



January–March 2024

KESKO CORPORATION
INTERIM REPORT
Q1/2024

KESKO CORPORATION JANUARY-MARCH INTERIM REPORT 25.4.2024 AT 8.00

Kesko's interim report 1 Jan. – 31 March 2024: A good result in a challenging market

FINANCIAL PERFORMANCE IN BRIEF:

1-3/2024

- Group net sales in January-March totalled €2,759.5 million (€2,828.0 million); reported net sales were down by 2.4%, comparable net sales by 5.5%
- Comparable operating profit totalled €99.5 million (€125.9 million)
- Operating profit totalled €97.2 million (€122.6 million)
- Cash flow from operating activities totalled €112.6 million (€27.0 million)
- Comparable earnings per share €0.16 (€0.22); reported earnings per share €0.15 (€0.21)

KEY PERFORMANCE INDICATORS

	1-3/2024	1-3/2023	1-12/2023
Net sales, € million	2,759.5	2,828.0	11,783.8
Operating profit, comparable, € million	99.5	125.9	712.0
Operating margin, comparable, %	3.6	4.5	6.0
Operating profit, € million	97.2	122.6	695.4
Profit before tax, comparable, € million	77.1	108.0	630.4
Profit before tax, € million	74.9	104.7	613.5
Cash flow from operating activities, € million	112.6	27.0	1,049.5
Capital expenditure, € million	329.0	231.8	678.9
Earnings per share, €, basic and diluted	0.15	0.21	1.25
Earnings per share, comparable, €, basic	0.16	0.22	1.28

	1-3/2024	1-3/2023	1-12/2023
Return on capital employed, comparable, %, rolling 12 months	12.5	16.1	13.4
Return on equity, comparable, %, rolling 12 months	20.5	23.8	18.5

In this interim report, the comparable change % in net sales has been calculated in local currencies and excluding the impact of acquisitions and divestments completed in 2023 and 2024. The comparable operating profit has been calculated by deducting items affecting comparability from the reported operating profit.

OUTLOOK AND GUIDANCE FOR 2024 (SPECIFIED)

Kesko Group's profit guidance is given for the year 2024, in comparison with the year 2023. Kesko's operating environment is estimated to remain challenging in 2024. Kesko's net sales and operating profit are estimated to remain at a good level in 2024 despite the challenges in the company's operating environment. Kesko estimates that its comparable operating profit in 2024 will amount to €620–700 million. Previously, the comparable operating profit was estimated to amount to €620–720 million. The operating profit guidance adjustment is related to the weaker-than-anticipated outlook for construction in 2024.

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

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.

PRESIDENT AND CEO JORMA RAUHALA:

Kesko's first quarter of 2024 was in line with expectations, and the result was good considering the challenging market. Our net sales totalled €2,759.5 million, which represented a decrease of 2.4% year-on-year, or 5.5% in comparable terms. Our comparable operating profit amounted to €99.5 million. Kesko's cost efficiency remained good, and our cash flow from operating activities was strong at €112.6 million. At the end of January, we completed the acquisition of one of Denmark's leading building and home improvement trade operators Davidsen Koncernen A/S, thus expanding our operations to Denmark and gaining a solid foothold on the Danish building and home improvement trade market.

In the grocery trade division, net sales grew and operating profit was at a good level despite our actions towards favourable price levels. Net sales totalled €1,515.1 million, and the comparable operating profit amounted to €82.5 million. K Group's grocery sales grew by 3.3%. Online grocery sales grew by 19.9%, and accounted for some 4.1% of K Group's grocery sales. Sales for the foodservice business grew by 0.7%, outpacing the market. Price inflation for groceries slowed down markedly in Finland, and stood at 0.6%. Consumption has become more polarised: on the one hand, price continues to be an important criterion, but on the other, consumers also emphasise quality and convenience. Our customer flows continued to grow thanks to campaigns.

In the building and technical trade division, operating profit declined as expected due to the weak cycle in construction in all our operating countries. Net sales totalled €963.6 million and the comparable operating profit amounted to €6.8 million. Overall, the development in net sales and operating profit was in line with expectations. In addition to the weak construction cycle, sales were impacted by the lower number of delivery days year-on-year, due to the timing of Easter, which had a negative impact of over €3 million on operating profit. The sales and profit of solar power products in particular fell short of the exceptional levels seen in the comparison period as a result of the energy crisis. The integration of Elektroskandia, acquired in Norway a year ago, has proceeded according to plans and will be completed this spring. In Sweden, the conversion of K-Rauta stores into K-Bygg stores is proceeding as planned, and will be completed by the end of the year. In Denmark, Davidsen has been part of Kesko since 1 February 2024. Kesko's objective is to be among the leading sector operators not only in Finland and Norway, but also in Sweden and Denmark.

In the car trade division, net sales and profit were at a good level in the first quarter. Net sales totalled €286.2 million and the comparable operating profit amounted to €16.4 million. The order book for new cars grew from the end of 2023. Used car sales grew and our market share in used cars continued to strengthen. Development in service sales was also positive, and strong growth continued in our K-Lataus EV charging business.

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. We specify our profit guidance for the year, and now estimate that Kesko's comparable operating profit in 2024 will be €620–700 million. The operating profit guidance adjustment is related to the weaker-than-anticipated outlook for construction in 2024.

FINANCIAL PERFORMANCE

NET SALES AND PROFIT IN JANUARY-MARCH 2024

1-3/2024	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million
Grocery trade	1,515.1	+1.3	+1.3	82.5	-1.4
Building and home improvement trade	455.6	-4.0	-16.1	-8.3	-7.4
Technical trade	522.5	-7.5	-13.8	15.5	-19.2
Kesko Senukai	-	-	-	-0.4	+3.5
Building and technical trade, total	963.6	-5.8	-14.9	6.8	-23.2
Car trade	286.2	-9.6	-7.9	16.4	-3.0
Common functions and eliminations	-5.4	-	-	-6.3	+1.2
Total	2,759.5	-2.4	-5.5	99.5	-26.4

Group net sales decreased by 2.4% in January-March. In comparable terms, net sales decreased by 5.5%. Net sales decreased in comparable terms by 4.2% in Finland and by 12.3% in Kesko's other operating countries. The comparable change % has been calculated in local currencies and excluding the impact of acquisitions and divestments completed.

Net sales for the grocery trade division increased by 1.3%. Sales to K Group grocery store chains grew by 1.5%. Net sales for Kespro's foodservice business grew by 0.7% in January-March.

