



January-March 2023

# KESKO CORPORATION INTERIM REPORT

## Q1/2023

28.4.2023

KESKO CORPORATION JANUARY-MARCH INTERIM REPORT 28.4.2023 AT 8.00

## Kesko's interim report for 1 Jan.- 31 March 2023: A good result in a weakened economic situation

### FINANCIAL PERFORMANCE IN BRIEF:

#### 1-3/2023

- Group net sales in January-March totalled €2,828.0 million (€2,707.3 million), an increase of 4.4% in comparable terms, reported net sales grew by 4.5%
- Comparable operating profit totalled €125.9 million (€143.7 million), Comparable operating profit decreased by €17.9 million.
- Operating profit totalled €122.6 million (€144.6 million)
- Comparable earnings per share €0.22 (€0.27)
- Reported Group earnings per share €0.21 (€0.26)

### KEY PERFORMANCE INDICATORS

	1-3/2023	1-3/2022	1-12/2022
Net sales, € million	2,828.0	2,707.3	11,809.0
Operating profit, comparable, € million	125.9	143.7	815.1
Operating margin, comparable, %	4.5	5.3	6.9
Operating profit, € million	122.6	144.6	816.5
Profit before tax, comparable, € million	108.0	131.6	763.2
Profit before tax, € million	104.7	128.9	761.1
Cash flow from operating activities, € million	27.0	71.0	915.2
Capital expenditure, € million	231.8	126.2	449.2
Earnings per share, €, basic and diluted	0.21	0.26	1.53
Earnings per share, comparable, €, basic	0.22	0.27	1.54

	1-3/2023	1-3/2022	1-12/2022
Return on capital employed, comparable, %, rolling 12 months	16.1	17.7	16.9
Return on equity, comparable, %, rolling 12 months	23.8	24.1	23.2

In this interim report release, the comparable change % in net sales has been calculated in local currencies and excluding the impact of acquisitions and divestments completed in 2023 and 2022. The comparable operating profit has been calculated by deducting items affecting comparability from the reported operating profit.

### OUTLOOK AND GUIDANCE FOR 2023

Kesko repeats the outlook and guidance given in its financial statements release on 2 February 2023.

Kesko Group's guidance is given for the year 2023, in comparison with the year 2022. Kesko's net sales and operating profit are estimated to remain at a good level in 2023 despite the challenges in the company's operating environment. Kesko estimates that its comparable operating profit in 2023 will be in the range of €680-800 million.

The guidance is based on an estimated relatively short recession in Kesko's operating countries. Key uncertainties impacting Kesko's outlook are developments in inflation and interest rate levels, and Russia's ongoing offensive war in Ukraine.

In the grocery trade division, B2C trade as a whole is estimated to remain stable, and the foodservice market is predicted to continue to grow. Price inflation will support sales development in euro terms, but will also increase costs. Operating profit is expected to remain at a good level.

The construction market is expected to decrease somewhat compared to 2022. New building construction is estimated to decrease, but renovation building and construction related to the green transition are estimated to continue to grow. Operating profit is expected to remain at a good level also in building and technical trade.

In the car trade division, car availability is estimated to improve, but demand is estimated to remain below long-term average. Profitability in the car trade division is expected to remain at a good level.

### **PRESIDENT AND CEO MIKKO HELANDER:**

Kesko's result in the first quarter of 2023 was good despite a weaker operating environment. Our net sales grew by 4.4% in comparable terms, totalling €2,828.0 million. Our comparable operating profit totalled €125.9 million. Our good strategy and its successful execution in all business divisions as well as strong transformation are yielding results.

Profitability for the grocery trade division was good in the first quarter. The division's net sales totalled €1,495.0 million, growing by 8.2%, while the comparable operating profit rose by €3.6 million to €83.9 million. Profit improved especially due to good progress in the foodservice business: Kespro's net sales grew by 28.0%. The division's profitability was good, with a comparable operating margin of 5.6%. Rising food prices are impacting customers' shopping, as reflected in e.g. the growing popularity of private label and campaign products. Customer flows have grown. The basis for good progress in our grocery trade division is our strong position in all areas of Finnish food trade.

In the building and technical trade division, net sales decreased by 4.4% in comparable terms, totalling €1,074.7 million. The division's comparable operating profit amounted to €32.6 million, down by €29.0 million from the very exceptional levels of the comparison period. In spring 2022, customers stockpiled products due to availability concerns caused by Russia's offensive war and rapidly rising prices. However, results for the building and technical trade division have multiplied since 2019, i.e. the last regular year before the pandemic and war in Ukraine. In technical trade, Onninen's sales were at a good level. Demand was particularly strong for products related to the green transition and to improving energy efficiency. In building and home improvement trade, sales declined especially in B2C trade, with demand decreasing also in B2B trade. During the quarter, we continued acquisitions in line with our strategy by acquiring Elektroskandia Norge AS, thus strengthening Onninen's market leading position in the Norwegian utility wholesale sector. In Sweden, we acquired the solar power system wholesaler Zenitec Sweden AB.

In the car trade division, sales grew in all business segments. The division's net sales were up by 27.2% as the availability of new cars improved, and totalled €264.8 million. The division's comparable operating profit totalled €16.9 million, representing an increase of €7.0 million. The operating margin was 6.4%, thanks to growth in sales and the transformation and efficiency improvement measures taken. Sami Kiiski was appointed as the new division President and a member of Group Management Board as of 1 June 2023.

Kesko's outlook for 2023 is positive. Transformation and strategy execution have improved our profit-making ability. We repeat our profit guidance and estimate that Kesko's comparable operating profit in 2023 will be in the range of €680-800 million.

## FINANCIAL PERFORMANCE

### NET SALES AND PROFIT JANUARY-MARCH 2023

1-3/2023	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million
Grocery trade	1,495.0	+8.2	+8.2	83.9	+3.6
Building and technical trade excl. sports trade	1,023.0	-4.5	-4.5	33.8	-22.5
Sports trade	51.7	-2.5	-2.5	2.6	-3.0
Kesko Senukai	-	-	-	-3.8	-3.4
Building and technical trade, total	1,074.7	-4.4	-4.4	32.6	-29.0
Car trade	264.8	+27.2	+27.2	16.9	+7.0
Common functions and eliminations	-6.5	-	-	-7.5	+0.5
<b>Total</b>	<b>2,828.0</b>	<b>+4.5</b>	<b>+4.4</b>	<b>125.9</b>	<b>-17.9</b>

Group net sales grew by 4.4% in comparable terms. Net sales increased in comparable terms by 7.2% in Finland, and decreased by 7.3% in the other operating countries. The comparable change % has been calculated in local currencies and excluding the impact of acquisitions and divestments completed. The Group's reported net sales in January-March grew by 4.5%.

Net sales for the grocery trade division grew by 8.2%. Sales to K Group grocery store chains grew by 4.6%. Net sales for Kespro's foodservice business grew by 28.0% in January-March. Without Covid-19 restrictions, consumption was relatively more geared towards foodservice than retail than in the comparison period.

Net sales for the building and technical trade division decreased by 4.4%. In comparable terms, net sales also decreased by 4.4%. Net sales for Onninen's technical wholesale increased in comparable terms by 6.3%. Growth was especially underpinned by demand for products related to the green transition and to improving energy efficiency. In building and home improvement trade, net sales decreased in comparable terms. Sales decreased in both B2B and B2C trade as the construction market was weaker than in the comparison period.

Net sales for the car trade division increased by 27.2% in January-March. Net sales grew in all car trade business segments.

The Group's comparable operating profit in January-March totalled €125.9 million, a decrease of €17.9 million. The grocery trade division's comparable operating profit grew by €3.6 million. Profitability improved in particular thanks to strong growth in Kespro's foodservice sales. The comparable operating profit for the building and technical trade division decreased by €29.0 million against the comparison period, in which both net sales and operating profit grew exceptionally notably year-on-year. Onninen's comparable operating profit grew in Finland and Sweden. Operating profit decreased in Norway and Poland, and was flat year-on-year in the Baltics. In building and home improvement trade, comparable operating profit decreased in all operating countries due to a decrease in net sales. The share of profit from Kesko Senukai had a €3.4 million negative impact on the division's comparable operating profit in year-on-year comparison. The comparable operating profit for the car trade division increased by €7.0 million. Profitability in car trade improved thanks to strong sales growth and measures taken to transform and improve the efficiency of operations.

