



KESKO HALF-YEAR FINANCIAL REPORT 2025

STEADY PROFIT DEVELOPMENT – TURNAROUND IN CONSTRUCTION CYCLE SLOWER THAN PREVIOUSLY ANTICIPATED

Jorma Rauhala
President and CEO
22 July 2025

SUMMARY OF Q2/2025

- Net sales increased, profit improved by nearly €5 million in comparable terms*
- Grocery trade: net sales increased, comparable operating profit decreased slightly. Profit improved in chain operations, but decreased in Kespro and K-Citymarket's non-food operations
- Building and technical trade: net sales increased, underpinned especially by acquisitions, comparable operating profit improved slightly excluding share of result from Kesko Senukai
- Car trade: net sales increased in new and used cars, comparable operating profit grew markedly
- In Denmark, the CF Petersen & Søn acquisition was completed at the end of April and the Tømmergaarden acquisition at the end of May
- Profit guidance for 2025 specified: Kesko now expects its comparable operating profit for the year to be in the range of €640–700 million

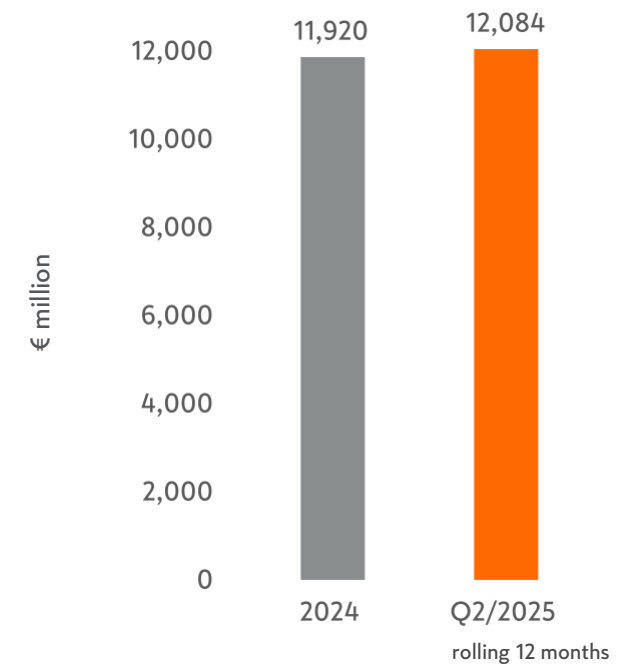
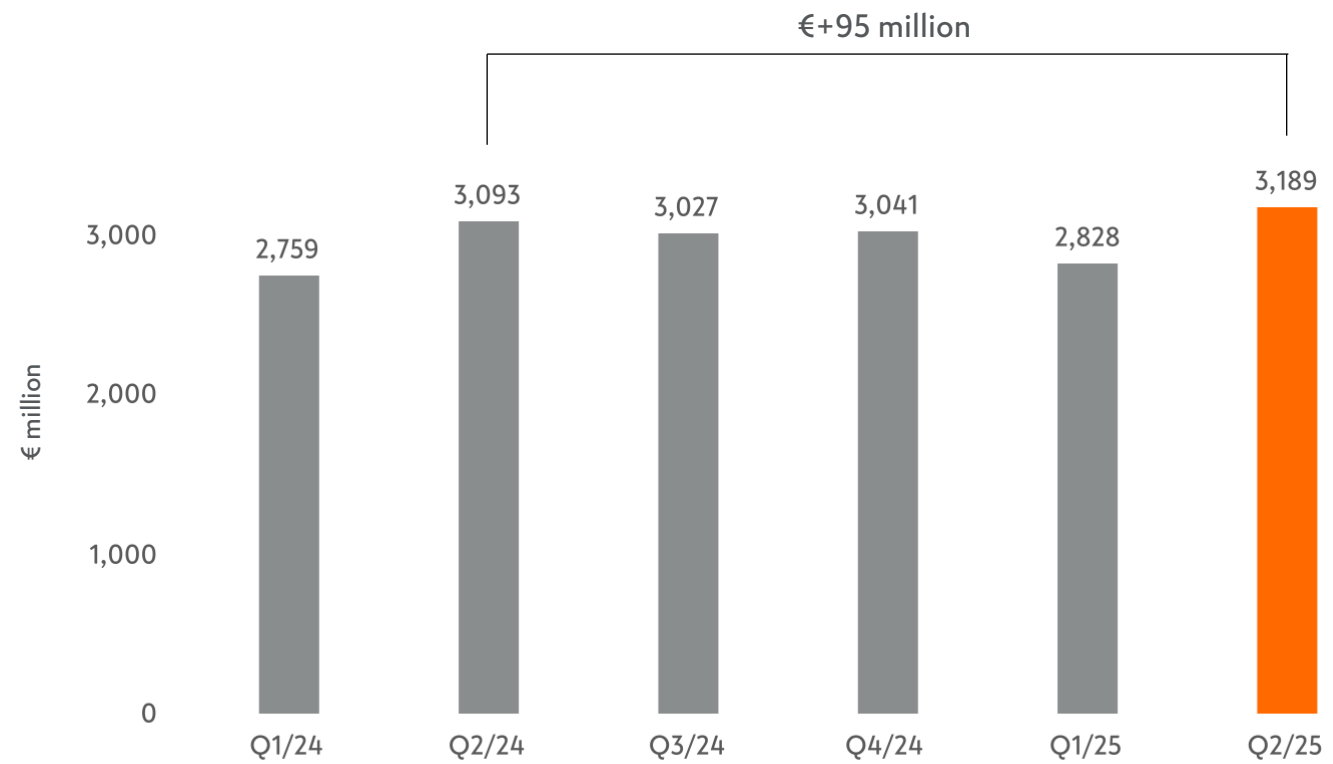
	Q2/2025	Q2/2024
Net sales, € million	3,188.8	3,093.4
Change in net sales, %*	1.3	-4.1
Operating profit, € million*	176.7	178.3
Operating margin, %*	5.5	5.8
Profit before tax, € million*	145.3	150.4
Earnings per share, basic, €*	0.29	0.30
Cash flow from operating activities, € million	323.9	309.0

* Comparable

* Q2/2025 profit growth excluding the share of result from Kesko Senukai was €4.8 million.