Net sales for the building and technical trade division decreased in January-March by 5.8%, or by 14.9% in comparable terms. The decrease in net sales was impacted by the weak construction cycle as well as the lower number of delivery days in year-on-year comparison due to the timing of Easter. Net sales for technical trade decreased by 7.5%, or by 13.8% in comparable terms. In Norway, net sales for technical trade grew thanks to the Elektroskandia AS acquisition completed in March 2023. In building and home improvement trade, net sales decreased by 4.0%, or by 16.1% in comparable terms. 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 9.6% in January-March, or by 7.9% in comparable terms. 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 in January-March totalled €99.5 million (€125.9 million), a decrease of €26.4 million. The grocery trade division's comparable operating profit decreased by €1.4 million. The comparable operating profit for the building and technical trade division decreased by €23.2 million. This was due to a decline in net sales, which was mainly impacted by the weakened construction market. Net sales and gross margin for solar power products in particular fell short of the exceptionally high level seen in the comparison period amidst the energy crisis. Onninen's comparable operating profit in Finland totalled €10.4 million (€23.0 million): some 40% of the decrease was due to the decline in the net sales and gross margin of solar power products. In Finland, also profitability in building and home improvement trade remained good. Profitability in building and home improvement trade was burdened by the decline in net sales and a €2.7 million expense related to the Davidsen acquisition, recorded for the allocation of fair value mainly in relation to inventories. The share of result from Kesko Senukai was up by €3.5 million year-on-year. The comparable operating profit for the car trade division decreased by €3.0 million. The comparable operating profit for the car trade businesses decreased by €1.6 million due to a decline in net sales. In sports trade, the comparable operating profit decreased by €1.5 million on the comparison period.

Items affecting comparability, € million	1-3/2024	1-3/2023	1-12/2023
Operating profit, comparable	99.5	125.9	712.0
Items affecting comparability			
+gains on disposal	+0.0	+0.4	+0.4
-losses on disposal	-	-0.9	-1.0
+/- structural arrangements	-2.3	-2.8	-16.1
Items affecting comparability, total	-2.3	-3.3	-16.7
Operating profit	97.2	122.6	695.4

The most significant items affecting comparability were related to the reorganisation of the K-Rauta chain in Sweden, in which the Swedish building and home improvement trade operations will be concentrated in the K-Bygg chain, and to acquisitions.

K Group's (Kesko and the chain stores) retail and B2B sales (0% VAT) in January-March totalled €3,613.9 million, representing a decrease of 4.3%. During the 12-month period that ended in March 2024, the number of Finnish households belonging to the K-Plussa loyalty scheme and using the K-Plussa network totalled 2.5 million, with 3.4 million customers using their K-Plussa loyalty card.

Net finance costs, income tax and earnings per share

	1-3/2024	1-3/2023	1-12/2023
Net finance costs, € million	-24.7	-18.8	-83.9
Interests on lease liabilities, € million	-19.8	-17.7	-73.4
Profit before tax, comparable, € million	77.1	108.0	630.4
Profit before tax, € million	74.9	104.7	613.5
Income tax, € million	-14.7	-20.9	-118.0
Earnings per share, comparable, €	0.16	0.22	1.28
Earnings per share, €	0.15	0.21	1.25
Equity per share, €	5.99	5.88	6.93

The increase in Group net finance costs in January-March was impacted by the increase in interest-bearing net 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 €2.3 million (€1.0 million).

The Group's effective tax rate was 19.6% (20.0%).

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

CASH FLOW AND FINANCIAL POSITION

€ million	1-3/2024	1-3/2023	1-12/2023
Cash flow from operating activities	112.6	27.0	1,049.5
Cash flow from investing activities	-285.9	-197.2	-590.2
Cash flow from financing activities	106.7	52.3	-492.2

€ million	31.3.2024	31.3.2023	31.12.2023
Liquid assets	145.1	159.8	227.3
Interest-bearing liabilities	3,050.4	2,639.7	2,787.0
Lease liabilities	2,023.6	1,984.3	1,997.9
Interest-bearing net debt excl. lease liabilities	881.7	495.6	561.9
Interest-bearing net debt/EBITDA, excl. IFRS 16 impact, rolling 12 months	1.1	0.6	0.7
Gearing, %	121.3	106.1	92.8
Equity ratio, %	29.7	30.6	35.8

The Group's cash flow from operating activities in January-March totalled €112.6 million (€27.0 million). The cash flow from operating activities strengthened on the comparison period thanks to improvements in working capital management.

The Group's cash flow from investing activities in January-March totalled €-285.9 million (€-197.2 million). Cash flow from investing activities included a positive item of €15.5 million (€36.7 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 in the store site network for grocery trade and Onninen's logistic centre in Finland.

CAPITAL EXPENDITURE

€ million	1-3/2024	1-3/2023	1-12/2023
Capital expenditure	329.0	231.8	678.9
Store sites	110.3	56.4	300.3
Acquisitions	170.0	133.6	141.1
IT	6.6	5.5	25.0
Other investments	42.2	36.4	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.

In January-March, capital expenditure in store sites increased by €53.9 million on the comparison period. 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 capital expenditure included an investment of €17.5 million (€15.6 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. Capital expenditure in the comparison period included the acquisition of Elektroskandia Norge AS in Norway, completed on 1 March 2023.

PERSONNEL

	1-3/2024	1-3/2023	1-12/2023
Average number of personnel converted into full-time employees	14,849	14,436	14,766
Personnel at the end of the reporting period	31.3.2024	31.3.2023	31.12.2023
Finland	12,179	12,337	12,384
Other operating countries	6,068	5,387	5,318
Total	18,247	17,724	17,702

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.

SEASONAL NATURE OF OPERATIONS

The Group's operating activities are affected by seasonal fluctuations. The net sales and operating profits of the reportable segments are not earned evenly throughout the year. Instead, they vary by quarter depending on the characteristics of each segment. In terms of the level of operating profit, the second and third quarter are the strongest, whereas the impact of the first quarter on the full-year profit is the smallest.

GROCERY TRADE

January-March 2024

	1-3/2024	1-3/2023	1-12/2023
Net sales, € million	1,515.1	1,495.0	6,351.6
Operating profit, comparable, € million	82.5	83.9	444.8
Operating margin, comparable, %	5.4	5.6	7.0
Return on capital employed, comparable, %, rolling 12 months	17.0	19.2	17.4
Capital expenditure, € million	112.1	57.3	303.7
Personnel, average	6,048	5,999	6,257

Net sales, € million	1-3/2024	1-3/2023	Change, %	Change, comparable, %	1-12/2023
Sales to K Group grocery stores	1,080.4	1,064.5	+1.5	+1.5	4,484.0
K-Citymarket, non-food	132.8	131.4	+1.1	+1.1	615.5
Kespro	278.9	276.8	+0.7	+0.7	1,154.9
Others	23.0	22.3	+3.2	+3.2	97.3
Total	1,515.1	1,495.0	+1.3	+1.3	6,351.6

Net sales for the grocery trade division in January-March totalled €1,515.1 million (€1,495.0 million), an increase of 1.3%. Sales to K Group grocery store chains grew by 1.5%. Net sales for Kespro's foodservice business grew by 0.7% in January-March.

The total grocery retail market in Finland (incl. VAT) is estimated to have grown by approximately 3.9% in January-March (Finnish Grocery Trade Association PTY), and retail prices are estimated to have risen by some 0.6% (incl. VAT, Kesko's own estimate). K Group's grocery sales grew by 3.3% (incl. VAT). Online grocery sales grew by 19.9%, and accounted for approximately 4.1% 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 795 at the end of the reporting period, up by 149 year-on-year. The total market for the foodservice business is estimated to have decreased by 2.6% in January-March (Finnish Grocery Trade Association PTY). Kespro's market share is estimated to have continued to grow in the first quarter.

