costs	-7,449,393.46	-160,251,693.28
Other adjustments	23,936,772.13	-7,413,552.15
	508,086,394.09	**496,975,124.20**
Change in working capital		
Current non-interest-bearing receivables, increase (-)/decrease (+)	11,619,535.70	27,535,297.96
Inventories increase (-)/decrease (+)	-12,849,154.44	23,008,211.48
Current non-interest-bearing liabilities, increase (+)/ decrease (-)	-24,111,780.18	-19,265,630.51
	-25,341,398.92	**31,277,878.93**
Interests paid and other finance costs	-70,797,801.96	-44,423,936.93
Interests received	31,059,861.59	34,714,965.24
Dividends received	61,049,078.93	168,684,828.28
Income tax paid	-93,217,047.97	-58,598,511.77
	-71,905,909.41	**100,377,344.82**
Net cash generated from operating activities	**410,839,085.76**	**628,630,347.95**
Cash flows from investing activities		
Purchases of property, plant, equipment and	-287,056,919.33	-416,858,310.90
Acquisitions of subsidiaries	-247,385,142.08	-96,464,969.71
Acquisitions of associates	-969,000.00	-
Proceeds from other investments	9,570.00	71,393.23
Proceeds from disposal of property, plant, equipment and intangible assets	8,413,389.78	364,804.87
Long-term receivables, increase (-)/decrease (+)	29,989,808.69	48,113,571.58
Other financial assets, increase (-)/decrease (+)	-15,000,000.00	35,826,114.02
Net cash used in investing activities	**-511,998,292.94**	**-428,947,396.91**

€	1 Jan.-31 Dec. 2024	1 Jan.-31 Dec. 2023
Cash flows from financing activities		
Interest-bearing liabilities, increase (+)/decrease (-)	532,069,342.98	86,878,735.01
Short-term interest-bearing receivables, increase (-)/ decrease (+)	34,681,997.40	34,350,288.54
Dividends paid	-320,328,125.47	-430,315,181.18
Group contributions received and paid	105,653,373.11	64,919,581.06
Other items	7,036,792.84	14,600,317.10
Net cash used in financing activities	**359,113,380.86**	**-229,566,259.47**
Change in cash and cash equivalents	**257,954,173.68**	**-29,876,308.43**
Cash and cash equivalents as at 1 Jan.	**200,012,586.12**	**229,888,894.55**
Cash and cash equivalents as at 31 Dec.	**457,966,759.80**	**200,012,586.12**

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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 5-33 years
- Fixtures and fittings 8 years
- Machinery and equipment 25% reducing balance method, from 1 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 are reported in financial items and adjustment items of sales and purchases. If a derivative

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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	2024	2023
Grocery trade	5,770.0	5,724.6
Building and home improvement trade	888.4	937.7
Others	1.5	0.0
Total	**6,659.9**	**6,662.2**

Note 3. Material and services

€ million	2024	2023
Material and services	-5,802.0	-5,782.8
Change in inventory	12.8	-23.0
External services	-112.0	-110.6
Total	**-5,901.2**	**-5,916.4**

Note 4. Other operating income

€ million	2024	2023
Gains on sales of real estate and shares	0.3	0.2
Rent income	110.4	99.4
Fees for services	577.5	580.6
Profits from mergers	-	26.1
Others	199.4	192.0
Total	**887.7**	**898.2**

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Note 5. Employee benefit expenses

€ million	2024	2023
Salaries and fees	-314.6	-316.5
Social security costs		
Pension costs	-55.3	-56.7
Other social security costs	-8.5	-11.5
Total	**-378.3**	**-384.8**

The average number of personnel at Kesko Corporation was 7,403 (7,402) persons.

Salaries and fees to the management

€ million	2024	2023
Managing Director	3.3	3.4
Members of the Board of Directors	0.5	0.4
Total	**3.8**	**3.8**

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

Note 6. Depreciation, amortisation and impairment

€ million	2024	2023
Depreciation according to plan	-125.0	-113.0
Impairment, non-current assets	-1.3	-0.5
Total	**-126.3**	**-113.5**

Note 7. Other operating expenses

€ million	2024	2023
Rent expenses	-361.8	-350.6
Marketing expenses	-149.1	-152.7
Maintenance of real estate and store sites	-109.2	-102.8
Losses on disposals of non-current assets	-1.7	-
ICT expenses	-87.1	-78.0
Losses from mergers	-14.6	-11.8
Other operating expenses	-60.3	-58.9
Total	**-783.9**	**-754.9**

Auditors' fees

€ million	2024	2023
Audit firm Deloitte		
Audit	0.4	0.4
Other services	0.1	0.2
Total	**0.5**	**0.5**

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Note 8. Finance income and costs

€ million	2024	2023
Income from long-term investments		
Dividend income from subsidiaries	38.3	146.7
Dividend income from associates	22.3	19.6
Dividend income from others	0.4	2.3
Gains on sales of investments	0.0	0.4
Income from long-term investments, total	**61.1**	**169.0**
Other interest and finance income		
From subsidiaries	18.4	24.0
From others	18.9	21.9
Interest and finance income, total	**37.3**	**45.9**
Impairment of investments held as non-current assets		
Impairment of shares	-14.9	-
Changes in fair value	-	0.1
Impairment and changes in fair value of investments held as non-current assets, total	**-14.9**	**0.1**
Interest and other finance costs		
To subsidiaries	-27.9	-20.5
To others	-48.1	-34.2
Interest and finance costs, total	**-76.0**	**-54.7**
Total	**7.4**	**160.2**

Note 9. Appropriations

€ million	2024	2023
Difference between depreciation according to plan and depreciation in taxation	-30.5	-23.5
Group contributions received	119.8	88.9
Group contributions paid	-14.1	-24.0
Total	**75.2**	**41.4**

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	2024	2023
Other changes	5.7	-0.2
Total	**5.7**	**-0.2**

Note 11. Income taxes

€ million	2024	2023
Income taxes on group contributions	-21.1	-13.0
Income taxes on ordinary activities	-62.3	-69.8
Taxes for prior years	0.1	-0.1
Total	**-83.3**	**-82.9**

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 €47.4 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

2024 € million	Intangible rights	Other intangible assets	Prepayments	Intangible assets total
Acquisition cost as at 1 Jan.	16.9	468.4	4.2	489.4
Increases	0.9	63.9	2.0	66.8
Transferred in mergers	-	0.2	-	0.2
Decreases	-0.0	-1.4	-0.2	-1.6
Transfers between items	0.1	16.9	-2.8	14.2
Acquisition cost as at 31 Dec.	17.9	548.1	3.1	569.1
Accumulated depreciation as at 1 Jan.	-11.8	-249.2	-	-261.0
Transferred in mergers	-	-0.1	-	-0.1
Accumulated depreciation on decreases and transfers	0.0	0.9	-	0.9
Depreciation and amortisations for the financial year	-1.7	-51.0	-	-52.7
Accumulated depreciation as at 31 Dec.	-13.5	-299.3	-	-312.8
Book value as at 31 Dec.	**4.4**	**248.8**	**3.1**	**256.2**

2023 € million	Intangible rights	Other intangible assets	Prepayments	Intangible assets total
Acquisition cost as at 1 Jan.	16.5	405.2	8.8	430.6
Increases	1.3	49.9	2.5	53.7
Decreases	-1.0	-5.8	-0.0	-6.8
Transfers between items	0.0	19.1	-7.2	12.0
Acquisition cost as at 31 Dec.	16.9	468.4	4.2	489.4
				-
Accumulated depreciation as at 1 Jan.	-11.1	-209.2	-	-220.2
Accumulated depreciation on decreases and transfers	1.0	5.8	-	6.8
Depreciation and amortisations for the financial year	-1.7	-45.9	-	-47.6
Accumulated depreciation as at 31 Dec.	-11.8	-249.2	-	-261.0
Book value as at 31 Dec.	**5.1**	**219.2**	**4.2**	**228.4**

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Note 14. Property, plant and equipment

2024 € million	Land and waters, owned	Land and waters, leasehold interests	Buildings	Machinery and equipment	Other tangible assets	Prepayments and construction in progress	Tangible assets total
Acquisition cost as at 1 Jan.	277.2	7.8	1,084.3	311.2	24.4	113.0	1,817.9
Increases	7.8	0.1	56.6	29.3	0.6	50.3	144.7
Transferred in mergers	0.8	0.1	14.3	0.0	-	-	15.2
Decreases	-2.0	-0.4	-4.0	-6.5	-	-6.9	-19.9
Transfers between items	6.2	0.0	59.4	7.6	0.5	-88.1	-14.3
Acquisition cost as at 31 Dec.	289.9	7.6	1,210.7	341.5	25.6	68.4	1,943.7
Accumulated depreciation as at 1 Jan.	-	-0.5	-425.5	-222.7	-18.1	-	-666.9
Transferred in mergers	-	-	-6.7	-0.0	-0.0	-	-6.7
Accumulated depreciation on decreases and transfers	-	0.4	2.3	5.8	0.1	-	8.6
Depreciation and amortisations for the financial year	-	-0.0	-45.8	-25.1	-1.3	-	-72.3
Accumulated depreciation as at 31 Dec.	-	-0.2	-475.7	-242.0	-19.3	-	-737.2
Book value as at 31 Dec.	**289.9**	**7.5**	**735.0**	**99.5**	**6.2**	**68.4**	**1,206.5**

2023 € million	Land and waters, owned	Land and waters, leasehold interests	Buildings	Machinery and equipment	Other tangible assets	Prepayments and construction in progress	Tangible assets total
Acquisition cost as at 1 Jan.	247.3	7.1	942.5	311.1	23.3	87.5	1,618.8
Increases	27.3	0.4	84.8	14.8	0.4	92.1	219.8
Transferred in mergers	1.9	0.1	8.7	0.1	0.1	-	10.8
Decreases	-0.1	-	0.0	-17.8	-	-1.6	-19.5
Transfers between items	0.8	0.2	48.2	3.0	0.7	-64.9	-12.1
Acquisition cost as at 31 Dec.	277.2	7.8	1,084.3	311.2	24.4	113.0	1,817.9
Accumulated depreciation as at 1 Jan.	-	-0.5	-385.6	-213.5	-16.8	-	-616.4
Transferred in mergers	-	-	-2.0	-0.1	-0.1	-	-2.2
Accumulated depreciation on decreases and transfers	-	-	0.0	17.1	-	-	17.1
Depreciation and amortisations for the financial year	-	-0.0	-37.9	-26.3	-1.2	-	-65.4
Accumulated depreciation as at 31 Dec.	-	-0.5	-425.5	-222.7	-18.1	-	-666.9
Book value as at 31 Dec.	**277.2**	**7.3**	**658.7**	**88.4**	**6.3**	**113.0**	**1,151.0**

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Note 15. Investments

2024 € million	Investments in subsidiaries	Investments in associates	Other investments	Total
Acquisition cost as at 1 Jan.	1,295.4	121.5	24.7	1,441.5
Increases	295.8	1.0	1.5	298.3
Transferred in mergers	-	-	0.0	0.0
Decreases	-18.2	-	-0.0	-18.3
Transfers between items	-	-	0.1	0.1
Acquisition cost as at 31 Dec.	1,573.0	122.4	26.3	1,721.7
Impairment as at 1 Jan.	-13.6	-	-	-13.6
Impairments on decreases for the financial year	-14.9	-	-0.0	-14.9
Impairment as at 31 Dec.	-28.5	-	-0.0	-28.5
Book value as at 31 Dec.	**1,544.5**	**122.4**	**26.3**	**1,693.3**

Specification of Kesko Corporation's ownership interests in other companies as at 31 December 2024 is presented in the notes to the consolidated financial statements.

2023 € million	Investments in subsidiaries	Investments in associates	Other investments	Total
Acquisition cost as at 1 Jan.	1,093.9	114.0	23.7	1,231.6
Increases	229.2	7.5	1.0	237.6
Transferred in mergers	-	-	0.0	0.0
Decreases	-27.7	-	-0.1	-27.8
Transfers between items	-	-	0.1	0.1
Acquisition cost as at 31 Dec.	1,295.4	121.5	24.7	1,441.5
Impairment as at 1 Jan.	-13.6	-	-	-13.6
Impairment as at 31 Dec.	-13.6	-	-	-13.6
Book value as at 31 Dec.	**1,281.8**	**121.5**	**24.7**	**1,427.9**

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Note 16. Receivables

Receivables from subsidiaries

€ million	2024	2023
Long-term receivables		
Loan receivables	7.7	34.9
Long-term receivables, total	**7.7**	**34.9**
Short-term receivables		
Trade receivables	11.3	10.3
Loan receivables	337.7	380.0
Prepayments and accrued income	35.2	29.2
Short-term receivables, total	**384.1**	**419.5**
Total	**391.7**	**454.4**

Receivables from associates and joint ventures

€ million	2024	2023
Long-term receivables		
Loan receivables	58.0	61.4
Other receivables	-	0.0
Long-term receivables, total	**58.0**	**61.4**
Short-term receivables		
Accrued income	1.4	1.0
Other receivables	3.7	8.5
Short-term receivables, total	**5.1**	**9.5**
Total	**63.1**	**70.9**

Kesko Corporation has long-term loan receivable from its associated company, Mercada Oy, in the amount of €56.0 million and from its joint venture, UAB Kesko Senukai, in the amount of €0.5 million.

Prepayments and accrued income

€ million	2024	2023
Taxes	5.6	-
Fees for services	4.6	5.5
Employee benefit expenses	6.4	6.6
Purchases	30.8	31.1
Others	46.2	45.9
Total	**93.6**	**89.1**

Note 17. Shareholders' equity

€ million	Share capital	Share premium	Contingency fund	Reserve of invested non-restricted equity	Retained earnings	Total equity
Balance as at 1 January 2023	197.3	197.5	243.4	22.8	1,232.4	1,893.3
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	243.4	22.8	1,318.5	1,979.5
Dividends					-405.9	-405.9
Treasury shares					3.1	3.1
Profit for the year					357.1	357.1
Balance as at 31 December 2024	**197.3**	**197.5**	**243.4**	**22.8**	**1,272.9**	**1,933.8**

Restricted equity	**2024**	**2023**
Share capital	197.3	197.3
Share premium	197.5	197.5
Total	**394.8**	**394.8**

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Non-restricted equity	2024	2023
Contingency fund	243.4	243.4
Reserve of invested non-restricted equity	22.8	22.8
Retained earnings	1,272.9	1,318.5
Total	**1,539.0**	**1,584.7**

Calculation of distributable profits	2024	2023
Other reserves	266.2	266.2
Retained earnings	915.7	808.9
Profit for the year	357.1	509.6
Total	**1,539.0**	**1,584.7**

On 31 December 2024, Kesko Corporation's distributable assets totalled €1,539,047,794.71.

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

Votes attached to shares	Ääniä
A share	10
B share	1

Board's authorisations to acquire and issue own shares

On 31 December 2024, the company held a total of 2,122,600 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 B shares acquired in the year 2018 totals 2,000,000 and the number of shares acquired in 2014 122,600. 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 €1.0 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 26 March 2024 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 2025.

Treasury shares

In 2024 , Kesko Corporation transferred 196,208 Kesko B shares held as treasury shares to members of management and other key persons in the company, while a total of 17,100 B shares were returned to Kesko in accordance with the terms and conditions of Kesko's share-based commitment and incentive plan. Kesko issued related stock exchange releases 15 March 2024, 20 March 2024, 18 June 2024 and 8 July 2024. Kesko issued a stock exchange release on 30 January 2024 regarding the most recent share-based commitment and incentive plans. In addition, Kesko transferred 7,789 B shares held by the company as treasury shares to members of Kesko's Board of Directors as part of their annual fees, and issued a related stock exchange release on 26 April 2024.

Kesko's Annual General Meeting of 26 March 2024 authorised the Board to decide on the issuance of a maximum of 33,000,000 new B series shares or B shares held by the company as treasury shares, and on the repurchase of a maximum of 16,000,000 of the company's own B shares. The authorisations are valid until 30 June 2025, and were communicated in a stock exchange release issued on 26 March 2024.

	Shares
Own B shares held by the Company as at 31 December 2023	**2,309,497**
Transferred, share-based compensation scheme	-196,208
Transferred, Board of Directors	-7,789
Returned during the financial year	17,100
Own B shares held by the Company as at 31 December 2024	**2,122,600**

Note 18. Provisions

€ million	2024	2023
Provisions for leases	6.4	1.4
Other provisions	1.3	0.6
Total	7.7	2.0

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Note 19. Non-current liabilities

Kesko has five bilateral loans totalling €620 million, with interest margins that take into account Kesko's sustainability targets for carbon footprint and food waste, as well as emission reduction targets for direct suppliers of goods and services in Kesko's value chain. Kesko drew one new bilateral loan and in addition loans were amortized during year 2024. On 2 October 2024 Kesko issued unsecured senior green notes worth €300 million, which will mature on 2 February 2030.

Note 20. Current liabilities

€ million	2024	2023
Liabilities to subsidiaries		
Trade payables	7.5	7.6
Accruals and deferred income	9.6	11.4
Other payables	346.8	243.8
Total	**363.9**	**262.8**
Liabilities to associates		
Trade payables	0.1	-
Accruals and deferred income	0.0	0.0
Other payables	6.6	5.6
Total	**6.7**	**5.7**
Accruals and deferred income		
Employee benefit expenses	102.8	108.5
Accruals and deferred income from purchases	32.0	20.0
Taxes	0.0	4.2
Fees for services	16.4	16.9
Others	85.4	75.8
Total	**236.6**	**225.4**

Note 21. Non-interest-bearing liabilities

€ million	2024	2023
Current liabilities	1,198.5	1,141.4
Total	**1,198.5**	**1,141.4**

Note 22. Guarantees, commitments and contingencies

€ million	2024	2023
Real estate mortgages		
For own debt	162.1	162.1
For subsidiaries	0.7	0.7
Pledged shares	9.0	9.0
Guarantees		
For own debt	0.4	0.5
For subsidiaries	88.4	70.9
Other liabilities and liability engagements		
For own debt	53.8	49.4
Rent liabilities on machinery and fixtures		
Due within a year	7.5	7.1
Due later	6.5	7.0
Rent liabilities on real estate		
Due within a year	299.3	306.6
Due later	1,512.2	1,512.2

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.

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The results of derivatives are recognised in financial items.

Company's transaction exposure as at 31 Dec. 2024 € million	USD	SEK	NOK	PLN
Transaction risk	-7.7	-42.4	37.0	-6.0
Hedging derivatives	36.6	37.1	-42.4	4.2
Exposure	**28.9**	**-5.3**	**-5.4**	**-1.8**

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**

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. 2024 € million	USD	SEK	NOK	PLN
Change +10%	-2.6	0.5	0.5	0.2
Change -10%	3.2	-0.6	-0.6	-0.2

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

Derivatives

Fair values of derivative contracts € million	31 Dec. 2024 Positive fair value (balance sheet value)	31 Dec. 2024 Negative fair value (balance sheet value)	31 Dec. 2023 Positive fair value (balance sheet value)	31 Dec. 2023 Negative fair value (balance sheet value)
Currency derivatives	1.6	-0.4	0.4	-1.8
Interest rate derivatives	7.2	-4.7	14.8	-8.5

Notional amounts of derivative contracts € million	31 Dec. 2024 Notional amount	31 Dec. 2023 Notional amount
Currency derivatives	137.7	133.0
Interest rate derivatives	430.0	530.0

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

€ million	2024	Fair value	2023	Fair value
Liabilities arising from derivative instruments				
Values of underlying instruments as at 31 Dec.				
Interest rate derivatives				
Interest rate swaps	430	2.5	530	6.3
Foreign currency derivatives				
Forward and future contracts	138	1.2	133	-1.3
Outside the Group	125	1.4	125	-1.6
Inside the Group	13	-0.2	8	0.2
Commodity derivatives				
Electricity derivatives	91	-	79	-
Outside the Group	45	-3.2	39	5.7
Inside the Group	45	3.2	39	-5.7

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

€ million	2024	2023
Financial assets at amortised cost (maturing in less than 3 months)	185.2	3.3
Cash and cash equivalents	272.8	196.7
Total	**458.0**	**200.0**

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, report by the Board of Directors and sustainability statement

The financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the companies included in its consolidated financial statements.