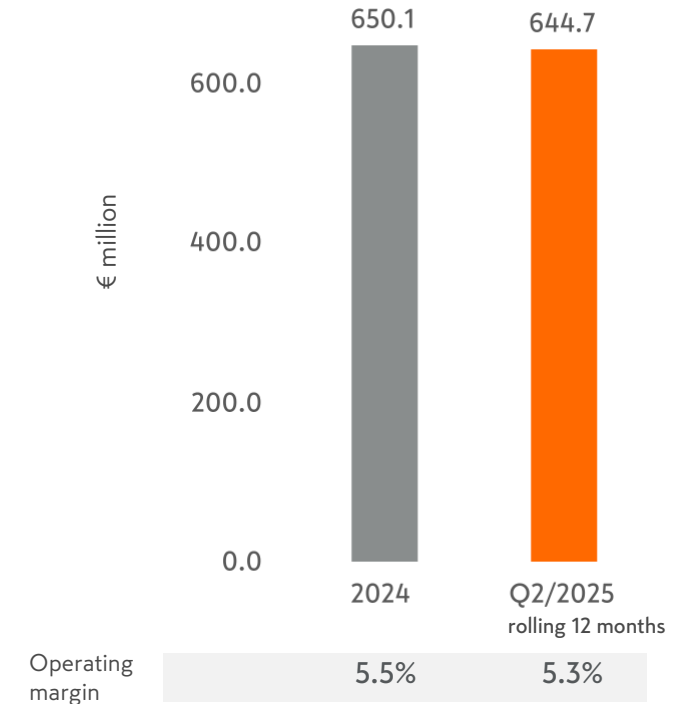
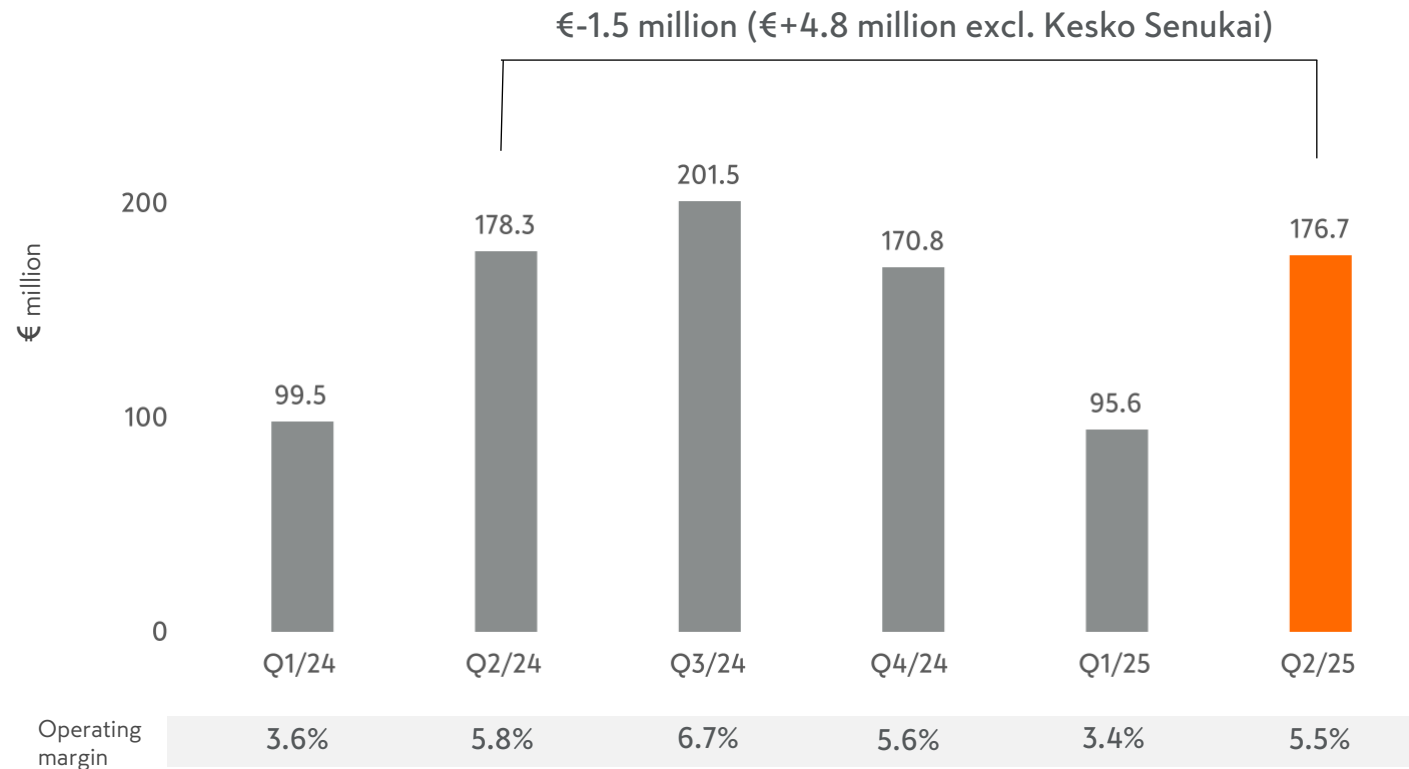
The Q2/2024 comparable operating profit includes a €6.3 million share of result from Kesko Senukai.

