



ONLINE GROCERY TAKING LEAPS FORWARD

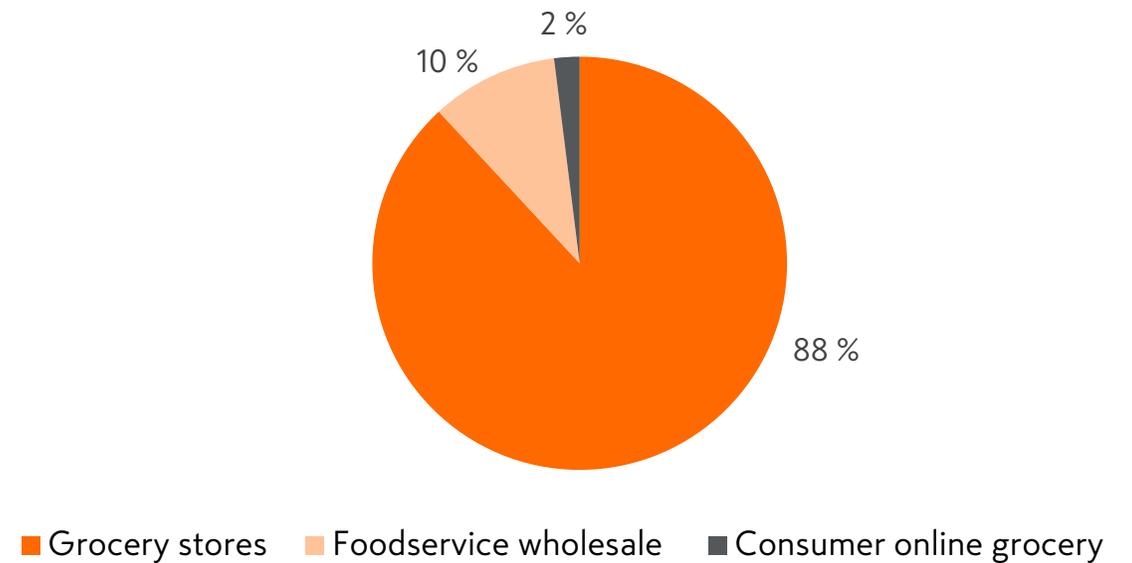
Ari Akseli, President of Kesko's grocery trade division

GROCOERY TRADE

TOTAL FINNISH FOOD TRADE MARKET SOME €20 BILLION

Kesko the only operator that is strong in all three areas

- Sales heavily focused in grocery stores, nearly 90% of total sales
- Foodservice wholesale to companies and public operators the fastest growing area
- Consumer online grocery growing, but accounts for just 2% of total market



Source: The Finnish Grocery Trade Association PTY



MARKET LEADER IN FINNISH ONLINE GROCERY

IN 2021

Online grocery sales approx.

Online sales growth

244

million euros
(incl. VAT)

+301%

Q1/2022 rolling 12 mo vs. Q1/2020 rolling 12 mo

NOPEA
RUOAN
TILAUS

AINA
TUOREIMMAT
TUOTTEET

OSTOKSET
SINULLE
KERÄILTYNÄ



WEEKLY DELIVERIES

53,000

(K-Ruoka + fast deliveries)



83

Very high customer satisfaction (NPS)