The Report by the Board of Directors presents a fair review of the development and performance of, on the one hand, the company, and on the other hand, the companies included in its consolidated financial statements, as well as a description of the significant risks and uncertainties and the company's position.

The sustainability statement included in the Report by the Board of Directors has been prepared in compliance with the sustainability reporting standards referred to in chapter 7, section 2, paragraph 8 of the Finnish Accounting Act, as well as Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council (Taxonomy Regulation).

Helsinki, 4. February 2025

Esa Kiiskinen
Peter Fagernäs
Jannica Fagerholm
Pauli Jaakola
Piia Karhu
Jussi Perälä
Timo Ritakallio
Jorma Rauhala
President and CEO

The Auditor's note

Our auditor's report has been issued today.
Helsinki, 4. February 2025

Deloitte Oy
Audit Firm

Jukka Vattulainen
APA

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AUDITOR'S REPORT (Translation of the Finnish original)

To the Annual General Meeting of Kesko Oyj

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Kesko Oyj (business identity code 0109862-8) for the year ended 31 December, 2024. The financial statements comprise the consolidated income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, 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 IFRS Accounting Standards 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 2.5 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 recognitions Refer to accounting policies for the consolidated financial statements and note 2.1. Consolidated Net Sales of Kesko Oyj amounted to EUR 11,920.1 million (EUR 11,783.8 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 643.0 million (EUR 663.7 million). In addition, consolidated statement of financial position includes EUR 113.5 million (EUR 86.0 million) Trademarks. The majority of the amount of goodwill and trademarks is related to the building and technical trade segment. Goodwill is subject to management's annual impairment test. 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 Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards 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 the Managing Director 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 Managing Director are responsible for assessing the parent company's and the group's ability to continue as a 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 about 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 the 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 Managing Director'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 parent company or the group 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

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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 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 5 years.

Other information

The Board of Directors and the Managing Director 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 or 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 the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability statement information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

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 compliance with the applicable provisions. Our opinion does not cover the sustainability statement information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

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, 4 February 2025

Deloitte Oy
Audit firm

Jukka Vattulainen
Authorised Public Accountant (KHT)

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ASSURANCE REPORT ON THE SUSTAINABILITY STATEMENT

(Translation of the Finnish original)

To the Annual General Meeting of Kesko Oyj

We have performed a limited assurance engagement on the group sustainability report ("sustainability statement") of Kesko Oyj (0109862-8) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1.1.-31.12.2024.

Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability statement does not comply, in all material respects, with

- the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);

- the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Kesko Oyj has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the group sustainability statement with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

Basis for Opinion

We performed the assurance of the group sustainability statement as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Our responsibilities under this standard are further described in the Responsibilities of the Authorised Sustainability Auditor section of our report.

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

Other Matter

We draw attention to the fact that the group sustainability report ("sustainability statement") of Kesko Oyj that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.–31.12.2024.

Our opinion does not cover the comparative information that has been presented in the group sustainability statement. Our opinion is not modified in respect of this matter.

Authorised group sustainability auditor's Independence and Quality Management

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 engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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The authorised group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the authorised sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of Kesko Oyj are responsible for:

- the group sustainability statement and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and

- the compliance of the group sustainability statement with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;

- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability statement that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in the Preparation of a Sustainability Statement

In preparing the sustainability statement, the company is required to conduct a materiality assessment to identify relevant matters to be reported. This process involves significant management judgement and choices. Due to the nature and characteristics of sustainability reporting, this type of information involves estimates and assumptions, as well as measurement and evaluation uncertainties.

In reporting forward-looking information, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

Responsibilities of the Authorised Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability statement.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability statement, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance 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.

- Design and perform assurance procedures responsive to those risks to obtain 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.

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Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included for ex. the following:

- Performed inquiries of the company's management and personnel responsible for collecting and reporting the information contained in the sustainability statement at the group level and for subsidiaries, as well as at the different levels and business areas of the organization.

- Obtained an understanding of the company's sustainability reporting process, internal controls, and information systems related to the sustainability reporting process through inquiries.

- Reviewed the supporting documentation and records prepared by the company, where applicable, and assessed whether they support the information included in the sustainability statement.

- With respect to the double materiality assessment process, we evaluated the implementation of the process conducted by the company in relation to the requirements of the ESRS standards and assessed whether the disclosed information on the double materiality assessment is in accordance with the ESRS standards.

- Evaluated whether the sustainability statement meets the requirements of the ESRS standards, in all material aspects, regarding material sustainability matters to a significant extent.

- With respect to the EU taxonomy information, we obtained an understanding of the process by which the company has identified taxonomy-eligible and taxonomy-aligned economic activities and assessed the compliance of the related disclosed information with the regulations.

Helsinki, 4 February 2025

Deloitte Oy
Authorised Sustainability Audit Firm

Jukka Vattulainen
Authorised Sustainability Auditor

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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 the financial statement (743700OX6HSVMCAHPB95-2024-12-31-fi.zip) of Kesko Oyj (0109862-8) that have been prepared in accordance with the Commission's regulatory technical standard for the financial year ended 1.1.-31.12.2024.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the company's report of the Board of Directors and financial statements (the ESEF financial statements) in such a way that they comply with the requirements of the Commission's regulatory technical standard. This responsibility includes:

- preparing the ESEF financial statements in XHTML format in accordance with Article 3 of the Commission's regulatory technical standard
- tagging the primary financial statements, notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements with iXBRL tags in accordance with Article 4 of the Commission's regulatory technical standard and
- ensuring the consistency between the ESEF financial statements and the 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 the Commission's regulatory technical standard.

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 (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to, in accordance with Chapter 7, Section 8 of the Securities Markets Act, provide assurance on the financial statements that have been prepared in accordance with the Commission's regulatory technical standard. We express an opinion on whether the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, in accordance with the requirements of Article 4 of the Commission's regulatory technical standard.

Our responsibility is to indicate in our opinion to what extent the assurance has been provided. 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 primary financial statements in the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, with iXBRL tags in accordance with the requirements of Article 4 of the Commission's regulatory technical standard and

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- whether the notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, with iXBRL tags in accordance with the requirements of Article 4 of the Commission's regulatory technical standard and

- whether there is consistency between the ESEF financial statements and the audited financial statements.

The nature, timing and extent of the selected procedures depend on the auditor's judgment. This includes an assessment of the risk of a material deviation due to fraud or error from the requirements of the Commission's regulatory technical standard.

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

Opinion

Our opinion pursuant to Chapter 7, Section 8 of the Securities Markets Act is that the primary financial statements, notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements of Kesko Oyj (743700OX6HSVMCAHPB95-2024-12-31-fi.zip) for the financial year ended 31.12.2024 have been tagged, in all material respects, in accordance with the requirements of the Commission's regulatory technical standard.

Our opinion on the audit of the consolidated financial statements of Kesko Oyj for the financial year ended 31.12.2024 has been expressed in our auditor's report dated 4.2.2025. With this report we do not express an opinion on the audit of the consolidated financial statements nor express another assurance conclusion.

Helsinki 4 February 2025

Deloitte Oy
Audit Firm

Jukka Vattulainen
APA

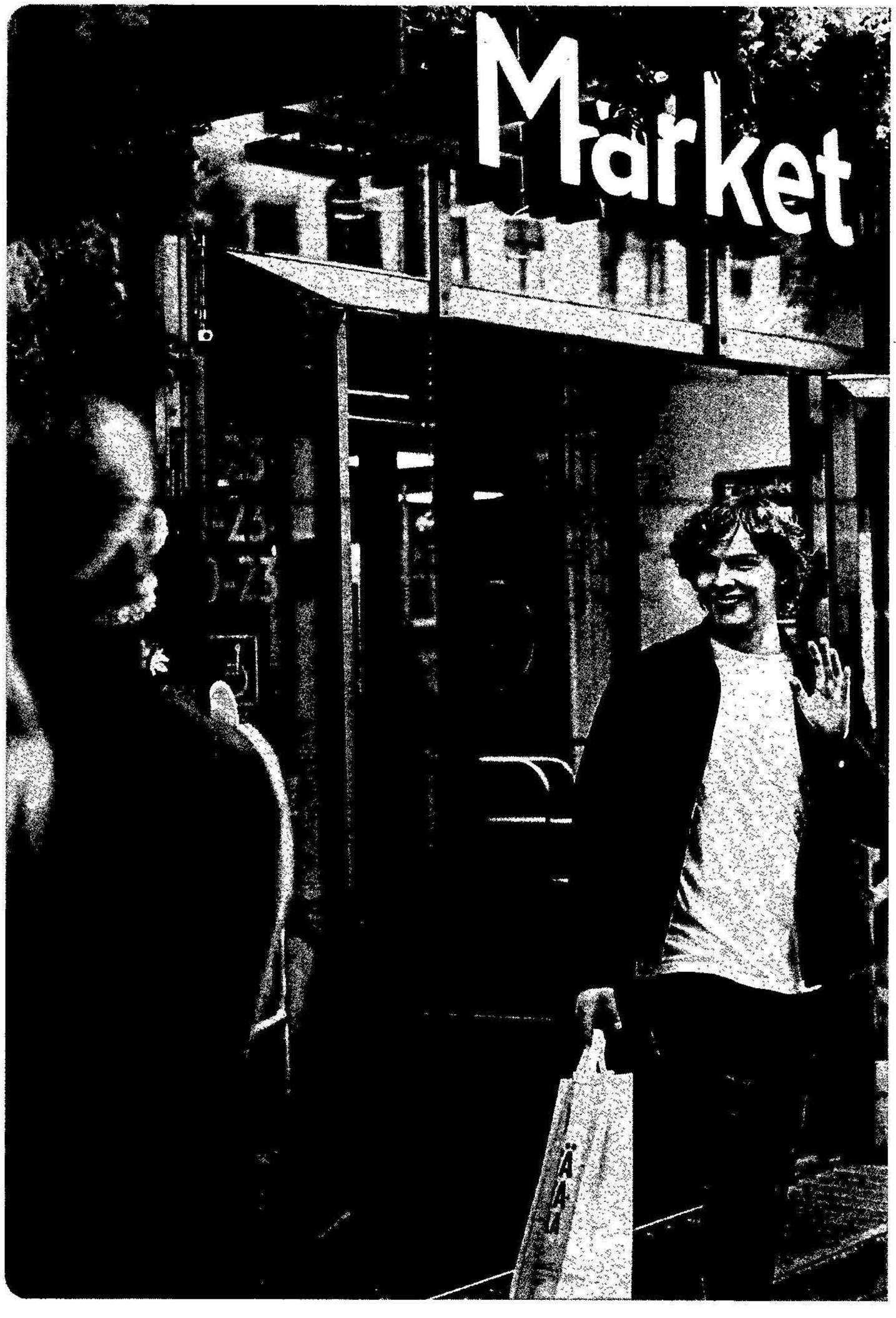
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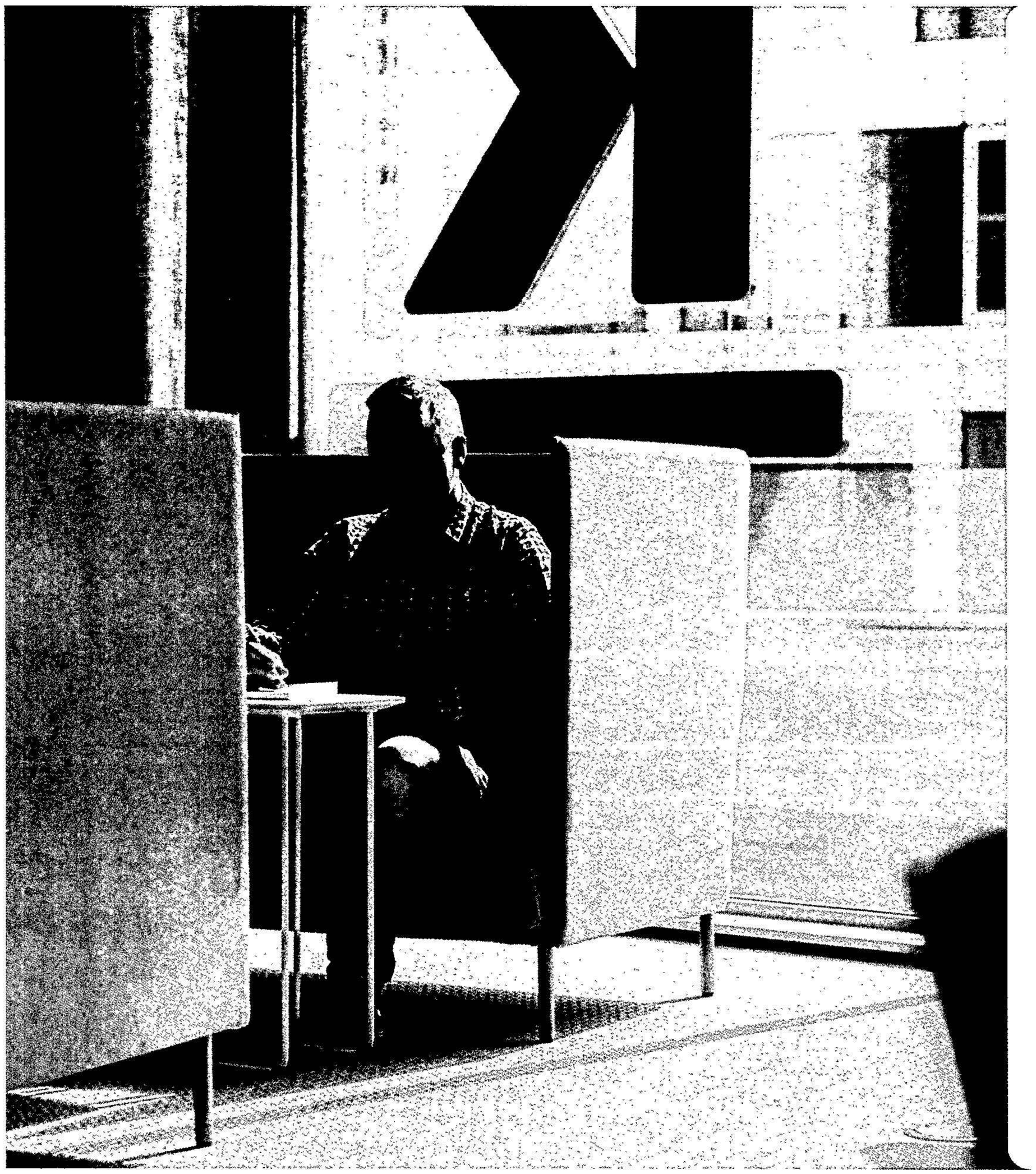
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INTRODUCTION

This Corporate Governance Statement complies with the reporting requirements of the Finnish Corporate Governance Code 2025 issued by the Finnish Securities Market Association and effective as of 1 January 2025. Kesko Corporation issues the statement separately from the Report by the Board of Directors. The statement has been reviewed at the meeting of the Audit Committee of Kesko Corporation's Board of Directors on 4 February 2025. This statement and the other information to be disclosed in accordance with the Corporate Governance Code, as well as the Company's financial statements, the Report by the Board of Directors, and the Auditor's Report are available on Kesko's website at kesko.fi/investors.

Kesko Corporation ("Kesko" or "the Company") is a Finnish limited liability company in which the duties and responsibilities of management bodies are defined according to the regulations observed in Finland. The parent company Kesko and its subsidiaries form Kesko Group. The Company is domiciled in Helsinki.

Kesko complies with the Corporate Governance Code issued by the Finnish Securities Market Association and effective at any given time. In 2024, the Corporate Governance Code 2020 was in force, and Kesko complied with all its recommendations. Both the 2020 and 2025 Corporate Governance Codes are available at cgfinland.fi/en/corporate-governance-code.

In addition to the Corporate Governance Code, Kesko's decision-making and corporate governance comply with e.g. the Finnish Limited Liability Companies Act, other laws and regulations concerning publicly quoted companies in Finland, Kesko's Articles of Association, the charters of Kesko's Board of Directors and its Committees, the Company's policies and other internal guidelines, and the rules and guidelines of the European Securities and Markets Authority, the Finnish Financial Supervisory Authority, and Nasdaq Helsinki Ltd.

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DESCRIPTIONS CONCERNING CORPORATE GOVERNANCE

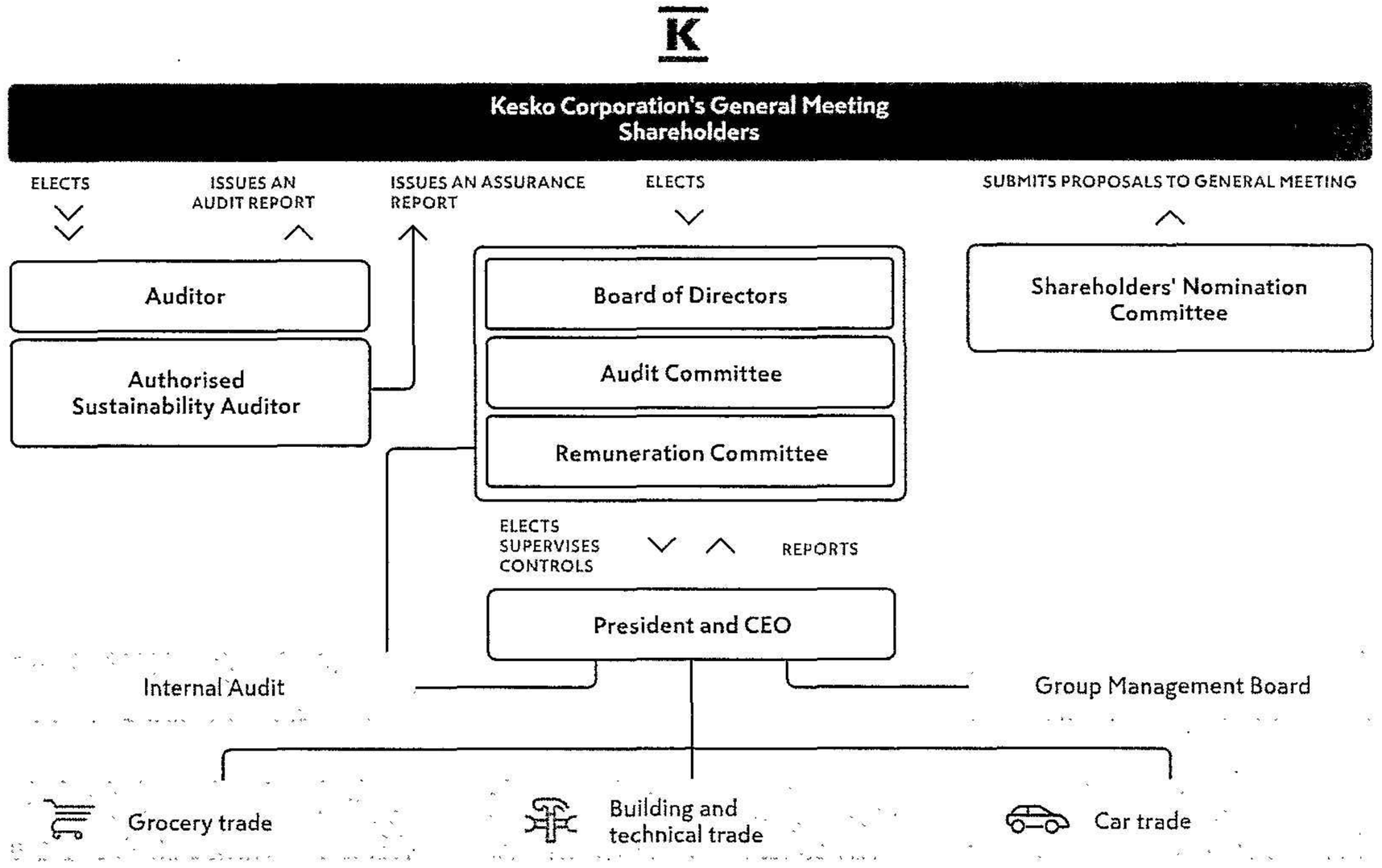
Kesko Group's Corporate Governance system

Kesko uses a so-called one-tier governance model. The highest decision-making power in Kesko is exercised by the Company's shareholders at the Company's General Meeting. At the Annual General Meeting, the Company's shareholders elect the Company's Board of Directors, Auditor and Authorised Sustainability Auditor. The Shareholders' Nomination Committee submits proposals to the General Meeting regarding the number, election and remuneration of Board members. The Auditor plays an important role as an auditing body and the Authorised Sustainability Auditor as an assurance body elected by the shareholders.