NET SALES



OPERATING PROFIT

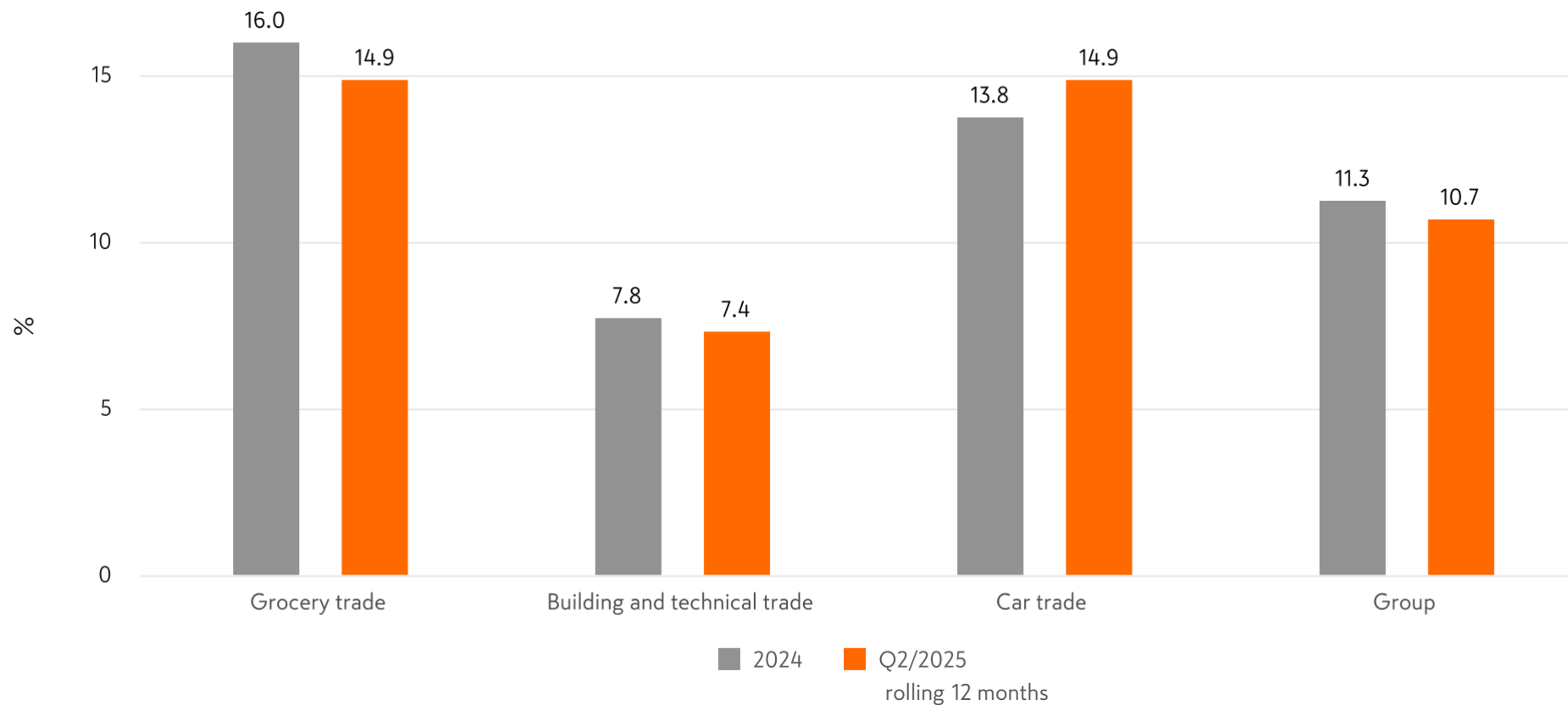
Comparable operating profit increased



Comparable figures

Q2/2024 figure includes €6.3 million from share of result from Kesko Senukai. Q2/2024 operating profit excluding share of result from Kesko Senukai would have been €172 million

RETURN ON CAPITAL EMPLOYED



FINANCIAL POSITION

	Q2/2025	Q2/2024
Cash flow from operating activities, € million	323.9	309.0
Liquid assets, € million	190.5	354.4
Capital expenditure, € million	317.6	128.4
Interest-bearing net debt excl. lease liabilities, € million	1,346.6	847.3
Interest-bearing net debt / EBITDA (excl. IFRS 16 impact, rolling)	1.8	1.1
Lease liabilities, € million	2,098.9	2,038.1

CAPITAL EXPENDITURE

**Main CAPEX: acquisitions, investments in store sites
and the Onnela logistics centre**

	Q2/2025	Q2/2024
Store sites, € million	92.3	68.3
Acquisitions, € million	151.4	-
IT, € million	6.5	4.3
Other investments, € million	67.3	55.8
Total, € million	317.6	128.4

EXPENSES

**Expenses have increased mainly due to acquisitions –
without acquisitions, expenses are up by just 0.6%**

	Q2/2025	Q2/2024
Fixed costs, € million	545.3	531.5
- Employee benefit expenses, € million	233.1	217.9
- Other expenses, € million	172.2	172.5
- Depreciation, € million	139.9	141.1
Cost ratio, %	17.1	17.2



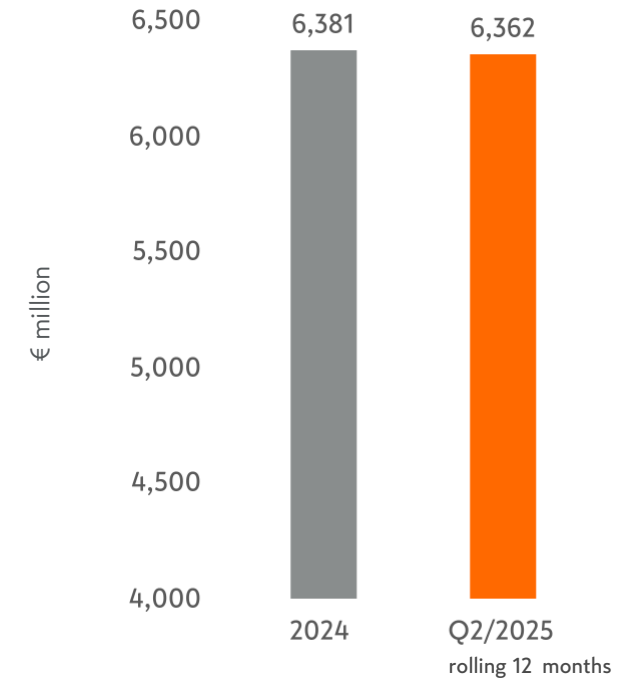
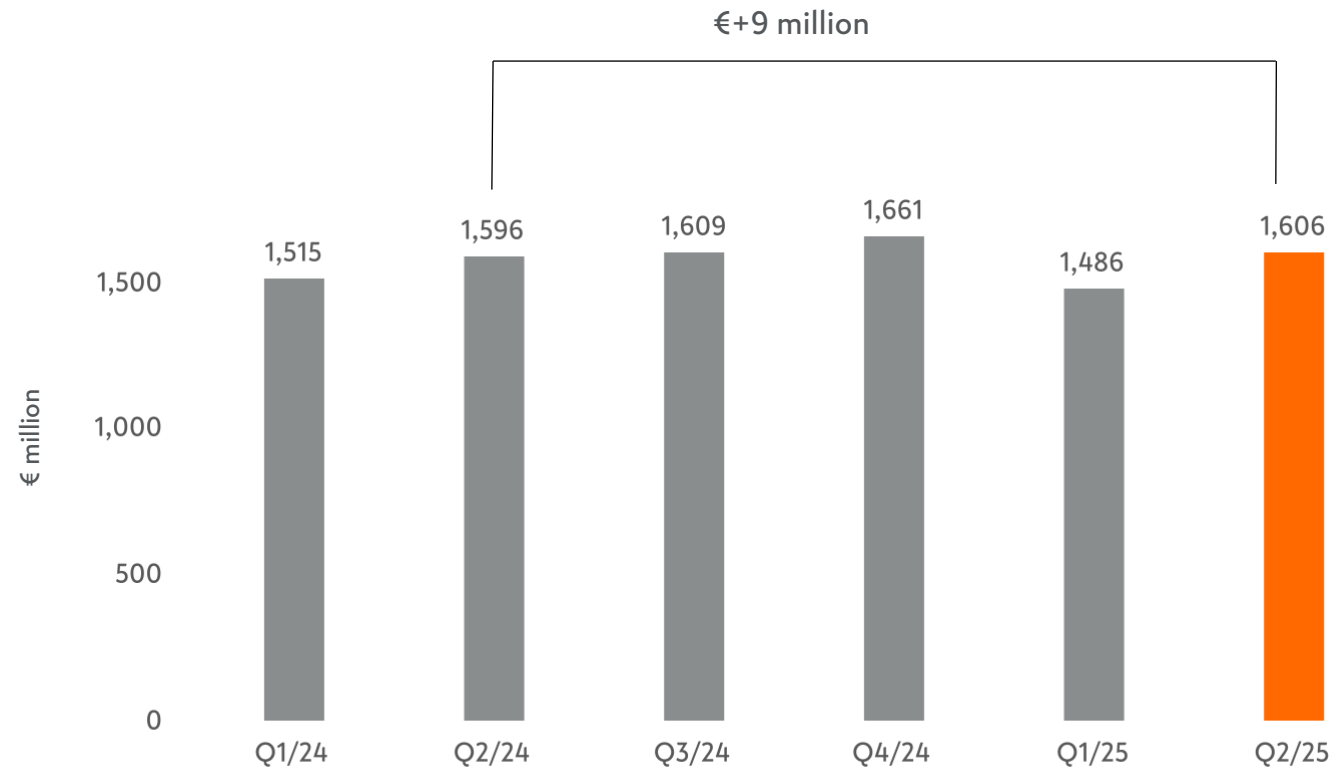
GROCERY TRADE Q2

