



KESKO AS A TAXPAYER

2024

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In this report Kesko publishes the key aspects of its 2024 tax footprint and other country-specific tax information in compliance with the recommendations of GRI 207 standard as applicable. The data published in the report is mainly derived from Kesko’s group reporting system and it has not been subject to audit or other assurance.

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MANAGEMENT OF TAXES

[Kesko's Tax Policy](#) describes the key principles applied in the management of taxes as well as the tax governance model and responsibilities. The tax policy covers all types of taxes and duties and concerns business areas, common operations and Group companies in all of Kesko's operating countries.

Kesko has during 2024 continued preparation for the obligations set by the Pillar Two minimum tax legislation. The 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.

Erroneous tax law interpretations or non-compliance may expose Kesko to tax disputes and may negatively impact the business and reputation. Regular tax audits may lead to reassessment of taxes, interest and penalties. The Group's tax positions are regularly reviewed to identify items subject to interpretation. Uncertain positions that are assessed unlikely to be accepted are provided for in tax accounting. The Group's balance sheet on 31 December 2024 does not contain material provisions for uncertain tax positions.

Kesko's significant Group companies in all operating countries are subject to statutory audits, and Auditor's reports are issued. The Auditor's report concerning Kesko Corporation's separate financial statements and consolidated financial statements can be found in the section [Report by the Board of Directors and Financial statements](#) of Kesko's annual report. The taxes included in accounting and financial statements are subject to audits in each country in accordance with the local legislation on audits. In addition, in some countries, such as Norway, the auditor issues a separate report on the company's tax return. This report of Kesko as a taxpayer has not been subject to audit or other assurance.

In 2024, Kesko participated in public policy advocacy on tax through representation associations such as the Confederation of Finnish Industries (EK), the Finnish Commerce

Federation and the Central Chamber of Commerce. In Sweden and Norway, Kesko is a member of trading industry associations Svensk Handel in Sweden and the Enterprise Federation of Norway (Virke).

COUNTRY-SPECIFIC TAX INFORMATION

During the financial year 2024, Kesko has had operations and personnel in eight countries where it engages in both retail and wholesale trade. In January 2024 Kesko acquired 90% of the shares in Davidsen Koncernen A/S operating in Denmark. Danish companies have operations in Greenland. In addition, Kesko has a subsidiary in China which produces services for the Group related to purchasing operations. In addition to the operating countries of Group companies, in 2024 Kesko has been liable to pay taxes in Armenia in relation to an export project. Due to the limited nature of the operations in Armenia, only information on paid and remitted taxes is reported. Information on Greenland is included in Denmark's figures. Kesko Group companies are listed in Note 5.1 of [Report by the Board of Directors and Financial statements](#) in Kesko's annual report.

In 2024, Kesko's income taxes in Finland totalled €106.9 million and in other countries €8.2 million. The Group's effective tax rate was 19.5%. The Group's income tax is discussed in Note 2.7 of [Report by the Board of Directors and Financial statements](#) in Kesko's annual report.

In addition to income taxes, Kesko pays real estate and property taxes, customs duties, car taxes and excise duties, and employer's social security contributions and statutory pension insurance premiums. Kesko collects and remits value-added taxes, withholding taxes and employee's social security contributions and statutory pension insurance premiums. Kesko remits excise duties on confectionery, alcohol and soft drinks, for example. In addition, withholding taxes and taxes at source are collected in Finland from the dividends paid by Kesko.

Arm's length interest, based on a currency-specific reference rate and a company-specific margin, is charged for the Group's internal debt financing.

Holdings in associates lower the effective tax rate and cash tax rate of Finnish operations. The share of their net profit corresponding to Kesko's ownership is consolidated using the equity method, while the taxes paid by associates are not included in Kesko Group's tax expense or cash taxes. In 2024, the profit from Finland included a profit of €24.7 million from associates and joint ventures.

The Swedish subsidiaries of the Group have a significant amount of tax losses. In the 31 December, 2024 consolidated balance sheet, the Group has €15.3 million deferred tax asset on tax losses carried forward by the Swedish Group companies, based on estimated

utilisation of the tax losses over a limited time period. In addition, the Swedish Group companies still have a significant amount of unrecognised tax losses. Norway's effective tax rate is impacted by €40.0 million write-down of goodwill for the Bygghemmer building and home improvement chain, which is non-deductible for tax purposes.

Estonian and Latvian tax systems do not impose tax on corporate profits, but on profits distributed during the period. Deferred tax on undistributed earnings is recognised if a decision on the distribution of earnings is probable in the near future. In the 31 December, 2024 consolidated financial statements, deferred tax liability has been recognised on undistributed earnings of Estonian subsidiaries. The Estonian accrued taxes and cash taxes relate to dividend distributions.