Items affecting comparability, € million	1-3/2023	1-3/2022	1-12/2022
<b>Operating profit, comparable</b>	<b>125.9</b>	<b>143.7</b>	<b>815.1</b>
Items affecting comparability			
+gains on disposal	+0.4	-	+0.0
-losses on disposal	-0.9	-0.1	-0.1
+/-structural arrangements	-2.8	+1.0	+1.6
Items affecting comparability, total	-3.3	+0.9	+1.5
<b>Operating profit</b>	<b>122.6</b>	<b>144.6</b>	<b>816.5</b>

The most significant items affecting comparability were related to the restructuring of operations.

K Group's (Kesko and the chain stores) retail and B2B sales (0% VAT) in January-March totalled €3,658.7 million, representing a growth of 1.8% on the previous year. During the 12-month period that ended in March 2023, the number of Finnish households belonging to the K-Plussa loyalty scheme and using the Plussa network totalled 2.5 million, with 3.3 million customers using their K-Plussa card.

### Net finance costs, income tax and earnings per share

	1-3/2023	1-3/2022	1-12/2022
Net finance costs, € million	-18.8	-16.2	-56.0
Interests on lease liabilities, € million	-17.7	-17.2	-68.4
Profit before tax, comparable, € million	108.0	131.6	763.2
Profit before tax, € million	104.7	128.9	761.1
Income tax, € million	-20.9	-25.6	-151.2
Earnings per share, comparable, €	0.22	0.27	1.54
Earnings per share, €	0.21	0.26	1.53
Equity per share, €	5.88	6.65	6.90

The development of the Group's net finance costs in January-March was negatively impacted by the growth in interest-bearing net debt and foreign exchange losses. The share of result of associates was €1.0 million (€0.4 million).

The Group's comparable profit before tax in January-March decreased as the comparable operating profit declined and net finance costs increased on the comparison period. The Group's effective tax rate was 20.0% (19.9%).

The Group's earnings per share and comparable earnings per share decreased on the comparison period.

### CASH FLOW AND FINANCIAL POSITION

€ million	1-3/2023	1-3/2022	1-12/2022
Cash flow from operating activities	27.0	71.0	915.2
Cash flow from investing activities	-197.2	-66.9	-344.3
Cash flow from financing activities	52.3	-55.9	-604.7

€ million	31.3.2023	31.3.2022	31.12.2022
Liquid assets	159.8	319.6	314.1
Interest-bearing liabilities	2,639.7	2,367.1	2,418.3
Lease liabilities	1,984.3	1,974.5	1,920.1
Interest-bearing net debt excl. lease liabilities	495.6	72.9	184.1
Interest-bearing net debt/EBITDA (excl. IFRS 16 impact)	0.6	0.1	0.2
Gearing, %	106.1	77.5	76.7
Equity ratio, %	30.6	36.5	36.9

The Group’s cash flow from operating activities in January-March totalled €27.0 million (€71.0 million). Cash flow weakened partly due to an increase in inventories in all divisions. Onninen’s inventories grew in part due to a growing demand for products related to the green transition and improved energy efficiency. In the car trade division, growth in business volumes caused inventories to rise, while inventories in the comparison period were exceptionally low.

The Group’s cash flow from investing activities was a negative €197.2 million (€-66.9 million) in January-March. Cash flow from investing activities included a positive item of €36.7 million (€15.4 million) from the redemption of money market funds, included in the Group’s liquid assets.

The Group’s net debt excluding lease liabilities rose due to weakened cash flow from operating activities and significant growth in capital expenditure.

### CAPITAL EXPENDITURE

€ million	1-3/2023	1-3/2022	1-12/2022
<b>Capital expenditure</b>	<b>231.8</b>	<b>126.2</b>	<b>449.2</b>
Store sites	53.1	79.8	268.1
Acquisitions	133.6	19.7	50.1
IT	5.5	11.8	41.8
Other investments	39.6	14.8	89.2

Capital expenditure in store sites decreased by €26.6 million on the comparison period in January-March. In the comparison period, capital expenditure in store sites included the property of K-Citymarket Turtola in Tampere, €40.3 million: the ownership of the property was transferred to the Group as a result of a return of surplus assets by Kesko Pension Fund in March 2022. The investment did not have a cash flow impact.

Other capital expenditure included an investment of €15.6 million in the construction of Onninen and K-Auto’s shared logistics centre in Hyvinkää, Finland. The total investment in the logistics centre in 2023 is estimated to amount to some €94 million, and construction is estimated to be completed in 2025.

Capital expenditure includes the acquisition of Elektroskandia Norge AS in Norway, completed on 1 March 2023. Capital expenditure in the comparison period included the acquisition of Kungälv’s Trävaruaktiebolag in Sweden.

### PERSONNEL

	1-3/2023	1-3/2022	1-12/2022
<b>Average number of personnel converted into full-time employees</b>	<b>14,436</b>	<b>14,158</b>	<b>14,633</b>
<b>Personnel at the end of the reporting period</b>	<b>31.3.2023</b>	<b>31.3.2022</b>	<b>31.12.2022</b>
Finland	12,337	12,356	12,665
Other countries	5,387	5,009	5,176
Total	17,724	17,366	17,841

## SEGMENTS

### 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 2023

	1-3/2023	1-3/2022	1-12/2022
Net sales, € million	1,495.0	1,382.1	6,124.7
Operating profit, comparable, € million	83.9	80.3	460.4
Operating margin, comparable, %	5.6	5.8	7.5
Return on capital employed, comparable, %, rolling 12 months	19.2	20.4	19.6
Capital expenditure, € million	57.3	83.0	257.6
Personnel, average	5,999	6,072	6,288

Net sales, € million	1-3/2023	1-3/2022	Change, %	Change, comparable, %	1-12/2022
Sales to K-food stores	1,064.5	1,017.3	+4.6	+4.6	4,367.4
K-Citymarket, non-food	131.4	126.5	+3.8	+3.8	605.1
Kespro	276.8	216.2	+28.0	+28.0	1,041.3
Others	22.3	22.1	+1.0	+1.0	110.8
<b>Total</b>	<b>1,495.0</b>	<b>1,382.1</b>	<b>+8.2</b>	<b>+8.2</b>	<b>6,124.7</b>

Net sales for the grocery trade division in January-March amounted to €1,495.0 million (€1,382.1 million), an increase of 8.2%. Sales to K Group grocery store chains grew by 4.6%. Net sales for Kespro's foodservice business grew by 28.0% in January-March. Without Covid-19 restrictions, consumption was relatively more geared towards foodservice than retail than in the comparison period.

The total retail grocery market in Finland (incl. VAT) is estimated to have grown by approximately 7.2% in January-March (Finnish Grocery Trade Association PTY) and retail prices are estimated to have risen by some 14.7% (incl. VAT, Kesko's own estimate). K Group's grocery sales grew by 2.1% (incl. VAT). Online grocery sales decreased by 10.4%, and accounted for approximately 3.4% of K Group's grocery sales (incl. VAT). Online grocery sales have risen clearly above pre-pandemic levels. All K Group grocery store chains offer online grocery services. The number of K Group stores offering online grocery services was 646 at the end of the reporting period, up by 105 year-on-year. The total market for the foodservice business is estimated to have grown by 24.0% in January-March (Finnish Grocery Trade Association PTY).

The market share for K Group grocery stores in 2022 was 36.1% (PTY), down by 1.3 percentage points. Of this, 0.8 percentage points were attributable to competitors opening new stores to an exceptional degree in 2021 and 2022. New store openings by competitors are estimated to continue to impact market shares in 2023, but to a lesser extent than in 2022. Kespro's market share in 2022 was 46.1% (PTY). Growth was strong in all customer segments. The market for eating out is expected to be on a growing trend.

The comparable operating profit for the grocery trade division in January-March totalled €83.9 million (€80.3 million), up by €3.6 million. Profitability improved in particular thanks to strong growth in Kespro's foodservice sales. Operating profit for the grocery trade division totalled €82.3 million (€81.4 million). Items affecting comparability totalled €-1.6 million (€1.1 million).