STABLE SALES AND PROFIT PERFORMANCE



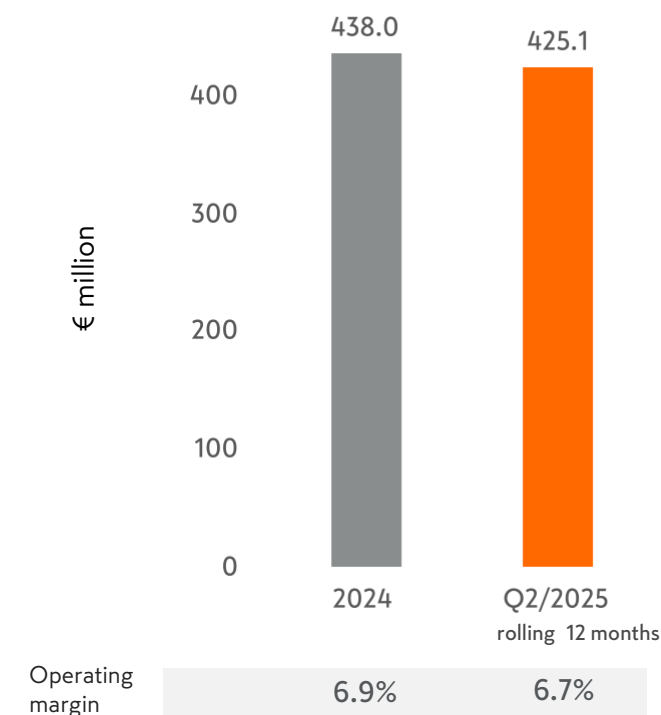
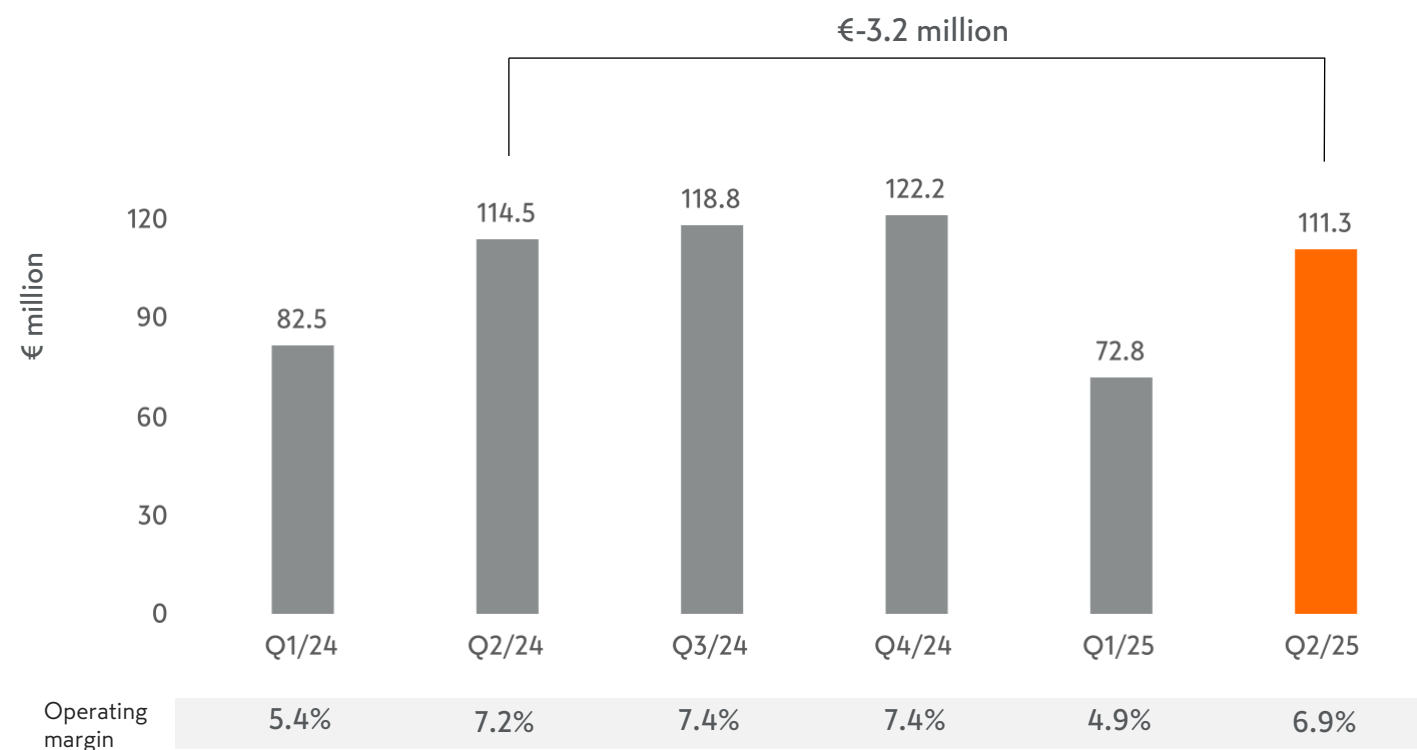
GROCERY TRADE

NET SALES



GROCERY TRADE

OPERATING PROFIT



GROCERY TRADE HIGHLIGHTS IN Q2

- Net sales increased, comparable operating profit improved in chain operations, but decreased in Kespro and K-Citymarket's speciality goods trade (non-food)
 - K Group grocery sales up by 2.0%, partly impacted by the timing of Easter, which fell on April this year and on March in 2024
 - Kespro's net sales down by 0.7% - growth again exceeding the market
 - K-Citymarket non-food sales were down by 0.4%
- Customer flows continued to grow thanks to the price programme and campaigns, average purchase also up
- Online grocery sales up by 10.1%
- Total grocery market grew by approximately 3.2%
- Grocery price inflation in Finland approx. 2.3% (Statistics Finland, including VAT)
- Market share loss less pronounced, K-Citymarket chain gained market share in the hypermarket segment



KESKO'S HYPERMARKETS ARE LARGE URBAN GROCERY STORES

- Growth in Finnish grocery trade is the strongest in larger stores
 - Kesko's K-Citymarket chain currently has 82 stores
 - Hypermarkets play a crucial role in the development of Kesko's store network: five new and three replacement K-Citymarkets set to open in upcoming years
 - New stores: Ideapark in Lempäälä (2025), Kivistö in Vantaa (2026), Haapaniemi in Kuopio (2026), Ritaportti in Oulu (2027), and Espoon keskus in Espoo (under planning)
 - Replacement stores: Paavola in Lahti (2025), Ylivieska (2026), and Jokiranta in Porvoo (2027)
 - Focus on growth centres and urban locations
- Each K-Citymarket has a store-specific business idea tailored to local customer base, complementing efficient chain operation
 - Customers come to hypermarkets primarily for food shopping
 - Typically food accounts for some 80% of sales and non-food for some 20%
 - K-Citymarket retailers handle food sales, while Kesko is responsible for non-food items
 - Growth in non-food sales has lagged behind the growth in food sales, plenty of growth potential