Taxes paid and remitted by country 2024

€ million	Profit before taxes	Income taxes ¹	Value-added taxes	Withholding taxes on salaries	Social security contributions and statutory pension	Real estate and property taxes ³	Car taxes	Custom duties	Excise duties	Withholding taxes on dividends
Finland	521.1	106.9	586.5	112.9	124.4	12.9	39.2	6.4	84.6	51.2
Sweden	-21.3	0.2	29.6	13.9	21.5	1.2	-	0.0	0.0	-
Norway	-47.2	1.0	41.5	26.0	18.3	0.1	-	0.0	-	-
Denmark	5.8	2.3	14.6	14.0	4.6	0.3	-	0.1	-	-
Estonia	2.5	2.2	8.2	1.2	1.8	0.0	-	0.2	-	-
Latvia	-1.0	0.0	2.9	0.4	0.9	0.0	-	-	-	-
Lithuania	-0.1	-	3.5	0.6	0.7	0.0	-	0.0	-	-
Poland	11.8	2.4	5.7	1.9	9.2	0.3	-	0.0	-	-
China	0.0	0.0	0.0	0.0	0.2	-	-	-	-	-
Armenia	-	-	0.2	-	-	-	-	-	-	-
Total	471.5	115.1	692.9	170.8	181.6	14.8	39.2	6.7	84.6	51.2

Reported figures are based on IFRS reporting and may differ from the local financial statements and taxation.

¹Income taxes include income taxes booked to income statement, deferred taxes excluded.

²Social security contributions and statutory pension insurance premiums include those paid by the employer and collected from the employee.

³Real estate taxes include the real estate taxes for both owned and rented properties.

Country-specific information 2024

€ million	Finland	Sweden	Norway	Denmark	Estonia	Latvia	Lithuania	Poland	China
Personnel 31 Dec 2024 ¹	9,736	1,093	1,610	788	175	91	85	925	15
Salaries	458.2	53.9	92.7	46.6	5.3	2.4	2.9	23.4	0.7
External net sales	9,536.4	496.6	1,012.3	379.8	71.7	25.7	29.6	368.0	-
Group internal net sales ²	6.3	0.5	0.2	-	2.0	0.2	0.2	0.1	-
Profit before taxes	521.1	-21.3	-47.2	5.8	2.5	-1.0	-0.1	11.8	0.0
Tangible assets	2,223.4	27.1	29.7	93.0	1.8	0.5	1.6	26.1	0.0
Inventories	740.1	75.3	158.8	54.8	20.7	6.6	7.1	38.1	-
Group internal interest-bearing debt	77.1	7.1	26.8	-	-	2.9	2.4	-	-
Income taxes paid	104.6	3.4	3.7	2.3	3.4	0.0	0.2	2.6	0.0
Accrued income taxes ³	106.9	0.2	1.0	2.3	2.2	0.0	-	2.4	0.0
Effective cash tax rate %	20.1	-16.2	-7.8	39.4	134.2	-0.0	-128.6	22.2	5.6

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¹Full-time equivalent of active employees (FTE).

²Group internal net sales include only cross-boarder net sales. The Group internal net sales do not include charges from Group services.

³Accrued income taxes include income tax recorded in the income statement, excluding deferred taxes.

Country-by-country tax rate reconciliation 2024

€ million	Finland	Sweden	Norway	Denmark	Estonia	Latvia	Lithuania	Poland	China
Profit before taxes	521.1	-21.3	-47.2	5.8	2.5	-1.0	-0.1	11.8	0.0
Local tax rate %	20.0	20.6	22.0	22.0	20.0	20.0	15.0	19.0	5.0
Tax at local tax rate	-104.2	4.4	10.4	-1.3	-0.5	0.2	0.0	-2.2	-0.0
Effect of tax-free income	0.3	1.9	0.2	0.0	-	-	0.0	-	-
Effect of expenses not deductible for tax	-2.1	-0.4	-9.4	-0.4	-	-	-0.0	-0.1	-
Effect of unrecognised deferred taxes	0.0	0.1	0.0	0.0	-	-0.2	-0.1	-	-
Effect of consolidation of share of results of associates and joint ventures	4.9	-	-	-	-	-	-	-	-
Prior year taxes and adjustment/revaluation of deferred taxes	2.6	3.8	0.1	0.0	0.1	0.0	0.2	-0.4	-
Others	0.0	0.0	0.0	0.0	-0.0	-	0.0	-0.0	-0.0
Tax charge	-98.5	9.8	1.3	-1.6	-0.5	0.0	0.1	-2.7	-0.0
Effective tax rate %	18.9	45.9	2.8	28.3	19.3	1.6	125.1	22.8	5.3

Reported figures are based on IFRS reporting and may differ from those stated in local financial statements and taxation.



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