Selections include up to

40,000

products



541

K-STORES OFFERING
ONLINE GROCERY



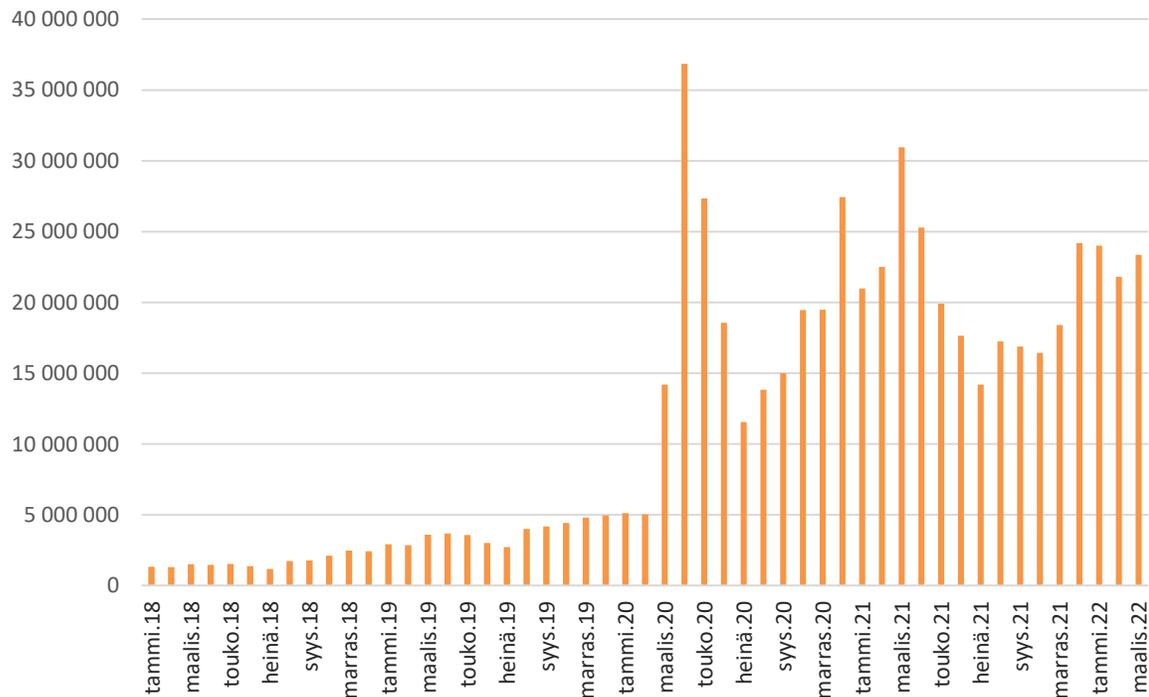
AVERAGE PURCHASE

€126

(excluding fast deliveries)

ONLINE GROCERY PERMANENTLY AT A HIGHER LEVEL

K Group monthly sales online
(incl. VAT and collection and delivery fees)