Kesko's Board of Directors is responsible for the Company's administration and its proper organisation. The Board has an Audit Committee and a Remuneration Committee, which prepare matters related to e.g. the Company's financial and sustainability reporting, control, and remuneration.

The Board of Directors appoints the Company's managing director, who at Kesko is referred to as the President and CEO. Kesko's Group Management Board supports the work of the President and CEO. Internal audit is responsible for the Company's independent auditing, and reports to both the President and CEO and the Board's Audit Committee.

Kesko Group's governance model



General Meeting

The Annual General Meeting is held annually by the end of June, on a date designated by the Company's Board of Directors. The most significant matters falling within the decision-making power of the Annual General Meeting include the election of the Board members and the Auditor and Authorised Sustainability Auditor, the adoption of the financial statements, the resolution on discharging the Board members and the Managing Director from liability, and the resolution on the distribution of the Company's assets, such as distribution of profit. An Extraordinary General Meeting shall be convened if the Board of Directors deems it necessary. In addition, the Auditor or shareholders holding

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in total one-tenth of all shares may demand an Extraordinary General Meeting to be held for a specific matter. Shareholders are invited to attend a General Meeting by a Notice of the General Meeting published on the Company's website. The Notice of the General Meeting is also published as a stock exchange release. The Notice and other General Meeting documents, including the Board of Directors' proposals to the General Meeting, are made available to shareholders no later than three weeks prior to the General Meeting on the Company's website at kesko.fi.

The Company has share series A and B, which differ with respect to the number of votes attached to the shares. An A share carries ten (10) votes and a B share carries one (1) vote at a General Meeting. When votes are taken, the proposal for which more than half of the votes were given will primarily be the resolution of the General Meeting, as prescribed by the Finnish Limited Liability Companies Act. However, pursuant to the Act, certain resolutions – such as resolutions to amend the Company's Articles of Association and resolutions concerning directed share issues – require a qualified majority of two-thirds of the votes cast and shares represented at the meeting. The Limited Liability Companies Act provides that specific shareholders or all shareholders must consent to a resolution limiting the rights arising from shares or increasing the obligations of shareholders.

The Company aims for all members of Kesko's Board of Directors, the President and CEO, and the Auditor to be present at the Annual General Meeting. General Meeting Minutes are made available to shareholders on Kesko's website at kesko.fi within two weeks of the General Meeting. General Meeting resolutions are published without delay after the meeting in a stock exchange release.

Kesko's Annual General Meeting was held on 26 March 2024 on the Company premises in Helsinki. The Company's Board of Directors, President and CEO and other members of the Group Management Board, as well as the auditor with principal authority were present at the meeting. The Annual General Meeting adopted the 2023 financial statements and resolved to distribute a dividend of 1.02 per share. The Annual General Meeting discharged the Board members and the Managing Director from liability, approved the Remuneration Report for Governing Bodies and the Remuneration Policy, made resolutions concerning the Board members and their number and remuneration, elected the firm of authorised public accountants and Sustainability Audit Firm Deloitte Oy as the company's Auditor and Authorised Sustainability Auditor, resolved to amend the Company's Articles of Association, and authorised the Board to decide on the repurchase of the company's own shares and the issuance of shares, as well as on donations for charitable purposes. The Annual General Meeting was in favour of all proposals submitted to the General Meeting by the Shareholders' Nomination Committee and the Board of Directors. The resolutions were communicated in a stock exchange release on the day of the General Meeting.

Shareholders' Nomination Committee

SELECTION PROCESS AND DUTIES OF THE SHAREHOLDERS' NOMINATION COMMITTEE

Kesko has a Shareholders' Nomination Committee, which comprises three members. Two members are appointed by Kesko's biggest shareholders, and the third member is the Chair of Kesko's Board of Directors. The right of nomination of members representing the shareholders belongs to those two shareholders whose share of votes conferred by all shares in Kesko is the largest according to the register of shareholders maintained by Euroclear Finland Ltd on 1 September preceding the Annual General Meeting. The term of office for the members of the Shareholders' Nomination Committee ends when new Committee members are appointed. The Nomination Committee members do not receive fees for their membership. Their travel expenses are reimbursed in accordance with the general travel rules of Kesko.

The main duty of the Nomination Committee is to ensure that the Board of Directors and its members have the expertise, know-how and experience adequate for Kesko's needs, and to prepare reasoned proposals for this purpose to the General Meeting. In accordance with its rules of procedure, the Nomination Committee's duties are

- to prepare and present a proposal for the remuneration of the members of the Board of Directors to the General Meeting,
- to prepare and present a proposal for the number of members of the Board of Directors to the General Meeting,
- to prepare and present a proposal for members of the Board of Directors to the General Meeting,
- to answer questions asked by shareholders at the General Meeting concerning the proposals made by the Nomination Committee, and
- to look for candidates to replace members of the Board of Directors.

The Nomination Committee submits proposals to the General Meeting on the matters listed as duties of the Nomination Committee which, on the grounds of the

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Finnish Limited Liability Companies Act and Kesko's Articles of Association, are on the General Meeting agenda.

Kesko's Shareholders' Nomination Committee was established and its rules of procedure confirmed by the 2020 Annual General Meeting. The Nomination Committee is established for the time being, until decided otherwise by the General Meeting. The Nomination Committee rules of procedure are available on Kesko's website at kesko.fi/shareholders-nomination-committee.

COMPOSITION AND ACTIONS OF THE SHAREHOLDERS' NOMINATION COMMITTEE IN 2024

The members of Kesko's Shareholders' Nomination Committee in the 2024-2025 term of office are

- Pauli Jaakola, retailer, appointed by K-Retailers' Association,
- Jouko Pölönen, President and CEO, appointed by Ilmarinen Mutual Pension Insurance Company, and
- Esa Kiiskinen, Chair of Kesko's Board of Directors.

At its organisational meeting on 23 September 2024, the Committee elected Pauli Jaakola as Committee Chair. Jaakola has been Nomination Committee Chair since 6 June 2024, prior to which the member appointed by K-Retailers' Association and Committee Chair was retailer Toni Pokela. The other Committee members were the same also in the 2023-2024 term of office.

Personal details regarding Pauli Jaakola and Esa Kiiskinen can be found in this CG Statement's section on Kesko's Board of Directors. Jouko Pölönen (born 1970, MA (Econ.), eMBA) is the President and CEO of Ilmarinen Mutual Pension Insurance Company. The members of the Shareholders' Nomination Committee are men.

The Shareholders' Nomination Committee convened four (4) times in 2024, and all members attended all meetings. The Shareholders' Nomination Committee proposed to Kesko's 2024 Annual General Meeting that seven members be elected to the Board of Directors, and that Esa Kiiskinen, Peter Fagernäs, Jannica Fagerholm, Piia Karhu, Jussi Perälä and Timo Ritakallio be re-elected as Board members and Pauli Jaakola be elected as a new member. The Nomination Committee proposed that the annual fees of Board members be raised by approximately five (5) percent, and that other remuneration of Board members and the reimbursement of their expenses remain unchanged. The General Meeting was in favour of all proposals submitted by the Shareholders' Nomination Committee.

The Shareholders' Nomination Committee proposes to Kesko's 2025 Annual General Meeting that seven members be elected to the Board of Directors. The Nomination Committee proposes that the following persons be elected as Board members: retailer Esa Kiiskinen, business college graduate, kauppaneuvos; Jannica Fagerholm, M.Sc. Economics; retailer Pauli Jaakola, EMBA; Piia Karhu, Doctor of Science, Economics and Business Administration; retailer Jussi Perälä, business college graduate; and Timo Ritakallio, Doctor of Science (Technology), LL.M., MBA. Tiina Alahuhta-Kasko, D.Sc. (Tech.) h.c., M.Sc. (Econ), CEMS MIM, is proposed to be elected as a new member of the Board. Of the current Board members, Peter Fagernäs has stated he is not available for re-election.

The Shareholders' Nomination Committee also proposes that the annual fees for Board members be raised by approximately 10-14%, and that other remuneration for Board members and the reimbursement of their expenses remain unchanged. The proposal regarding the remuneration of Board members and the reimbursement of their expenses in 2025–2026 is as follows:

- Board Chair, an annual fee of €120,000 (2024: €107,000);
- Board Deputy Chair, an annual fee of €75,000 (2024: €66,000);
- Board member, an annual fee of €55,000 (2024: €50,000);
- Board member who is the Chair of the Audit Committee, an annual fee of €75,000 (2024: €66,000);
- A meeting fee of €600/meeting for a Board meeting and its Committee's meeting. A meeting fee of €1,200/Board meeting for the Board Chair. However, a meeting fee of €1,200/Committee meeting is to be paid to a Committee Chair who is not the Chair or Deputy Chair of the Board. The meeting fees are to be paid in cash.
- Daily allowances and the reimbursements of travel expenses are to be paid to the Board members in accordance with the general travel rules of Kesko.

It is proposed that the aforementioned annual fees be paid in Kesko Corporation's B shares and in cash, with approximately 30% of the remuneration paid in shares and the remaining amount paid in cash. The company will acquire the shares from the market or transfer shares held by the company as treasury shares in the name and on behalf of the Board members. The company is responsible for the costs arising from the acquisition of the shares. The shares are to be acquired or transferred to the Board members on the first working day to follow the publication of the interim report for the first quarter of 2025, or on the first date enabled by applicable legislation. A Board

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member cannot transfer shares obtained in this manner until either three years have passed from the day the member has received the shares or their membership on the Board has ended, whichever comes first.

The Nomination Committee proposals were published as stock exchange releases on 26 January 2024 with regard to the proposals to the 2024 Annual General Meeting, and on 15 January 2025 with regard to the proposals to the 2025 Annual General Meeting.

Board of Directors

THE NUMBER AND TERM OF BOARD MEMBERS

According to the Articles of Association, Kesko's Board of Directors is composed of a minimum of five (5) and a maximum of eight (8) members. The General Meeting decides on the number of Board members, elects all Board members, and decides on the Board members' remuneration. The Shareholders' Nomination Committee submits proposals concerning the above matters to the General Meeting. The Board elects the Chair and the Deputy Chair from amongst its members.

The term of office for a Board member is one (1) year, starting with the General Meeting that elects the Board member and expiring at the close of the next Annual General Meeting to follow.

BOARD COMPOSITION IN 2024

The following members were elected on Kesko's Board of Directors by the Annual General Meeting of 26 March 2024: Esa Kiiskinen (Chair), Peter Fagernäs (Deputy Chair), Jannica Fagerholm, Pauli Jaakola, Piia Karhu, Jussi Perälä and Timo Ritakallio. The term of office of the Board members will expire at the close of the 2025 Annual General Meeting. Men account for some 71% of the Board members and women for some 29%. The aforementioned Board members (apart from Jaakola) and Toni Pokela were members of the Board of Directors in the months leading up to the 2024 Annual General Meeting.

The Board's 2024 composition is depicted in the table.

Board composition in 2024

Name	Year of birth	Gender	Education	Principal occupation	Board member since	Committee member
Esa Kiiskinen (Chair)	1963	Male	Business College Graduate	Food retailer	2009	Remuneration Committee (Chair)
Peter Fagernäs (Deputy Chair)	1952	Male	Master of Laws	Chairman of the Board, Oy Hermitage Ab	2018	Remuneration Committee (Deputy Chair)
Jannica Fagerholm	1961	Female	Master of Science (Economics)	Managing Director, Signe and Ane Gyllenberg Foundation	2016	Audit Committee (Chair)
Pauli Jaakola*	1973	Male	eMBA	Food retailer	2024	
Piia Karhu	1976	Female	Doctor, Business Administration	President, Minerals, Metso Corporation	2018	Audit Committee
Jussi Perälä	1970	Male	Business College Graduate	Building and home improvement retailer	2021	
Timo Ritakallio	1962	Male	Doctor of Science (Technology), Master´s degree in law (LL.M.), MBA	President and Group CEO, OP Financial Group	2021	Audit Committee (Deputy Chair) Remuneration Committee
Toni Pokela**	1973	Male	eMBA	Food retailer	2012	

*Jaakola was elected as a Board member from 26 March 2024 onwards.
**Pokela was a Board member until 26 March 2024.

INDEPENDENCE

The Board evaluates the independence of its members on a regular basis in accordance with Recommendation 10 of the Corporate Governance Code. A Board member is obliged to provide the Board with necessary information for the evaluation of independence. All members of Kesko's Board of Directors are non-executive directors.

The Board carried out its annual independence evaluation at its meeting on 26 March 2024. Based on the independence evaluations, the Board considers the majority of Board members to be independent of the Company. Esa Kiiskinen, Pauli Jaakola and Jussi Perälä are not considered independent of the Company, as they each control a company that has a chain agreement with Kesko. All Board members apart from Jaakola were deemed independent of Kesko's significant shareholders. Jaakola is the Chairman of the Board of Kesko's significant shareholder K-Retailers' Association. The Board and Committee compositions meet

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the independence requirements of the Corporate Governance Code.

The independence of each Board member is presented in the following table.

Board members' independence in 2024

	Independent of the company	Independent of a significant shareholder
Esa Kiiskinen (Chair)	No*	Yes
Peter Fagernäs (Deputy Chair)	Yes	Yes
Jannica Fagerholm	Yes	Yes
Pauli Jaakola	No*	No**
Piia Karhu	Yes	Yes
Jussi Perälä	No*	Yes
Timo Ritakallio	Yes	Yes

* Companies controlled by Kiiskinen, Jaakola and Perälä each have a chain agreement with Kesko Corporation.
** Jaakola is the Chairman of the Board of Kesko´s significant shareholder K-Retailers´ Association.

DESCRIPTION OF THE OPERATIONS OF THE BOARD OF DIRECTORS AND THE MAIN CONTENTS OF ITS CHARTER

Kesko's Board of Directors is responsible for the Company's corporate governance and for the proper organisation of its operations. The Board is responsible for the appropriate arrangement of the control of Kesko's accounts and finances. The Board of Directors has confirmed a written charter of the Board of Directors' duties, principles of operation, meeting practices and decision-making procedures. In 2024, the duties and charters of the Board of Directors and its Committees were updated specifically to correspond to the requirements of changes in regulation concerning sustainability reporting.

According to its charter, the Board reviews and makes decisions on matters that are financially, operationally or fundamentally significant to the Group. According to its charter, the Board of Directors:

Strategic and financial matters

- decides on the Group strategy and confirms the divisions' strategies
- confirms the Group's budget and forecast update, including a capital expenditure plan
- reviews the Group's most significant risks and uncertainties
- decides on strategically or financially significant individual investments, acquisitions, divestments or arrangements, and commitments
- monitors Kesko Group's financial situation and financing
- is responsible for the development of shareholder value and approves the dividend policy

Organisational and personnel matters

- appoints and discharges the Company's President and CEO, approves their managing director's service contract, and decides on their remuneration and other financial benefits, and makes corresponding decisions for the possible Deputy CEO
- decides on the appointments of the Group Management Board members responsible for lines of business, their remuneration and financial benefits
- decides on the essential structure and organisation of the Group
- ensures the proper operation and supervision of the management system
- decides on management authorisation rules
- decides on the principles of Kesko's commitment and incentive schemes, the terms and conditions and distribution of shares or options under the remuneration policy in force, and monitors the results of the schemes

Matters related to reporting, financial audit and sustainability reporting assurance

- reviews and adopts the half-year financial reports and interim reports, and the financial statements including the Report by the Board of Directors containing sustainability reporting data, as well as related stock exchange releases
- monitors and assesses the reporting system for Kesko's financial reporting and financial audit and sustainability reporting and sustainability reporting assurance
- monitors the Company's financial audit and sustainability reporting assurance
- monitors and assesses the efficiency of Kesko's internal control, internal audit and risk management systems with regard to financial reporting and financial audit and sustainability reporting and sustainability reporting assurance
- reviews the results presented to the Board by the Board's Audit Committee on the financial audit and sustainability reporting assurance, the Committee's opinion on how the financial audit and sustainability reporting assurance have increased reporting reliability, and the view on the Committee's role during the financial audit and sustainability reporting assurance procedure
- monitors and assesses the independence of the Company's Auditor and Authorised Sustainability Auditor, and in particular the acceptability of such services offered by the Auditor and Authorised

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Sustainability Auditor to Kesko that are not related to financial audit or sustainability reporting assurance
- submits proposals to the General Meeting on the Auditor and the Authorised Sustainability Auditor
- reviews Kesko's Annual Report as necessary

Other duties

- submits Board proposals to the General Meeting on matters such as dividend distribution and authorisations to issue and acquire shares
- monitors and assesses how agreements and other legal acts between the Company and its related parties meet the requirements for operations that are part of ordinary course of business and for under arms-length terms
- confirms Kesko's values
- approves the K Code of Conduct and other Group policies such as the treasury and investment policy and risk management policy
- approves the Board's principles concerning diversity
- is responsible for the other statutory duties prescribed to the Board of Directors by the Limited Liability Companies Act or other, and for duties prescribed by the Corporate Governance Code.

Kesko's Board of Directors has a duty to promote the best interest of Kesko and all its shareholders. The Board members do not represent the interests of the parties that have proposed their election as Board members. A Board member is disqualified from participating in the handling of any matter between that person (including entities over which the person exercises control) and the Company. When a vote is taken, the Board's decision will be the opinion of the majority and if a vote results in a tie, the decision will be the opinion supported by the Board Chair. If the votes taken at an election of a person end in a tie, the result will be decided by drawing lots.