Capital expenditure for the grocery trade division in January-March totalled €57.3 million (€83.0 million). Capital expenditure in store sites totalled €48.4 million (€74.2 million). In the comparison period, capital expenditure in store sites included the property of K-Citymarket Turtola in Tampere, €40.3 million.

## BUILDING AND TECHNICAL TRADE

## January-March 2023

	1-3/2023	1-3/2022	1-12/2022
<b>Net sales, € million</b>	1,074.7	1,124.0	4,805.1
Building and technical trade excl. sports trade	1,023.0	1,071.0	4,591.1
Building & home improvement trade	474.7	564.7	2,377.2
Onninen	565.0	522.1	2,286.2
Sports trade	51.7	53.0	214.0
<b>Operating profit, comparable, € million</b>	32.6	61.5	339.8
Building and technical trade excl. sports trade	33.8	56.4	302.8
Building & home improvement trade	-0.9	20.1	127.5
Onninen	34.8	36.6	173.7
Sports trade	2.6	5.5	16.1
Kesko Senukai	-3.8	-0.4	20.9
<b>Operating margin, comparable, %</b>	3.0	5.5	7.1
Building and technical trade excl. sports trade	3.3	5.3	6.6
Building & home improvement trade	-0.2	3.6	5.4
Onninen	6.2	7.0	7.6
Sports trade	4.9	10.5	7.5
	1-3/2023	1-3/2022	1-12/2022
Return on capital employed, comparable, %, rolling 12 months	17.4	20.6	19.4
Capital expenditure, € million	155.3	25.9	108.7
Personnel, average	6,265	5,997	6,155

	1-3/2023	1-3/2022	Change, %	Change, comparable, %	1-12/2022
<b>Net sales, € million</b>					
Building and home improvement trade, Finland	251.2	287.1	-12.5	-12.5	1,126.7
K-Rauta, Sweden	29.2	36.1	-19.3	-13.7	189.1
K-Bygg, Sweden	65.6	69.9	-6.2	-14.2	352.8
Byggmakker, Norway	129.7	172.1	-24.6	-16.8	711.4
<b>Building and home improvement trade, total</b>	474.7	564.7	-15.9	-14.2	2,377.2
Onninen, Finland	313.6	287.6	+9.0	+9.0	1,319.0
Onninen and MIAB, Sweden	33.7	32.2	+4.8	+12.0	147.0
Onninen and Elektroskandia, Norway	109.7	86.5	+26.9	+11.1	346.5
Onninen, Baltics	29.2	27.2	+7.5	+7.5	130.8
Onninen, Poland	80.0	90.0	-11.1	-9.4	349.2
<b>Onninen, total</b>	565.0	522.1	+8.2	+6.3	2,286.2
<b>Building and technical trade excl. sports trade, total</b>	1,023.0	1,071.0	-4.5	-4.5	4,591.1
<b>Sports trade, Finland</b>	51.7	53.0	-2.5	-2.5	214.0
<b>Total</b>	<b>1,074.7</b>	<b>1,124.0</b>	<b>-4.4</b>	<b>-4.4</b>	<b>4,805.1</b>

Net sales for the building and technical trade division decreased by 4.4%. In comparable terms, net sales also decreased by 4.4%. Net sales for Onninen's technical wholesale increased in comparable terms by 6.3%. Growth was especially underpinned by demand for products related to the green transition and to improving energy efficiency. In building and home improvement trade, net sales decreased in comparable terms. Sales decreased in both B2B and B2C trade as the construction market was weaker than in the comparison period. The weakening of



the Swedish krona, the Norwegian krone, and the Polish zloty against the euro diminished net sales development in euro terms.

In Finland, net sales for the building and technical trade division in January-March totalled €601.8 million (€614.1 million), a decrease of 2.0%. In comparable terms, net sales in Finland decreased by 2.0%. Net sales from international operations totalled €473.0 million in January-March (€509.9 million), down by 7.2%. In comparable terms, net sales from international operations decreased by 7.3%.

Onninen's technical wholesale net sales grew in Finland, Sweden, Norway and the Baltics, and decreased in Poland. Net sales for building and home improvement trade decreased in all operating countries. Net sales for sports trade decreased by 2.5%.

The comparable operating profit for the building and technical trade division in January-March totalled €32.6 million (€61.5 million), and decreased by €29.0 million against the comparison period, in which both net sales and operating profit grew exceptionally notably year-on-year. Onninen's comparable operating profit grew in Finland and Sweden. Operating profit decreased in Norway and Poland, and was flat year-on-year in the Baltics. In building and home improvement trade, comparable operating profit decreased in all operating countries as a result of a decrease in net sales. The share of result from Kesko Senukai had a €3.4 million negative impact on the division's comparable operating profit in year-on-year comparison. The comparable operating profit for sports trade decreased.

Operating profit for the building and technical trade division totalled €31.8 million (€61.4 million). Items affecting comparability totalled €-0.7 million (€-0.2 million).

Capital expenditure for the building and technical trade division in January-March totalled €155.3 million (€25.9 million). Capital expenditure included an investment of €15.6 million in the construction of Onninen and K-Auto's shared logistics centre in Hyvinkää, Finland. The total investment in the logistics centre in 2023 is estimated to amount to some €94 million, and construction is estimated to be completed in 2025. Capital expenditure also includes the acquisition of Elektroskandia Norge AS in Norway, completed on 1 March 2023. Capital expenditure in the comparison period included the acquisition of Kungälv's Trävaruaktiebolag in Sweden.

## CAR TRADE

### January-March 2023

	1-3/2023	1-3/2022	1-12/2022
Net sales, € million	264.8	208.2	910.9
Operating profit, comparable, € million	16.9	9.9	48.4
Operating margin, comparable, %	6.4	4.8	5.3
Return on capital employed, comparable, %, rolling 12 months	13.8	13.8	12.7
Capital expenditure, € million	13.9	8.5	44.7
Personnel, average	1,262	1,155	1,235

Net sales, € million	1-3/2023	1-3/2022	Change, %	Change, comparable, %	1-12/2022
Car trade	264.8	208.2	+27.2	+27.2	910.9

Net sales for the car trade division increased by 27.2% in January-March. Net sales grew in all car trade segments.

The combined market performance of first registrations of passenger cars and vans was -4.7% in January-March. The combined market share of the Volkswagen, Audi, SEAT, CUPRA, Porsche and Bentley passenger cars and Volkswagen and MAN vans imported by the car trade division was 15.3 (12.5%) in January-March.

The comparable operating profit for the car trade division in January-March totalled €16.9 million (€9.9 million), an increase of €7.0 million. Profitability improved thanks to strong sales growth and measures taken to transform and improve the efficiency of operations. Operating profit for the car trade division in January-March totalled €17.1 million (€9.9 million). Items affecting comparability totalled €0.2 million.

Capital expenditure for the car trade division in January-March totalled €13.9 million (€8.5 million).

## CHANGES IN GROUP COMPOSITION

Kesko subsidiary Onninen acquired the Norwegian technical wholesale company Elektroskandia Norge AS on 1 March 2023. Kesko sold its MAN business, which focuses on trucks and buses, to Adampolis Finland Oy on 31 March 2023.

## SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of March 2023, 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 2023, Kesko Corporation held 2,316,088 of its own B shares as treasury shares.

These treasury shares accounted for 0.85% of the total number of B shares, 0.58% of the total number of shares, and 0.15% 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 them. At the end of March 2023, Kesko Corporation's share capital was €197,282,584.

The price of a Kesko A share quoted on Nasdaq Helsinki was €20.35 at the end of 2022, and €19.96 at the end of March 2023, representing a decrease of 1.9%. Meanwhile, the price of a B share was €20.62 at the end of 2022, and €19.81 at the end of March 2023, representing a decrease of 3.9%. In January-March 2023, the highest price for an A share was €21.95 and the lowest €18.94. The highest price for a B share was €22.20 and the lowest €18.91. The Nasdaq Helsinki All-Share index (OMX Helsinki) was down by 0.7% and the weighted OMX Helsinki Cap index was up by 0.07% in January-March 2023. The Retail Sector Index was up by 9.4%.

The market capitalisation of the A shares was €2,533.9 million at the end of March 2023, while the market capitalisation of the B shares was €5,364.8 million, excluding the shares held by the parent company. The combined market capitalisation of the A and B shares was €7,898.7 million, down by €263 million from the end of 2022.