EXTENSIVE PROGRAMME TO REVAMP K-CITYMARKET'S NON-FOOD TRADE

- The objective is to have a more store-specific approach also in non-food sales, and to support the business idea for food trade utilising data
- Changes supporting regular convenient shopping, new display solutions
- In terms of product categories, focus on beauty, home, and everyday clothing
- Aiming to increase the role on own brand products
- Expanding and modernising e.g. flower departments as a new initiative
- The online stores for food and non-food items merged to ensure a coherent customer experience





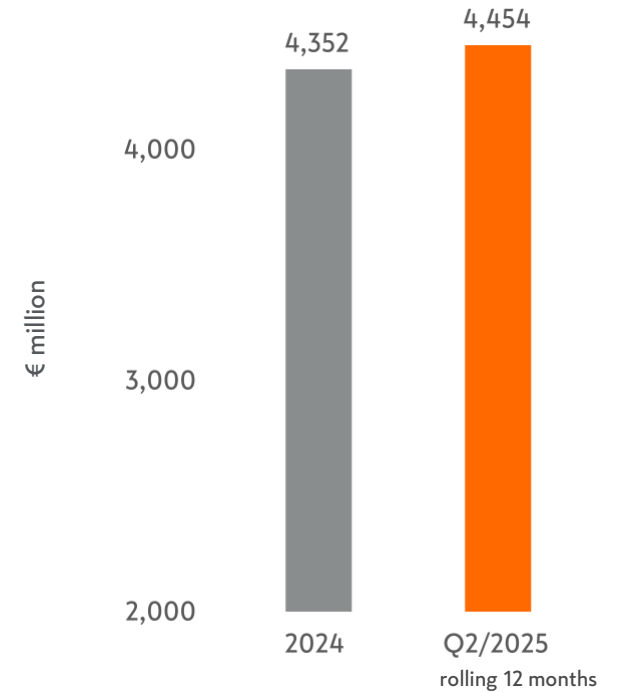
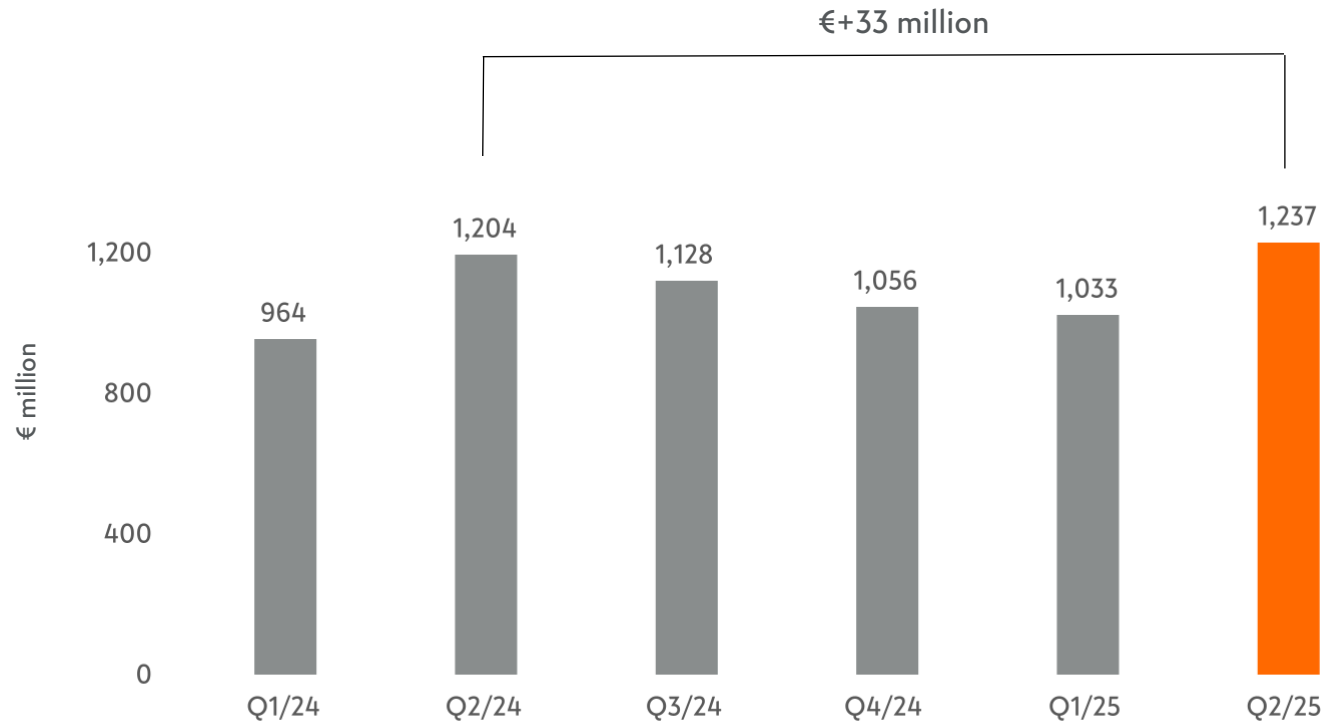
BUILDING AND TECHNICAL TRADE Q2