The comparable operating profit for the grocery trade division in January-March totalled €82.5 million (€83.9 million), down by €1.4 million. The decrease in comparable operating profit was impacted by an increase in store site costs. Operating profit for the grocery trade division totalled €84.9 million (€82.3 million). Items affecting comparability totalled €2.4 million (€-1.6 million).

Capital expenditure for the grocery trade division in January-March totalled €112.1 million (€57.3 million). Capital expenditure in store sites totalled €104.7 million (€51.7 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.

BUILDING AND TECHNICAL TRADE

January-March 2024

	1-3/2024	1-3/2023	1-12/2023
Net sales, € million	963.6	1,023.0	4,193.2
Building and home improvement trade	455.6	474.7	1,912.1
Technical trade	522.5	565.0	2,344.7
Operating profit, comparable, € million	6.8	30.0	212.5
Building and home improvement trade	-8.3	-0.9	65.0
Technical trade	15.5	34.8	128.5
Kesko Senukai	-0.4	-3.8	19.0
Operating margin, comparable, %	0.7	2.9	5.1
Building and home improvement trade	-1.8	-0.2	3.4
Technical trade	3.0	6.2	5.5
	1-3/2024	1-3/2023	1-12/2023
Return on capital employed, comparable, %, rolling 12 months	9.6	17.3	11.4
Capital expenditure, € million	197.4	155.3	273.0
Personnel, average	6,418	5,990	6,073

Average number of personnel calculated to correspond to the new segment structure, in which sports trade has been part of the car trade division since 1 April 2023, having previously been part of the building and technical trade division.

	1-3/2024	1-3/2023	Change, %	Change, comparable %	1-12/2023
Net sales, € million					
Building and home improvement trade, Finland	207.2	251.2	-17.5	-17.5	937.6
K-Rauta, Sweden	24.7	29.2	-15.2	-14.7	149.8
K-Bygg, Sweden	57.0	65.6	-13.0	-12.5	280.0
Byggmakker, Norway	108.2	129.7	-16.6	-15.1	547.6
Davidsen, Denmark	59.6	-	-	-	-
Building and home improvement trade, total	455.6	474.7	-4.0	-16.1	1,912.1
Technical trade, Finland	260.9	313.6	-16.8	-16.8	1,234.0
Technical trade, Sweden	28.0	33.7	-17.1	-20.9	132.8
Technical trade, Norway	123.3	109.7	+12.3	-12.9	517.5
Technical trade, Baltics	28.0	29.2	-4.2	-4.2	129.1
Technical trade, Poland	83.4	80.0	+4.3	-4.0	336.9
Technical trade, total	522.5	565.0	-7.5	-13.8	2,344.7
Total	963.6	1,023.0	-5.8	-14.9	4,193.2

Net sales for the building and technical trade division decreased in January-March by 5.8%, or by 14.9% in comparable terms. The decrease in net sales was impacted by the weak construction cycle as well as the lower number of delivery days in year-on-year comparison due to the timing of Easter. Net sales for technical trade decreased by 7.5%, or by 13.8% in comparable terms. In Norway, net sales for technical trade grew thanks to the Elektroskandia AS acquisition completed in March 2023. In building and home improvement trade, net sales decreased by 4.0%, or by 16.1% in comparable terms. 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 against the euro, and decreased by the weakening of the Swedish krona and the Norwegian krone against the euro.

In Finland, net sales for the building and technical trade division in January-March totalled €455.9 million (€550.1 million), a decrease of 17.1%. Net sales from international operations totalled €507.7 million (€473.0 million), up by 7.3% due to the acquisitions carried out. In comparable terms, net sales from international operations decreased by 12.3%.

The comparable operating profit for the building and technical trade division in January-March totalled €6.8 million (€30.0 million), representing a decrease of €23.2 million. The decrease was due to a decline in net sales, which was mainly impacted by the weakened construction market. Net sales and gross margin for solar power products in particular fell short of the exceptionally high level seen in the comparison period amidst the energy crisis. Onninen’s comparable operating profit in Finland totalled €10.4 million (€23.0 million): some 40% of the decrease was due to the decline in the net sales and gross margin of solar power products. In Finland, also profitability in building and home improvement trade remained good. Profitability in building and home improvement trade was burdened by the decline in net sales and a €2.7 million expense related to the Davidsen acquisition, recorded for the allocation of fair value mainly in relation to inventories. The share of result from Kesko Senukai was up by €3.5 million year-on-year.

Operating profit for the building and technical trade division totalled €2.3 million (€29.3 million). Items affecting comparability totalled €-4.6 million (€-0.8 million). The most significant items affecting comparability were related to the reorganisation of the K-Rauta chain in Sweden, in which the Swedish building and home improvement trade operations will be concentrated in the K-Bygg chain, and to acquisitions.

Capital expenditure for the building and technical trade division in January-March totalled €197.4 million (€155.3 million). Capital expenditure included an investment of €17.5 million in the construction of Onninen and K-Auto’s shared logistics centre in Hyvinkää, Finland. The logistics 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 acquisition of Elektroskandia Norge AS in Norway, completed on 1 March 2023.

CAR TRADE

January-March 2024

	1-3/2024	1-3/2023	1-12/2023
Net sales, € million	286.2	316.5	1,262.3
Car trade	245.6	264.8	1,078.6
Sports trade	40.6	51.7	183.9
Operating profit, comparable, € million	16.4	19.5	82.6
Car trade	15.4	16.9	73.1
Sports trade	1.1	2.5	9.5
Operating margin, comparable, %	5.7	6.2	6.5
Car trade	6.3	6.4	6.8
Sports trade	2.7	4.9	5.1
	1-3/2024	1-3/2023	1-12/2023
Return on capital employed, comparable, %, rolling 12 months	15.0	14.8	15.8
Capital expenditure, € million	16.1	13.9	80.3
Personnel, average	1,495	1,537	1,531

Average number of personnel calculated to correspond to the new segment structure, in which sports trade has been part of the car trade division since 1 April 2023, having previously been part of the building and technical trade division.

Net sales, € million	1-3/2024	1-3/2023	Change, %	Change, comparable, %	1-12/2023
Car trade	245.6	264.8	-7.2	-5.3	1,078.6
Sports trade	40.6	51.7	-21.4	-21.4	183.9
Total	286.2	316.5	-9.6	-7.9	1,262.3

Net sales for the car trade division decreased by 9.6% in January-March, or by 7.9% in comparable terms. 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 -11.3% in January-March. 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 13.0% (15.3%) in January-March.

The comparable operating profit for the car trade division in January-March totalled €16.4 million (€19.5 million). The comparable operating profit for the car trade businesses decreased by €1.6 million, as net sales declined. In sports trade, the comparable operating profit decreased by €1.5 million year-on-year.

