

**KESKO FINANCIAL STATEMENTS RELEASE
2023**

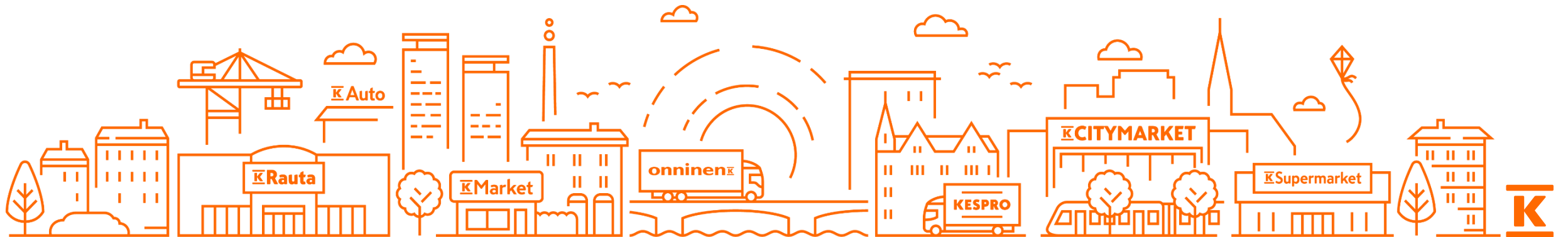
**A GOOD RESULT FROM
ALL DIVISIONS**

**MIKKO HELANDER
PRESIDENT AND CEO**

PRESENTING THE NEW PRESIDENT AND CEO

**JORMA RAUHALA THE NEW
PRESIDENT AND CEO
AS OF 1 FEB. 2024**

**ESA KIISKINEN
CHAIR OF BOARD OF DIRECTORS**



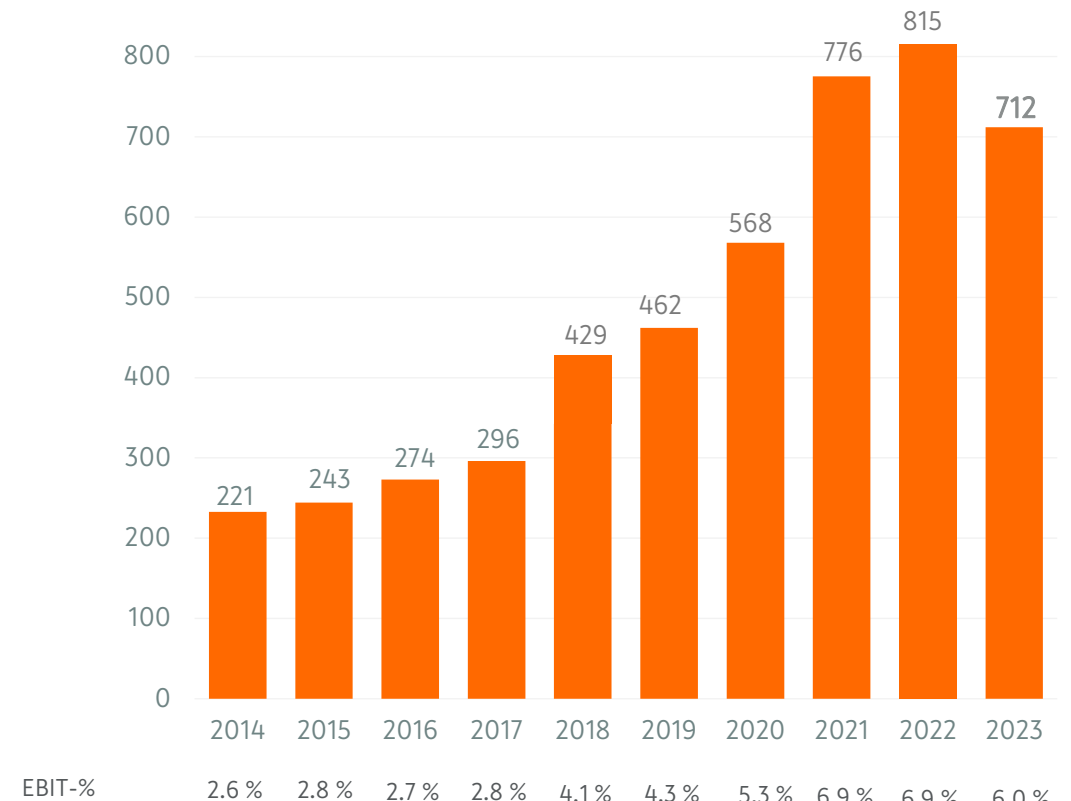
KESKO'S PROFIT-MAKING ABILITY IS EXCELLENT

Operating profit in 2023

€712 million

a good result in a weak cycle

Comparable operating profit
Reported figures, € million



2014 - 2019 continuing operations

IFRS 16 impact



KEY EVENTS IN 2023

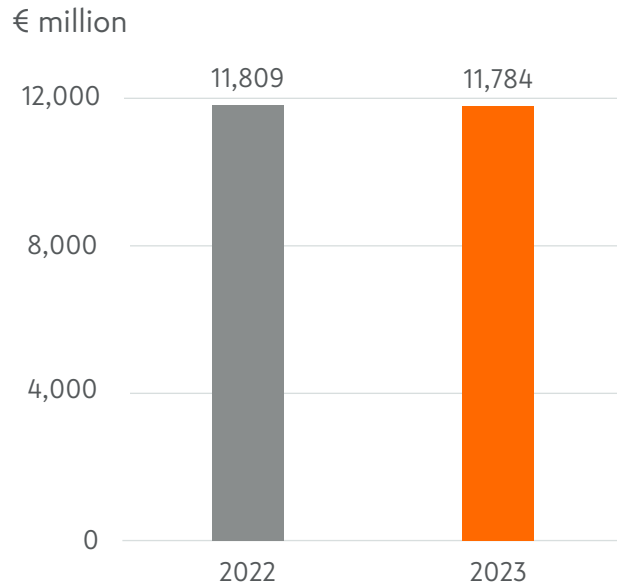
- Very good profitability in the grocery trade division
- Profitability in building and technical trade remained good despite weak construction cycle
- Sales and profit improved clearly in all car trade businesses
- Elektroskandia acquired in Norway and Davidsen in Denmark
- President and CEO Mikko Helander announced he would retire, Jorma Rauhala appointed as new President and CEO as of 1 February 2024
- Number of shareholders rose by 27% to above 105,000
- The Board proposes to the Annual General Meeting a dividend of €1.02 / share, to be paid in four instalments