**CYCLE IS TURNING, BUT
PACE OF RECOVERY IS
SLOWER THAN PREVIOUSLY
ANTICIPATED**



BUILDING AND TECHNICAL TRADE

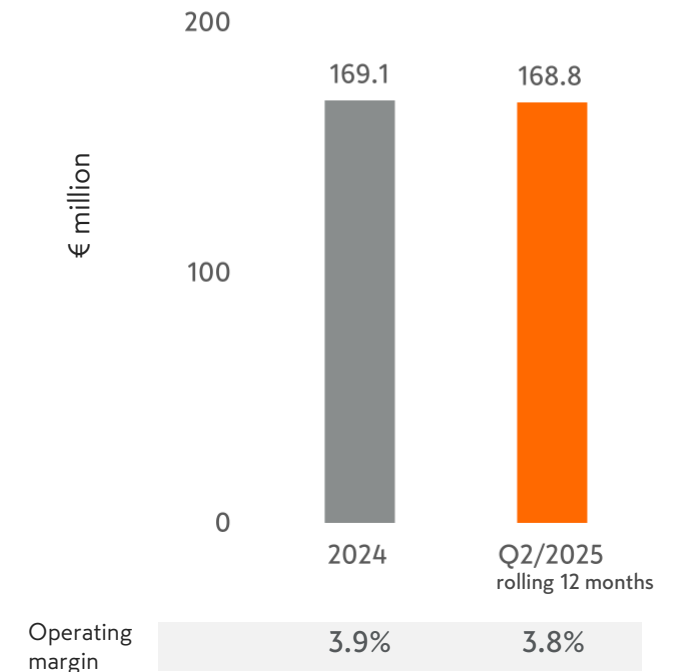
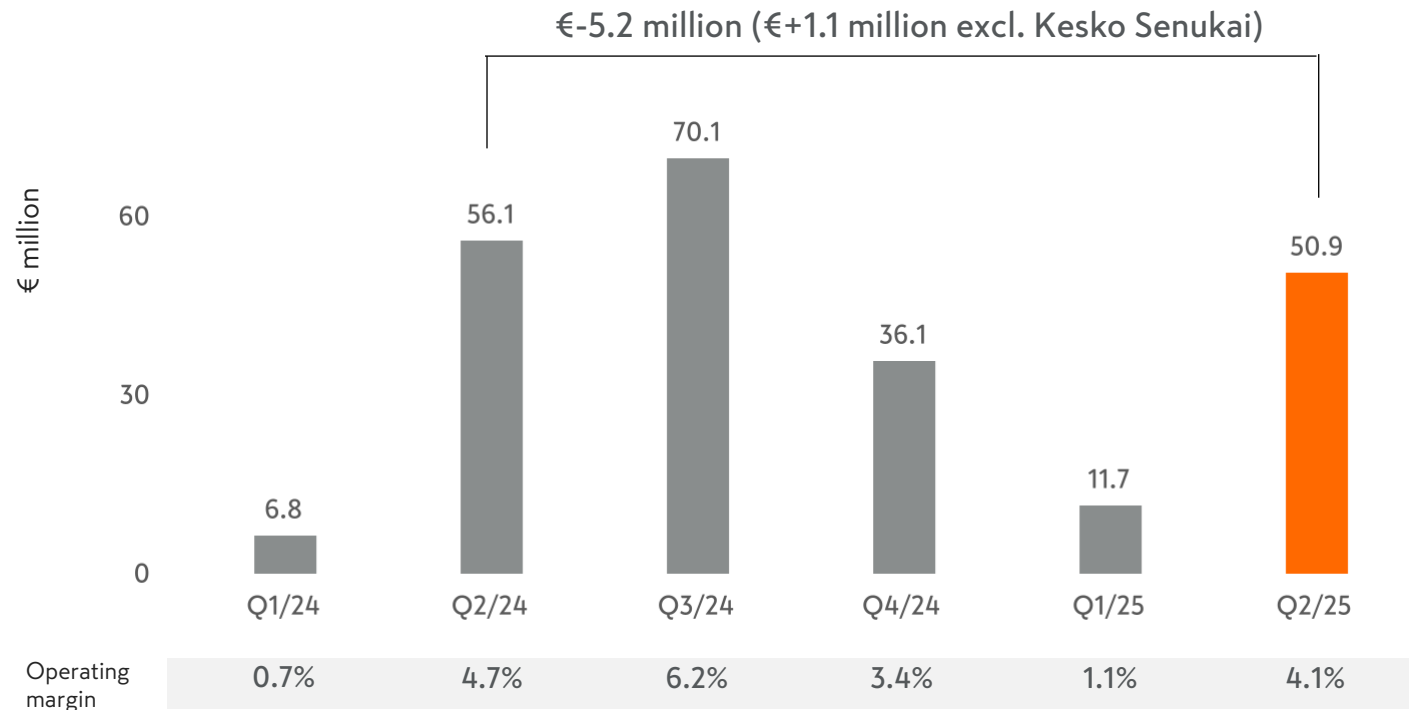
NET SALES



BUILDING AND TECHNICAL TRADE

OPERATING PROFIT

Comparable operating profit increased



Comparable figures

Q2/2024 figure includes €6.3 million from share of result from Kesko Senukai.

Q2/2024 operating profit excluding share of result from Kesko Senukai would have been €49.8 million

BUILDING AND TECHNICAL TRADE HIGHLIGHTS IN Q2

- Division result improved year-on-year excluding the profit impact from Kesko Senukai
- In building and home improvement trade, comparable sales growth was weaker than anticipated. Due to slow recovery in new building construction, sales for late-cyclical technical trade fell short of last year
 - Finland: K-Rauta's sales grew in both the B2B and B2C segments
 - Finland: Onninen's sales decreased year-on-year
 - Norway: sales were slightly down for both Bygghem and Onninen, but profit improved markedly
 - Denmark: Davidsen's sales development strong, integration of acquired companies proceeding as planned
 - Sweden: ramp-up of converted K-Bygghem stores still ongoing, negative impact on sales and profit
- The construction cycle is turning, but the pace of recovery is slower than previously anticipated especially in new building construction
- Credit risk well under control, €0.9 million written down for trade receivables past due date (€2.0 million)
- Kesko Senukai did not report its financials as scheduled, and thus in Kesko's Q2/2025 reporting the share of result from Kesko Senukai is €0.0 million (€6.3 million in Q2/2024).

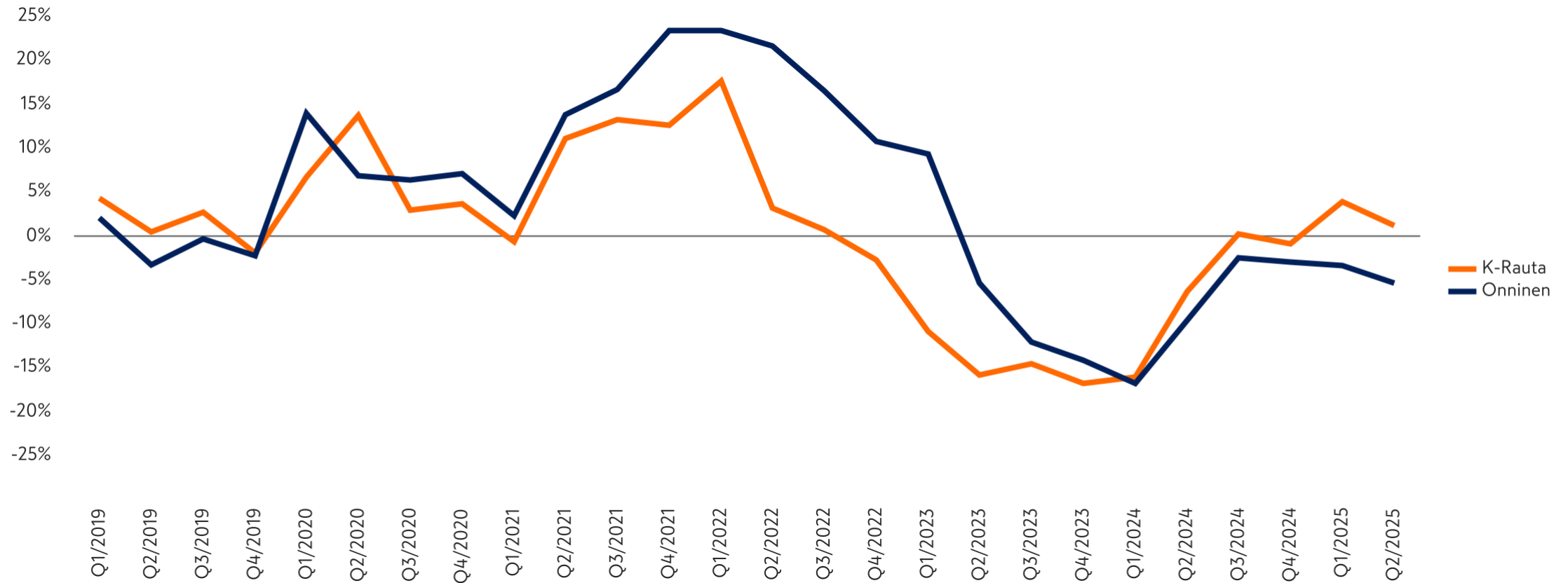
	Q2/2025	Q2/2024
Net sales, € million	1,236.8	1,203.7
Technical trade	566.3	583.8
Building & home improvement trade	688.7	635.9
Operating profit*, € million	50.9	56.1
Technical trade	20.1	19.2
Building & home improvement trade	30.7	30.6
Operating margin, %*	4.1	4.7
Technical trade	3.5	3.3
Building & home improvement trade	4.5	4.8