In January-March, a total of 1.7 million A shares were traded on Nasdaq Helsinki. The exchange value of the A shares was €33.7 million. Meanwhile, 39.8 million B shares were traded, with an exchange value of €810.4 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 Turquoise (source: Euroland).

At the end of March 2023, the number of registered shareholders was 88,231, the highest figure in the company's history. At the end of March, foreign ownership of all shares was 37.2%, and foreign ownership of B shares 53.62%.

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 2023, Kesko Corporation transferred 304,273 Kesko B shares held as treasury shares to members of management and other key persons in the company. Kesko issued a related stock exchange release on 15 March 2023. Kesko issued a stock exchange release on 2 February 2023 regarding the most recent share-based commitment and incentive plans.

Kesko's Annual General Meeting of 30 March 2023 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 2024. The authorisations were communicated in a stock exchange release on 30 March 2023.

## KEY EVENTS IN JANUARY-MARCH 2023

Kesko announced on 30 January 2023 that it would acquire the Norwegian technical wholesale company Elektroskandia Norge AS from Rexel Group. The acquisition will strengthen Onninen's position in technical wholesale in Norway. Elektroskandia Norge AS had net sales of some €250 million in 2022 and it employs some 270 people. The company has 13 stores and sales offices and a highly automated distribution centre. The transaction was completed on 1 March 2023. (Investor news releases 30.1.2023 and 2.3.2023)

Kesko published its 2022 Annual Report, including a strategy review, the Report by the Board of Directors and financial statements for 2022, the Corporate Governance Statement, the Remuneration Report for Governing Bodies, and a sustainability report, on 6 March 2023 on its website at [www.kesko.fi](http://www.kesko.fi). (Stock exchange release 6.3.2023)

Kesko announced it would be combining its customer loyalty scheme and share ownership in a new way with Shareholder's K-Plussa, which offers Finnish loyalty customers with shareholdings in Kesko an alternative way to access K Group's 'Best Customer' benefits. Shareholder's K-Plussa is available to Plussa loyalty customers in Finland with registered annual personal purchases from K Group stores of at least 3,000 euros for the past year and holdings of at least 100 shares in Kesko. (Investor news release 30.3.2023)

Kesko Corporation's Annual General Meeting was held on 30 March 2023 at Messukeskus in Helsinki. The Annual General Meeting adopted the 2022 financial statements and resolved to distribute a dividend of €1.08 per share. The Annual General Meeting discharged the Board members and the Managing Director from liability, approved the Remuneration Report for Governing Bodies, made resolutions concerning the Board members' remuneration, elected the firm of authorised public accountants Deloitte Oy as the company's Auditor, resolved to change the term of office of Board members from three years to one year, and authorised the Board to decide on the repurchase of the company's own shares, the issuance of shares, and on donations for charitable purposes. Read more in the section: Resolutions of the 2023 Annual General Meeting. (Stock exchange releases 2.2.2023 and 30.3.2023)

Sami Kiiski, M. Sc. (Economics and Business), 47, was appointed as the new President of Kesko's car trade division and a member of Group Management Board, as the current division President Matti Virtanen retires. Sami Kiiski has acted as Senior Vice President in charge of Kesko's leisure trade since 2020. He is also a member of the Board of Management of Intersport International Corporation. The changes will come into effect on 1 June 2023. Kesko will also change its Group structure, and sports trade will become part of the car trade division. Prior to this, sports trade has been part of Kesko's building and technical trade division. The segment structure in Kesko's financial reporting will depict the changes in Group structure as of 1 April 2023. Kesko will publish comparison figures for the new segment structure for 2022 and for the first quarter of 2023 in May 2023. (Stock exchange release 31.3.2023)

## RESOLUTIONS OF THE 2023 ANNUAL GENERAL MEETING

The Annual General Meeting of Kesko Corporation held on 30 March 2023 adopted the company's financial statements for 2022. The Annual General Meeting resolved to distribute a dividend of €1.08 per share on shares held outside the company. The dividend will be paid in four instalments of €0.27 per share. The record date of the first dividend instalment was 3 April 2023 and the pay date 12 April 2023. The record date of the second dividend instalment is 21 June 2023 and the pay date 28 June 2023. The record date of the third dividend instalment is 12 September 2023 and the pay date 19 September 2023. The record date of the fourth dividend instalment is 12 December 2023 and the pay date 19 December 2023. 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 remaining distributable assets will remain in equity.

The resolutions of the Annual General Meeting were communicated in more detail in a stock exchange release on 30 March 2023.

## SUSTAINABILITY

### PROGRESS MADE WITH KESKO'S 2022-2024 SUSTAINABILITY STRATEGY

Kesko's sustainability strategy was updated in spring 2022, with key sustainability targets and indicators set for measuring progress in strategy execution.

#### Key sustainability targets and indicators

Theme	Target	Indicators	2022	1-3/2023
Climate	Achieving carbon neutrality in 2025 and making Kesko's own operations and transports emissions-free by the end of 2030	Carbon dioxide emissions (tCO <sub>2</sub> e)	75,500 tCO <sub>2</sub> e	<p>Extraordinary energy-saving measures are estimated to have reduced the electricity consumption of Kesko and retailers in Finland by some 8% year-on-year in January-March.</p> <p>In March, CDP named Kesko a 'Supplier Engagement Leader' in recognition of its exemplary encouragement of suppliers to take climate action.</p> <p>In 2023, Kesko has invited more than 500 of its big service and goods suppliers to report on their climate efforts via CDP's Supply Chain Programme.</p>
	Having 67% of Kesko's biggest suppliers (by spend) set science-based emission reduction targets by the end of 2026	% of suppliers (CDP)	27.7%	
Value chain	Ensuring the social responsibility of Kesko's direct imports from high-risk countries by having 100% of the production facilities audited by 2024	Audited production facilities, %	91.5%	<p>Kesko's grocery trade and building and technical trade require all of their new direct suppliers in high-risk countries to have approved audits when cooperation is initiated.</p> <p>Kesko continued training and communication on the matter for its suppliers.</p>
People	Tangible actions to promote employee health, wellbeing and capabilities by the end of 2024	Wellbeing index	81 (on a scale of 0 to 100, 'Our People 2022' survey)	<p>The objective is to publish a diversity programme and related targets in 2023. An online training on diversity themes was introduced to personnel in February, and the Group Management Board held a workshop on commitment to promoting diversity.</p>

## RISK MANAGEMENT

The objective of risk management is to support Kesko in achieving targets and implementing strategy. Risk management in Kesko Group is an essential part of internal control and guided by the risk management policy approved by Kesko's Board of Directors. The policy defines the purpose and principles of Kesko Group's risk management, as well as the related steering model and responsibilities. In the management of financial risks, the Group's treasury policy, approved by Kesko's Board of Directors, is observed. The management of business operations and common functions are responsible for the execution of risk management. Strategic risks at Kesko Group are identified and assessed as part of the strategy process. Risks related to climate change are assessed applying the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In assessing climate risks, the Group utilises selected scenarios for the future that enable identifying and assessing transitional and physical risks and opportunities significant for the strategy. The likelihood and impact of strategic risks is assessed not only for the strategy period but also in the medium term (3-5 years) and long term (over 5 years). Operational and financial risks related to achieving strategic targets are assessed in the short term (1-2 years), using loss scenarios, simulation and stress testing. The purpose of risk management is to ensure that key risks are

systematically identified, assessed, managed, monitored and reported as part of business operations at Group, division, company and function levels throughout the Group.

Kesko's risk appetite is driven by strategy, vision, values and its risk tolerance and risk bearing capacity. The risk tolerance and risk bearing capacity are assessed and tested at regular intervals based on selected financial figures and indicators and loss scenarios. Kesko's risk appetite is divided into three categories depending on the risk assessed. Risk appetite is considered low in cases where it does not involve significant financial or business opportunities (e.g. risks related to personnel and customer safety). Risk appetite is considered moderate with risks where the Group is able to optimise the cost-efficiency of risk management (e.g. property risk and business disruption risks). High risk appetite is limited to risks that also involve significant opportunities. Risk appetite is also materially impacted by the likelihood of realisation and related financial impacts.