	2023	2022
Net sales, € million	11,783.8	11,809.0
Net sales growth, %*	-0.8	4.4
Operating profit, € million*	712.0	815.1
Operating margin, %*	6.0	6.9
Profit before tax, € million*	630.4	763.2
Earnings per share, basic, €* €	1.28	1.54
Cash flow from operating activities, € million	1,049.5	915.2

* Comparable

NET SALES 2023

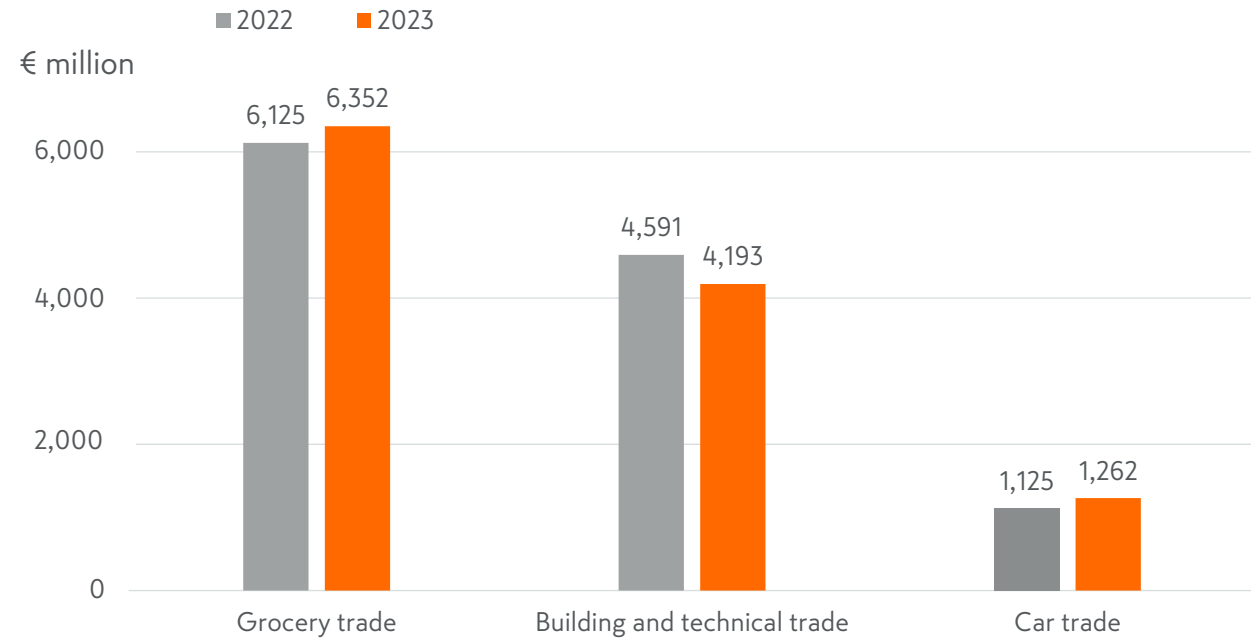
GROUP



Change, comparable

-0.8%

DIVISIONS



3.7%

-10.5%

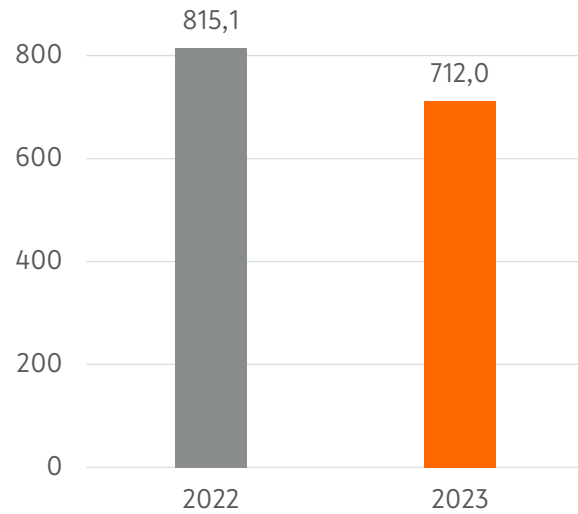
13.9%



OPERATING PROFIT 2023

GROUP

€ million



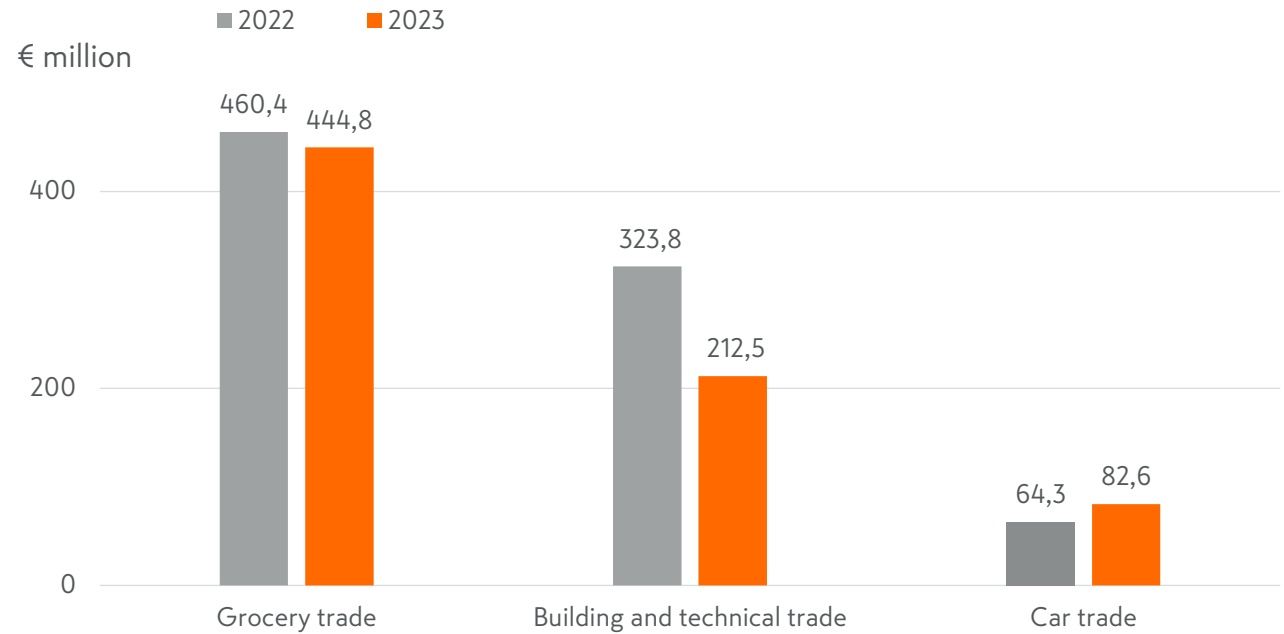
Operating margin

6.9%

6.0%

DIVISIONS

€ million



7.5%

7.0%

7.1%

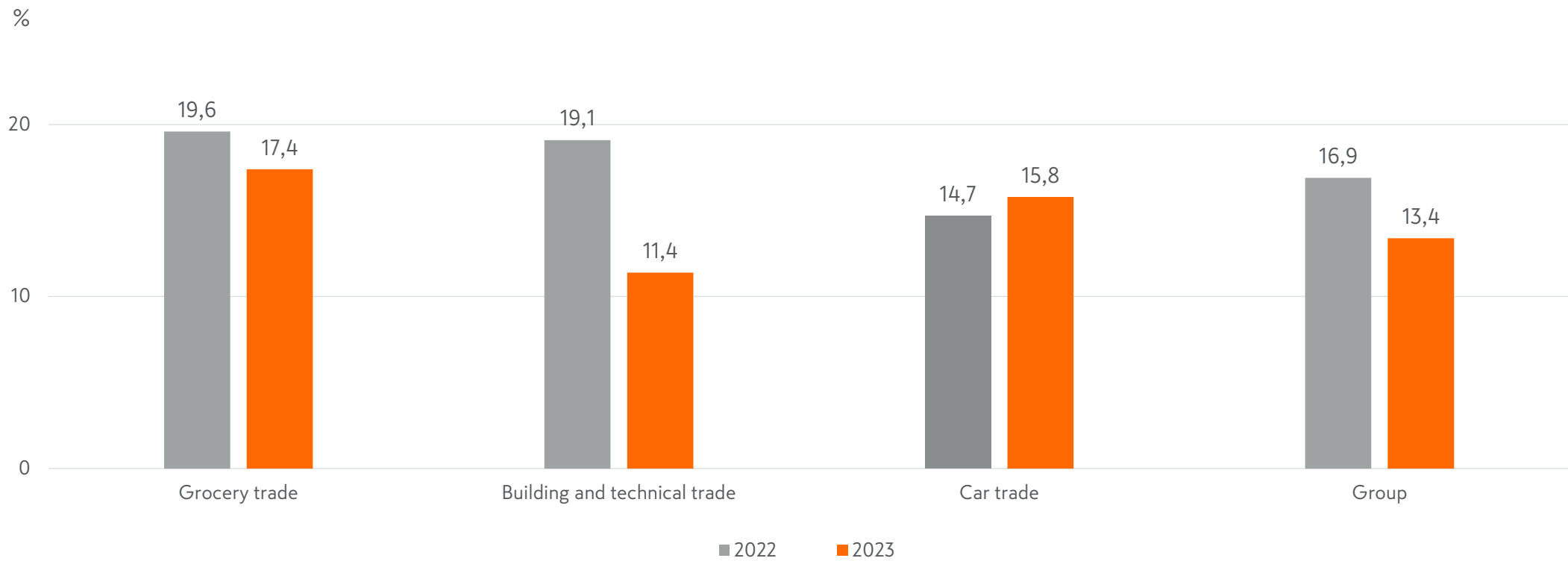
5.1%

5.7%

6.5%



RETURN ON CAPITAL EMPLOYED 2023



STRONG FINANCIAL POSITION

Cash flow from operating activities rose above one billion euros

	2023	2022
Cash flow from operating activities, € million	1,049.5	915.2