BOARD OF DIRECTORS' OPERATIONS IN 2024

In 2024, the Board held eleven (11) meetings. Board meetings regularly discuss a review by the President and CEO on key topical issues, as well as reports by the Chairs of the Board's Audit Committee and Remuneration Committee on Committee meetings preceding the Board meetings. The Auditor presents their findings to the Board once a year in connection with the review of financial statements.

As in previous years, in 2024 the Board reviewed the financial reports and monitored the Group's financial situation, approved the most significant capital expenditure, monitored the progress of Group-level projects, and approved the interim reports, the half-year financial report and the financial statements as well as the Report by the Board of Directors prior to their publication.

In 2024, the Board monitored general economic developments, inflation, interest rates and geopolitical crises and tensions, and assessed their impact on the sales and profit of Kesko and K Group. The Board decided, among other things, on updates to Kesko' strategy and sustainability strategy, on the acquisitions of the Danish building and home improvement trade companies Roslev Trælasthandel A/S, Tømmergaarden A/S and CF Petersen & Søn A/S, on significant store site investments, on investments related to the grocery trade logistics centre in Nurmijärvi, on the issuance of green notes, and on a sustainability-linked loan agreement between Kesko and the Nordic Investment Bank (NIB). In addition, the Board decided on the use of the donation funds approved by the Annual General Meeting, on the establishment of new share plans for compensation purposes and the principles for performance bonuses in 2025, and approved the new K Code of Conduct, and an updated version of the Group's governance policy and updated charters for the Board and its Committees.

Attendance at meetings by members of the Board and its Committees in 2024

		Attendance		
	Committee membership	**Board**	**Audit Committee**	**Remuneration Committee**
Esa Kiiskinen (Chair)	Remuneration Committee (Chair)	11/11		3/3
Peter Fagernäs (Deputy Chair)	Remuneration Committee (Deputy Chair)	10/11		3/3
Jannica Fagerholm	Audit Committee (Chair)	11/11	6/6	
Pauli Jaakola (as of 26 March 2024)		9/9		
Piia Karhu	Audit Committee	11/11	6/6	
Jussi Perälä		11/11		
Toni Pokela (until 26 March 2024)		2/2		
Timo Ritakallio	Audit Committee (Deputy Chair) Remuneration Committee	11/11	6/6	3/3

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The Board appointed Sami Kiiski (M. Sc., Economics and Business) as the new President of Kesko's building and technical trade division as of 1 April 2024. Kiiski has been a member of the Group Management Board as of 1 June 2023. The Board appointed Johanna Ali (M.Sc., Economics and Business) as acting President of the car trade division and a member of Group Management Board as of 1 April 2024. She was appointed as President of the division as of 4 June 2024. (Stock exchange releases on 20 March 2024 and 4 June 2024).

The Chair of the Audit Committee reported to the Board on the implementation of the regulation on sustainability reporting (EU Corporate Sustainability Reporting Directive, CSRD) reviewed by the Committee, in Kesko.

The Board carried out a self-assessment regarding Board operations and working practices. The assessment was conducted via discussions between the Board's Chair and each Board member based on a predetermined discussion agenda. Among other things, the Board members assessed the Company's strategy, the working practices and composition of the Board and its Committees and development measures, the performance of the Board Chair, Board members and Company management, reporting, risk management and succession planning for Company management. Moreover, the self-assessment concerned, among other things, prerequisites for the efficient utilisation of digitalisation. The Board reviewed a summary of the results of the assessment discussions at its December meeting. In addition to the summary, each Board member received personal feedback. A summary of the assessment results was also provided to the Shareholders' Nomination Committee.

BOARD DIVERSITY POLICY

Diversity is an essential component in Kesko's success, the achievement of Kesko's strategic objectives and good governance at Kesko. The principles regarding Board diversity are included in the diversity policy approved by Kesko's Board of Directors. The policy describes the objectives in the achievement of diversity in the operations and composition of the Board of Directors.

"Board size and election of its members

According to the Company's Articles of Association, the term of Board members elected is one (1) year, so that the term begins at the close of the General Meeting electing the member and expires at the close of the next Annual General Meeting. According to the Articles of Association, Kesko's Board of Directors is composed of a minimum of five (5) and a maximum of eight (8) members. A sufficient number of Board members promotes the diversity of Board composition, as the areas of expertise and competence of the Board members are mutually complementary and the Board's independence requirements are satisfied.

The Board members are elected by majority votes at the General Meeting. The Board elects the Chair and the Deputy Chair from among its members for the whole term of office of the Board. In the preparation of a proposal for the Board composition, Kesko applies the practice in which a Shareholders' Nomination Committee prepares proposals to the General Meeting concerning Board members' fees and, as necessary, for the number of Board members and for the Board members.

Planning the Board composition

The composition of Kesko's Board of Directors shall support Kesko's current and future business operations. The Board members are appointed on their merits. Essential features in the Board diversified composition are that the Board members' educational and cultural backgrounds, experience and professional competences for example in the social, business and cultural conditions of the markets in which Kesko operates in as well as the nationality, country of origin, age and gender distribution support Kesko's business objectives and enable efficient Board work from Kesko's point of view. The Board members shall also be able to devote a sufficient amount of time to Board work. Board members are recommended to hold Board memberships or high level positions in no more than four other publicly listed companies.

Kesko aims to achieve a balanced gender distribution in the composition of its Board of Directors. The composition of the Board shall reflect experience in both national and international business operations. The educational background of the Board members shall represent multiple disciplines and diversity. In addition, Kesko's Board shall include members with strong experience in the trading sector and in-depth knowledge of the retailer business."

The policy is available on Kesko's website at kesko.fi/diversity-policy. The Shareholders' Nomination Committee must take the diversity policy into account when preparing proposals for Board members to the Annual General Meeting.

DIVERSITY POLICY IMPLÉMENTATION IN 2024

The educational backgrounds and experience and professional competencies of the Board members elected by the 2024 Annual General Meeting represent multiple disciplines and diversity. Several Board members have

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experience in the trading sector and the principal occupation of two of the seven Board members is acting as a K Group grocery retailer, while one is a K Group building and home improvement retailer. Several Board members also have experience in international business operations. Two of the seven Board members are women, in other words, the proportion of the gender with the smaller representation on the Board is approximately 29%. The age of the Board members varies from 48 to 72 years (see the table "Board composition" for detailed personal data).

BOARD COMMITTEES

Kesko's Board of Directors has established an Audit Committee and a Remuneration Committee to support the Board's work and prepare matters the Board is responsible for. Each Committee is composed of three (3) Board members. At the close of the 2024 Annual General Meeting, which elected the Board members, the Board elected the Committee Chairs, Deputy Chairs, and members from amongst its members.

All members of both Committees are independent of the Company's significant shareholders. All members of the Audit Committee are also independent of the Company. The majority of the members of the Remuneration Committee are independent of the Company. In the election of committee members, the competence requirements for the members of the Committee in question have been taken into account.

The Committees have no independent decision-making power. Instead, the Board makes decisions on matters based on the Committees' preparatory work. The Board has confirmed written charters for the Committees detailing the Committees' duties and operating principles. Each Committee Chair reports on the Committee's work at the Board meeting following a Committee meeting. Minutes of the Committee meetings are submitted for information to the Board members. The actions and working practices of the Committees are assessed annually in conjunction with the Board evaluation.

Audit Committee

The Board's organisational meeting, held after the 2024 Annual General Meeting, elected the following Board members as Audit Committee members:

- Jannica Fagerholm (Chair)
- Timo Ritakallio (Deputy Chair)
- Piia Karhu

In accordance with its charter, the Audit Committee:

Financial and sustainability reporting and related processes

- monitors Kesko Group's financial position and funding
- monitors and assesses Kesko's financial and sustainability reporting system, including the processes for financial statements reporting and sustainability reporting
- monitors procedures in financial reporting and sustainability reporting and digital reporting and in identifying information to be reported in compliance with sustainability reporting standards
- monitors the statutory financial audit and sustainability reporting assurance
- discusses, where necessary, matters that emerge in connection with the financial audit or sustainability reporting assurance or otherwise in relation to the Committee's duties with the Auditor and/or Authorised Sustainability Auditor
- reviews the Auditor's Report and possible audit minutes and reports presented by the Auditor to the Committee
- reviews the assurance report by the Authorised Sustainability Auditor and possible other reports presented by the Authorised Sustainability Auditor to the Committee
- presents to the Board the results of the financial audit and sustainability reporting assurance, the Committee's opinion on how the financial audit and sustainability reporting assurance have increased reporting reliability, and its view on the Committee's role during the financial audit and sustainability reporting assurance related procedure
- discusses financial reporting, sustainability reporting, outlook and forecast updates with the Company's management
- prepares recommendations to the Board regarding the review of interim reports, the half-year financial report, and the financial statement, including the Report by the Board of Directors containing sustainability reporting data
- reviews the Company's Corporate Governance Statement

Auditor and Authorised Sustainability Auditor

- monitors and evaluates the independence of the Company's Auditor and Authorised Sustainability Auditor, and in particular, acceptability of such services offered by the Auditor and Authorised Sustainability Auditor to Kesko that are not related to financial audit or sustainability reporting assurance
- organises the election process for the Auditor and the Authorised Sustainability Auditor and their tendering at necessary intervals, and provides recommendations to the Board on the Auditor and Authorised Sustainability Auditor and their remuneration

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Internal control, internal audit, and risk management

- monitors and assesses the effectiveness of Kesko's internal control, internal audit, and risk management systems
- approves the operating instructions for the Company's internal audit and annually assesses the need for changes, approves the annual audit plan, budget and resources and related material changes
- reviews reports concerning internal audit, risk management, cyber security, financing, taxation, insurance and other matters within the Committee's purview

Compliance

- monitors and assesses how agreements and other legal acts between the Company and its related parties meet the requirements for operations that are part of ordinary course of business and for under arms-length terms
- monitors and assesses the scope and efficiency of Kesko's compliance system, and reviews reports submitted to the Committee
- supervises that the Company employs processes for receiving and handling complaints and notifications concerning financial and sustainability reporting, financial audit and sustainability reporting assurance, internal control, legislation, the K Code of Conduct and policies

Other duties

- reviews the K Code of Conduct and other Group policies within the scope of its duties before they are approved by the Board
- prepares and reviews other tasks given by the Board to the Committee, and at its discretion, other necessary tasks related to the duties and responsibilities of the Committee

In 2024, the Audit Committee held six (6) meetings. The attendance rate of the Committee members at the meetings was 100%. The Group's Chief Financial Officer, the Group Controller, the Chief Audit and Risk Officer, and the Executive Vice President for Legal and Sustainability regularly reported on their areas of responsibility to the Committee at the meetings. The Auditor and the Authorised Sustainability Auditor are present at the Committee meetings and present their audit plan and report to the Audit Committee.

During the year, the Committee reviewed reports on the Group's financial situation, including the financial statements release, the half-year financial report and the interim reports and updated forecasts, and made a recommendation to the Board on the review of the reports and the financial statements release.

A significant new agenda item for the Audit Committee was the regular monitoring of the implementation of the EU Corporate Sustainability Reporting Directive (CSRD) at Kesko. The regulation applies to Kesko as of the 2024 financial year. The Audit Committee reviewed Kesko's double materiality assessment in a meeting solely dedicated to the topic. In addition, measures related to the implementation of sustainability reporting, the progress made in relation to them, and the risks related to the implementation were reviewed in five of the six Audit Committee meetings.

The Committee reviewed reports on the Group's external and internal audits, risk management, cyber security, compliance and ethics, the report on related party transactions, and the Corporate Governance Statement. The Committee furthermore reviewed reports related to the Company's financing, taxation and insurance. In terms of risk management, the Audit Committee concentrated in particular on the challenging operating environment, the inflation trend, other general economic developments, geopolitical risks and cyber security, and business risks related to these. The Audit Committee approved the Group's internal audit plan, personnel resources and budget for 2025. The Committee also reviewed the results of goodwill impairment testing. For the purposes of the proposal to be submitted to the Annual General Meeting, the Committee gave recommendations to the Board regarding the Auditor, the Authorised Sustainability Auditor, and their remuneration. The Committee monitored and assessed the independence of the Auditor and the Authorised Sustainability Auditor, and the additional services provided by them and other auditing firms to Kesko. The Audit Committee presented an updated version of its charter to the Board of Directors for approval.

The work of the Audit Committee was assessed as part of the evaluation of Kesko's Board work.

Remuneration Committee

The Board's organisational meeting, held after the 2024 Annual General Meeting, elected the following Board members as Remuneration Committee members:

- Esa Kiiskinen (Chair)
- Peter Fagernäs (Deputy Chair)
- Timo Ritakallio

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In accordance with its charter, the Remuneration Committee:

Remuneration policy and report

- prepares the Company's Remuneration Policy and Remuneration Report for Governing Bodies
- presents the remuneration policy and report at the General Meeting and answers related questions
- monitors the implementation of the remuneration policy presented to the General Meeting and ensures that the remuneration of the Company's governing bodies is conducted within the remuneration policy presented to the General Meeting

Appointment and remuneration matters

- conducts preparatory work for the remuneration and other financial benefits for the Company's President and CEO and possible Deputy CEO and for their service contracts
- conducts preparatory work for the remuneration and other financial benefits for Group Management Board members responsible for lines of business
- monitors and assesses the realisation of the remuneration and other financial benefits for Group Management Board members not responsible for lines of business; decisions on the appointment and remuneration and other financial benefits for such Group Management Board members are made by the President and CEO within the limits set by the Remuneration Committee Chair
- conducts preparatory work pertaining to the appointment of a President and CEO, possible Deputy CEO, and Group Management Board members responsible for lines of business, and to identifying their potential successors
- conducts preparatory and development work on matters pertaining to remuneration schemes, including
  - evaluating the remuneration for the President and CEO, possible Deputy CEO, and other management, and ensuring the appropriateness of the Company's remuneration schemes
  - preparing potential share or share-based compensation schemes
  - preparing the distribution and terms and conditions of shares or options under any share or share-based compensation schemes the General Meeting may have decided on
  - preparing the principles for the performance and result criteria of the compensation schemes, and monitoring their implementation and evaluating their impact on Kesko's long-term financial success
- monitors the regulatory compliance of the Company's remuneration matters

Other duties

- reviews the Group policies within the scope of its duties before they are approved by the Board
- prepares and reviews other tasks given by the Board to the Committee and, at its discretion, other necessary tasks related to the duties and responsibilities of the Committee.

In 2024, the Remuneration Committee held three meetings. The attendance rate of Committee members at the meetings was 100%. The Committee prepared, among other things, proposals to the Board for Kesko's Remuneration Report for the Governing Bodies 2023 and Remuneration Policy for the Governing Bodies 2024, for Kesko's 2024-2027 share-award plans, for the performance criteria and target values and the target group for share awards, for the principles of Group performance bonuses for 2025, as well as for the performance bonuses to be paid for 2023 to the President and CEO and Group Management Board members responsible for lines of business. The Committee also prepared a proposal for the Board for the appointment of Sami Kiiski (M.Sc., Economics and Business) as the new President of Kesko's building and technical trade division, and the appointment of Johanna Ali (M.Sc., Economics and Business) as the acting President of Kesko's car trade division and a member of Group Management Board. The Committee monitored and evaluated the implementation of management total remuneration.
The Remuneration Committee presented an updated version of its charter to the Board of Directors for approval.

The work of the Remuneration Committee was assessed as part of the evaluation of Kesko's Board work.

Managing Director (President and CEO) and their duties

Kesko's managing director is referred to as the President and CEO. Jorma Rauhala (born 1965, Master of Science, Econ.) became Kesko's President and CEO on 1 February 2024. Rauhala has also chaired the Group Management Board from 1 February 2024 onwards, and has been a member of the Group Management Board since 5 February 2013. He acted as Deputy CEO from 15 November 2017 to 31 January 2024. The Board of Directors appointed Jorma Rauhala as the President and CEO when Mikko Helander retired (stock exchange releases 19 Dec. 2023 and 8 Dec.

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2023). Helander acted as Kesko's President and CEO from 1 January 2015 to 31 January 2024.

The President and CEO's duty is to manage Kesko Group's operations in accordance with the instructions and orders issued by the Company's Board of Directors, and to report to the Board the developments in the Company's business operations and financial situation. The President and CEO is also responsible for organising the Company's day-to-day governance, and for the Company's accounting complying with legislation, and financial matters being organised in a reliable manner. The President and CEO also chairs the Group Management Board.

The President and CEO is appointed by the Board of Directors. The Board has decided the terms and conditions of the President and CEO's service contract. A written managing director's service contract, approved by the Board, has been made between the Company and the President and CEO.

Group Management Board

Kesko Group has a Group Management Board, the Chair of which is Kesko's President and CEO. The Group Management Board does not have any powers under law or the Company's Articles of Association. The Group Management Board's duty is to discuss Group-wide development projects and Group-level policies and procedures. In addition, the Group Management Board discusses, among other things, the Group's and the division companies' business plans, profit performance, and matters reviewed by Kesko's Board of Directors, the preparation of which it also participates in. The Group Management Board typically meets 11-15 times a year. In 2024, the Group Management Board met 13 times.

Group Management Board 2024

	Year of birth	Gender	Group Management Board member since	Area of responsibility
Jorma Rauhala, President and CEO*	1965	Male	5.2.2013	Kesko's President and CEO
Ari Akseli, President, grocery trade division	1972	Male	15.11.2017	Grocery trade
Sami Kiiski, President, building and technical trade division**	1976	Male	1.6.2023	Building and technical trade
Johanna Ali, President, the car trade division***	1977	Female	1.4.2024	Car trade
Anu Hämäläinen, Executive Vice President, Chief Financial Officer	1965	Female	1.6.2024	Finance, IT, risk management and M&A
Lasse Luukkainen, Executive Vice President	1978	Male	1.6.2024	Legal and Sustainability
Matti Mettälä, Executive Vice President	1963	Male	1.10.2012	HR
Karoliina Partanen, Executive Vice President	1977	Female	1.10.2020	Communications, Branding and Stakeholder Relations
Mikko Helander, President and CEO****	1960	Male	1.10.2014	Kesko's President and CEO
Jukka Erlund, Executive Vice President, Chief Financial Officer*****	1974	Male	1.11.2011	Finance, IT, risk management and M&A
Riikka Joukio, Executive Vice President******	1965	Female	12.4.2021	Sustainability and Public Affairs

*Jorma Rauhala was the Deputy CEO until 31 Jan. 2024 and the President of the building and technical trade division until 31 March 2024.

**Sami Kiiski was the President of the car trade division from 1 June 2023 to 31 March 2024.

***Johanna Ali was acting President of the car trade division from 1 April to 4 June 2024.

****Mikko Helander was the managing director of Kesko Corporation and President and CEO of Kesko Group from 1 Jan. 2015 to 31 Jan. 2024.

*****Jukka Erlund was a member of Group Management Board until 31 May 2024.

******Riikka Joukio was a member of Group Management Board until 31 May 2024.

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DESCRIPTIONS OF INTERNAL CONTROL PROCEDURES AND THE FEATURES OF RISK MANAGEMENT SYSTEMS

Group financial reporting

KESKO'S MANAGEMENT MODEL

Kesko's financial reporting and planning are based on Kesko Group's management model. The financial results of the Group's units are reported and analysed internally within the Group on a monthly basis and disclosed quarterly in interim reports, the half-year financial report, and the financial statements release. Financial forecasts are updated quarterly, in addition to which significant changes are taken into account in the monthly reported performance forecast. The strategies and related long-term financial plans of the Group and its units are updated annually.