*Comparable



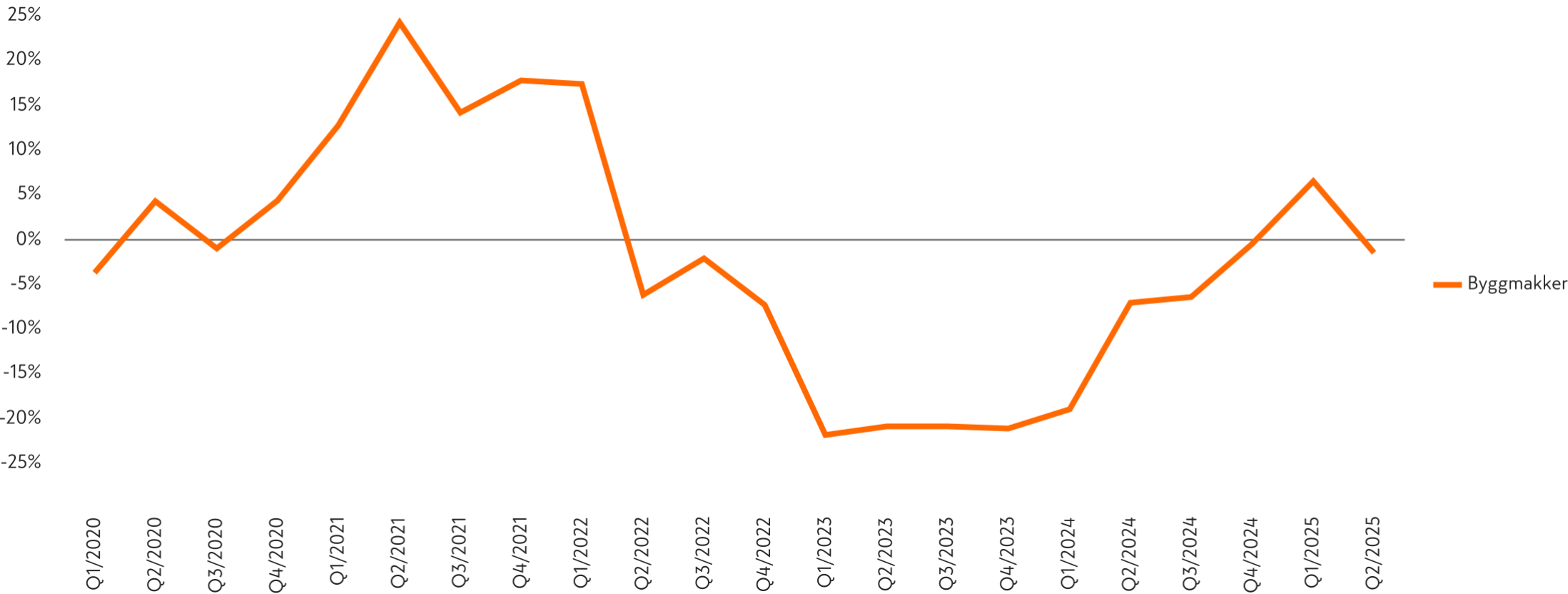
SALES OF K-RAUTA FINLAND AND ONNINEN FINLAND

Retail and
B2B sales



BYGGMAKKER SALES IN NORWAY

Retail and
B2B sales



NATIONWIDE BUILDING AND HOME IMPROVEMENT TRADE NETWORK IN DENMARK POST ACQUISITIONS

ACQUISITIONS IN 2025

Roslev Trælasthandel

- Completed on 31 Jan. 2025
- Net sales 2024: €103 million
- Operating profit 2024*: €2.8 million

CF Petersen & Søn

- Completed on 30 April 2025
- Net sales 2024: €109 million
- Operating profit 2024*: €3.4 million

Tømmergaarden

- Completed on 28 May 2025
- Net sales 2024: €191 million
- Operating profit 2024*: €5.5 million

The combined debt-free enterprise value of the three companies approx. €222 million, of which Kesko's share approx. €200 million