Liquid assets, € million	227.3	314.1
Capital expenditure, € million	678.9	449.2
Interest-bearing net debt excl. lease liabilities, € million	561.9	184.1
Interest-bearing net debt/EBITDA (rolling, excl. IFRS 16 impact)	0.7	0.2
Lease liabilities, € million	1,997.9	1,920.1

CAPITAL EXPENDITURE

Capital expenditure grew due to acquisitions and logistics projects

	2023	2022
Capital expenditure in store sites, € million	286.5	268.1
Acquisitions, € million	141.1	50.1
IT investments, € million	25.0	41.8
Other investments, € million	226.3	89.2
Total, € million	678.9	449.2

SUCCESSFUL COST MANAGEMENT

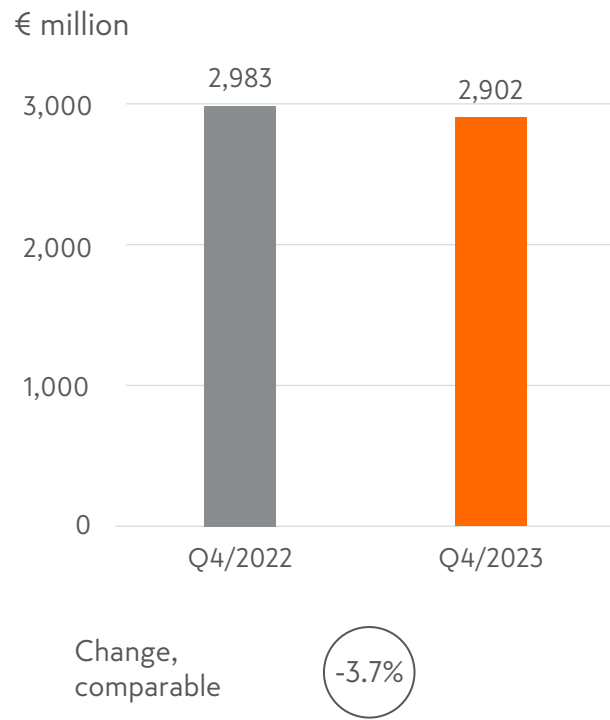
	2023	2022
Fixed costs, € million	1,959.1	1,946.0
- Personnel expenses, € million	779.1	784.7
- Other expenses, € million	646.6	668.6
- Depreciation, € million	533.3	492.7
Cost ratio, %	16.6	16.5