ROLES AND RESPONSIBILITIES

Kesko Group's financial reporting and its supervision are organised on three levels. The businesses analyse and report their figures to the divisions, which then report the division-specific figures to Group level. Analysis and control points for ensuring the accuracy of reporting are used on each of the three reporting levels.

PLANNING AND PERFORMANCE REPORTING

The Group's financial development and achievement of financial targets are monitored by financial reporting covering the entire Group. Monthly performance reporting includes actual Group, division and business specific results, changes compared to the previous year, comparison with forecasts, and forecasts for the ongoing financial year. The Group's short-term financial planning is based on annual budgeting and quarterly updated forecasts extending to the end of the ongoing financial year. The key financial indicators are sales performance for growth, comparable operating profit, comparable operating margin, and comparable return on capital employed for profitability, and free cash flow for cash flow, monitored through monthly internal reporting. Information on the Group's financial situation is provided in interim reports, the half-year financial report, and the financial statements release. The Group's sales figures are published monthly.

PERFORMANCE REPORTING TO GROUP TOP MANAGEMENT

Performance reporting to the Group's top management comprises monthly reports on the Group's, divisions', businesses' and subsidiaries' sales, profits, capital employed and cash flows, as well as on the Group's financial items, cash flow, and balance sheet position. Each business is primarily responsible for the financial reporting and the accuracy of the figures. The controlling function of each division analyses the whole division's figures for which the division's financial management is responsible. The Group is responsible for the whole Group's figures. Key income statement, capital employed and balance sheet items are analysed monthly at business, division and Group level, based on an agreed division of duties. This makes real-time information on the financial situation constantly available and enables real-time responses to possible issues.

PUBLIC PERFORMANCE REPORTING

Public performance reporting comprises interim reports, the half-year financial report, the financial statements release, the annual financial statements, and monthly sales reports. The same accounting principles and control methods are applied to public performance reporting as to monthly performance reporting. The Audit Committee reviews the interim report, the half-year financial report, and the financial statements and gives a recommendation on their review to the Board of Directors. The Board approves the interim report, the half-year financial report, and the financial statements before they are published.

KEY ACTIONS FOR 2024

In 2024, the implementation of EU Corporate Sustainability Reporting Directive (CSRD) requirements and the preparation of the first CSRD-compliant sustainability statement as part of the Report by the Board of Directors continued according to plan. The Danish building and home improvement trade company Davidsen, acquired in early 2024, was integrated into the Group's financial reporting. The harmonisation and automation of financial administration processes and reporting continued with a business-driven approach.

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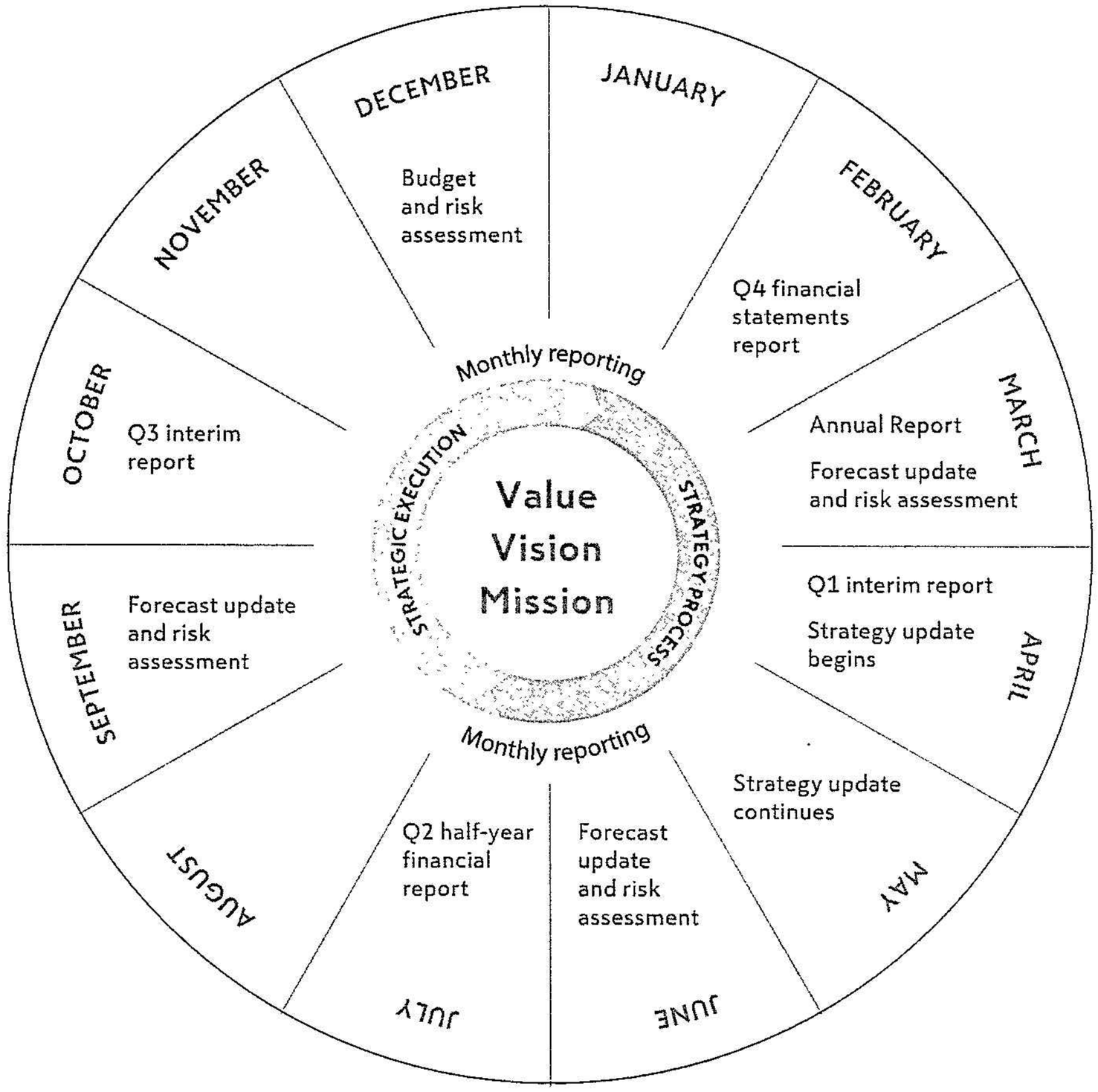
KEY ACTIONS FOR 2025

In 2025, the focus in sustainability reporting will be in particular on developing processes and controls as well as on the automation of reporting. Additionally, the content of the sustainability statement will be expanded to meet new data requirements. The development of financial administration processes and controls and the harmonisation and automation of reporting will also continue with a business-driven approach.

ACCOUNTING POLICIES AND FINANCIAL ADMINISTRATION IT SYSTEMS

Kesko Group complies with the International Financial Reporting Standards (IFRS) approved for adoption by the European Union. The accounting policies adopted by the Group have been compiled in an accounting manual, which is updated as standards and interpretations are amended. The manual contains instructions for Group companies and for preparing the consolidated financial statements. Kesko Group's financial administration information is generated from division and company specific enterprise resource planning systems and basic finance systems into the Group's centralised consolidation system to generate the Group's key financial reports. The key systems used to generate financial information have been certified and secured with back-up systems, and they are controlled and checked regularly to ensure reliability and continuity.

Kesko Group's management model



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Internal control

CONTROL ENVIRONMENT

Internal control is an integral part of management and involves Kesko's Board of Directors, management and personnel. The objective is to ensure Kesko can achieve its targets. Efficient internal control ensures that deviations from objectives can be prevented or detected as early on as possible so that corrective measures can be taken. Internal control tools include policies, principles and instructions, approvals, access rights and system and manual controls, reconciliations, monitoring reports, inspections and control self-assessments.

The objective of internal control in Kesko Group is to ensure the efficiency, productivity, continuity and freedom from disruptions of operations, compliance with laws, regulations and agreements and Kesko's values and operating principles, the reliability of financial and operational reporting both externally and internally, as well as the safeguarding of assets, information and expertise.

RISK ASSESSMENT AND CONTROL ACTIVITIES

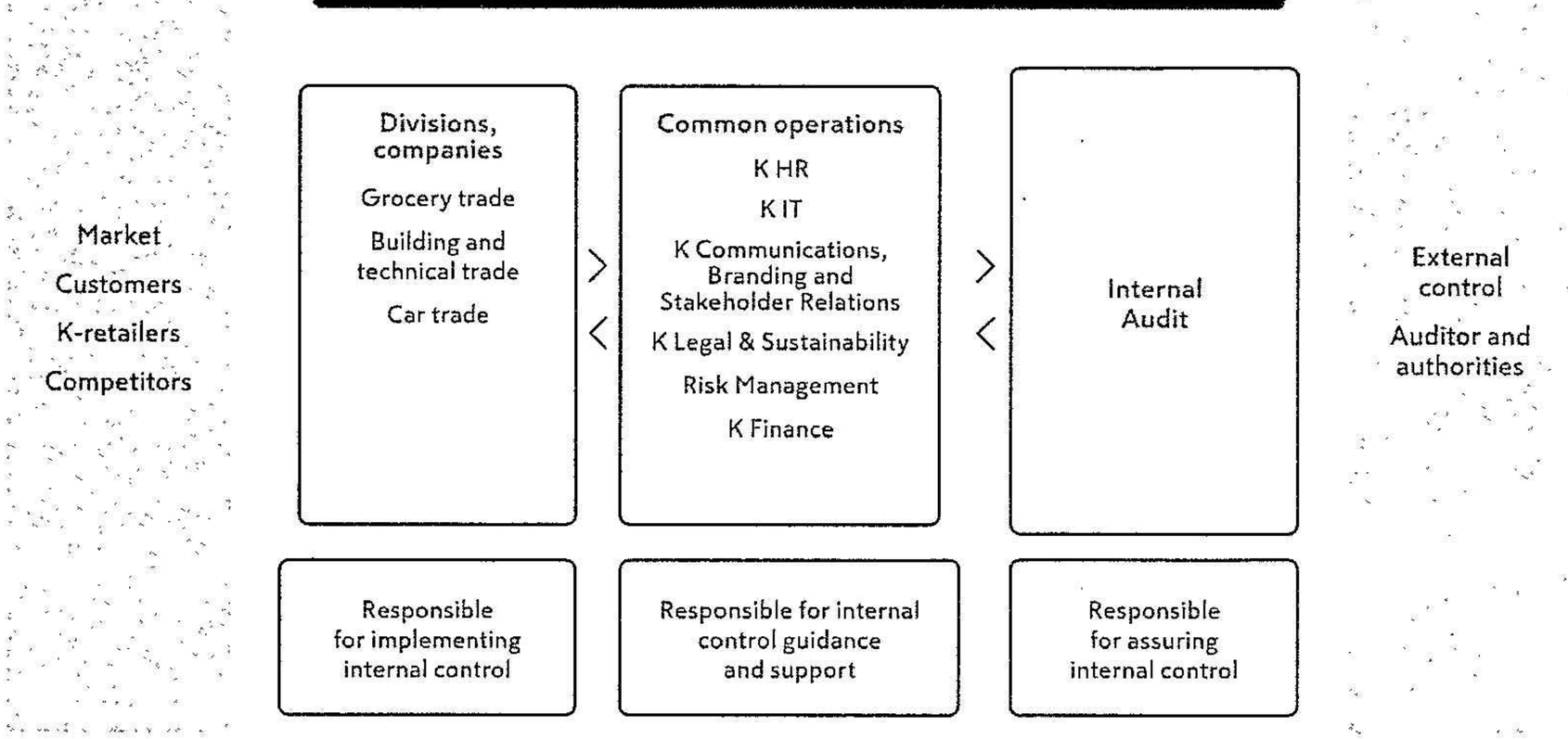
The objective of Kesko's control activities is to ensure, among other things, the efficiency, continuity and compliance of operations, the reliability of financial reporting, and the safeguarding of assets and information. Internal control is efficient when it is continuous, integrated as part of operations, and ensures sufficiently that business targets are met. For the internal control system to remain efficient, it is important that management identifies the risks related to achieving targets and that control activities are targeted based on risk. The objective of control activities is to achieve an acceptable level for identified risks. Kesko's risk assessment process is described in more detail in the section on risk management.

Kesko's Board has approved Kesko's internal control policy, which is based on internationally widely accepted good control principles (COSO) and Kesko's document management model, which comprises policies, principles and instructions that must be complied with throughout Kesko Group.

COMMUNICATION

Efficient communication supports the achievement of internal control objectives. Policies, principles and instructions have been made available to personnel, and regular training is arranged on internal control. Kesko Group's internal audit reports on internal control effectiveness to the President and CEO and the Audit Committee of Kesko's Board of Directors. Close cooperation and good communication between different lines of defence also support clear division of responsibilities with regard to control measures.

Roles and responsibilities in Kesko Group's internal control



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MONITORING

The Board of Directors and the President and CEO are responsible for organising internal control. The management of each division, company and unit is responsible for developing, implementing and maintaining an efficient and functional internal control system in their respective area of responsibility. The management is also responsible for extending control to outsourced services. The objective of monitoring is also to identify potential changes in the operating environment and processes, seen to impact the control measures required.

Kesko's common operations guide and support the divisions, companies and units with Group-level policies, principles and instructions pertaining to their respective areas of responsibility. Kesko Group's internal audit function assesses and verifies the effectiveness and efficiency of Kesko's internal control, reports on it to the President and CEO and the Audit Committee of Kesko Corporations' Board of Directors, and assists management and Kesko's units in the development of the internal control system.

REPORTING SUSPECTED BREACHES

Everyone working at Kesko is obliged to comply with the K Code of Conduct and Kesko's policies, principles and work-related instructions, and to report any issues they identify to their manager. People can also use the SpeakUp channel to report suspected breaches of law or internal misconduct. The head of Kesko Group's Compliance & Ethics function and the Compliance & Ethics Officer working in the function review reports received via the SpeakUp channel when they are to be investigated by Kesko. Some investigations may necessitate the contribution of Group internal audit, other experts, or the authorities.

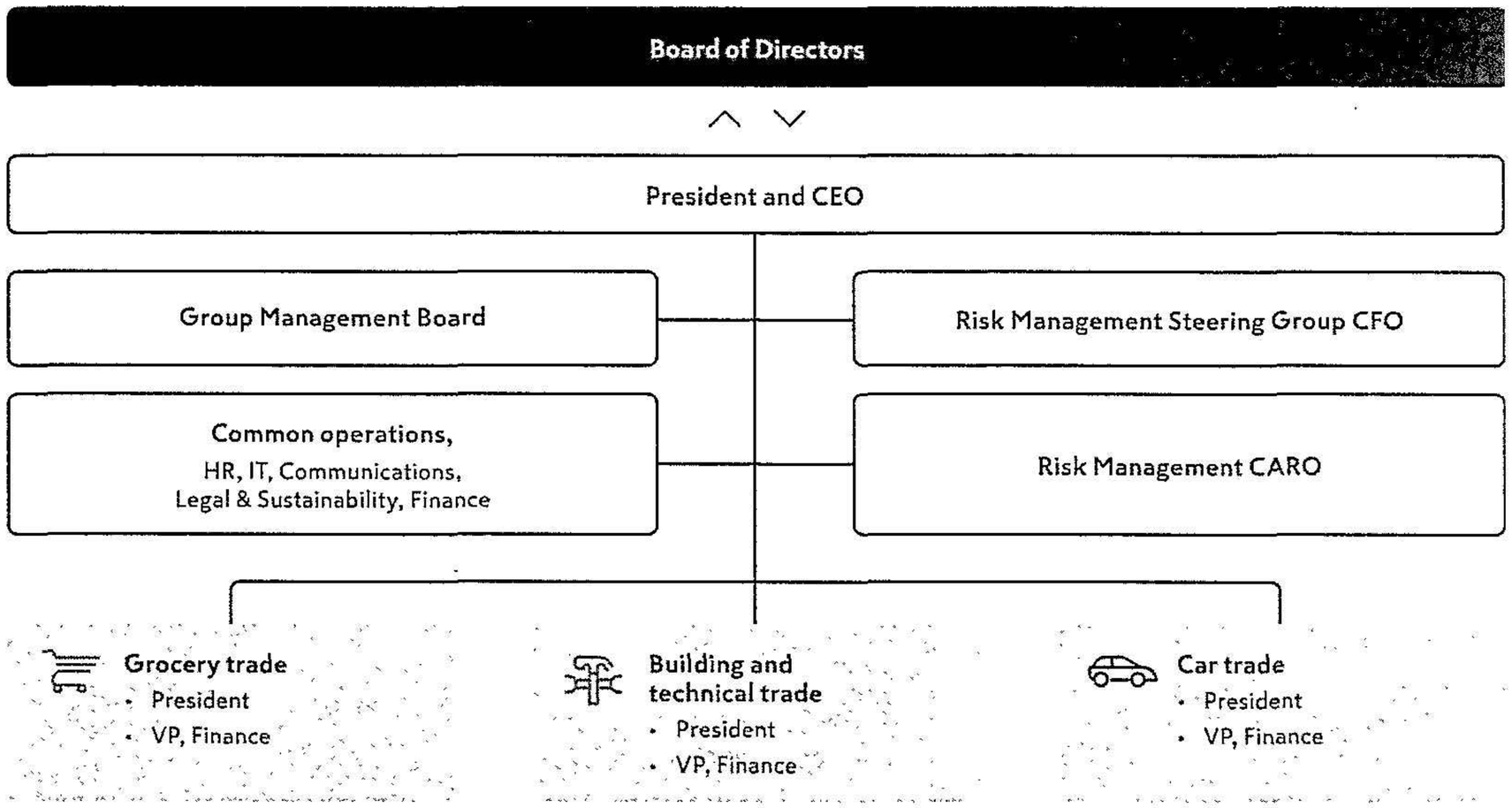
Risk management

Kesko's risk management is proactive and an integral part of day-to-day management. Risk management in Kesko Group is guided by the risk management policy approved by Kesko's Board of Directors. The policy defines the goals and principles, organisation, responsibilities and practices of risk management in Kesko Group. Financial risk management follows the Group's Treasury policy, approved by Kesko's Board of Directors.