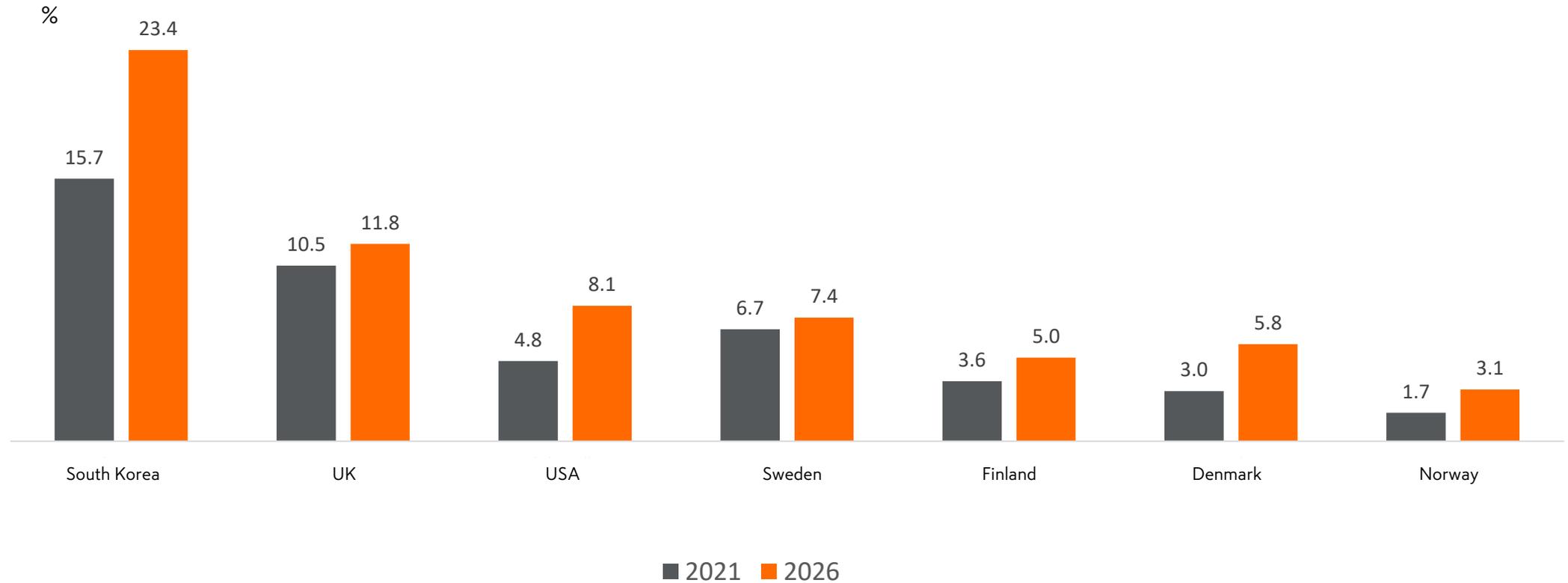


- Online's share of K Group's grocery sales grew from 0.3% in 2018 to 3.9% in Q1/2022
- Online grocery volumes normalising post-pandemic, expected to settle above pre-pandemic levels
- Share of online sales development of total development in 2021: 14.8%
- Profitable business
- Online grocery in Finland expected to grow significantly during this decade – tightening competition

CONSUMERS EXPECT ONLINE TO COMPLEMENT SHOPPING IN PHYSICAL STORES



ONLINE'S SHARE OF GROCERY SALES IN 2021 AND 2026^e



7 Source: IGD, Sweden 2021: Svensk dagligvaruhandel
IGD estimate based on biggest trading sector companies in each country, does not cover the whole market



EFFICIENT PHYSICAL STORES CREATE SYNERGIES

- We also see the store of the future as a seamless combination of online and physical stores
 - Offering the extensive selections our customers appreciate also online: this includes store specialities, and local and service products
 - The store-specific business ideas tailored to the customer base of each store reflected also online
- Taking advantage of the efficient logistics, order systems, and sourcing that serve our store network
 - It is worth noting that online sales account for 3-3.5% of total grocery sales in Finland, and ~2% of total food sales: online volumes still moderate
- Physical store volumes ensure products are seldom lacking and alternatives can be easily found

MARKET LEADERS AROUND THE WORLD ARE COMBINING ONLINE WITH PHYSICAL STORES



USA

- Utilises its store network in order collection
- Invests heavily in MFC technology to improve operational efficiency