Q4 RESULTS

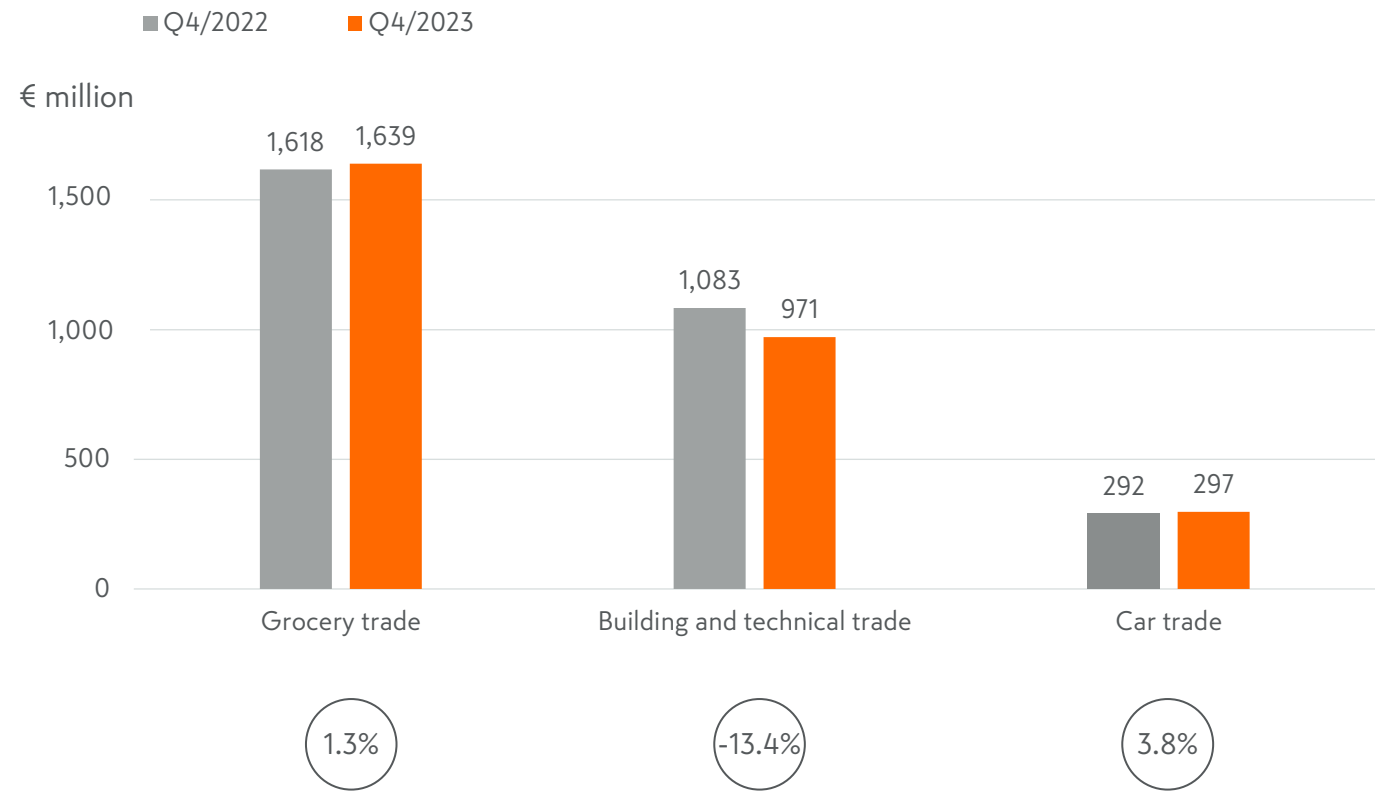


NET SALES Q4

GROUP



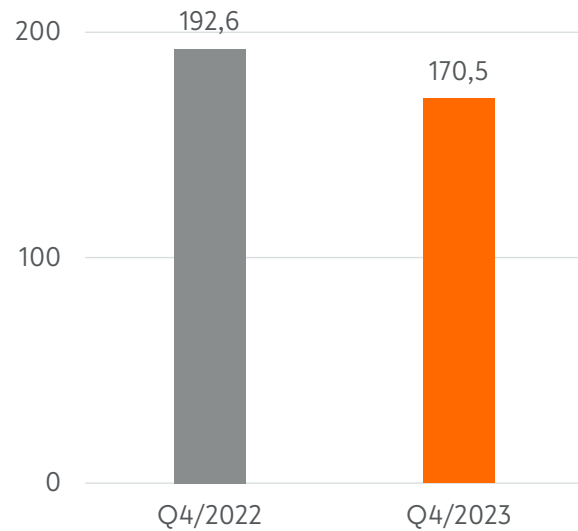
DIVISIONS



OPERATING PROFIT Q4

GROUP

€ million



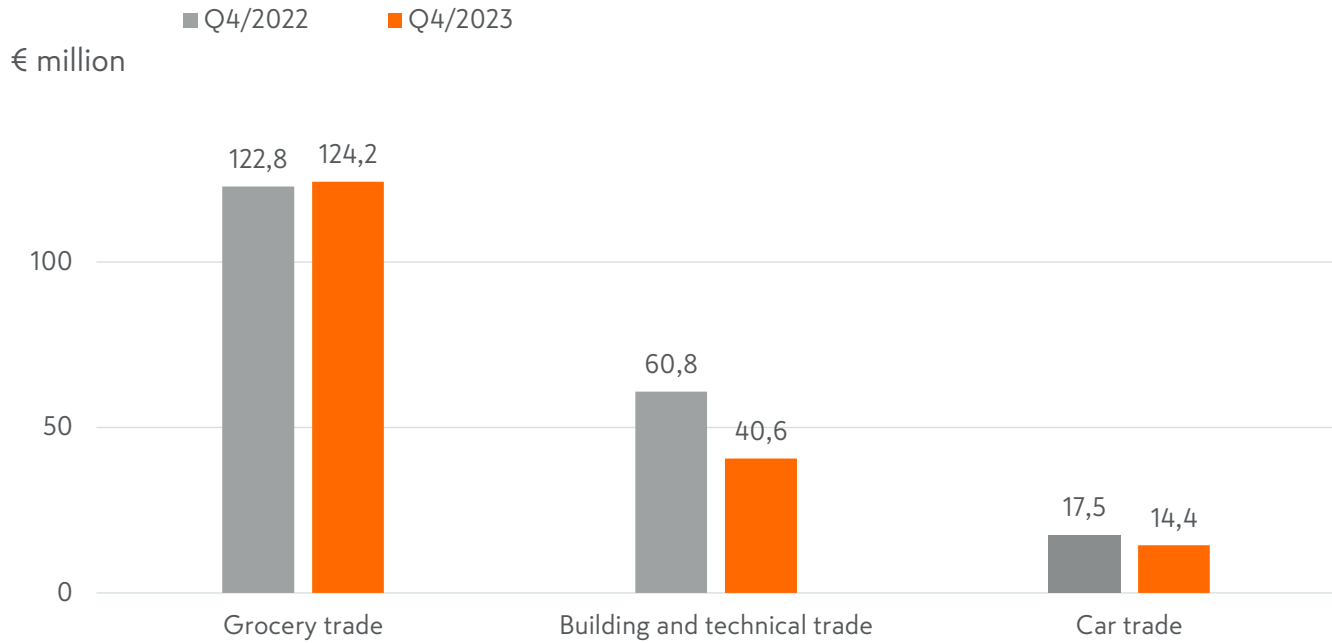
Operating margin

6.5%

5.9%

DIVISIONS

€ million



7.6%

7.6%

5.6%

4.2%

6.0%

4.8%

KEY EVENTS IN GROCERY TRADE IN Q4

- Improved purchasing power and slowing inflation impacted the market positively
- Tight price competition continues in Finnish grocery trade
- Decline in market share continued to slow down
- Campaigns and other marketing efforts saw customer flows grow further, user numbers for the K-Ruoka app grew significantly
- Grocery sales in our stores grew by 2.6%, online grocery sales by 17.9%
- Kespro's sales grew by 4.9%, again clearly outpacing the market
- Kespro's comparable operating profit rose to €17.9 million, operating margin 6.2%
- Price inflation for groceries continued to decline, amounting to 3.7%
- K-Citymarket non-food sales grew slightly



KEY EVENTS IN BUILDING AND TECHNICAL TRADE IN Q4

BUILDING AND HOME IMPROVEMENT TRADE

- Construction activity has declined in Northern Europe as a result of inflation and rising interest rates, the biggest drop seen in residential building
- Q4 operating profit totalled €5.0 million despite seasonal fluctuations and marked weakening of the market
- In our biggest market Finland, operating margin stood at 4.1 % and our market share grew further
- Net sales for building and home improvement trade decreased in all operating countries in both B2B and B2C trade
- Share of result reported by Kesko from the Kesko Senukai joint venture €13.5 million, up by €2.3 million
- Successful management of costs and working capital
- Credit losses low