RISK MANAGEMENT STEERING MODEL AND RESPONSIBILITIES

Kesko's business divisions are responsible for implementing risk management in their respective areas of responsibility, for identifying, assessing, handling and managing risks related to their operations, and they report on risks, risk management responses and the results of those responses to the risk management function. Common operations are responsible for Group-level policies, principles and instructions and for implementing risk management in their

Risk management steering model



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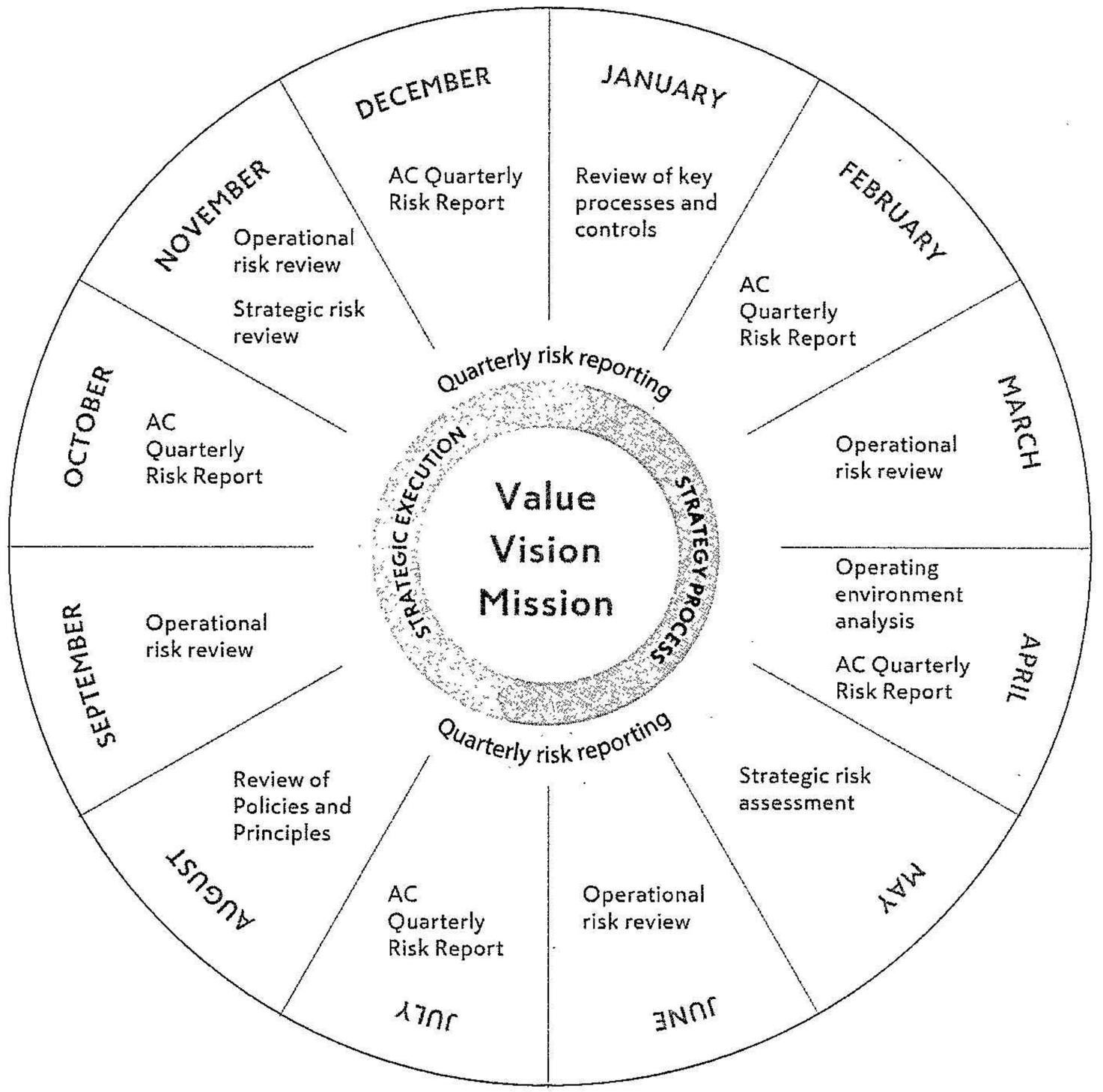
respective areas of responsibility. A risk management function independent of businesses is responsible for providing a framework and guidance for internal control and risk management, and it supports, coordinates and supervises risk management implementation in Kesko Group. Members of the Group Management Board are responsible for the effective and efficient implementation of internal control and risk management in their respective areas of responsibility. The Risk Management Steering Group headed by the Chief Financial Officer is responsible for establishing the Group's overview of the risk situation

The Chief Audit and Risk Officer reports functionally to the Chair of the Audit Committee and administratively to Kesko's President and CEO on matters related to internal audit, and to the Group's Chief Financial Officer on matters related to risk management. The President and CEO is responsible for the effectiveness and efficiency of the Group's risk management, and approves Group risk reports before they are reviewed by the Board of Directors. Kesko's Board of Directors monitors and assesses the effectiveness of risk management and supervises the assessment of risks related to the Company's strategy and operations and their management, supported by the Audit Committee.

RISK MANAGEMENT PROCESS

Kesko's risk management process is based on the Group's management model and follows the schedule for financial reporting. Kesko employs uniform risk assessment and reporting models. Risk identification is based on business objectives and opportunities and the defined risk appetite. Risks are prioritised by assessing their impacts in euros in case of realisation, and by the likelihood of their realisation.

Risk management annual cycle



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When assessing the impact of a risk, the impacts on e.g. reputation, the wellbeing of people, and the environment are taken into account in addition to the impact in euros.

Risk identification and assessment play a key role in Kesko's strategy work and operational planning. In addition, risk assessments are made on significant projects related to significant investments, business arrangements, or changes in operations. The risk assessments of business divisions and common operations, including a risk map, risk management responses and indicators, responsible persons and schedules, are reviewed regularly by the management of the respective business divisions or common operations. .

The assessment of strategic and emerging risks and opportunities is part of Kesko's strategy process and is based on the assessment of changes in the operating environment and risks related to strategic business objectives. The impact and likelihood of strategic risks and the effectiveness of risk management responses and controls are assessed not only for the strategy period but also in the medium term (3-5 years), and in the long term (over 5 years) for emerging risks. The assessment of strategic and emerging risks is carried out annually in April-May and updated in October-November.

The assessment of operational and financial risks is based on systematic and continuous assessment of risks in the business divisions and common operations. The impact and likelihood of new and already identified operational and financial risks and the effectiveness of risk management responses and controls are assessed in the short term (1-2 years). The assessment of operational and financial risks is carried out quarterly.

Risks and risk management responses are reported in accordance with Kesko's reporting responsibilities. The business divisions and common operations report on risks and changes in them to Group risk management. The risks are reviewed, and significant risks are consolidated by the Risk Management Steering Group in a Group risk report, which is reviewed and approved by the President and CEO.

The Group's most significant risks and uncertainties, as well as material changes in and management responses to them, are reported to Kesko Board's Audit Committee in accordance with the annual risk management schedule. The Audit Committee reviews the risks and assesses the efficiency of Kesko's risk management system. The Audit Committee Chair reports on risk management to the Board as part of Audit Committee reporting.

Kesko's Board of Directors reviews Kesko Group's most significant risks and uncertainties. The most significant risks and uncertainties are reported to the market by the Board in the Report by the Board of Directors, and any material changes in them in the half-year financial report and the interim reports.

A review regarding the need to amend risk management key processes and controls and policies and principles is conducted annually in accordance with the annual risk management schedule. Amendments to the risk management policy are approved by Kesko's Board of Directors before they take effect.

RISK MANAGEMENT IMPLEMENTATION IN 2024

In addition to regular assessment of strategic and operational risks, a division-level supply chain risk assessment was conducted in grocery trade and in building and technical trade. A separate Group-level risk analysis was conducted relating to the use and utilisation of artificial intelligence. Risk management also took actively part in developing and implementing regulation-based specified sustainability and cyber security risk management processes.

The reporting of risks and topical issues related to areas of risk management to the Board's Audit Committee continued and was further developed. In addition to the Group risk report, Audit Committee in its meetings reviewed topical issues related to continuity management and Group insurance coverage.

RISK MANAGEMENT FOCUS AREAS IN 2025

A focus area for risk management is the further development of the risk management process efficiently utilising available data and information systems. One objective of process development is to develop the Group's risk register which enables the structured pooling of risks and assessment of functional joint impacts in risk analyses. Another objective is the development and partial automation of systematic assessment and monitoring of risk management measures.

In addition, risk management will continue the development and implementation of risk assessment models required by new regulation in cooperation with the business divisions and common operations, including the planning and implementation of the risk management process for sustainability reporting.

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OTHER INFORMATION TO BE PROVIDED IN THE CG STATEMENT

Internal audit

Kesko's internal audit is responsible for the Group's independent evaluation and assurance function required of a listed company, which systematically examines and verifies the efficiency of risk management, management, control and governance. The Audit Committee of Kesko's Board of Directors has approved the operating instructions for Kesko's internal audit function.

The internal audit function operates under Kesko's President and CEO and the Audit Committee, and it reports on its findings and recommendations to the Audit Committee, the President and CEO, the management of the audited operation, and the external Auditor. Internal audit covers all Kesko's divisions, companies and functions. Auditing is based on risk assessments, as well as risk management and control discussions conducted with the management of the Group and the divisions. Regular meetings are arranged with the external Auditor to ensure sufficient audit coverage and to eliminate overlapping operations.

An internal audit plan is prepared annually, and it is approved by the President and CEO and the Audit Committee. The audit plan is specified on a risk-basis quarterly. If necessary, the internal audit function acquires external services for additional resources or for conducting audit operations requiring particular expertise. Internal audit can also make use of the expertise and work contribution of Kesko Group's other specialists.

The Chief Audit and Risk Officer reports functionally to the Chair of the Audit Committee, and administratively to Kesko's President and CEO on matters related to internal audit, and to the Group's Chief Financial Officer on matters related to risk management.

INTERNAL AUDIT IN 2024

The main focus areas for internal audit in 2024 were store site investments, acquisitions and their integration, targeted audits for key projects, retailer operations, inventory and credit management processes, cyber security, identity and access management, vendor bonuses, and processes of the shared services centre.

FOCUS AREAS FOR INTERNAL AUDIT IN 2025

The main focus areas for internal audit in 2025 will be the utilisation of artificial intelligence, IT project management, acquisitions and their integration, cyber security, store site investments, sales management, the home and speciality goods trade business, vehicle servicing, indirect sourcing, and processes of the shared services centre.

Related party transactions

In accordance with the Corporate Governance Code, Kesko's Board of Directors has determined the principles for monitoring and evaluating related party transactions complied within the Group. The principles determine Kesko's related parties, and a list of related parties is maintained. The principles identify business operations that are part of ordinary course of business and implemented under arms-length terms. These include chain agreements in the K-chain operations used to join retailers to Kesko's retail chains, such as the K-Citymarket, K-Supermarket, K-Market and K-Rauta chains, and the terms and conditions of sales for K-chain commerce and services. Kesko has made chain agreements also with companies controlled by Board members engaged in retailer operations. Like other chain agreements, these are part of Kesko's ordinary course of business. The agreements are made at the same organisational level following the same principles as other similar chain agreements. The Board makes decisions on agreements and other legal acts that are not part of Kesko's ordinary course of business or are not implemented under arms-length terms. The matter and related decision-making are prepared with care utilising, for example, external evaluations. Decision-making complies with the conflict of interest provisions of the Finnish Limited Liability Companies Act. Related party transactions and information concerning the monitoring of related party transactions are reported to Kesko's Audit Committee, and the supervision of related party transactions is part of Kesko Group's internal control. Kesko regularly reports related party transactions as part of its financial reporting, and publishes related party transactions in a manner determined by regulations. Kesko Group's related party transactions are reported in note 5.2 to the consolidated financial statements.

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Insider administration

INSIDER REGULATIONS

Kesko complies with the EU and Finnish insider regulations, the insider guidelines of Nasdaq Helsinki Ltd, and the complementary insider instructions confirmed by Kesko.

MANAGERS AND MANAGEMENT TRANSACTIONS

Kesko has determined that 'managers' (persons discharging managerial responsibilities) in Kesko, as referred to in the EU Market Abuse Regulation (MAR), comprise the members of Kesko Corporation's Board of Directors, and the President and CEO and other members of the Group Management Board. The managers and their related parties are obliged to inform Kesko and the Finnish Financial Supervisory Authority of transactions they make with Kesko's financial instruments, such as shares. Transactions by the managers and their related parties are disclosed in accordance with MAR.

CLOSED PERIOD

A closed period of 30 calendar days before the publication of interim reports, the half-year financial report, and the financial statements release is applied to persons discharging managerial responsibilities at Kesko. The Company has imposed a corresponding 30-day closed period also on persons involved in the preparation, drafting or publication of Kesko's interim reports, the half-year financial report, and the financial statements. During the closed period, the persons are prohibited from trading on Kesko's shares and other financial instruments.

INSIDER PROJECTS

A project-specific insider list of persons involved is established for projects involving insider information. Persons on the list cannot trade on financial instruments in Kesko during the project.

REPORTING BREACHES

Kesko has a confidential channel for reporting suspected violations of securities markets regulations. The channel is maintained by an external company independent of Kesko Group. Within Kesko Group, the Compliance & Ethics function is responsible for the channel, for conducting investigations, and for taking further action.

DUTIES

Insider management at Kesko is concentrated in Legal Affairs. Kesko's Legal Affairs

- provides information, instructions, training and advice on insider matters internally,
- develops insider administration,
- monitors regulatory changes concerning insider matters,
- is responsible for insider lists, the list of persons discharging managerial responsibilities and related parties, and other insider administration-related procedures,
- participates in internal investigation of concerns and suspected breaches related to insider matters, and
- monitors compliance with insider guidelines together with Kesko's internal audit.

Financial audit and sustainability reporting assurance

FINANCIAL AUDIT

According to Kesko's Articles of Association, Kesko's Auditor shall be an Authorised Public Accountants Organisation which shall designate an Authorised Public Accountant as the auditor with principal responsibility. The Audit Committee conducts preparatory work for the election of the Company's Auditor, and recommends an Auditor. The Board submits a proposal to the Annual General Meeting. The Auditor's term of office is the financial year during which the Auditor is elected, and the Auditor's term continues until the close of the next Annual General Meeting to follow.

Auditor's fees in 2024-2023 (€1,000)

	2024			2023		
	Kesko Corporation	Other Group companies	Total	Kesko Corporation	Other Group companies	Total
Auditing	426	951	1,377	335	903	1,238
Tax consultation	-	-	-	-	6	6
IFRS consultation	21	-	21	-	-	-
Other services	84	4	88	157	2	159
Total	531	955	1,486	492	911	1,403

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The Annual General Meeting of 2024 elected the firm of authorised public accountants Deloitte Oy as the Company's Auditor, with APA Jukka Vattulainen as the auditor with principal responsibility. The Annual General Meeting resolved that the Auditor's fee and the reimbursement of the Auditor's expenses be paid according to an invoice approved by the Company.

SUSTAINABILITY REPORTING ASSURANCE

Kesko's Authorised Sustainability Auditor shall be an Authorised Sustainability Audit Firm, which shall designate an authorised sustainability auditor as the principal authorised sustainability auditor. The Audit Committee conducts preparatory work for the election of the Company's Authorised Sustainability Auditor and recommends an Authorised Sustainability Auditor. The Board submits a proposal to the Annual General Meeting. The term of office for the Authorised Sustainability Auditor is the financial year during which the Authorised Sustainability Auditor is elected. The Authorised Sustainability Auditor's term continues until the close of the next Annual General Meeting to follow.

The 2024 Annual General Meeting elected the Sustainability Audit Firm Deloitte Oy as the company's Authorised Sustainability Auditor, with APA, ASA Jukka Vattulainen as the principal Authorised Sustainability Auditor. The Annual General Meeting resolved that the Authorised Sustainability Auditor's fee and the reimbursement of their expenses will be paid according to an invoice approved by the Company.

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BOARD OF DIRECTORS



Esa Kiiskinen

Chair, Chair of the Remuneration Committee.

b. 1963,
Kauppaneuvos (an honorary title granted by the President of the Republic of Finland), Business College Graduate.

Independence: He is considered not to be independent of the Company (entity controlled by him has a chain agreement with a Kesko Group company) but to be independent of its significant shareholders.

Domicile: Helsinki, Finland.

Principal occupation: Food retailer.

Main employment history: K-food retailer since 1990.

Main positions of trust: Saija ja Esa Kiiskinen Oy: Chair of the Board 1995-.

Board member since: 30 March 2009.

Kesko shares held:
- 31 December 2023: 459,910 A shares held by him and entities controlled by him and 11,121 B shares held by him and entities controlled by him.
- 31 December 2024: 459,910 A shares held by him and entities controlled by him and 13,020 B shares held by him and entities controlled by him.



Peter Fagernäs

Deputy Chair, Deputy Chair of the Remuneration Committee.

b. 1952,
Master of laws.

Independence: He is considered to be independent of the Company and of its significant shareholders.

Domicile: Helsinki, Finland.

Principal occupation: Chairman of the Board

Main employment history: Hermitage & Co Oy: Chairman of the Board 2003-2023, Pohjola Group Plc: Chairman of the Board 2001-2003, Conventum Ltd: CEO 1996-1999 and Chairman of the Board 1999-2002, Merita Bank Ltd: member of management board 1995-1996, Prospectus Ltd: CEO 1993-1995, Kansallis-Osake-Pankki: 1977-1993.

Main positions of trust: Oy Hermitage Ab: Chairman of the Board 2003-, Taaleri Plc: Chairman of the Board 2007-2020, Amanda Capital Plc: member of the Board 2007-2011, Winpak Ltd: member of the Board 2006-2011, Fortum Corporation: Chairman of the Board 2004-2009.

Board member since: 11 April 2018.

Kesko shares held:
- 31 December 2023: 4,000 A shares and 14,709 B shares held by him.
- 31 December 2024: 4,000 A shares and 25,880 B shares held by him.

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Jannica Fagerholm

Chair of the Audit Committee.

b. 1961,
Master of Science (Economics).

Independence: She is considered to be independent of the Company and of its significant shareholders.

Domicile: Helsinki, Finland.

Principal occupation: Managing Director.

Main employment history: Signe and Ane Gyllenberg Foundation: Managing Director 2010-; SEB Gyllenberg Private Bank: Managing Director 1999-2010; Handelsbanken Liv Finland: Country Director 1998-1999.

Main positions of trust: Mandatum plc: Vice Chair of the Board 2023-; Sampo plc: member of the Board 2013-; Solidium Oy, member of the Board 2019-, Kelonia Ab, member of the Board 2010-; The Society of Swedish Literature in Finland, member of the Board 2015-, member of the Financial Board 2001-2015; Föreningen Stiftelser och Fonder (Säätiöt ja rahastot ry): member of the Board 2015-2021, Chair of the Board 2022-2023; Eira Hospital Ltd: member of the Board 2010-; Veritas Pension Insurance, member of the Supervisory Board 2010-2022; Hanken School of Economics: member of the Board 2008-2022, Chair of the Board 2019-2021; Teleste Corporation: member of the Board 2013-2020; Aktia Abp: member of the Board 2012-2013; Partiosäätiö foundation: member of the Board 1997-2013.

Board member since: 4 April 2016.

Kesko shares held:
- 31 December 2023: 10,709 B shares held by her.
- 31 December 2024: 11,880 B shares held by her.



Pauli Jaakola

b. 1973,
retailer, EMBA.

Independence: He is considered not to be independent of the company (entity controlled by him has a chain agreement with a Kesko Group company) and not independent of its significant shareholders (Chair of the Board of a significant Company shareholder, the K-Retailers' Association).

Domicile: Kirkkonummi, Finland.

Principal occupation: Food retailer, P. Jaakola Oy.

Main employment history: K-food retailer since 2001.

Main positions of trust: Board of Finnish Commerce Federation: Board member 1 Jan. 2025-; K-Retailers' Association: Chair of the Board 2024-, Board member 2019-, 2012-2016; K-ruokakauppiasyhdistys ry: Board Chair 2019-2024, Deputy chair 2012-2016, member 2011-2012, 2016-2018; Finnish Grocery Trade Association: Board member 2019-2024; Vähittäiskaupan tilipalvelu VTP Oy: Board member 2019-2024; Foundation for Vocational Training in the Retail Trade: Chair of the Board 2024-, Board member 2023-; K-instituutti Oy: Board member 2012-2016.

Board member since: 26 March 2024.