Operating profit for the car trade division in January-March totalled €16.4 million (€19.7 million). There were no items affecting comparability (€0.2 million in the comparison period).

Capital expenditure for the car trade division totalled €16.1 million (€13.9 million) in January-March.

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.

SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of March 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 March 2024, Kesko Corporation held 2,113,471 of its own B shares as treasury shares.

These treasury shares accounted for 0.77% 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 March 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 €17.56 at the end of March 2024, representing a decrease of 2.6%. Meanwhile, the price of a Kesko B share was €17.93 at the end of 2023 and €17.32 at the end of March 2024, representing a decrease of 3.4%. In January-March 2024, the highest price for an A share was €19.26 and the lowest €16.96, while the highest price for a B share was €19.13 and the lowest €16.68. The Nasdaq Helsinki All-Share index (OMX Helsinki) was down by 3.5% and the weighted OMX Helsinki Cap index by 1.6% in January-March 2024. The Retail Sector Index was up by 3.9%.

The market capitalisation of Kesko's A shares was €2,229 million at the end of March 2024, while the market capitalisation of Kesko's B shares was €4,694 million, excluding the shares held by the parent company as treasury shares. The combined market capitalisation of the A and B shares was €6,923 million, down by €220 million from the end of 2023.

In January-March, a total of 1.4 million Kesko A shares were traded on Nasdaq Helsinki. The exchange value of the A shares was €25.4 million. Meanwhile, 36.1 million B shares were traded, for an exchange value of €636.0

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 was BATS (source: Euroland).

At the end of March 2024, the number of registered shareholders was 109,494, the highest figure in the company's history. At the end of March, foreign ownership of all shares was 33.6%, and foreign ownership of B shares 48.4%.

Kesko has a share-based commitment and incentive scheme. To implement the scheme, Kesko's Board of Directors may decide, within share issue authorisations granted by the company's General Meeting, to transfer Kesko B shares held by the company as treasury shares. In January-March 2024, Kesko Corporation transferred 196,026 Kesko B shares held as treasury shares to members of management and other key persons in the company. Kesko issued related stock exchange releases on 15 March 2024 and 20 March 2024. Kesko issued a stock exchange release on 30 January 2024 regarding the most recent share-based commitment and incentive plans.

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 on 26 March 2024.

KEY EVENTS IN JANUARY-MARCH 2024

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 his intentions to retire on 8 December 2023. (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 will withdraw from operating the Neste K service stations. Kesko is currently responsible for the grocery trade operations and additional services at Neste K stations. Kesko plans to withdraw from operating 64 Neste K service stations by the end of 2024. The stations will continue as a service offered by Neste. 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 has been Kesko's CFO and a member of the Group Management Board since November 2011, and he will be leaving his current position by August 2024. Kesko has begun the process of finding a successor for Erlund. (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)

KEY EVENTS AFTER THE REPORTING PERIOD

According to a notification received by Kesko Corporation, on 22 April 2024, BlackRock Inc's holding in Kesko Corporation, including holding through financial instruments, reached the threshold of five (5) per cent of shares. (Stock exchange release 24.4.2024)

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 will be 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 is 16 July 2024 and the pay date 23 July 2024; the record date of the third dividend instalment of €0.26/share is 15 October 2024 and the pay date 22 October 2024; and the record date of the fourth dividend instalment of €0.25/share is 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.

SUSTAINABILITY

Kesko has initiated the process for preparing sustainability reporting under the new EU Corporate Sustainability Reporting Directive (CSRD). Kesko's sustainability reporting in its current form will end, and Kesko will report under the new framework from 2024 onwards. More information on Kesko's sustainability efforts and previous sustainability reports can be found at kesko.fi/sustainability.

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 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.

Weak demand in building and technical trade and car trade due to economic uncertainty and high interest rates and the heightened importance of price in grocery trade remain significant risks. In terms of 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. There also continue to be significant risks in cybercrime-related loss of critical information and business continuity.

Helsinki, 24 April 2024
Kesko Corporation
Board of Directors

The information in this interim report release is unaudited.

FURTHER INFORMATION, AUDIOCONFERENCE AND WEBCAST

Further information is available from Jukka Erlund, Executive Vice President, Chief Financial Officer, tel. +358 105 322 113, Hanna Jaakkola, Vice President, Investor Relations, tel. +358 105 323 540, and Eva Kaukinen, Vice President, Group Controller, tel. +358 105 322 338. An English-language audio conference on the results briefing will be held on 25 April 2024 at 9.00 am (EEST). The audio conference login is available on Kesko's website at www.kesko.fi. A Finnish-language webcast of the interim report briefing can be viewed at 11.30 am (EEST) at www.kesko.fi.

Kesko's half-year financial report for January-June 2024 will be published on 23 July 2024. In addition, Kesko Group's sales figures are published monthly. News releases and other company information are available on Kesko's website at www.kesko.fi.

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www.kesko.fi

TABLES SECTION

Accounting policies

The interim report has been prepared in accordance with the same accounting principles as the annual financial statements for 2023.

Consolidated income statement (€ million)			
	1-3/2024	1-3/2023	1-12/2023
Net sales	2,759.5	2,828.0	11,783.8
Material and services	-2,396.0	-2,530.7	-10,035.0
Change in inventory	12.2	96.6	-72.0
Other operating income	230.1	224.0	975.2
Employee benefit expense	-205.4	-199.8	-786.6
Depreciation, amortisation and impairment charges	-49.4	-43.0	-184.0
Depreciation and impairment charges for right-of-use assets	-88.3	-85.9	-353.2
Other operating expenses	-165.0	-162.8	-651.8
Share of result of joint ventures	-0.4	-3.8	19.0
Operating profit	97.2	122.6	695.4
Interest income and other finance income	4.4	4.3	16.9
Interest expense and other finance costs*	-8.5	-3.8	-26.3
Interest expense for lease liabilities	-19.8	-17.7	-73.4
Foreign exchange differences	-0.7	-1.6	-1.1
Share of result of associates	2.3	1.0	2.1
Profit before tax	74.9	104.7	613.5
Income tax	-14.7	-20.9	-118.0
Net profit for the period	60.2	83.8	495.6
Attributable to			
Owners of the parent	60.4	83.8	495.6
Non-controlling interests	-0.3	-	-
Earnings per share (€) for profit attributable to owners of the parent			
Basic and diluted	0.15	0.21	1.25

* In 2024 the positive change in fair value of interest rate derivatives is recorded in the line item for interest expenses and other finance costs.