KEY EVENTS IN BUILDING AND TECHNICAL TRADE IN Q4

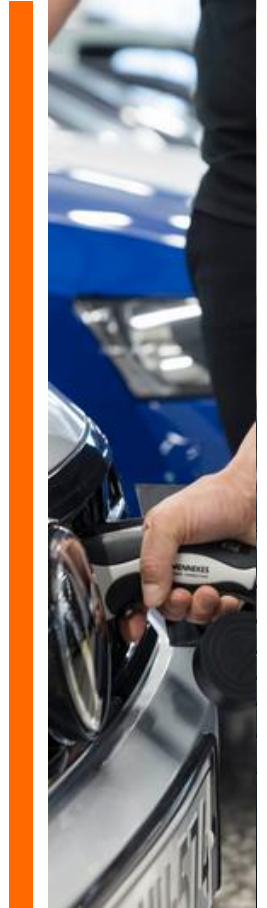
TECHNICAL TRADE

- Net sales for technical trade decreased by 0.7%, or by 9.4% in comparable terms, due to the weakening of the construction markets
- A significant share of the decrease in comparable sales was attributable to solar power products, where sales were exceptionally high in the comparison period due to a rapid rise in electricity prices
- Market share continued to grow in Finland
- Q4 operating profit totalled €22.1 million
- Operating margin in Onninen's biggest market Finland was 5.0%
- Credit losses low



KEY EVENTS IN CAR TRADE IN Q4

- New car deliveries flat year-on-year
- Used car sales markedly up, market share in used cars continued to grow
- Good development also in service sales
- Q4 profit for the car trade businesses at a good level of €10.6 million
- Order book for new cars took an upturn
- Net sales for sports trade down by 15.1%, but profitability still good at 7.5%



OUTLOOK AND GUIDANCE



OUTLOOK

In grocery trade, B2C trade and the foodservice market are expected to remain stable despite tightened price competition, and inflation is expected to slow down in 2024. Profitability in grocery trade is estimated to remain good also in 2024.

In building and technical trade, the market is expected to continue to decline in 2024. The economic cycle will have the biggest impact on new residential building, while the decline in other building construction, renovation building and infrastructure construction is expected to be smaller. The cycle is expected to turn in 2025. Profitability in building and technical trade is estimated to fall short of the 2023 level, but to still remain at a reasonably good level in 2024.