Kesko shares held:
- 25 January 2024: 170,000 A shares held by entities controlled by him and 2,500 B shares held by him.
- 31 December 2024: 180,000 A shares held by entities controlled by him and 3,387 B shares held by him.

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Piia Karhu

Member of the Audit Committee.

s. 1976,
Doctor, Business Administration.

Independence: She is considered to be independent of the Company and of its significant shareholders.

Domicile: Kauniainen, Finland.

Principal occupation: President, Metso.

Main employment history: Metso: President, Minerals 2024-, President, Metals 2022-2024, SVP Business Development 2020-2022; Finnair Plc: Senior Vice President, Customer Experience 2016-2020. Various leadership positions at Finnair Plc since 2013. Previously worked as a management consultant for 12 years at Ernst & Young and Capgemini.

Main positions of trust: Board member in East Office of Finnish Industries Oy 2024-.

Board member since: 11 April 2018.

Kesko shares held:

- 31 December 2023: 5,046 B shares held by her.
- 31 December 2024: 5,933 B shares held by her.



Jussi Perälä

s. 1970,
Retailer, Business College Graduate.

Independence: He is considered not to be independent of the Company (entity controlled by Perälä has a chain agreement with a Kesko Group company), but to be independent of its significant shareholders.

Domicile: Helsinki, Finland.

Principal occupation: Retailer, J & M Perälä Oy.

Main employment history: Retailer: K-Rauta Oulunkylä 2014- and K-Rauta Procenter Pasila 2020-, K-Rauta Palokka Jyväskylä 2010-2014, Rautia-maatalous Vasarakatu Jyväskylä 2003-2010, K-Rauta Kangasniemi 1998-2008, K-Rauta Laukaa 1997-2013, Rautia Joutsa 1997-2012, K-Rauta Toivakka 1997-2005.

Main positions of trust: K-Retailers' Association: Vice Chairman of the Board 2016-2021, Board member 2009-2014, K-rautakauppiasyhdistys: Board member 2008, Vice Chairman of the Board 2009-2014, Vähittäiskaupan Takaus Oy: Board member 2018-2021, Vähittäiskaupan Tilipalvelu Oy: Chair of the Board 2020-2021, Board member 2017-2020, Finnish Hardware Association: Board member 2009-2011 and 2016-2021, Rautia Chain Board: Chairman 2008, member 2001-2007, K-Rauta planning group: 2011-2014.

Board member since: 12 April 2021.

Kesko shares held:

- 31 December 2023: 133,000 A shares and 97,433 B shares held by him and entities controlled by him.
- 31 December 2024: 133,000 A shares and 98,320 B shares held by him and entities controlled by him.

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Timo Ritakallio

Deputy Chair of the Audit Committee, Member of the Remuneration Committee.

b. 1962, Doctor of Science (Technology), Master's degree in law (LL.M.), MBA.

Independence: He is considered to be independent of the Company and of its significant shareholders.

Residence: Helsinki, Finland.

Main occupation: President and Group Chief Executive Officer.

Career: OP Financial Group: President and Group Chief Executive Officer 2018-, Ilmarinen Mutual Pension Insurance Company: President and CEO 2015-2018, Deputy Chief Executive Officer 2008-2014, Pohjola Bank Group: Deputy Executive Officer and Vice Chairman of the Executive Committee 2006-2008, OKO Bank: Deputy Chief Executive Officer and Member of the Executive Board 2001-2005, OKO Bank: Member of the Executive Board 1997-2001, Opstock Securities Ltd: Managing Director 1993-1997, Uudenkaupungin Seudun Osuuspankki: Managing Director 1991-1993.

Key positions of trust: Finance Finland, FFI: Chairman of the Board of Directors 2020-2021, Deputy Chairman of the Board of Directors 2022-, Member of the Board of Directors 2017-, Confederation of Finnish Industries EK: Member of the Board of Directors 2020-2021, Finnish Chamber of Commerce: Member of the Board of Directors 2019-, Chairman of the Board 2022-, OP Corporate Bank plc: Chairman of the Board of Directors 2018-, Pohjola Insurance Ltd: Chairman of the Board of Directors 2018-, The Finnish Olympic Committee: Chairman of the Board of Directors 2016-2020, Outotec Oyj: Member of the Board of Directors 2011-2019, Vice Chairman of the Board of Directors 2013-2019, Technopolis Oyj: Member of the Board of Directors 2008-2015, Nasdaq OMX Nordic Inc: Member of the Board of Directors 2003-2011, SSH Communication Security Oyj: Member of the Board of Directors 2003-2009.

Board member since: 12 April 2021.

Kesko shares held:

- 31 December 2023: 2,000 A shares and 1,789 B shares held by him.
- 31 December 2024: 2,000 A shares and 2,676 B shares held by him.

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GROUP MANAGEMENT BOARD



Jorma Rauhala

Kesko Corporation's Managing Director and Kesko Group's President and CEO.

b. 1965,
Master of Science (Economics).

Other major duties: Finnish Commerce Federation: Chair of the Board 1.2.2024-, Confederation of Finnish Industries EK: Vice Chair of the Board 1.1.2025- and member of the Board 1.2.2024-; European DIY Retail Association (EDRA): member of the Board 2019-6/2024; Haaga-Helia University of Applied Sciences Ltd: Chair of the Board 2021-; The Finnish Grocery Trade Association: Chair of the Board 2017 (until 20.11.2017) and 2013-2014; member of the Board 2013-2016; the Association of Finnish Advertisers: member of the Board 2014-2017 (until 24.11.2017).

Employment history: employed by Kesko Corporation since 1992. Kesko Corporation's Managing Director and Kesko Group's President and CEO since 1 February 2024. President of Kesko's building and technical trade since 15 November 2017 and Deputy CEO 15 November 2017 - 31 January 2024. Senior Vice President, grocery trade division 2015-2017. President of Kesko Food Ltd 2013-2017. Vice President for the K-Citymarket chain's food trade 2012-2013; Managing Director of Kespro Ltd 2007-2012; Purchasing Director of Kespro Ltd 2003-2007.

Member of the Group Management Board since: 5 February 2013.

Kesko shares held:
- 31 December 2023: 228,691 B-shares.
- 31 December 2024: 238,029 B-shares.



Ari Akseli

President, grocery trade.

b. 1972,
Master of Science (Economics).

Other major duties: The Finnish Grocery Trade Association: Chair of the Board 2025-, member of the Board 2019-, Deputy Chair of the Board 2023-, Chair of the Board 2021-2022 and 2017-2018; Varma Mutual Pension Insurance Company: member of the Supervisory Board 2021-; AMS Advisor Board: member 2013-2019; IGS Advisor Board: member 2016-; Ruokatieto: Vice Chairman of the Board 2016-2019, member of the Board 2013-2015; Association for Finnish Work: member of the Executive Committee 2014-2019.

Employment history: Employed by Kesko Corporation since 1995. President of Kesko's grocery trade division since 15 November 2017. Vice President for Commerce, Kesko's grocery trade 2013-2017; President, Anttila Oy 2010-2013; President, K-citymarket Oy 2008-2013.

Member of the Group Management Board since: 15 November 2017.

Kesko shares held:
- 31 December 2023: 1,824 A shares, 122,670 B shares.
- 31 December 2024: 1,824 A shares, 130,493 B shares.

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Sami Kiiski

President, building and technical trade.

b. 1976,
Master of Science (Economics).

Other major duties: European DIY Retail Association (EDRA): member of the Board 6/2024-; member of the Board of Intersport International Corporation (IIC) 2022-9/2024; member of the Board of Association of Automobile Industry in Finland 2023-2024; member of the Board of the Finnish Central Organisation for Motor Trades and Repairs (AKL) 2023-2024; member of the Board of the Fashion and Sports Commerce Association 2020-2023; member of the Board of the Sport Retail and Wholesale Association (UVT) 2014-2019.

Employment history: Employed by Kesko Corporation since 2020. President of building and technical trade since 1 April 2024; President of Kesko's car trade division and CEO of K Auto Oy June 2023-March 2024; Director in charge of Kesko's leisure trade and CEO of Intersport Finland Oy 2020-8/2023; CEO of Halti Oy 2015-2020; Executive Vice President of Sultrade Oy 2014-2015 and International Sales Director 2009-2014; head of leisure trade business at Solifer Group 2007-2009.

Member of the Group Management Board since: 1 June 2023.

Kesko shares held:
- 31 December 2023: 11,932 B shares.
- 31 December 2024: 16,376 B shares.



Johanna Ali

President, car trade division.

b. 1977,
Master of Science (Economics and Business).

Other major duties: member of the Board of the Finnish Central Organisation for Motor Trades and Repairs (AKL) 05/2024-; The Association of Automobile Industry in Finland, member of the Board 09/2024-.

Employment history: Employed by Kesko Corporation since 2021. President of car trade division and CEO of K Auto Oy since 4 June 2024 (acting President of Kesko's car trade division since 1 April 2024); K-Auto Oy, Vice President of Audi Finland 2021-2024; Forenom Oy Country Director 2019-2021; LeasePlan Finland Oy, Commercial Director 2015-2019, Operational Director 2009-2015, Development and IT Manager 2007-2009, Business Controller 2003-2006, PricewaterhouseCoopers Oy, Auditor 1999-2002.

Member of the Group Management Board since: 1 April 2024.

Kesko shares held:
- 1 June 2024: 1,510 B shares.
- 31 December 2024: 1,510 B shares.

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Anu Hämäläinen

Executive Vice President, CFO.

b. 1965,
Master of Science (Economics).

Other major duties: Valmet Corporation: Member of the Board 2022-, Chair of the Audit Committee 2024-; Neles Corporation: Member of the Board 2020-2021, Vice Chair of the Board 2021-2022, Chair of the Audit Committee 2020-2022; Finnfund (Finnish Fund for Industrial Cooperation Ltd): Member of the Board 2019-2024; Outotec Oyj: Member of the Board 2019-2020, Chair of the Audit and Risk Committee 2019-2020; Fingrid Oyj: Member of the Board 2016-2020; Glaston Corporation: Member of the Board 2012-2019.

Employment history: Employed by Kesko Corporation since 2020. Executive Vice President, CFO since 1 June 2024. Kesko Corporation: Vice President, Group Finance and Treasury 2020-2024; Wärtsilä Corporation: Vice President, Group Treasury and Financial Services 2015-2020, Vice President, Group Control 2010–2015, Director, Financial Accounting 2008–2010; SRV Group Ltd: Senior Vice President, Financial Administration 2006-2008; Quorum Ltd: Senior Partner 2005–2006; Conventum Ltd: Administration Director 2001–2005; Opstock Oy: Administration Director and a Partner 1999–2001; Wärtsilä: various treasury and finance tasks 1991-1999.

Member of the Group Management Board since: 1 June 2024.

Kesko shares held:
- 1 June 2024: 8,395 B shares.
- 31 December 2024: 8,395 B shares.



Lasse Luukkainen

Executive Vice President, Legal and Sustainability.

b. 1978,
Master of Laws.

Other major duties: Davidsens Tømmerhandel A/S: Chair of the Board of Directors 2024-, UAB "Kesko Senukai Lithuania": Chair of the Board of Directors 2020-, EuroCommerce: Member of the Board 2025-, Independent Retail Europe: Member of the Board of Directors 2020-2024, Vähittäiskaupan Takaus Oy: Member of the Board of Directors 2020-, Confederation of Finnish Industries EK: member of the Legal Committee 2020-, Finnish Commerce Federation: member of the Legal Committee 2020-2024.

Employment history: employed by Kesko Corporation since 2010. Executive Vice President, Legal and Sustainability 2024 -; Senior Vice President, Group General Counsel 2020-2024; Senior Corporate Counsel 2015-2019; Corporate Counsel 2012-2015; Legal Counsel 2010-2011. Associate Castrén & Snellman Attorneys 2005-2010.

Member of the Group Management Board since: 1 June 2024.

Kesko shares held:
- 1 June 2024: 31,537 B shares.
- 31 December 2024: 31,537 B shares.

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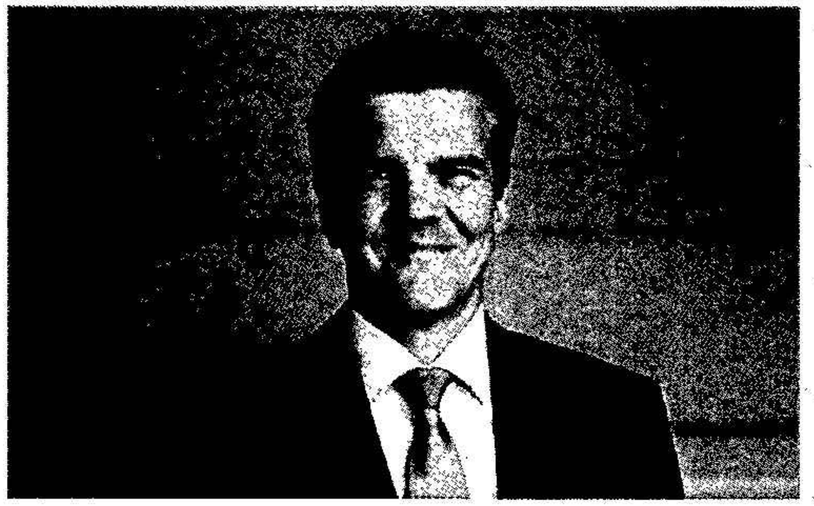
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Matti Mettälä

Executive Vice President, Human Resources.

b. 1963, Master of Laws.

Other major duties: Employment Fund: member of the Supervisory Board 2018-; Foundation for Vocational Training in the Retail Trade: member of the Board 2005-.

Employment history: employed by Kesko Corporation 1990-2005 and since 2012. Executive Vice President, Human Resources 12 April 2021-. Executive Vice President, Human Resources, Corporate Responsibility and Regional Relations 2018-2021. Senior Vice President, Human Resources 2015-2017. Senior Vice President, Human Resources and Stakeholder Relations 2012-2014. K-retailers' Association: Managing Director 2005-2012; Kesko Hardware and Builders' Supplies: Vice President for Finance 2002-2005: Rautakesko Ltd: Development Director 2001-2002; Builders' and Agricultural Supplies Division: Project Manager 1999-2000; Kesko Hardware and Builders' Supplies: Vice President for the Rautia chain 1998-1999; Builders' and Agricultural Supplies Division: Retail Services Manager 1996-1998; Vähittäiskaupan Takaus Oy: Retail Services Manager 1994-1996; Kesko Ltd's Credit Department: Credit Manager 1991-1992; Kesko Ltd's Credit Department: Legal Counsel 1990-1991.

Member of the Group Management Board since: 1 October 2012.

Kesko shares held:

- 31 December 2023: 1,000 A shares, 114,888 B shares.
- 31 December 2024: 1,000 A shares, 119,557 B shares.



Karoliina Partanen

Executive Vice President, Communications.

b. 1977, Master of Political Science.

Areas of responsibility: Communications, Brand and Stakeholder Relations.

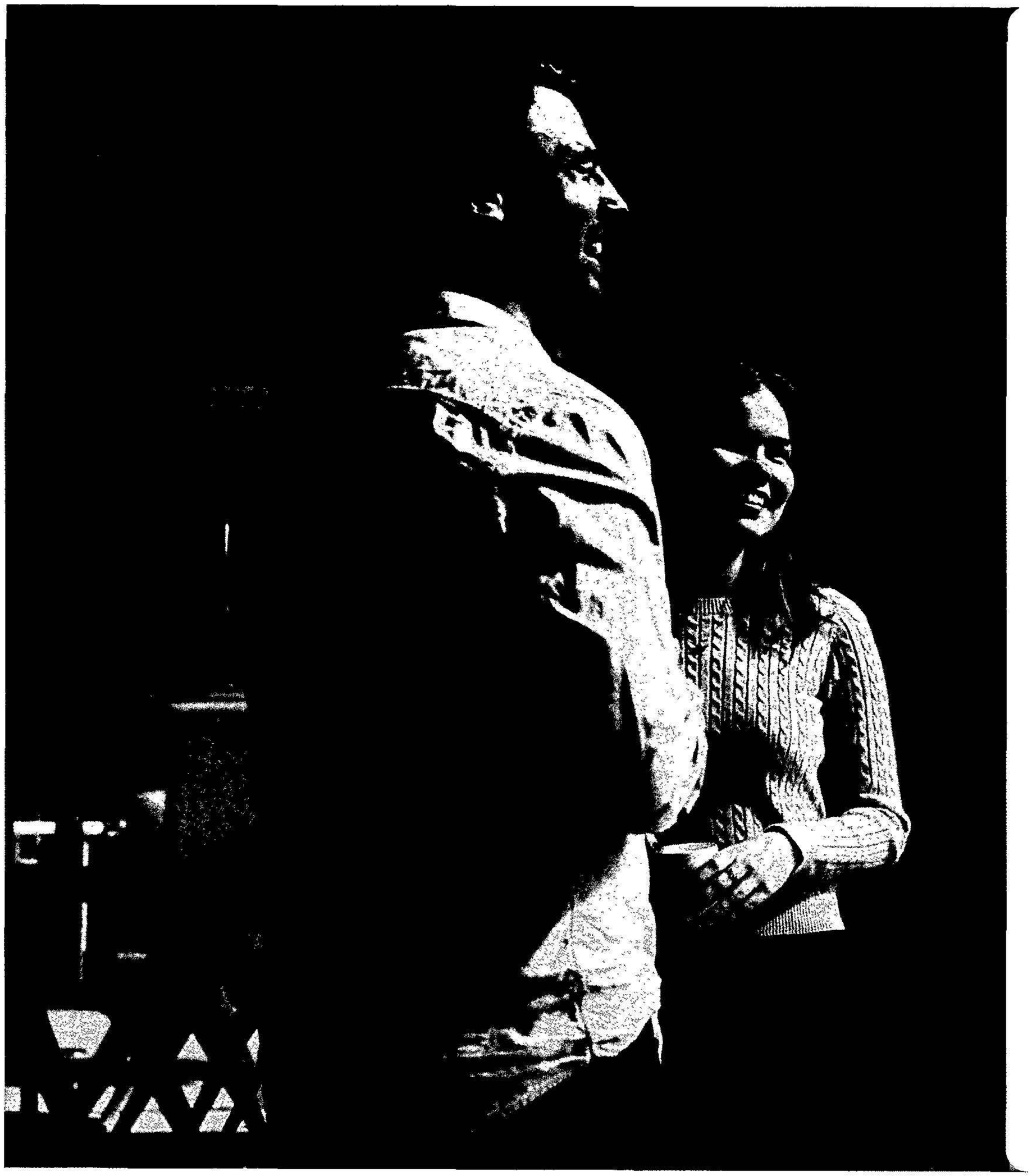
Employment history: employed by Kesko Corporation since 2015. Kesko Corporation's Executive Vice President, Communications 2017-. Kesko grocery trade, Vice President, Communications 2015-2017. Metso Corporation: Vice President, Global Brand and Marketing 2013-2015; Vice President, Marketing and Communications 2009-2013; Communications Manager 2005-2009. Pohjoisranta Burson-Marstellier Oy: Communications Consultant 2000-2005.

Member of the Group Management Board since: 1 October 2020.

Kesko shares held:

- 31 December 2023: 32,026 B shares.
- 31 December 2024: 35,284 B shares.