Consolidated statement of comprehensive income (€ million)			
	1-3/2024	1-3/2023	1-12/2023
Net profit for the period	60.2	83.8	495.6
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains and losses	5.2	3.0	-5.5
Items that may be reclassified subsequently to profit or loss			
Currency translation differences related to a foreign operation	-29.1	-37.5	-19.5
Share of other comprehensive income of associates and joint ventures	0.5	-0.3	-1.8
Cash flow hedge revaluation	-5.3	-25.3	-31.0
Total other comprehensive income for the period, net of tax	-28.6	-60.1	-57.9
Total comprehensive income for the period	31.6	23.7	437.7
Attributable to			
Owners of the parent	31.8	23.7	437.7
Non-controlling interests	-0.3	-	-

Consolidated statement of financial position (€ million)			
	31.3.2024	31.3.2023	31.12.2023
ASSETS			
Non-current assets			
Property, plant and equipment	2,244.0	1,794.0	2,055.6
Goodwill	698.5	662.0	663.7
Intangible assets	227.7	186.6	211.4
Right-of-use assets	1,844.1	1,804.4	1,816.9
Shares in associates and joint ventures	235.2	228.8	232.8
Other investments	14.3	12.9	14.0
Non-current receivables	72.0	83.3	71.4
Deferred tax assets	13.0	2.1	13.7
Pension assets	86.2	89.2	79.6
Total	5,435.0	4,863.3	5,159.1
Current assets			
Inventories	1,143.0	1,251.9	1,083.9
Interest-bearing receivables	5.8	5.3	4.3
Trade receivables	1,113.2	1,103.1	970.5
Income tax assets	14.7	9.7	6.6
Other non-interest-bearing receivables	256.0	286.2	302.6
Other financial assets	-	32.4	15.4
Cash and cash equivalents	145.1	127.3	211.9
Total	2,677.7	2,815.9	2,595.2
Total assets	8,112.7	7,679.2	7,754.3

	31.3.2024	31.3.2023	31.12.2023
EQUITY AND LIABILITIES			
Equity	2,383.7	2,338.0	2,758.4
Non-controlling interests	10.4	-	-
Total equity	2,394.2	2,338.0	2,758.4
Non-current liabilities			
Interest-bearing liabilities	708.1	242.7	690.7
Lease liabilities	1,662.3	1,638.4	1,647.2
Non-interest-bearing liabilities	24.9	25.0	24.5
Deferred tax liabilities	81.5	57.0	70.9
Provisions	7.1	8.5	6.9
Total	2,483.8	1,971.5	2,440.2
Current liabilities			
Interest-bearing liabilities	318.8	412.7	98.5
Lease liabilities	361.3	345.9	350.6
Trade payables	1,531.3	1,572.5	1,418.3
Other non-interest-bearing liabilities	629.0	647.4	250.0
Income tax liabilities	-	-	11.2
Accrued liabilities	383.8	380.2	415.1
Provisions	10.6	11.0	12.0
Total	3,234.8	3,369.7	2,555.7
Total equity and liabilities	8,112.7	7,679.2	7,754.3

Consolidated statement of changes in equity (€ million)								
	Share capital	Reserves	Currency translation differences	Revaluation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total
Balance at 1.1.2024	197.3	464.7	-71.7	4.3	-26.7	2,190.6	-	2,758.4
Share-based payments					-0.6			-0.6
Dividends						-405.9		-405.9
Increase of non-controlling interests				0.0		0.0	10.7	10.7
Other changes						-0.0		0.0
Transactions with owners, total				0.0	-0.6	-405.9	10.7	-395.8
Comprehensive income								
Profit for the period						60.4	-0.3	60.2
Actuarial gains and losses						5.2		5.2
Translation differences on foreign operations			-29.1				0.0	-29.1
Share of other comprehensive income of associates and joint ventures						0.5		0.5
Cash flow hedge revaluation				-5.3				-5.3
Total other comprehensive income for the period, net of tax			-29.1	-5.3		5.8	0.0	-28.6
Total comprehensive income for the period			-29.1	-5.3		66.2	-0.3	31.6
Balance at 31.3.2024	197.3	464.7	-100.9	-0.9	-27.3	1,850.9	10.4	2,394.2

Consolidated statement of changes in equity (€ million)							
	Share capital	Reserves	Currency translation differences	Revaluation reserve	Treasury shares	Retained earnings	Total
Balance at 1.1.2023	197.3	464.7	-52.2	35.3	-28.1	2,125.2	2,742.2
Share-based payments					1.6		1.6
Dividends						-429.6	-429.6
Other changes		-0.0	0.0			-0.0	-0.0
Transactions with owners, total		-0.0	0.0		1.6	-429.6	-428.0
Comprehensive income							
Profit for the period						83.8	83.8
Actuarial gains and losses						3.0	3.0
Translation differences on foreign operations			-37.5				-37.5
Share of other comprehensive income of associates and joint ventures						-0.3	-0.3
Cash flow hedge revaluation				-25.3			-25.3
Total other comprehensive income for the period, net of tax			-37.5	-25.3		2.7	-60.1
Total comprehensive income for the period			-37.5	-25.3		86.5	23.7
Balance at 31.3.2023	197.3	464.7	-89.7	10.1	-26.5	1,782.1	2,338.0

	1-3/2024	1-3/2023	1-12/2023
Cash flows from operating activities			
Profit before tax	74.9	104.7	613.5
Depreciation according to plan	49.4	43.0	184.0
Depreciation and impairment for right-of-use assets	88.3	85.9	353.2
Finance income and costs	4.8	1.1	10.5
Interest expense for lease liabilities	19.8	17.7	73.4
Other adjustments	3.5	6.4	-10.8
Change in working capital			
Current non-interest-bearing receivables, increase (-)/decrease (+)	-62.4	-45.1	69.3
Inventories, increase (-)/decrease (+)	-14.2	-120.3	58.3
Current non-interest-bearing liabilities, increase (+)/decrease(-)	1.7	-28.1	-137.1
Financial items and tax	-53.2	-38.5	-164.8
Net cash from operating activities, total	112.6	27.0	1,049.5
Cash flows from investing activities			
Investing activities	-307.3	-245.2	-679.3
Proceeds from sale of tangible and intangible assets	6.0	5.1	24.9
Proceeds from sale of subsidiaries and business operations, net cash deducted	-	6.2	9.9
Other financial assets, increase (-)/decrease (+)	15.5	36.7	54.3
Net cash used in investing activities, total	-285.9	-197.2	-590.2
Cash flows from financing activities			
Interest-bearing liabilities, increase (+)/decrease (-)	216.2	152.3	283.4
Repayments of lease liabilities	-91.3	-88.0	-354.3
Current interest-bearing receivables, increase (-)/ decrease (+)	-1.3	-0.9	2.2
Dividends paid	-13.9	-14.6	-430.3
Other items	-2.9	3.4	6.8
Net cash used in financing activities, total	106.7	52.3	-492.2
Change in cash and cash equivalents	-66.5	-117.9	-32.9
Cash and cash equivalents at the beginning of the period	211.9	245.5	245.5
Exchange differences and change in value of cash and cash equivalents	-0.2	-0.2	-0.7
Cash and cash equivalents at the end of the period	145.1	127.3	211.9

Cash flow from leases (€ million)	1-3/2024	1-3/2023	1-12/2023
Interest expense for lease liabilities	-19.8	-17.7	-73.4
Repayments of lease liabilities	-91.3	-88.0	-354.3
Lease payments in the income statement	-2.3	-1.8	-7.7
Total	-113.4	-107.5	-435.4