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

The most significant changes in risks are related to weak consumer and business confidence, rising interest rates and tightened financing, lower investment levels, and a global slowdown in growth.

The most significant risks are related to weakening demand in building and technical trade, decrease in volumes in grocery trade, and changes in demand in car trade.

Helsinki, 27 April 2023  
Kesko Corporation  
Board of Directors

The information in this interim report is unaudited.

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 28 April 2023 at 9.00 am (EET/EEST) The audio conference login is available on Kesko's website at [www.kesko.fi](http://www.kesko.fi). A Finnish-language webcast of the interim report briefing can be viewed at 11.30 am (EET/EEST) at [www.kesko.fi](http://www.kesko.fi).

Kesko's half-year financial report for January-June 2023 will be published on 27 July 2023. 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](http://www.kesko.fi).

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## DISTRIBUTION

Nasdaq Helsinki Ltd  
Main news media  
[www.kesko.fi](http://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 2022.

<b>Consolidated income statement (€ million), condensed</b>			
	<b>1-3/2023</b>	<b>1-3/2022</b>	<b>1-12/2022</b>
Net sales	2,828.0	2,707.3	11,809.0
Material and services	-2,530.7	-2,412.2	-10,304.5
Change in inventory	96.6	91.1	237.0
Other operating income	224.0	228.0	998.7
Employee benefit expense	-199.8	-192.5	-785.8
Depreciation, amortisation and impairment charges	-43.0	-40.2	-169.0
Depreciation and impairment charges for right-of-use assets	-85.9	-78.3	-322.1
Other operating expenses	-162.8	-158.2	-670.2
Share of result of joint ventures	-3.8	-0.4	23.5
<b>Operating profit</b>	<b>122.6</b>	<b>144.6</b>	<b>816.5</b>
Interest income and other finance income	4.3	2.1	13.0
Interest expense and other finance costs*	-3.8	-0.4	2.9
Interest expense for lease liabilities	-17.7	-17.2	-68.4
Foreign exchange differences	-1.6	-0.6	-3.5
Share of result of associates	1.0	0.4	0.6
<b>Profit before tax</b>	<b>104.7</b>	<b>128.9</b>	<b>761.1</b>
Income tax	-20.9	-25.6	-151.2
<b>Net profit for the period</b>	<b>83.8</b>	<b>103.2</b>	<b>609.9</b>
Attributable to			
Owners of the parent	83.8	103.2	609.9
<b>Earnings per share (€) for profit attributable to owners of the parent</b>			
Basic and diluted	0.21	0.26	1.53

\* In 2022 the positive change in fair value of interest rate derivatives is recorded in the line item for interest expenses and other finance costs.

<b>Consolidated statement of comprehensive income (€ million)</b>			
	<b>1-3/2023</b>	<b>1-3/2022</b>	<b>1-12/2022</b>
Net profit for the period	83.8	103.2	609.9
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial gains and losses	3.0	-5.0	30.6
<b>Items that may be reclassified subsequently to profit or loss</b>			
Currency translation differences related to a foreign operation	-37.5	8.1	-41.9
Share of other comprehensive income of associates and joint ventures	-0.3	-1.3	-0.5
Cash flow hedge revaluation	-25.3	4.1	26.2
Total other comprehensive income for the period, net of tax	-60.1	5.9	14.3
<b>Total comprehensive income for the period</b>	<b>23.7</b>	<b>109.1</b>	<b>624.2</b>
Attributable to			
Owners of the parent	23.7	109.1	624.2

<b>Consolidated statement of financial position (€ million), condensed</b>			
	<b>31.3.2023</b>	<b>31.3.2022</b>	<b>31.12.2022</b>
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	1,794.0	1,604.3	1,745.5
Right-of-use assets	1,804.4	1,785.4	1,737.6
Goodwill	662.0	604.3	588.9
Intangible assets	186.6	190.8	190.2
Shares in associates and joint ventures	228.8	234.4	231.9
Other investments	12.9	11.9	13.2
Loans and other receivables	85.5	79.6	93.0
Pension assets	89.2	44.6	86.9
Total	4,863.3	4,555.3	4,687.2
Current assets			
Inventories	1,251.9	1,001.2	1,115.4
Trade receivables	1,103.1	1,100.8	969.3
Other receivables	301.2	287.6	387.6
Other financial assets	32.4	91.5	68.6
Cash and cash equivalents	127.3	228.2	245.5
Total	2,815.9	2,709.2	2,786.4
Non-current assets held for sale	-	0.5	0.5
<b>Total assets</b>	<b>7,679.2</b>	<b>7,265.0</b>	<b>7,474.0</b>



	31.3.2023	31.3.2022	31.12.2022
<b>EQUITY AND LIABILITIES</b>			
Equity	2,338.0	2,641.5	2,742.2
Non-current liabilities			
Interest-bearing liabilities	242.7	253.4	245.5
Lease liabilities	1,638.4	1,650.7	1,592.0
Non-interest-bearing liabilities	25.0	25.5	24.3
Deferred tax liabilities	57.0	30.2	63.2
Provisions	8.5	15.2	10.3
<b>Total</b>	<b>1,971.5</b>	<b>1,975.0</b>	<b>1,935.3</b>
Current liabilities			
Interest-bearing liabilities	412.7	139.1	252.6
Lease liabilities	345.9	323.9	328.1
Trade payables	1,572.5	1,515.8	1,499.4
Other non-interest-bearing liabilities	1,027.5	655.9	704.4
Provisions	11.0	13.8	11.9
<b>Total</b>	<b>3,369.7</b>	<b>2,648.5</b>	<b>2,796.5</b>
<b>Total equity and liabilities</b>	<b>7,679.2</b>	<b>7,265.0</b>	<b>7,474.0</b>

Consolidated statement of changes in equity (€ million)							
	Share capital	Reserves	Currency translation differences	Revaluation reserve	Treasury shares	Retained earnings	Total
<b>Balance at 1.1.2023</b>	<b>197.3</b>	<b>464.7</b>	<b>-52.2</b>	<b>35.3</b>	<b>-28.1</b>	<b>2,125.2</b>	<b>2,742.2</b>
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
<b>Comprehensive income</b>							
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
<b>Balance at 31.3.2023</b>	<b>197.3</b>	<b>464.7</b>	<b>-89.7</b>	<b>10.1</b>	<b>-26.5</b>	<b>1,782.1</b>	<b>2,338.0</b>

	Share capital	Reserves	Currency translation differences	Revaluation reserve	Treasury shares	Retained earnings	Total
<b>Balance at 1.1.2022</b>	<b>197.3</b>	<b>464.7</b>	<b>-10.2</b>	<b>9.1</b>	<b>-30.3</b>	<b>1,898.9</b>	<b>2,529.5</b>
Share-based payments					1.7		1.7
Other changes		0.0				1.1	1.1
Transactions with owners, total					1.7	1.1	2.9
<b>Comprehensive income</b>							
Profit for the period						103.2	103.2
Actuarial gains and losses						-5.0	-5.0
Translation differences on foreign operations			8.1				8.1
Share of other comprehensive income of associates and joint ventures						-1.3	-1.3
Cash flow hedge revaluation				4.1			4.1
Total other comprehensive income for the period, net of tax			8.1	4.1		-6.3	5.9
Total comprehensive income for the period			8.1	4.1		96.9	109.1
<b>Balance at 31.3.2022</b>	<b>197.3</b>	<b>464.7</b>	<b>-2.1</b>	<b>13.2</b>	<b>-28.5</b>	<b>1,996.9</b>	<b>2,641.5</b>