In car trade, new car sales are expected to fall short of the 2023 level. Sales of used cars and services are expected to grow. Profitability in car trade is estimated to still remain good in 2024, but to fall short of the 2023 level.

GUIDANCE FOR 2024

Kesko's operating environment is estimated to remain challenging in 2024.

Kesko's net sales and operating profit are estimated to remain at a good level in 2024 despite the challenges in the company's operating environment. Kesko estimates that its comparable operating profit in 2024 will be in the range of €620–720 million.

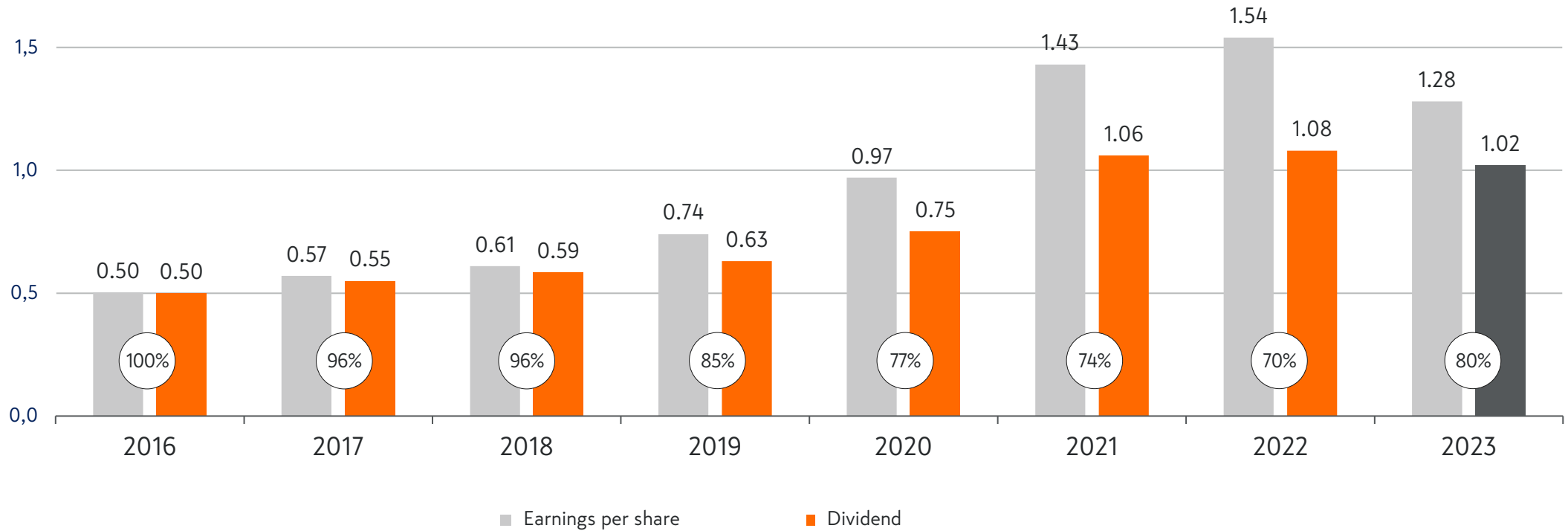
The guidance is based on an estimate of a relatively short recession in Kesko's operating countries. Key uncertainties impacting Kesko's outlook are developments in inflation and interest rate levels, and geopolitical crisis and tensions.

DIVIDEND PROPOSAL



BOARD'S DIVIDEND PROPOSAL TO THE ANNUAL GENERAL MEETING: €1.02 / SHARE

Proposed to be paid in four instalments



KESKO'S TRANSFORMATION



OUR TRANSFORMATION HAS BEEN STEERED BY STRATEGY



TRANSFORMATION FROM A TRADITIONAL RETAILER INTO A MORE FOCUSED, UNIFIED K

KESKO

K CITYMARKET

K SUPERMARKET

KESPRO

K MARKET

K EXTRA

K-KAUKKO K-RAUTA

RAUTIA

K-MAATALOUS

KODINYKKÖNEN 1

ASKO



ANTILA

muuli



MUSTA PÖRSSI

KONEKESKO

K PYOKA



VV-AUTO

K-KAUKKO K-PAYTA



K CITYMARKET

K Supermarket

K Market

KESPRO

K Rauta

onninen K

K BYGG



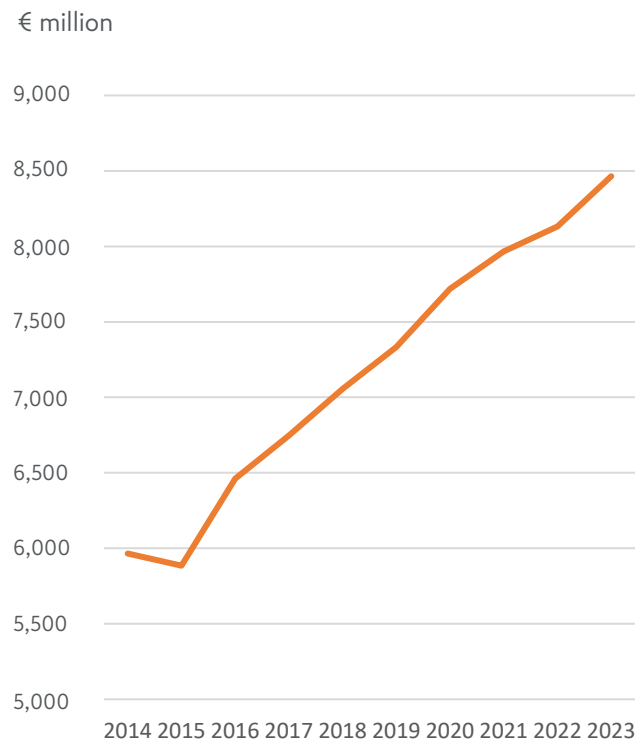
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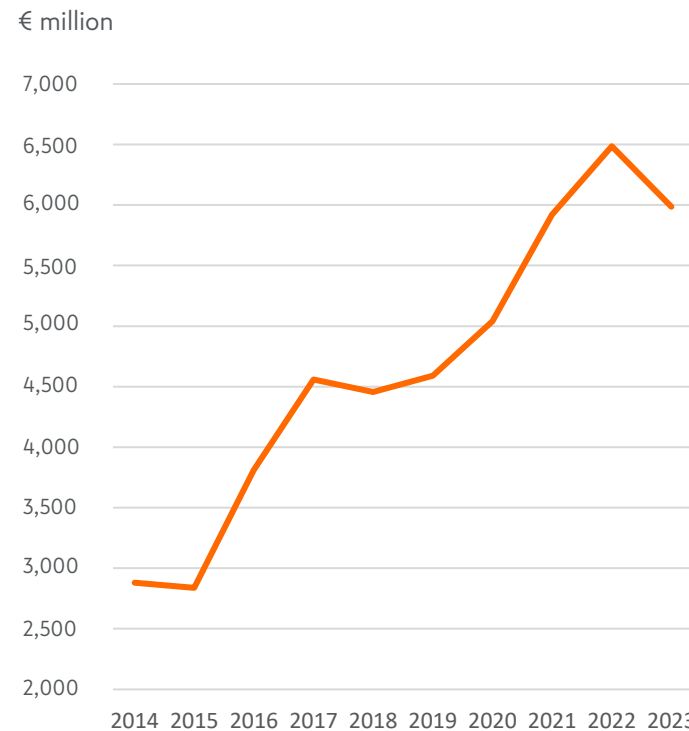