USA

- The online operator acquired Whole Foods stores to do better in online grocery



UK

- Uses all collection models: in-store collection, dark stores, CFC and MFC

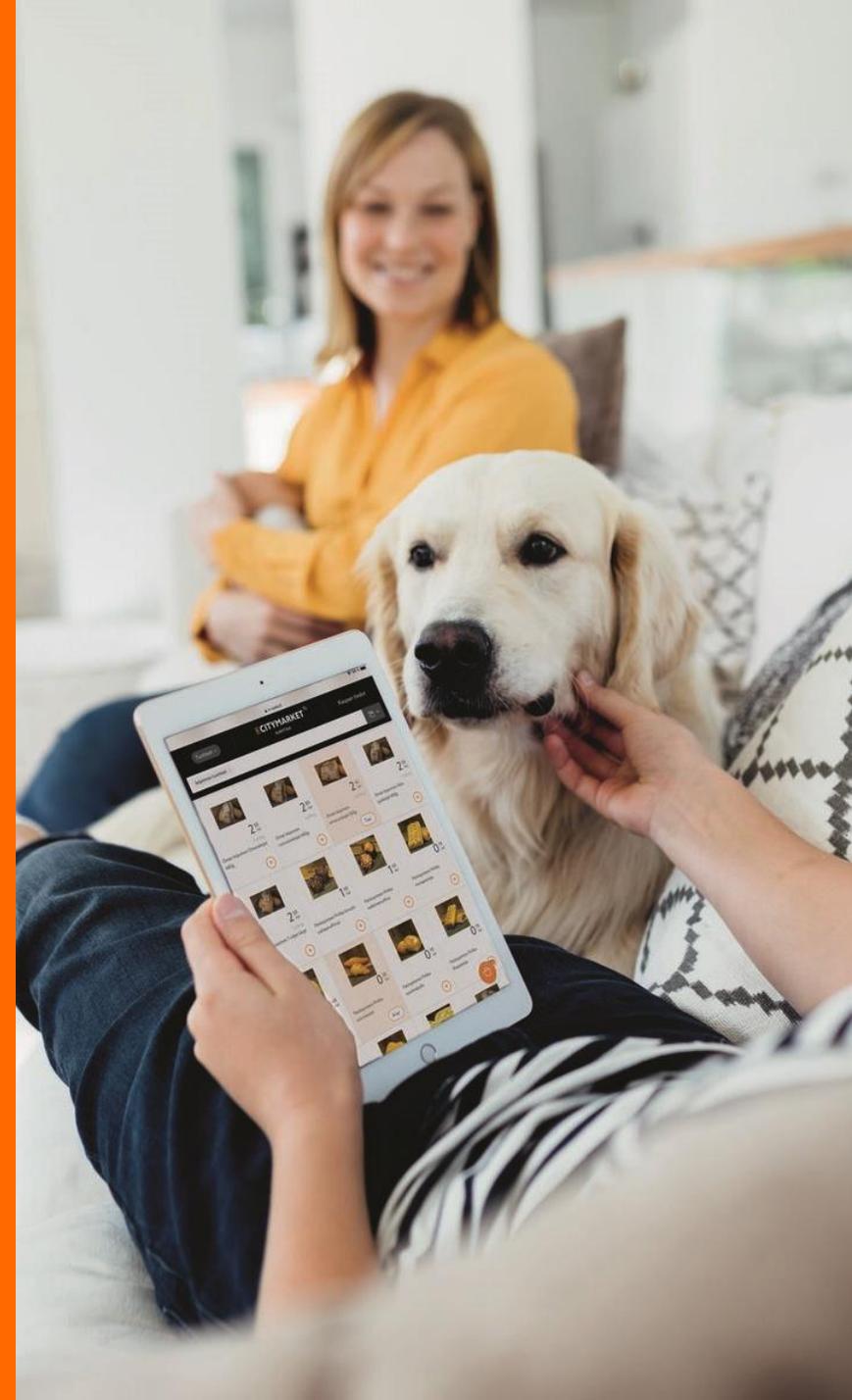


SWEDEN

- Successfully combines retailer business model and online operations, online accounts for ~5% of total sales

MAIN DEVELOPMENT MEASURES IN 2022

- Making collection more efficient with automation
 - Automation-assisted order collection system in KCM Ruoholahti in H1/2022
- Developing the K-Nouto click & collect concept to support growth
- Piloting fast deliveries to respond to urgent needs and smaller orders
- Updating the K-Ruoka mobile app to ensure a seamless customer experience



CUSTOMERS CHOOSE THE DELIVERY OPTION THAT BEST SUITS THEM – WE DEVELOP ALL OPTIONS



CLICK & COLLECT

Overshadowed by home delivery: compared to other countries, accounts for only a small percentage of orders in Finland

Share of click & collect in Sweden ~50% vs. 35% in K Group grocery stores – in the Helsinki region, only ~20%

Growth potential: customers value the flexibility and lower fees

We are rolling out the new K Nouto concept



HOME DELIVERY

The most popular option

K Transport in the biggest cities for stores with large volumes

Improving our model further to ensure an even better customer experience:

1. Customer communication and delivery windows
2. Improving efficiency with e.g. route planning



FAST DELIVERY

Quick commerce a growing global trend

Our objective is to further develop fast deliveries

Utilising our nationwide strong network of neighbourhood stores

**It is also important to
further improve efficiency**

**We have the ability to invest
tens of millions of euros
solely in collection in upcoming years**



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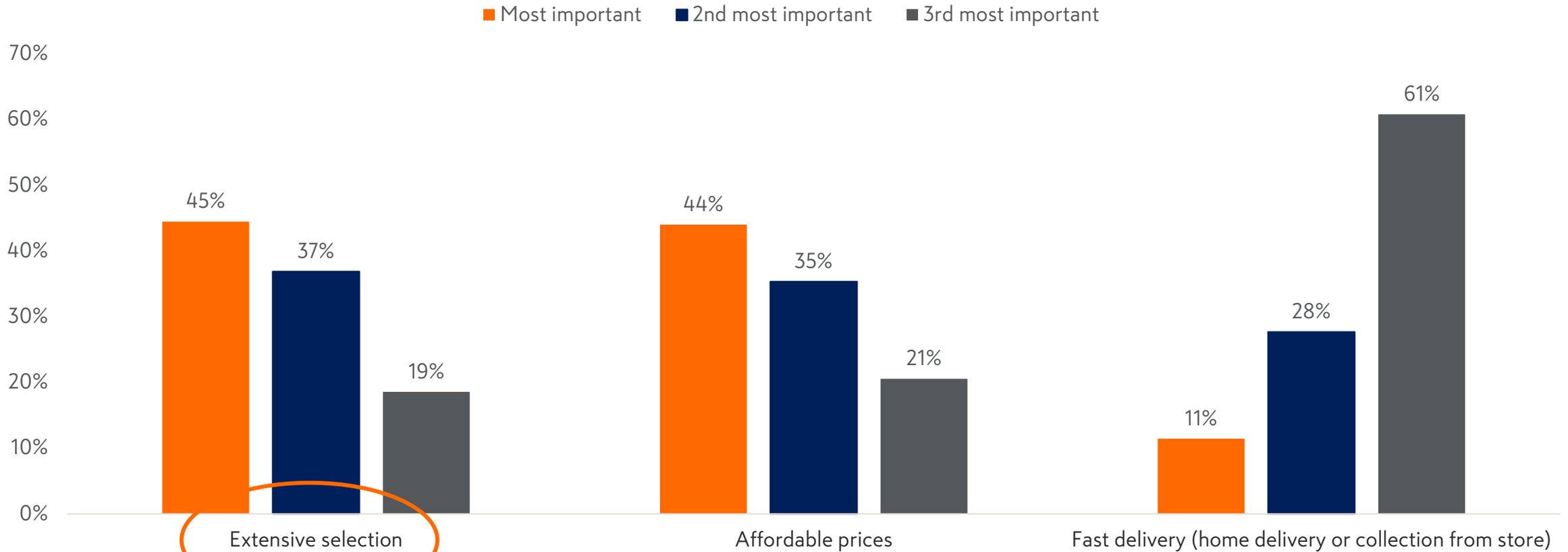


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WHAT DO CUSTOMERS APPRECIATE IN ONLINE GROCERY?



MFC INCREASES EFFICIENCY WITHOUT COMPROMISING SELECTIONS

- Up until now, the most effective way to serve the Finnish market has been to offer online grocery services through a network of physical stores
 - As volumes grow, it makes sense to seek new operating models in the Helsinki capital region
- MFC-based solution selected to combine efficiency with quality
 - Enables significantly higher online grocery volumes
 - Efficient, short-distance customer deliveries
 - Customers can still access the store's extensive selections, supports the store-specific business idea
 - Reduces congestion inside the store as well as the need for re-stocking the shelves
 - The network can be expanded gradually with reasonable investments
 - Implementation faster than with a centralised solution



**FOR SHOPPING
TO BE FUN**