<b>Consolidated statement of cash flows (€ million), condensed</b>			
	<b>1-3/2023</b>	<b>1-3/2022</b>	<b>1-12/2022</b>
<b>Cash flows from operating activities</b>			
Profit before tax	104.7	128.9	761.1
Depreciation according to plan	43.0	40.2	169.0
Depreciation and impairment for right-of-use assets	85.9	78.3	322.1
Finance income and costs	1.1	-1.0	-12.4
Interest expense for lease liabilities	17.7	17.2	68.4
Other adjustments	6.4	2.9	-20.2
Change in working capital			
Current non-interest-bearing receivables, increase (-)/decrease (+)	-45.1	-160.7	-107.2
Inventories, increase (-)/decrease (+)	-120.3	-100.8	-225.8
Current non-interest-bearing liabilities, increase (+)/decrease(-)	-28.1	120.3	163.7
Financial items and tax	-38.5	-54.2	-203.6
<b>Net cash from operating activities, total</b>	<b>27.0</b>	<b>71.0</b>	<b>915.2</b>
<b>Cash flows from investing activities</b>			
Investing activities	-245.2	-88.0	-397.7
Proceeds from sale of tangible and intangible assets	5.1	3.5	14.4
Proceeds from sale of subsidiaries and business operations, net cash deducted	6.2	2.2	2.2
Other financial assets, increase (-)/decrease (+)	36.7	15.4	36.8
<b>Net cash used in investing activities, total</b>	<b>-197.2</b>	<b>-66.9</b>	<b>-344.3</b>
<b>Cash flows from financing activities</b>			
Interest-bearing liabilities, increase (+)/decrease (-)	152.3	26.4	132.6
Repayments of lease liabilities	-88.0	-83.0	-332.7
Current interest-bearing receivables, increase (-)/ decrease (+)	-0.9	0.1	2.1
Dividends paid	-14.6	-	-406.7
Other items	3.4	0.6	0.0
<b>Net cash used in financing activities, total</b>	<b>52.3</b>	<b>-55.9</b>	<b>-604.7</b>
<b>Change in cash and cash equivalents</b>	<b>-117.9</b>	<b>-51.7</b>	<b>-33.8</b>
Cash and cash equivalents at 1 January	245.5	279.8	279.8
Exchange differences and change in value of cash and cash equivalents	-0.2	0.0	-0.5
Cash and cash equivalents at 31 March	127.3	228.2	245.5

<b>Cash flow from leases (€ million)</b>	<b>1-3/2023</b>	<b>1-3/2022</b>	<b>1-12/2022</b>
Interest expense for lease liabilities	-17.7	-17.2	-68.4
Repayments of lease liabilities	-88.0	-83.0	-332.7
Lease payments in the income statement	-1.8	-1.7	-7.4
<b>Total</b>	<b>-107.5</b>	<b>-102.0</b>	<b>-408.5</b>

Group's performance indicators	1-3/2023	1-3/2022	1-12/2022
Net sales, € million	2,828.0	2,707.3	11,809.0
Operating profit, € million	122.6	144.6	816.5
Operating margin, %	4.3	5.3	6.9
Operating profit, comparable, € million	125.9	143.7	815.1
Operating margin, comparable, %	4.5	5.3	6.9
Profit before tax, € million	104.7	128.9	761.1
Profit before tax, comparable, € million	108.0	131.6	763.2
Earnings per share, basic and diluted, €	0.21	0.26	1.53
Earnings per share, comparable, basic and diluted, €	0.22	0.27	1.54
Return on capital employed, %	9.6	12.5	17.0
Return on capital employed, %, rolling 12 months	16.1	17.7	17.0
Return on capital employed, comparable, %	9.8	12.4	16.9
Return on capital employed, comparable, %, rolling 12 months	16.1	17.7	16.9
Capital expenditure, € million	231.8	126.2	449.2
Cash flow from operating activities, € million	27.0	71.0	915.2
Cash flow from investing activities, € million	-197.2	-66.9	-344.3
Cash flow from operating activities/share, €	0.07	0.18	2.30
Return on equity, %	13.2	16.0	23.1
Return on equity, %, rolling 12 months	23.7	24.2	23.1
Return on equity, comparable, %	13.6	16.4	23.2
Return on equity, comparable, %, rolling 12 months	23.8	24.1	23.2
Equity ratio, %	30.6	36.5	36.9
Equity per share, €	5.88	6.65	6.90
Interest-bearing net debt/EBITDA excluding the impact of IFRS 16, rolling 12 months	0.6	0.1	0.2
Interest-bearing net debt, € million	2,479.9	2,047.4	2,104.2
Interest-bearing net debt excluding lease liabilities, € million	495.6	72.9	184.1
Diluted number of shares, average for the reporting period, 1,000 pcs	397,513	397,160	397,383
Personnel, average	14,436	14,158	14,633

## Segment information

Net sales by segment, € million	1-3/2023	1-3/2022	1-12/2022	Rolling 12 mo 3/2023
Grocery trade, Finland	1,495.0	1,382.1	6,124.7	6,237.6
<b>Grocery trade total</b>	<b>1 495.0</b>	<b>1,382.1</b>	<b>6,124.7</b>	<b>6,237.6</b>
- of which intersegment trade	5.2	5.7	23.3	22.7
Building and technical trade, Finland	601.8	614.1	2,596.3	2,584.0
Building and technical trade, other countries*	473.0	509.9	2,208.8	2,171.9
<b>Building and technical trade total</b>	<b>1,074.7</b>	<b>1,124.0</b>	<b>4,805.1</b>	<b>4,755.9</b>
- of which intersegment trade	-0.6	-0.5	-0.0	-0.1
Car trade, Finland	264.8	208.2	910.9	967.6
<b>Car trade total</b>	<b>264.8</b>	<b>208.2</b>	<b>910.9</b>	<b>967.6</b>
- of which intersegment trade	2.0	1.6	8.2	8.6
Common functions and eliminations	-6.5	-6.9	-31.8	-31.3
<b>Finland total</b>	<b>2,355.1</b>	<b>2,197.4</b>	<b>9,600.2</b>	<b>9,757.8</b>
<b>Other countries total*</b>	<b>473.0</b>	<b>509.9</b>	<b>2,208.8</b>	<b>2,171.9</b>
<b>Group total</b>	<b>2,828.0</b>	<b>2,707.3</b>	<b>11,809.0</b>	<b>11,929.7</b>

\* Net sales in countries other than Finland

Operating profit by segment, € million	1-3/2023	1-3/2022	1-12/2022	Rolling 12 mo 3/2023
Grocery trade	82.3	81.4	461.5	462.4
Building and technical trade	31.8	61.4	340.8	311.3
Car trade	17.1	9.9	47.8	55.0
Common functions and eliminations	-8.6	-8.1	-33.6	-34.2
<b>Group total</b>	<b>122.6</b>	<b>144.6</b>	<b>816.5</b>	<b>794.5</b>

Operating profit by segment, comparable, € million	1-3/2023	1-3/2022	1-12/2022	Rolling 12 mo 3/2023
Grocery trade	83.9	80.3	460.4	464.0
Building and technical trade	32.6	61.5	339.8	310.9
Car trade	16.9	9.9	48.4	55.4
Common functions and eliminations	-7.5	-8.0	-33.5	-33.1
<b>Group total</b>	<b>125.9</b>	<b>143.7</b>	<b>815.1</b>	<b>797.2</b>

Operating margin by segment, %, comparable	1-3/2023	1-3/2022	1-12/2022	Rolling 12 mo 3/2023
Grocery trade	5.6	5.8	7.5	7.4
Building and technical trade	3.0	5.5	7.1	6.5
Car trade	6.4	4.8	5.3	5.7
<b>Group total</b>	<b>4.5</b>	<b>5.3</b>	<b>6.9</b>	<b>6.7</b>

EBITDA by segment, comparable, € million	1-3/2023	1-3/2022	1-12/2022	Rolling 12 mo 3/2023
Grocery trade	162.5	152.7	759.7	769.4
Building and technical trade	64.3	91.5	461.0	433.8
Car trade	26.4	18.9	85.0	92.6
Common functions and eliminations	1.6	0.6	2.0	3.0
<b>Group total</b>	<b>254.8</b>	<b>263.7</b>	<b>1,307.8</b>	<b>1,298.9</b>

Operating profit by segment excluding the impact of IFRS 16, comparable, € million	1-3/2023	1-3/2022	1-12/2022	Rolling 12 mo 3/2023
Grocery trade	70,4	66,2	406.3	410,5
Building and technical trade	27,6	56,7	320.6	291,5
Car trade	16,7	9,6	47.2	54,2
Common functions and eliminations	-7,9	-8,2	-34.7	-34,3
<b>Group total</b>	<b>106,8</b>	<b>124,3</b>	<b>739.5</b>	<b>722,0</b>