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REMUNERATION REPORT

2024

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INTRODUCTION

This is the remuneration report for governing bodies applied within Kesko Corporation ("Kesko") which complies with legislation and the Finnish Securities Market Association's Corporate Governance Code that entered into force on 1 January 2025. This remuneration report concerns the reporting on remuneration of the members of Kesko's Board of Directors as well as the President and CEO and the Deputy CEO of Kesko in 2024. The remuneration report is based on the remuneration policy for Kesko's governing bodies reviewed by the Annual General Meeting of 28 April 2020 and the new remuneration policy in force that was reviewed by the Annual General Meeting of 26 March 2024. The Annual General Meeting resolved in favour of the proposed remuneration policies.

The Remuneration Committee of Kesko's Board of Directors prepared the remuneration report, and the Board approved it in its meeting on 4 February 2025. Kesko's auditor, Deloitte Oy, has audited this remuneration report to confirm that it contains the information referred to in the Ministry of Finance Decree on the remuneration policy and remuneration report of a share issuer (608/2019). This remuneration report will be reviewed by Kesko's 2025 Annual General Meeting. Kesko's Annual General Meeting on 26 March 2024 approved the Remuneration Report for Governing Bodies for 2023. The General Meeting resolution concerning the Remuneration Report is advisory in nature.

This remuneration report is available on Kesko's website at kesko.fi/en/investor/corporate-governance/.

Fees paid and business performance for the past five years

Role	2020	2021	2022	2023	2024
Board Chair	118,000	119,900	117,000	114,600	122,000
Board Deputy Chair	70,500	74,900	71,400	70,200	73,800
Other Board members, average	59,300	61,160	59,960	58,760	63,875
President and CEO Jorma Rauhala (as of 1 Feb. 2024)*					1,186,625
Deputy CEO Jorma Rauhala (until 31 Jan. 2024)	1,269,791	2,123,288	2,345,080	1,539,455	36,576
President and CEO Mikko Helander (until 31 Jan. 2024)**	2,997,382	4,381,783	4,866,364	3,370,070	2,084,510
Employee, Finland	41,127	42,974	43,236	43,697	44,292
Net sales, € million	**10,669**	**11,300**	**11,809**	**11,784**	**11,920**
Operating profit, comparable, € million	**568**	**776**	**815**	**712**	**650**
Return on capital employed, comparable, %	**12.0**	**17.2**	**16.9**	**13.4**	**11.3**
Total shareholder return (TSR, %) of a Kesko B share	**37.36**	**43.08**	**-26.05**	**-7.77**	**5.76**

The remuneration for the Board Chair, Deputy Chair and other members includes annual and meeting fees. The remuneration for the President and CEO and the Deputy CEO comprises their fixed annual salary, car and mobile phone benefits, and variable components, namely performance bonuses and share awards. The employee salary is the average annual salary and fees (personnel expenses as presented in the financial statements divided by the number of full-time employees in Finland). The figures in the above table are presented as payment-based. Remunerations to be paid in the later years are not included in the figures.
*Jorma Rauhala was Deputy CEO between 1 Jan. 2024 and 31 Jan. 2024, and President and CEO as of 1 Feb. 2024.
** Mikko Helander was President and CEO between 1 Jan. 2024 and 31 Jan. 2024. He retired from the Company in 2024.

In accordance with the remuneration policy, the Remuneration Committee of Kesko's Board of Directors supervises the policy's implementation and ensures that the remuneration of the Company's governing bodies takes place within the limits of the policy presented to the General Meeting. In the 2024 financial year, the remuneration of Kesko's Board members, President and CEO, and Deputy CEO was in line with the remuneration policies approved by the 2020 and 2024 Annual General Meetings. No fees already paid have been clawed back.

The Kesko's Board of Directors has listened to shareholder feedback regarding the development of Kesko's remuneration. The Board has decided on a new share plan to be initiated in 2025, which is the 'PSP 2025-2028 President and CEO'. The key difference is that the performance period for the plan is three years instead of two years. Share awards for the President and CEO will follow the new plan from 2025 onwards. The three-year performance period will be followed by a one-year

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commitment period. The share plan complies with Kesko's remuneration policy.

In line with what is presented in Kesko's remuneration policy, the aim of remuneration is to align the objectives of the shareholders and the members of the Company's Board, the President and CEO, and the Deputy CEO in order to increase the value of the Company and to execute its business strategy in the long term. As a result, remuneration promotes the Company's long-term financial success.

Changes to total remuneration of the President and CEO and the Deputy CEO are mostly due to changes in their realised performance bonuses and share awards.

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BOARD OF DIRECTORS' REMUNERATION

In accordance with Kesko's remuneration policy for governing bodies, the Annual General Meeting of 26 March 2024 made resolutions regarding the Board members' remuneration and the basis for reimbursement of their expenses. Kesko's Shareholders' Nomination Committee had submitted a proposal on the matter to the General Meeting.

The annual and meeting fees determined by the General Meeting for the members of the Board of Directors are presented in the following tables. In accordance with the General Meeting resolution, the annual fees were paid in Kesko Corporation's B shares and cash, with approximately 30% of the fees paid in shares. After the transfer of shares, the remaining fee amount was paid in cash. The Company transferred treasury shares held by the Company to the Board members on 26 April 2024. A Board member cannot transfer shares until either three years have passed from the day the member received the shares or their membership on the Board has ended, whichever comes first.

RESOLUTION OF THE 2024 ANNUAL GENERAL MEETING ON THE ANNUAL AND MEETING FEES OF BOARD MEMBERS

Annual fees to Board members (€)

	2024
Chair	107,000
Deputy Chair	66,000
Member	50,000
Board member who is the Audit Committee Chair	66,000

Board meeting fees / meeting (€)

	2024
Board meeting	
Chair	1,200
Member	600
Committee meeting	
Committee Chair who is not the Chair or Deputy Chair of the Board	1,200
Member	600

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Annual and meeting fees paid to Board members for Board and Committee work in 2024 (€)

		Meeting fees				
	Annual fee	Board of Directors	Audit Committee	Remuneration Committee	Remuneration, total	Number of B shares transferred as annual fees*
Esa Kiiskinen (Chair)	107,000	13,200		1,800	122,000	1,899
Peter Fagernäs (Deputy Chair)	66,000	6,000		1,800	73,800	1,171
Jannica Fagerholm	66,000	6,600	7,200		79,800	1,171
Pauli Jaakola **	50,000	5,400			55,400	887
Piia Karhu	50,000	6,600	3,600		60,200	887
Jussi Perälä	50,000	6,600			56,600	887
Toni Pokela ***		1,200			1,200	
Timo Ritakallio	50,000	6,600	3,600	1,800	62,000	887
Total	439,000	52,200	14,400	5,400	511,000	7,789

* Kesko's treasury shares were transferred on 26 April 2024. The average share price on the transfer date was €16.06.
** Pauli Jaakola was elected as Board member on 26 March 2024.
*** Toni Pokela was a Board member until 26 March 2024.

In addition, Kesko's Board members were paid reimbursements for their expenses in accordance with the resolution of the 2024 Annual General Meeting.

There are no share compensation schemes for Board members nor do they participate in Kesko's remuneration schemes or pension plans.

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REMUNERATION FOR THE PRESIDENT AND CEO AND THE DEPUTY CEO

The Company's managing director, referred to as the President and CEO, was Mikko Helander from 1 Jan. 2024 to 31 Jan. 2024, and Jorma Rauhala from 1 Feb. 2024 to 31 Dec. 2024. The Deputy CEO from 1 Jan. 2024 to 31 Jan. 2024 was Jorma Rauhala, whose principal position was President of the building and technical trade division. The Company has not had a Deputy CEO after 1 Feb. 2024. Former President and CEO Mikko Helander retired in 2024.

Kesko's Board of Directors decided on the remuneration for the President and CEO and the Deputy CEO based on a proposal prepared by the Remuneration Committee. The remuneration for the President and CEO and the Deputy CEO has consisted of a fixed monetary salary (a monthly salary), a short-term incentive scheme (a performance bonus) and a long-term commitment and incentive scheme (share award), and other financial benefits such as car and mobile phone benefits and a supplementary pension. A health insurance and leisure travel insurance policies have been taken out for the President and CEO. The President and CEO and the Deputy CEO have leisure accident insurance and they are provided with an employer-subsidised benefit for cultural activities and physical exercise.

The remuneration for Kesko's President and CEO and Deputy CEO has been compared with the remuneration levels and practices of similar companies. Based on the comparisons, it was decided that the President and CEO will be remunerated for 2024 within the limits provided for by Kesko's remuneration policy.

Salaries, bonuses, fringe benefits and pension benefits for the President and CEO and Deputy CEO (€)

Description	President and CEO Jorma Rauhala 1.2.-31.12.2024	Deputy CEO Jorma Rauhala 1.1.-31.1.2024	President and CEO Mikko Helander
Fixed monetary salary*	755,226	34,381	900,000
Performance bonus	78,120		525,000
Share awards**	319,040		634,535
Car and mobile phone benefits	34,239	2,195	24,975
Total	1,186,625	36,576	2,084,510
Supplementary pension plan	***	***	1,000,000

* Includes holiday pay and holiday bonus.

** The euro value of the share awards has been calculated using the trade-weighted average share price on the date of assignment, 15 March 2024. The euro amounts of the share awards are gross amounts, from which the applicable withholding and asset transfer taxes have been deducted, and the remaining net amount has been paid in shares. The gross number of Kesko B shares transferred to the President and CEO Jorma Rauhala in 2024 was 18,675 shares, and the net amount 9,338 shares. The gross number of Kesko B shares transferred to the President and CEO Mikko Helander in 2024 was 37,143 shares, and the net amount 18,572 shares.

*** The President and CEO Jorma Rauhala is a member of Kesko Pension Fund and his pension is determined in accordance with the rules of the pension fund. No contributions were made to President and CEO Jorma Rauhala's supplementary pension in 2024.

Fees paid and falling due

In 2024, the President and CEO and the Deputy CEO were paid the salaries, bonuses, fringe benefits and retirement benefits presented in the table.

The performance bonus to be paid to President and CEO Jorma Rauhala for 2024 will be €520,000. In accordance with Kesko's performance bonus rules, the performance bonus will be paid on the final day of April of the year to follow the performance period at the latest. Moreover, the President and CEO will be paid share awards totalling 32,828 shares (gross) in spring 2025 based on the 2023 and 2024 performance under the PSP 2023–2026.

Relative proportions of fixed and variable remuneration

Jorma Rauhala, who has been the President and CEO as of 1 February 2024, was paid a total of €397,160 in performance bonuses and share awards in 2024, representing 32% of his total remuneration. Mikko Helander, who was the President and CEO up until

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31 January 2024, was paid a total of €1,159,535 in performance bonuses and share awards, representing 56% of his total remuneration.

The maximum performance bonus amount for 2023 and 2024 was 100% of the President and CEO's annual salary and 67% of the Deputy CEO's annual salary. Jorma Rauhala, who acted as Deputy CEO in 2023, was paid a performance bonus of €78,120 in spring 2024 based on 2023, which is equivalent to some 18.6% of his 2023 annual salary. The performance bonus paid in spring 2024 based on 2023 to Mikko Helander, who was the President and CEO in 2023, amounted to €525,000, which is equivalent to some 58.3% of his 2023 annual salary.

The new President and CEO Jorma Rauhala was paid a gross share award of €319,040, which is equivalent to some 43% of his 2024 annual salary. The gross share award paid to the former President and CEO Mikko Helander amounted to €634,535, which is equivalent to some 71% of his 2024 annual salary.

Share awards

Share awards to President and CEO Jorma Rauhala and former President and CEO Mikko Helander are presented in the following table. Under the Performance Share Plan (PSP) 2022–2025, shares were transferred in the spring of 2024 based on the performance indicators for 2022 and 2023. Under the Performance Share Plan (PSP) 2023–2026, shares will be transferred in the spring of 2025 based on the performance indicators for 2023 and 2024.

A two-year performance period is followed by a two-year commitment period. 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 the commitment period, the person must, as a rule, return the shares under transfer restriction to Kesko or its designate for no consideration. In individual cases, the Board may decide that the grantee may keep some or all of the shares under the return obligation. If the grantee retires during the commitment period, the grantee is entitled to keep the shares and other securities already received.

The President and CEO is required to hold a number of Kesko shares equivalent to at least four times their gross annual salary, so as to ensure that the interests of the Company's management and shareholders are aligned. The requirement concerning the shareholding in Kesko is met by President and CEO Jorma Rauhala.

The criteria for Kesko's performance-based share award plan were Kesko's return on capital employed (ROCE, %), Kesko's sales development, the total shareholder return of a Kesko B share, and the sustainability target. The table depicts changes in these in 2022, 2023 and 2024.

Information on the actual share awards granted is presented in the following table

Share award plans for the President and CEO

	PSP 2023-2026 President and CEO Jorma Rauhala	PSP 2022-2025 President and CEO Jorma Rauhala	PSP 2022-2025 President and CEO Mikko Helander
Performance period	2023-2024	2022-2023	2022-2023
Actual earnings, performance period average	39.00%	41.50%	41.50%
Performance period end date	31.12.2024	31.12.2023	31.12.2023
Year the shares are transferred	2025	2024	2024
Share price on the date of assignment, €	*	17,08	17,08
Commitment period end date	10.2.2027	10.2.2026	2.1.2025
Maximum share allocation**	84,173	45,000	89,500
Value of maximum share allocation at the grant date, € ***	1,504,172	1,240,650	2,467,515
Actual number shares**	32,828	18,675	37,143
Total value of actual share award, €	*	319,040	634,535

* The share price and total value of share award to be confirmed on the date of assignment in spring 2025.

** The stated number of shares represents the gross amount, from which the applicable withholding and asset transfer taxes are deducted. The remaining net amount is paid to the participants in shares.

*** In January 2022, the average share price was €27.57. In January 2023, the average share price was €21.42. In January 2024, the average share price was €17.87.

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The share award paid in 2024 was paid based on the actual average of the indicators presented in the table for 2022 and 2023. The share award to be paid in 2025 will be paid based on the actual average of the indicators presented in the table for 2023 and 2024.

Performance bonuses

The performance bonuses paid in 2024 were earned in 2023, and the performance bonuses to be paid in 2025 were earned in 2024. The key performance bonus targets in 2024 for Jorma Rauhala, who has been the President and CEO as of 1 February 2024, were Kesko's total shareholder return (TSR, %) operating profit (EBIT), return on capital employed (ROCE %), sales development, and targets related to strategy execution. The key performance bonus targets in 2023 for Jorma Rauhala, who at the time was the Deputy CEO, were the operating profit (EBIT) for Kesko, and the EBIT, return on capital employed (ROCE %), and sales development for the building and technical trade division.

The key performance bonus indicators for President and CEO Mikko Helander in 2023 were Kesko's total shareholder return (TSR, %) operating profit (EBIT), return on capital employed (ROCE %), and sales development.

Remuneration for the President and CEO and the Deputy CEO was also based on their overall performance. The indicators and levels achieved by President and CEO Jorma Rauhala and former President and CEO Mikko Helander are presented in the table.

Performance Share Plan (PSP) indicators and levels achieved

	2024		2023		2022	
	Weight	Level achieved	Weight	Level achieved	Weight	Level achieved
Absolute total shareholder return (TSR) of a Kesko B share	40%	40%	40%	20%	40%	0%
Kesko's return on capital employed (ROCE)	40%	40%	40%	30%	40%	80%
Kesko's sales development	10%	30%	10%	30%	10%	80%
Sustainability target*	10%	100%	10%	100%	10%	100%
Total level achieved		45%		33%		50%

* The sustainability target comprises emission reductions and targets linked to international sustainability indices and assessments. (In addition to the share award plan, in 2024 members of divisional management teams and persons reporting to them have had the target of the corporate sustainability strategy as one of the performance bonus criteria. Sustainability targets have also been set for a large number of key persons covered by the performance bonus scheme, based on their role).

Supplementary pensions

Old-age pension for President and CEO Jorma Rauhala begins at the age of 65. Jorma Rauhala is a member of the Kesko Pension Fund. The amount of his old-age pension is 66% of the President and CEO's pensionable salary. The pension is based on a defined benefit plan, and the pensionable salary is determined by the rules of Kesko Pension Fund.

The former President and CEO Mikko Helander accrued old-age pension based on a defined benefit plan until 30 June 2023. The amount of his old-age pension is 60% of his pensionable earnings in accordance with the Employees Pensions Act (TyEL) for the ten (10) years preceding his retirement. Supplementary pension based on a defined contribution plan accumulated for the President and CEO from 1 July 2023 onwards. As stated in a stock exchange release issued on 8 December 2023, Helander retired from the Company in 2024.

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Performance bonus targets and levels achieved in 2023 and 2024 by the President and CEO and Deputy CEO

President and CEO Jorma Rauhala	Target		Level achieved	Total assessment on a scale of 0 to 100	Payment year
STI 2024	Financial targets for Kesko and K Group	Targets related to the Company's financial performance: • Kesko's EBIT • Kesko's ROCE, % • TSR • Sales development	The Group's operating profit and ROCE were close to the target level, and sales development was slightly below the target level. The Board also assessed targets related to strategy execution, including •Achieving the targets related to the market position of the business divisions •Profitable business growth organically and via acquisitions • Developing the store network • Specifying and implementing the Group's sustainability strategy. According to the Board assessment, the President and CEO's overall performance was good on key targets related to strategy execution.	66.7	2025
	Personal targets	Targets related to strategy execution have been set for the President and CEO. The targets comprise eight areas, which the Board has taken into account in the total assessment of the President and CEO. One of the areas concerned key targets for the divisions, where the Board has evaluated the President and CEO's performance on 16 targets.			

Deputy CEO Jorma Rauhala	Targets		Weight	Level achieved	Total assessment on a scale of 0 to 100	Payment year
STI 2023	Financial performance for Kesko and the building and technical trade division	Financial targets for Kesko and the building and technical trade division: • Kesko's EBIT • Division EBIT • Division ROCE % • Division sales development	20% 30% 15% 15%	The Group's operating profit was below the target level. The division's operating profit, return on capital and sales performance were below the minimum level of the target table. Despite the sharp downturn in the construction market, the division achieved a good operating profit of over 5% and gained market share in its main business areas. According to the Board's assessment, the Deputy CEO's overall performance was good in terms of key operational objectives, including the implementation of the division's growth strategy and market share growth, both organically and through acquisitions, the successful integration of acquired businesses, growing digital commerce and e-commerce, and implementing the sustainability strategy in all countries and businesses.	18.6	2024
	Personal targets	Targets related to strategy execution have been set for the Deputy CEO and President of the building and technical trade division, which are taken into account in the total assessment.	20%			

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President and CEO Mikko Helander	Target		Level achieved	Total assessment on a scale of 0 to 100	Payment year
STI 2023	Financial targets for Kesko and K Group	Targets related to the Company's financial performance: • Kesko's EBIT • Kesko's ROCE, % • TSR • Sales development	The Group's operating profit, return on capital and sales development were below the target level. Despite the weakened market situation, the Group's result was at a good level. Cash flow from operating activities strengthened thanks to improved working capital management. According to the Board's assessment, the President and CEO's overall performance was good in terms of key operational objectives, including the successful execution of the growth strategy, development of the business portfolio and business growth through acquisitions and organically, growth in digital trade, development of the corporate and employer image, and development of sustainability work and success in key sustainability indices.	58.3	2024
	Personal targets	Targets related to strategy execution have been set for the President and CEO. The targets comprise 13 areas, which the Board has taken into account in the total assessment of the President and CEO.			

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