ANNUAL SALES FOR CORE BUSINESSES HAVE GROWN BY SOME €6 BILLION SINCE 2014

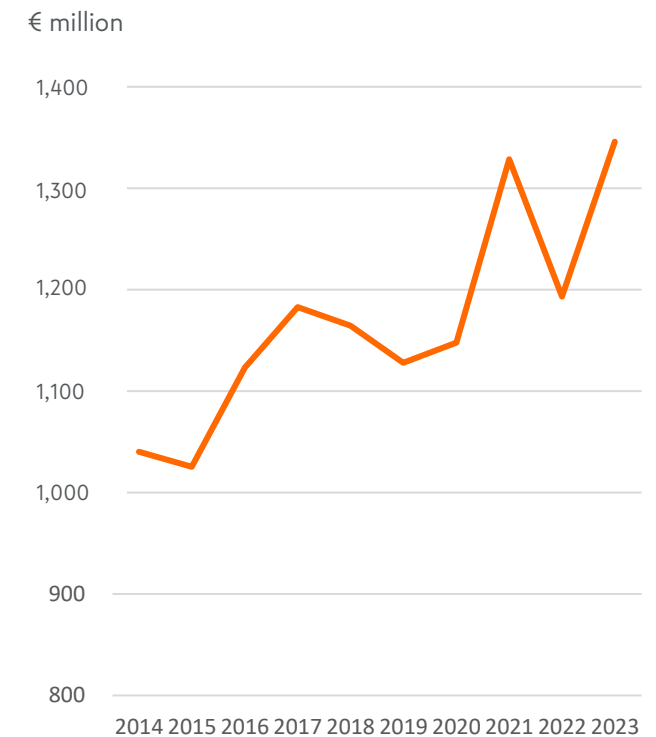
GROCERY TRADE



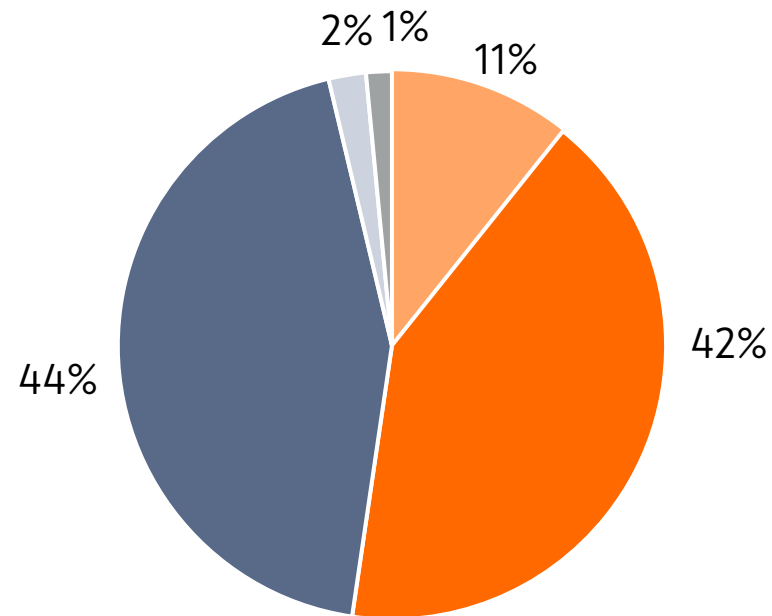
BUILDING AND TECHNICAL TRADE



CAR TRADE



SALES VIA DIGITAL CHANNELS EXCEEDED €2.0 BILLION



■ K-ruoka.fi grocery trade

■ Onninen technical trade

■ Sports trade

■ Kespro foodservice

■ Building and technical trade

CUSTOMER SATISFACTION HAS RISEN TO A NEW LEVEL

2 million

customers every day

KESKO IS ONE OF THE MOST SUSTAINABLE TRADING SECTOR COMPANIES GLOBALLY

Various independent rankings have recognised Kesko's sustainability

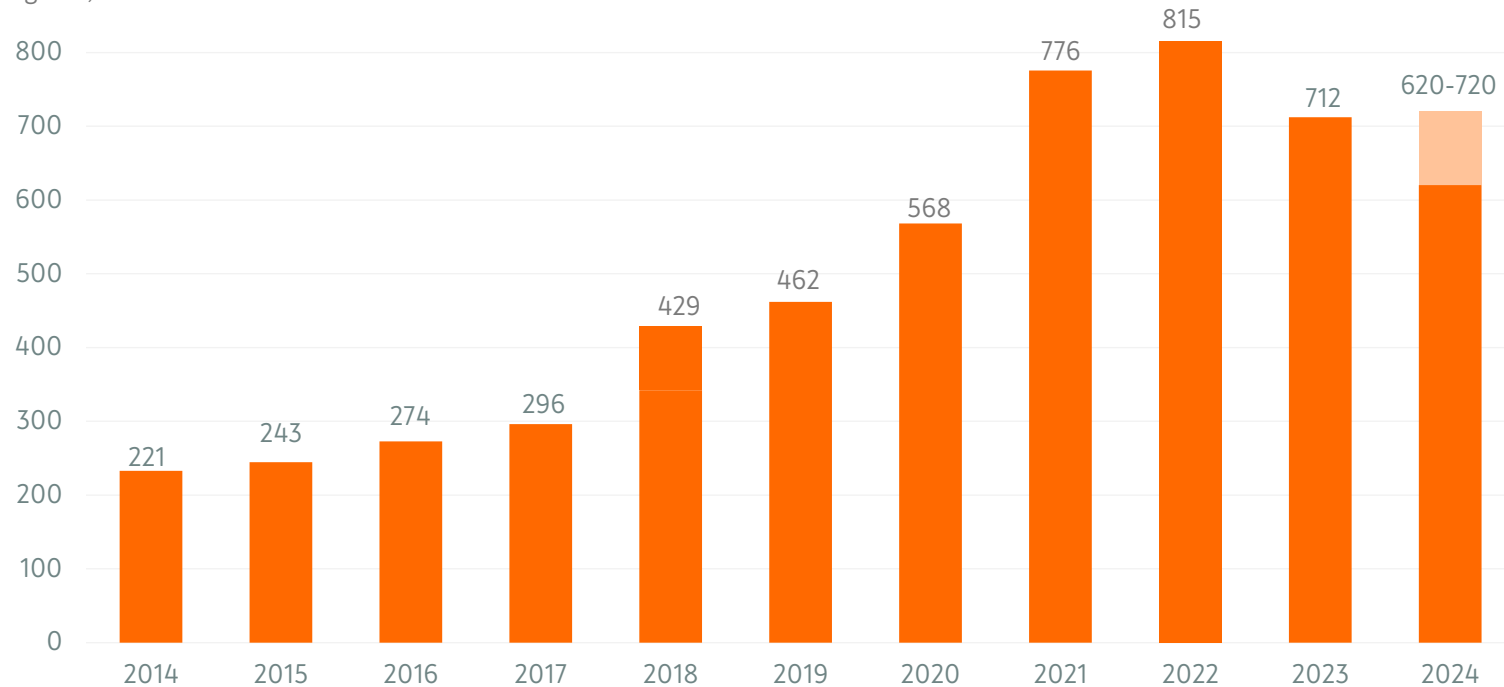


Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA



PROFIT HAS RISEN TO A NEW LEVEL

Comparable operating profit
Reported figures, € million



2014 - 2019 continuing operations

IFRS 16 impact

TOTAL SHAREHOLDER RETURN

€8.3 billion

since the beginning of 2015

OUR SUCCESS IS CREATED BY PEOPLE

Performance bonuses paid to personnel approx.

€300 million

since the beginning of 2015

A new book
detailing
Kesko's history
published in
autumn 2023



Rohkea kauppajätti

Keskon historia

Anitra Komulainen

Siltala

Author Anitra Komulainen:

**“THE SUCCESS OF KESKO AND K GROUP
IS NOT A COINCIDENCE.
THROUGHOUT ITS HISTORY, KESKO HAS BEEN ABLE
TO TRANSFORM AND ADJUST
ITS OPERATIONS AND FIND SUCCESS.”**