Capital employed by segment, cumulative average, € million	1-3/2023	1-3/2022	1-12/2022	Rolling 12 mo 3/2023
Grocery trade	2,484.7	2,232.8	2,353.6	2,422.2
Building and technical trade	1,829.2	1,717.2	1,752.1	1,789.1
Car trade	431.2	353.4	379.5	400.0
Common functions and eliminations	374.8	326.9	326.7	335.7
<b>Group total</b>	<b>5,119.9</b>	<b>4,630.3</b>	<b>4,811.9</b>	<b>4,946.9</b>

Return on capital employed by segment, %, comparable	1-3/2023	1-3/2022	1-12/2022	Rolling 12 mo 3/2023
Grocery trade	13.5	14.4	19.6	19.2
Building and technical trade	7.1	14.3	19.4	17.4
Car trade	15.7	11.2	12.7	13.8
<b>Group total</b>	<b>9.8</b>	<b>12.4</b>	<b>16.9</b>	<b>16.1</b>

Capital expenditure by segment, € million	1-3/2023	1-3/2022	1-12/2022	Rolling 12 mo 3/2023
Grocery trade	57.3	83.0	257.6	231.8
Building and technical trade	155.3	25.9	108.7	238.1
Car trade	13.9	8.5	44.7	50.2
Common functions and eliminations	5.3	8.8	38.2	34.7
<b>Group total</b>	<b>231.8</b>	<b>126.2</b>	<b>449.2</b>	<b>554.8</b>

## Acquisitions

Kesko's subsidiary Onninen completed the acquisition of the Norwegian technical trade operator Elektroskandia Norge AS on 1 March 2023. The acquisition will strengthen Onninen's position in technical trade in Norway, and further increases its growing role in the green transition. Elektroskandia Norge AS is one of the main distributors of electrical products in Norway, with net sales of some €250 million in 2022. The company employs some 270 professionals.

The purchase price allocation has not been finalised due to the short period of time between the completion of the Elektroskandia acquisition (1 March 2023) and the publication of first quarter results. The purchase price allocation will be finalised during 2023.

## Change in tangible and intangible assets (€ million)

	31.3.2023	31.3.2022
<b>Opening net carrying amount</b>	<b>2,524.6</b>	<b>2,316.5</b>
Depreciation, amortisation and impairment charges	-43.3	-40.2
Investments in tangible and intangible assets	99.1	110.0
Deductions	-8.2	-4.5
Acquisitions	99.1	11.6
Transfers to non-current assets held for sale and between items	-0.0	0.0
Exchange differences	-28.7	6.1
<b>Closing net carrying amount</b>	<b>2,642.6</b>	<b>2,399.4</b>

## Right-of-use assets (€ million)

	31.3.2023	31.3.2022
<b>Opening net carrying amount</b>	<b>1,737.6</b>	<b>1,735.0</b>
Depreciation, amortisation and impairment charges	-85.9	-79.7
Net increases	153.9	115.8
Acquisitions	12.3	10.2
Exchange differences	-13.4	4.0
<b>Closing net carrying amount</b>	<b>1,804.4</b>	<b>1,785.4</b>

### 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:	1-3/2023	1-3/2022
Sales of goods and services	24.8	27.4
Purchases of goods and services	-2.6	-3.3
Other operating income	4.6	4.7
Other operating expenses	-1.0	-1.0
Finance income and costs	1.4	1.4
	<b>31.3.2023</b>	<b>31.3.2022</b>
Receivables	80.1	86.2
Liabilities	24.5	16.9
Items related to leases	<b>31.3.2023</b>	<b>31.3.2022</b>
Cash flow from leases	-10.7	-10.8
Lease liabilities	270.7	273.2

### Credit and counterparty risk, ageing analysis of trade receivables

Ageing analysis of trade receivables (€ million)	31.3.2023	31.3.2021
Trade receivables fully performing	1,053.2	1,066.1
1-7 days past due trade receivables	21.7	13.2
8-30 days past due trade receivables	10.8	8.6
31-60 days past due trade receivables	1.3	2.0
over 60 days past due trade receivables	16.1	10.9
<b>Total</b>	<b>1,103.1</b>	<b>1,100.8</b>

Trade receivables include impairment charges totalling €18.5 million (31 March 2022: €18.5 million).



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

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
<b>Non-current financial assets</b>								
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	
<b>Current financial assets</b>								
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			
<b>Total financial assets</b>	<b>26.8</b>	<b>1,608.5</b>	<b>15.3</b>	<b>1,650.5</b>	<b>1,650.6</b>		<b>29.2</b>	<b>12.9</b>
<b>Non-current financial liabilities</b>								
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	
<b>Current financial liabilities</b>								
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	
<b>Total financial liabilities</b>	<b>0.7</b>	<b>5,222.8</b>	<b>2.7</b>	<b>5,226.2</b>	<b>5,224.2</b>		<b>3.5</b>	

31.3.2022 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
<b>Non-current financial assets</b>								
Other investments	11.9			11.9	11.9			11.9
Loans and receivables		68.8		68.8	68.8			
Other non-current receivables, derivatives	2.8		6.8	9.6	9.6		9.6	
<b>Current financial assets</b>								
Trade receivables		1,100.8		1,100.8	1,100.8			
Other receivables		274.7		274.7	274.7			
Other receivables, derivatives	1.8		11.0	12.8	12.8		12.8	
Other financial assets	35.5	56.0		91.5	91.5		35.5	
Cash and cash equivalents		228.2		228.2	228.2			
<b>Total financial assets</b>	<b>52.1</b>	<b>1,728.4</b>	<b>17.8</b>	<b>1,798.3</b>	<b>1,798.3</b>		<b>58.0</b>	<b>11.9</b>
<b>Non-current financial liabilities</b>								
Non-current interest- bearing liabilities		253.4		253.4	254.1			
Non-current lease liabilities		1,650.7		1,650.7	1,650.7			
Non-current non-interest- bearing liabilities		25.0		25.0	25.0			
Non-current non-interest- bearing liabilities, derivatives			0.6	0.6	0.6		0.6	
<b>Current financial liabilities</b>								
Current interest-bearing liabilities		139.1		139.1	139.3			
Current lease liabilities		323.9		323.9	323.9			
Trade payables		1,515.8		1,515.8	1,515.8			
Other non-interest-bearing liabilities		587.7		587.7	587.7			
Other non-interest-bearing liabilities, derivatives	3.1		0.7	3.8	3.8		3.8	
<b>Total financial liabilities</b>	<b>3.1</b>	<b>4,495.5</b>	<b>1.2</b>	<b>4,499.9</b>	<b>4,500.7</b>		<b>4.4</b>	

Loans and receivables do not include deferred tax assets of €2.1 million (€1.2 million). Income tax receivables €9,7 million (Income tax liabilities €26,4 million), and prepayments received of €38.3 million (€38.0 million) are not categorised as financial liabilities and are not included in the table above.

### Personnel, average and at 31.3.

Personnel average by segment	1-3/2023	1-3/2022	Change
Grocery trade	5,999	6,072	-73
Building and technical trade	6,265	5,997	268
Car trade	1,262	1,155	107
Common functions	910	934	-24
Group total	<b>14,436</b>	<b>14,158</b>	<b>278</b>

Personnel at 31.3.*by segment	2023	2022	Change
Grocery trade	7,995	8,155	-160
Building and technical trade	7,444	7,013	431
Car trade	1,328	1,198	130
Common functions	957	1,000	-43
Group total	<b>17,724</b>	<b>17,366</b>	<b>358</b>

\* Total number including part-time employees

### Group's commitments (€ million)

	31.3.2023	31.3.2023
Own commitments	326.2	335.8
For others	-	-
Lease commitments related to leases not yet commenced	98.5	110.5
<b>Liabilities arising from derivative instruments (€ million)</b>		
		<b>Fair value</b>
Values of underlying instruments at	<b>31.3.2023</b>	<b>31.3.2022</b>
Interest rate derivatives		
Interest rate swaps	330.0	420.0
Currency derivatives		
Forward and future contracts	153.9	198.8
Commodity derivatives		
Electricity futures	41.1	43.2

The lease commitments are for leases not commenced on 31 March 2023 to which the Group is committed.