Group's performance indicators	1-3/2024	1-3/2023	1-12/2023
Net sales, € million	2,759.5	2,828.0	11,783.8
Operating profit, € million	97.2	122.6	695.4
Operating margin, %	3.5	4.3	5.9
Operating profit, comparable, € million	99.5	125.9	712.0
Operating margin, comparable, %	3.6	4.5	6.0
Profit before tax, € million	74.9	104.7	613.5
Profit before tax, comparable, € million	77.1	108.0	630.4
Earnings per share, basic and diluted, €	0.15	0.21	1.25
Earnings per share, comparable, basic and diluted, €	0.16	0.22	1.28
Return on capital employed, %	6.9	9.6	13.1
Return on capital employed, %, rolling 12 months	12.2	16.1	13.1
Return on capital employed, comparable, %	7.0	9.8	13.4
Return on capital employed, comparable, %, rolling 12 months	12.5	16.1	13.4
Capital expenditure, € million	329.0	231.8	678.9
Cash flow from operating activities, € million	112.6	27.0	1 049.5
Cash flow from investing activities, € million	-285.9	-197.2	-590.2
Cash flow from operating activities/share, €	0.28	0.07	2.64
Return on equity, %	9.3	13.2	18.0
Return on equity, %, rolling 12 months	19.9	23.7	18.0
Return on equity, comparable, %	9.7	13.6	18.5
Return on equity, comparable, %, rolling 12 months	20.5	23.8	18.5
Equity ratio, %	29.7	30.6	35.8
Equity per share, €	5.99	5.88	6.93
Interest-bearing net debt/EBITDA excluding the impact of IFRS 16, rolling 12 months	1.1	0.6	0.7
Interest-bearing net debt, € million	2,905.3	2,479.9	2,559.8
Interest-bearing net debt excluding lease liabilities, € million	881.7	495.6	561.9
Diluted number of shares, average for the reporting period, 1,000 pcs	397,804	397,513	397,706
Average number of personnel converted into full-time employees	14,849	14,436	14,766

Segment information

Net sales by segment, € million	1-3/2024	1-3/2023	1-12/2023	Rolling 12 mo 3/2024
Grocery trade, Finland	1,515.1	1,495.0	6,351.6	6,371.6
Grocery trade total	1,515.1	1,495.0	6,351.6	6,371.6
- of which intersegment trade	4.3	5.2	16.5	15.6
Building and technical trade, Finland	455.9	550.1	2,115.0	2,020.8
Building and technical trade, other countries*	507.7	473.0	2,078.2	2,112.9
Building and technical trade total	963.6	1,023.0	4,193.2	4,133.8
- of which intersegment trade	-0.3	-0.5	-0.9	-0.7
Car trade, Finland	286.2	316.5	1,262.3	1,232.1
Car trade total	286.2	316.5	1,262.3	1,232.1
- of which intersegment trade	1.7	1.8	7.4	7.3
Common functions and eliminations	-5.4	-6.5	-23.3	-22.2
Finland total	2,251.8	2,355.1	9,705.6	9,602.3
Other countries total*	507.7	473.0	2,078.2	2,112.9
Group total	2,759.5	2,828.0	11,783.8	11,715.2

* Net sales in countries other than Finland

Operating profit by segment, € million	1-3/2024	1-3/2023	1-12/2023	Rolling 12 mo 3/2024
Grocery trade	84.9	82.3	443.6	446.2
Building and technical trade	2.3	29.3	201.9	174.9
Car trade	16.4	19.7	82.4	79.2
Common functions and eliminations	-6.4	-8.6	-32.6	-30.4
Group total	97.2	122.6	695.4	670.0

Operating profit by segment, comparable, € million	1-3/2024	1-3/2023	1-12/2023	Rolling 12 mo 3/2024
Grocery trade	82.5	83.9	444.8	443.4
Building and technical trade	6.8	30.0	212.5	189.3
Car trade	16.4	19.5	82.6	79.5
Common functions and eliminations	-6.3	-7.5	-27.8	-26.6
Group total	99.5	125.9	712.0	685.6

Operating margin by segment, %, comparable	1-3/2024	1-3/2023	1-12/2023	Rolling 12 mo 3/2024
Grocery trade	5.4	5.6	7.0	7.0
Building and technical trade	0.7	2.9	5.1	4.6
Car trade	5.7	6.2	6.5	6.5
Group total	3.6	4.5	6.0	5.9

EBITDA by segment, comparable, € million	1-3/2024	1-3/2023	1-12/2023	Rolling 12 mo 3/2024
Grocery trade	166.0	162.5	770.5	774.0
Building and technical trade	39.8	58.8	331.3	312.4
Car trade	29.9	32.0	134.0	131.9
Common functions and eliminations	3.2	1.6	9.6	11.1
Group total	238.9	254.8	1,245.3	1,229.4

Operating profit by segment excluding the impact of IFRS 16, comparable, € million	1-3/2024	1-3/2023	1-12/2023	Rolling 12 mo 3/2024
Grocery trade	69.4	70.4	389.9	389.0
Building and technical trade	1.4	25.3	193.1	169.2
Car trade	15.9	18.9	80.5	77.4
Common functions and eliminations	-6.7	-7.9	-29.1	-27.9
Group total	80.1	106.8	634.4	607.7

Capital employed by segment, cumulative average, € million	1-3/2024	1-3/2023	1-12/2023	Rolling 12 mo 3/2024
Grocery trade	2,679.9	2,484.7	2,555.4	2,606.9
Building and technical trade	2,130.7	1,762.2	1,865.1	1,974.1
Car trade	514.2	498.2	523.6	530.6
Common functions and eliminations	340.9	374.8	369.2	362.9
Group total	5,665.6	5,119.9	5,313.3	5,474.6

Return on capital employed by segment, %, comparable	1-3/2024	1-3/2023	1-12/2023	Rolling 12 mo 3/2024
Grocery trade	12.3	13.5	17.4	17.0
Building and technical trade	1.3	6.8	11.4	9.6
Car trade	12.8	15.6	15.8	15.0
Group total	7.0	9.8	13.4	12.5

Capital expenditure by segment, € million	1-3/2024	1-3/2023	1-12/2023	Rolling 12 mo 3/2024
Grocery trade	112.1	57.3	303.7	358.5
Building and technical trade	197.4	155.3	273.0	315.1
Car trade	16.1	13.9	80.3	82.5
Common functions and eliminations	3.4	5.3	22.0	20.0
Group total	329.0	231.8	678.9	776.1

Acquisitions

Kesko expanded its operations to the Danish building and home improvement trade market by acquiring 90% of the shares in Davidsen Koncernen A/S, a leading builders' merchant in Denmark, on 31 January 2024. The acquisition strengthens Kesko's market position in Northern Europe. Kesko acquired 90% of the shares in the company for a consideration of approximately €170 million. The Davidsen family will remain as a 10% minority shareholder in the company. The figures for Davidsen have been consolidated into Kesko Group's financial reporting from 1 February 2024 onwards.

In 2023, Davidsen's net sales totalled approximately €427 million (DKK 3.2 bn), with an EBITDA of some €12 million and an operating profit of some €7 million (excl. IFRS 16 impact, unaudited).