**...AND WILL CONTINUE TO DO SO
ALSO GOING FORWARD!**

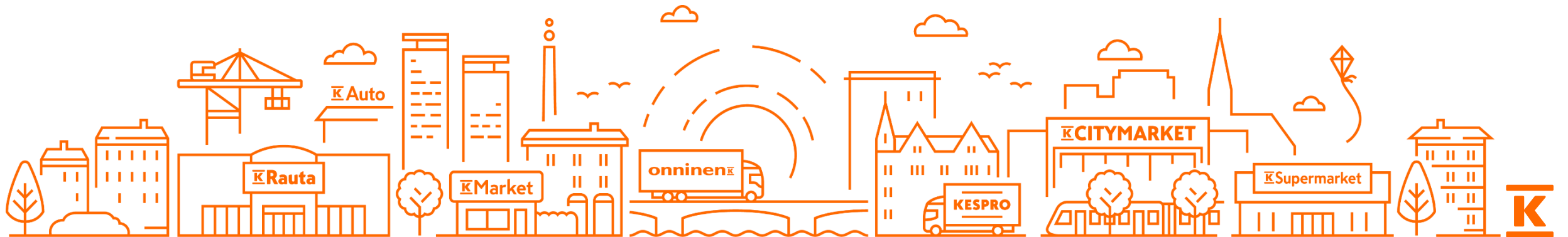




**THANK
YOU!**



JORMA RAUHALA APPOINTED KESKO'S NEW PRESIDENT AND CEO AS OF 1 FEBRUARY 2024



JORMA RAUHALA APPOINTED KESKO'S PRESIDENT AND CEO AS OF 1 FEBRUARY 2024



MASTER OF SCIENCE (ECON.), BORN 1965

A STRONG TRACK-RECORD IN RESULT-DRIVEN LEADERSHIP

A LONG CAREER IN KESKO WITH VARIOUS RESPONSIBILITIES

- Joined Kesko Corporation in 1992
- President of building and technical trade division since 2017
- President of grocery trade division 2013-2017
- Managing Director of Kespro 2007-2012

A MODERN APPROACHABLE LEADER



THE EXECUTION OF KESKO'S GROWTH STRATEGY CONTINUES

- Kesko today is a strong, modern and international trading sector company
- Kesko's established strategy has proven effective and has yielded excellent results
- Under Mikko Helander, Kesko has undergone a major transformation, with growth and a significant increase in shareholder value
- We see no reason to make any notable changes to the strategy – during the annual strategy review this spring, some adjustments will be made to themes and focus areas
- Our main focus is on maintaining our strong position in all areas of food trade, and further growing our building and technical trade business internationally
- Kesko is well-positioned to continue to grow profitably also going forward