### 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.

### 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	$(\text{Profit/loss adjusted for items affecting comparability before tax for the preceding 12 months} - \text{Income tax adjusted for the tax effect of items affecting comparability for the preceding 12 months}) \times 100 / \text{Shareholders' equity on average for 12 months}$
Equity ratio, %	$\text{Shareholders' equity} \times 100 / (\text{Total assets} - \text{Advances received})$
Interest-bearing net debt	$\text{Interest-bearing liabilities} + \text{Lease liabilities} - \text{Current other financial assets} - \text{Cash and cash equivalents}$
Interest-bearing net debt excluding lease liabilities	$\text{Interest-bearing net debt} - \text{Lease liabilities}$
EBITDA	$\text{Operating profit} + \text{Depreciation and amortisation} + \text{Impairments}$
EBITDA excluding the impact of IFRS 16	$\text{EBITDA} - \text{Rents from lease agreements}$
Interest-bearing net debt excluding lease liabilities / EBITDA excluding the impact of IFRS 16	$\text{Interest-bearing net debt excluding lease liabilities} / \text{EBITDA excluding the impact of IFRS 16}$
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	$(\text{Profit/loss} - \text{Non-controlling interests}) / \text{Average number of shares}$
Earnings/share, diluted	$(\text{Profit} - \text{Non-controlling interest}) / \text{Average diluted number of shares}$
Earnings/share, basic, comparable	$(\text{Profit/loss adjusted for items affecting comparability} - \text{Non-controlling interests adjusted for items affecting comparability}) / \text{Average number of shares}$
Equity/share	$\text{Equity attributable to owners of the parent} / \text{Basic number of shares at the balance sheet date}$
Cash flow from operating activities/share	$\text{Cash flow from operating activities} / \text{Average number of shares}$

\* Indicators for return on capital have been annualised.

## Reconciliation of performance indicators to IFRS financial statements

€ million	1-3/2023	1-3/2022	1-12/2022
<b>Items affecting comparability</b>			
Gains on disposal	0.4	-	0.0
Losses on disposal	-0.9	-0.1	-0.1
Structural arrangements	-2.8	1.0	1.6
<b>Items in operating profit affecting comparability</b>	<b>-3.3</b>	<b>0.9</b>	<b>1.5</b>
Items in financial items affecting comparability	-0.0	-3.6	-3.6
Items in income taxes affecting comparability	0.6	-0.3	-0.0
<b>Total items affecting comparability</b>	<b>-2.7</b>	<b>-3.0</b>	<b>-2.2</b>
<b>Items in EBITDA affecting comparability</b>	<b>-3.3</b>	<b>-0.6</b>	<b>-0.1</b>
<b>Operating profit, comparable</b>			
Operating profit	122.6	144.6	816.5
Net of			
Items in operating profit affecting comparability	-3.3	0.9	1.5
<b>Operating profit, comparable</b>	<b>125.9</b>	<b>143.7</b>	<b>815.1</b>
<b>EBITDA</b>			
Operating profit	122.6	144.6	816.5
Plus			
Depreciation and impairment charges	43.0	40.2	169.0
Depreciation and impairment charges for right-of-use assets	85.9	78.3	322.1
<b>EBITDA</b>	<b>251.5</b>	<b>263.1</b>	<b>1,307.7</b>
<b>EBITDA excluding the impact of IFRS 16</b>			
EBITDA	251.5	263.1	1,307.7
Net of			
Rents from lease agreements	-105.0	-99.2	-399.1
<b>EBITDA excluding the impact of IFRS 16</b>	<b>146.5</b>	<b>163.9</b>	<b>908.5</b>
<b>Profit before tax, comparable</b>			
Profit before tax	104.7	128.9	761.1
Net of			
Items in operating profit affecting comparability	-3.3	0.9	1.5
Items in financial items affecting comparability	-0.0	-3.6	-3.6
<b>Profit before tax, comparable</b>	<b>108.0</b>	<b>131.6</b>	<b>763.2</b>
<b>Net profit, comparable</b>			
Profit before tax, comparable	108.0	131.6	763.2
Net of			
Income tax	20.9	25.6	151.2
Items in income tax affecting comparability	0.6	-0.3	-0.0
<b>Net profit, comparable</b>	<b>86.5</b>	<b>106.2</b>	<b>612.0</b>

Net profit attributable to owners of the parent, comparable			
Net profit, comparable	86.5	106.2	612.0
<b>Net profit attributable to owners of the parent, comparable</b>	<b>86.5</b>	<b>106.2</b>	<b>612.0</b>
<b>Earnings per share, comparable, €</b>			
Net profit attributable to the owners of the parent, comparable	86.5	106.2	612.0
Average number of shares, basic, 1,000 pcs	397,513	397,160	397,383
<b>Earnings per share, comparable, €</b>	<b>0.22</b>	<b>0.27</b>	<b>1.54</b>
<b>Return on capital employed, %</b>			
Operating profit	122.6	144.6	816.5
Capital employed, average	5,119.9	4,630.3	4,811.9
<b>Return on capital employed, %</b>	<b>9.6</b>	<b>12.5</b>	<b>17.0</b>
<b>Return on capital employed, comparable, %</b>			
Operating profit, comparable	125.9	143.7	815.1
Capital employed, average	5,119.9	4,630.3	4,811.9
<b>Return on capital employed, comparable, %</b>	<b>9.8</b>	<b>12.4</b>	<b>16.9</b>
<b>Return on equity, %</b>			
Net profit	83.8	103.2	609.9
Equity, average	2,540.1	2,585.5	2,635.8
<b>Return on equity, %</b>	<b>13.2</b>	<b>16.0</b>	<b>23.1</b>
<b>Return on equity, comparable, %</b>			
Net profit, comparable	86.5	106.2	612.0
Equity, average	2,540.1	2,585.5	2,635.8
<b>Return on equity, comparable, %</b>	<b>13.6</b>	<b>16.4</b>	<b>23.2</b>
<b>Equity ratio, %</b>			
Shareholders' equity	2,338.0	2,641.5	2,742.2
Total assets	7,679.2	7,265.0	7,474.0
Advances received	38.3	37.9	46.9
<b>Equity ratio, %</b>	<b>30.6</b>	<b>36.5</b>	<b>36.9</b>

### 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.-31.3.2023	
	€ million	Change, % <sup>*)</sup>
<b>K Group's grocery trade</b>		
K-food stores	1,542.4	2.1
K-Citymarket, non-food	132.0	3.8
Kespro	285.4	28.8
<b>Grocery trade, total</b>	<b>1,959.8</b>	<b>5.4</b>
<b>K Group's building and technical trade</b>		
K-Rauta, Finland	212.2	-11.1
K-Rauta B2B Service, Finland	66.0	-10.8
Onninen, Finland	307.2	9.2
Leisure trade, Finland	60.9	-8.8
<b>Finland, total</b>	<b>646.4</b>	<b>-2.2</b>
K-Rauta, Sweden	29.1	-19.6
K-Bygg, Sweden	66.8	-18.3
Onninen and Mark & Infra i Sverige, Sweden	32.8	4.1
Byggmakker, Norway	146.3	-21.8
Onninen and Elektroskandia, Norway	159.8	-2.5
Onninen, Baltic countries	29.2	7.6
Onninen, Poland	79.7	-11.4
<b>Other countries, total</b>	<b>543.7</b>	<b>-12.0</b>
Kesko Senukai	242.6	-1.6
<b>Building and technical trade, total</b>	<b>1,432.7</b>	<b>-6.1</b>
<b>K Group's car trade</b>		
<b>Car trade, total</b>	<b>266.2</b>	<b>26.9</b>
<b>Finland, total</b>	<b>2,872.4</b>	<b>5.2</b>
<b>Other countries, total</b>	<b>786.3</b>	<b>-9.0</b>
<b>Retail and B2B sales, total</b>	<b>3,658.7</b>	<b>1.8</b>

\*) The change, % compared to the year before has been calculated to illustrate a situation in which the acquisitions had been completed on 1 January 2022. In 2022 completed acquisitions were Seljord Elektriske AS in Norway on 1 June 2022 and Kungälv's Trävaruaktiebolag on 11 March 2022, Föllinge Säg AB and Djurbergs Järnhandel Aktiebolag on 1 September 2022 and XL Bygg Bergslagen AB on 1 October 2022 in Sweden. In 2023 the acquisition of Elektroskandia Norge AS was completed on 1 March 2023.