The purchase price allocation has not been finalised due to the short period of time between the completion of the Davidsen acquisition (31 January 2024) and the publication of first quarter results. The purchase price allocation will be finalised during 2024.

Change in tangible and intangible assets (€ million)

	31.3.2024	31.3.2023
Opening net carrying amount	2,930.7	2,524.6
Depreciation, amortisation and impairment charges	-49.4	-43.3
Investments in tangible and intangible assets	165.2	99.1
Deductions	-13.5	-8.2
Acquisitions	160.8	99.1
Transfers between items	-0.1	-0.0
Exchange differences	-23.5	-28.7
Closing net carrying amount	3,170.2	2,642.6

Right-of-use assets (€ million)

	31.3.2024	31.3.2023
Opening net carrying amount	1,816.9	1,737.6
Depreciation, amortisation and impairment charges	-90.6	-85.9
Net increases	114.3	153.9
Acquisitions	12.3	12.3
Exchange differences	-8.9	-13.4
Closing net carrying amount	1,844.1	1,804.4

Related party transactions (€ million)

The Group's related parties include its management (the Board of Directors, the Managing Director 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 as well as Kesko Pension Fund.

The following transactions were carried out with related parties:	1-3/2024	1-3/2023
Sales of goods and services	26.1	24.8
Purchases of goods and services	-2.6	-2.6
Other operating income	5.2	4.6
Other operating expenses	-1.0	-1.0
Finance income and costs	1.4	1.4
	31.3.2024	31.3.2023
Receivables	75.6	80.1
Liabilities	17.5	24.5
Items related to leases	31.3.2024	31.3.2023
Cash flow from leases	-11.6	-10.7
Lease liabilities	256.5	270.7

Credit and counterparty risk, ageing analysis of trade receivables

Ageing analysis of trade receivables (€ million)	31.3.2024	31.3.2023
Trade receivables fully performing	1,021.5	1,053.2
1-7 days past due trade receivables	58.3	21.7
8-30 days past due trade receivables	14.1	10.8
31-60 days past due trade receivables	-1.8	1.3
Over 60 days past due trade receivables	21.2	16.1
Total	1,113.2	1,103.1

Trade receivables include impairment charges totalling €27.0 million (31 March 2023: €18.5 million).

Financial assets and liabilities by category and fair value hierarchy (€ million)

31.3.2024 Balance, € million	Fair value through profit or loss	Amortised cost	Fair value through other comprehens ive income	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets								
Other investments	14.3			14.3	14.3			14.3
Loans and receivables		64.5		64.5	64.5			
Other non-current receivables, derivatives	6.2		1.3	7.5	7.5		7.5	
Current financial assets								
Trade receivables		1,113.2		1,113.2	1,113.2			
Other receivables		255.5		255.5	255.5			
Other receivables, derivatives	3.0		3.3	6.3	6.3		6.3	
Cash and cash equivalents		145.1		145.1	145.1			
Total financial assets	23.5	1,578.3	4.6	1,606.4	1,606.4		13.8	14.3
Non-current financial liabilities								
Non-current interest- bearing liabilities		708.1		708.1	707.9			
Non-current lease liabilities		1,662.3		1,662.3	1,662.3			
Non-current non-interest- bearing liabilities		22.4		22.4	22.4			
Non-current non-interest- bearing liabilities, derivatives			2.1	2.1	2.1		2.1	
Current financial liabilities								
Current interest-bearing liabilities		318.8		318.8	318.4			
Current lease liabilities		361.3		361.3	361.3			
Trade payables		1,531.3		1,531.3	1,531.3			
Other non-interest-bearing liabilities		948.6		948.6	948.6			
Other non-interest-bearing liabilities, derivatives	0.0		1.8	1.8	1.8		1.8	
Total financial liabilities	0.0	5,552.8	3.9	5,556.7	5,556.1		3.9	

31.3.2023 Balance, € million	Fair value through profit or loss	Amortised cost	Fair value through other comprehens ive income	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets								
Other investments	12.9			12.9	12.9			12.9
Loans and receivables		65.9		65.9	65.9			
Other non-current receivables, derivatives	11.3		6.1	17.4	17.4		17.4	
Current financial assets								
Trade receivables		1,103.1		1,103.1	1,103.1			
Other receivables		279.7		279.7	279.7			
Other receivables, derivatives	2.6		9.2	11.8	11.8		11.8	
Other financial assets		32.4		32.4	32.4			
Cash and cash equivalents		127.3		127.3	127.3			
Total financial assets	26.8	1,608.5	15.3	1,650.5	1,650.6		29.2	12.9
Non-current financial liabilities								
Non-current interest- bearing liabilities		242.7		242.7	241.1			
Non-current lease liabilities		1,638.4		1,638.4	1,638.4			
Non-current non-interest- bearing liabilities		23.5		23.5	23.5			
Non-current non-interest- bearing liabilities, derivatives			1.3	1.3	1.3		1.3	
Current financial liabilities								
Current interest-bearing liabilities		412.7		412.7	412.3			
Current lease liabilities		345.9		345.9	345.9			
Trade payables		1,572.5		1,572.5	1,572.5			
Other non-interest-bearing liabilities		987.1		987.1	987.1			
Other non-interest-bearing liabilities, derivatives	0.7		1.4	2.2	2.2		2.2	
Total financial liabilities	0.7	5,222.8	2.7	5,226.2	5,224.2		3.5	

Loans and receivables do not include deferred tax assets of €13.0 million (€2.1 million) and income tax receivables €14.7 million (€9.7 million). Prepayments received of €62.4 million (€38.3 million) are not categorised as financial liabilities and are not included in the table above.

Personnel, average and at 31.3.

Average number of personnel converted into full-time employees by segment	1-3/2024	1-3/2023	Change
Grocery trade	6,048	5,999	49
Building and technical trade	6,418	5,990	428
Car trade	1,495	1,537	-42
Common functions	889	910	-21
Group total	14,849	14,436	413

Personnel at 31.3.*by segment	2024	2023	Change
Grocery trade	7,955	7,995	-40
Building and technical trade	7,636	7,096	540
Car trade	1,696	1,676	20
Common functions	960	957	3
Group total	18,247	17,724	523

* Total number including part-time employees

Group's commitments (€ million)

	31.3.2024	31.3.2023	
Own commitments	311.2	326.2	
For others	-	-	
Lease commitments related to leases not yet commenced	223.0	98.5	
Liabilities arising from derivative instruments (€ million)			
Values of underlying instruments at	31.3.2024	31.3.2023	Fair value 31.3.2024
Interest rate derivatives			
Interest rate swaps	569.8	330.0	9.0
Currency derivatives			
Forward and future contracts	123.6	153.9	2.5
Commodity derivatives			
Electricity derivatives	38.1	41.1	-1.6

The lease commitments are for leases not commenced on 31 March 2024 to which the Group is committed.

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.

Performance indicators reflecting comparable profit and profitability are used to improve the comparability of operational performance between periods. Gains and losses on disposal of real estate, shares and business operations, impairment charges and significant restructuring costs are identified as items affecting comparability. Gains on disposal have been presented within other operating income, and losses on disposal within other operating expenses in the income statement.



Alternative performance measures that have been adjusted for the impact of IFRS 16 are used to monitor the achievement of certain financial targets. The EBITDA excluding the impact of IFRS 16 corresponds to EBITDA before the adoption of IFRS 16, and the interest-bearing net debt excluding lease liabilities correspond to interest-bearing net debt before the adoption of the standard. These restated indicators are included as components in the Group’s financial target “interest-bearing net debt excluding lease liabilities divided by EBITDA excluding the impact of IFRS 16”.

In addition, 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.

Operating profit, comparable	Operating profit +/- items affecting comparability
Items affecting comparability	- gains on disposal + losses on disposal + impairment charges +/- structural arrangements
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*, %, rolling 12 months	Operating profit for the preceding 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
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 the reporting period
Return on capital employed*, %, comparable, rolling 12 months	Comparable operating profit for the preceding 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
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*, %, rolling 12 months	(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 equity*, %, comparable	(Profit/loss adjusted for items affecting comparability before tax - Income tax adjusted for the tax effect of items affecting comparability) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity*, %, comparable, rolling 12 months	(Profit/loss adjusted for items affecting comparability before tax for the preceding 12 months - Income tax adjusted for the tax effect of items affecting comparability for the preceding 12 months) x 100 / Shareholders' equity on average for 12 months
Equity ratio, %	Shareholders' equity x 100 / (Total assets - Advances received)



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
EBITDA	Operating profit + Depreciation and amortisation + Impairments
EBITDA excluding the impact of IFRS 16	EBITDA – Rents from lease agreements
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
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.
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
Cash flow from operating activities/share	Cash flow from operating activities / Average number of shares

* Indicators for return on capital have been annualised.

Reconciliation of performance indicators to IFRS financial statements

€ million	1-3/2024	1-3/2023	1-12/2023
Items affecting comparability			
Gains on disposal	0.0	0.4	0.4
Losses on disposal	-	-0.9	-1.0
Structural arrangements	-2.3	-2.8	-16.1
Items in operating profit affecting comparability	-2.3	-3.3	-16.7
Items in financial items affecting comparability	-	-0.0	-0.2
Items in income taxes affecting comparability	0.2	0.6	3.1
Total items affecting comparability	-2.1	-2.7	-13.7
Items in EBITDA affecting comparability	-3.9	-3.3	-12.8
Operating profit, comparable			
Operating profit	97.2	122.6	695.4
Net of			
Items in operating profit affecting comparability	-2.3	-3.3	-16.7
Operating profit, comparable	99.5	125.9	712.0
EBITDA			
Operating profit	97.2	122.6	695.4
Plus			
Depreciation and impairment charges	49.4	43.0	184.0
Depreciation and impairment charges for right-of-use assets	88.3	85.9	353.2
EBITDA	235.0	251.5	1,232.5
EBITDA excluding the impact of IFRS 16			
EBITDA	235.0	251.5	1 232.5
Net of			
Rents from lease agreements	-109.9	-105.0	-430.7
EBITDA excluding the impact of IFRS 16	125.1	146.5	801.8
Profit before tax, comparable			
Profit before tax	74.9	104.7	613.5
Net of			
Items in operating profit affecting comparability	-2.3	-3.3	-16.7
Items in financial items affecting comparability	-	-0.0	-0.2
Profit before tax, comparable	77.1	108.0	630.4
Net profit, comparable			
Profit before tax, comparable	77.1	108.0	630.4
Net of			
Income tax	14.7	20.9	118.0
Items in income tax affecting comparability	0.2	0.6	3.1
Net profit, comparable	62.3	86.5	509.3

Net profit attributable to owners of the parent, comparable			
Net profit, comparable	62.3	86.5	509.3
Net of			
Net profit attributable to noncontrolling interests	-0.3	-	-
Net profit attributable to owners of the parent, comparable	62.5	86.5	509.3
Earnings per share, comparable, €			
Net profit attributable to the owners of the parent, comparable	62.5	86.5	509.3
Average number of shares, basic, 1,000 pcs	397,804	397,513	397,706
Earnings per share, comparable, €	0.16	0.22	1.28
Return on capital employed, %			
Operating profit	97.2	122.6	695.4
Capital employed, average	5,665.6	5,119.9	5,313.3
Return on capital employed, %	6.9	9.6	13.1
Return on capital employed, comparable, %			
Operating profit, comparable	99.5	125.9	712.0
Capital employed, average	5,665.6	5,119.9	5,313.3
Return on capital employed, comparable, %	7.0	9.8	13.4
Return on equity, %			
Net profit	60.4	83.8	495.6
Equity, average	2,576.3	2,540.1	2,750.3
Return on equity, %	9.3	13.2	18.0
Return on equity, comparable, %			
Net profit, comparable	62.3	86.5	509.3
Equity, average	2,576.3	2,540.1	2,750.3
Return on equity, comparable, %	9.7	13.6	18.5
Equity ratio, %			
Shareholders' equity	2,394.2	2,338.0	2,758.4
Total assets	8,112.7	7,679.2	7,754.3
Advances received	62.4	38.3	56.7
Equity ratio, %	29.7	30.6	35.8

K Group's retail and B2B sales, VAT 0% (preliminary data)

Kesko and K-retailers together form K Group. The table below depicts K Group's retail and B2B sales by chain, comprising the combined retail and B2B sales of Kesko's own retailing and B2B trade and retailer-owned chain stores.

K Group's retail and B2B sales	1.1.-31.3.2024	
	€ million	Change, % ^{*)}
K Group's grocery trade		
K-food stores	1,594.1	3.2
K-Citymarket, non-food	133.5	1.2
Kespro	286.4	0.4
Grocery trade, total	2,014.0	2.7
K Group's building and technical trade		
K-Rauta, Finland	185.0	-12.8
K-Rauta B2B Service, Finland	48.0	-27.3
Technical trade, Finland	255.1	-17.0
Finland, total	488.1	-16.6
K-Rauta, Sweden	24.4	-16.1
K-Bygg, Sweden	57.8	-13.5
Technical trade, Sweden	26.7	-30.6
Bygghälsan, Norway	121.0	-19.1
Technical trade, Norway	133.0	-14.2
Davidsen, Denmark	87.7	-20.4
Technical trade, Baltic countries	27.9	-4.5
Technical trade, Poland	83.4	4.7
Other countries, total	562.0	-14.6
Kesko Senukai	244.0	0.6
Building and technical trade, total	1,294.1	-12.9
K Group's car trade		
Car trade	249.1	-6.4
Sports trade	56.6	-7.0
Car trade, total	305.8	-6.5
Finland, total	2,807.9	-2.3
Other countries, total	806.0	-10.5
Retail and B2B sales, total	3,613.9	-4.3

*) 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, most material acquisitions were Elektroskandia Norge AS on 1 March 2023 and Geitanger Bygg AS in 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.