KESKO IN DENMARK

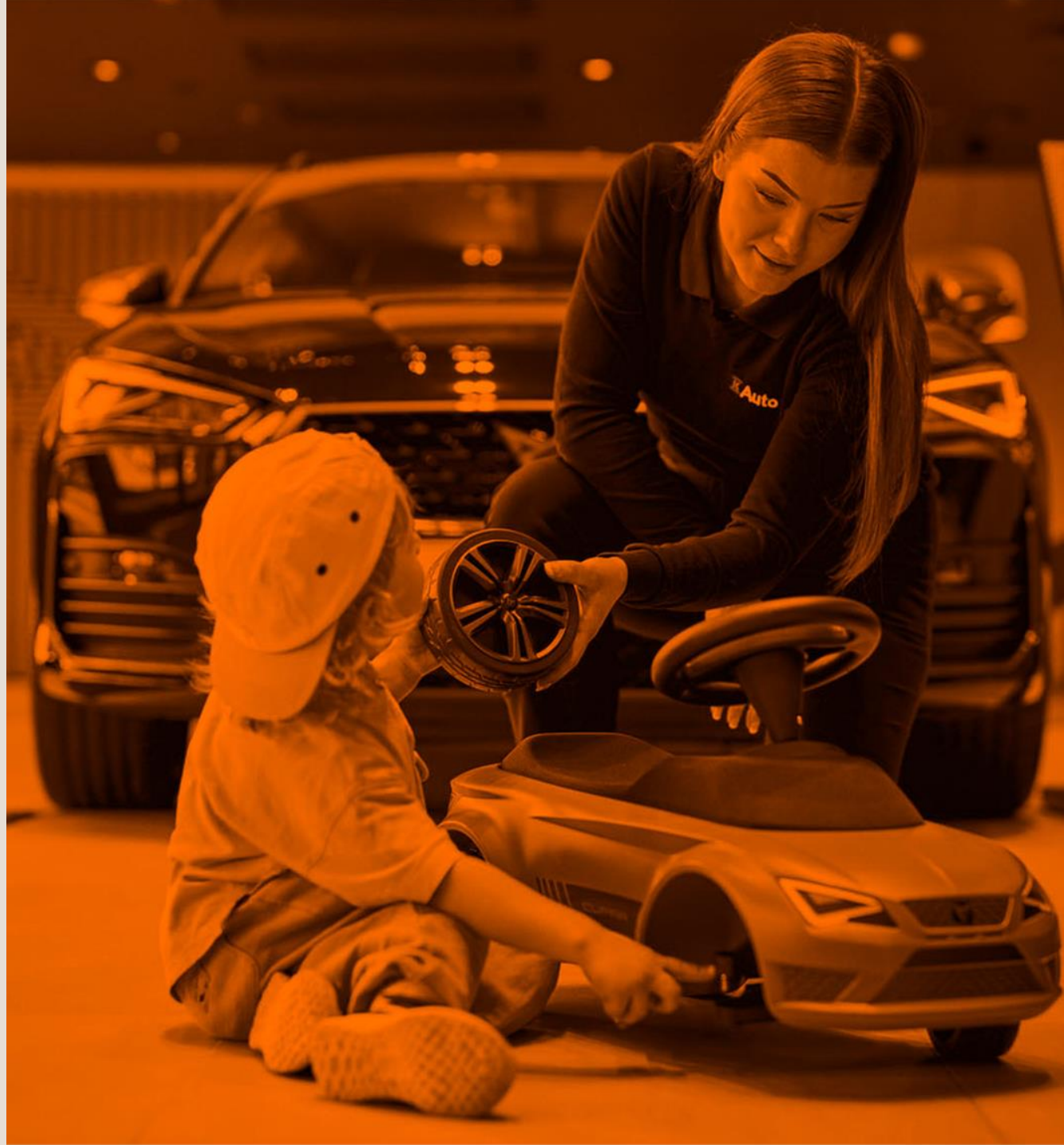
- Kesko expanded its operations to Denmark by acquiring the builders' merchant chain Davidsen on 31 Jan. 2024
- Kesko holds 90% of shares in Davidsen
- Following the acquisitions, Davidsen has a nationwide network of building and home improvement stores, with focus on B2B customers
- Post-acquisitions, Davidsen's sales amount to some €800 million, with a total market share of nearly 20%

*operating profit excluding the impact of IFRS 16

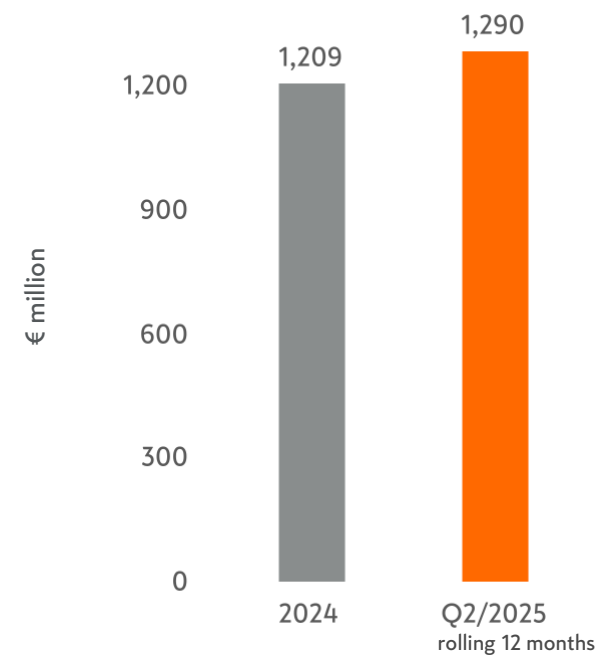
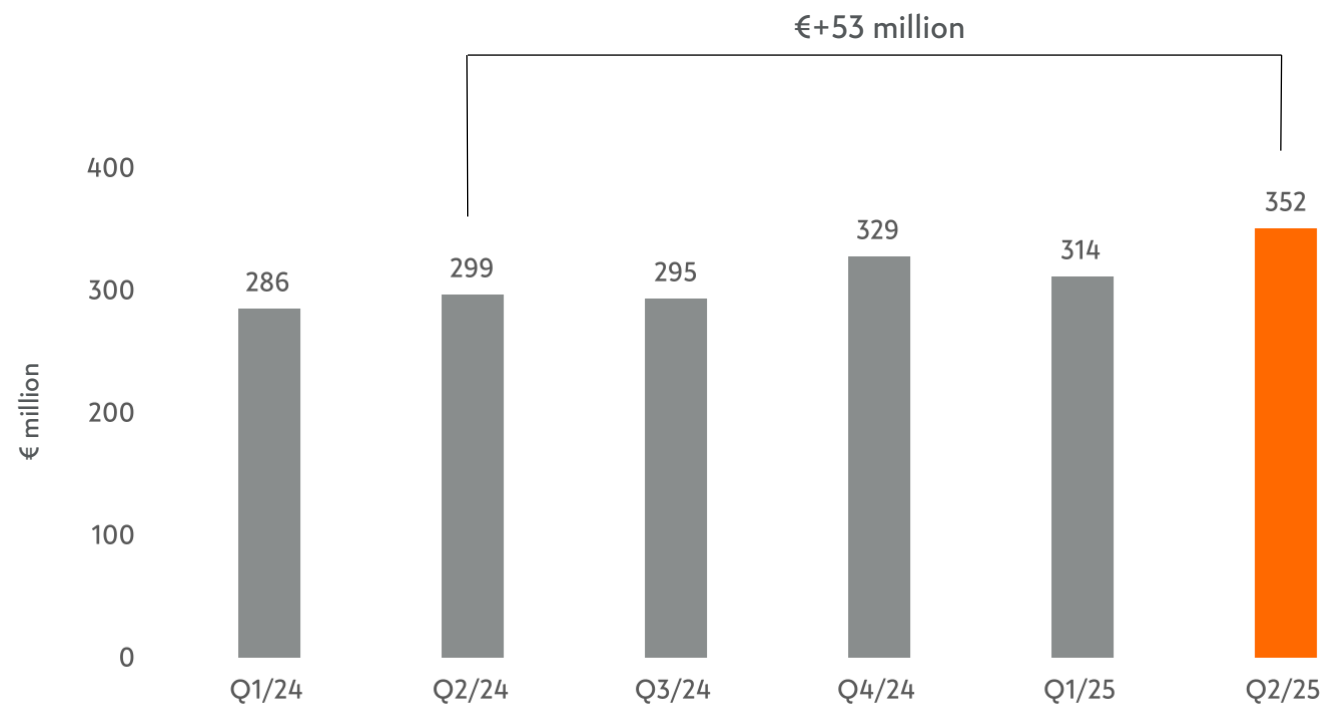


CAR TRADE Q2

SIGNIFICANT PROFIT IMPROVEMENT

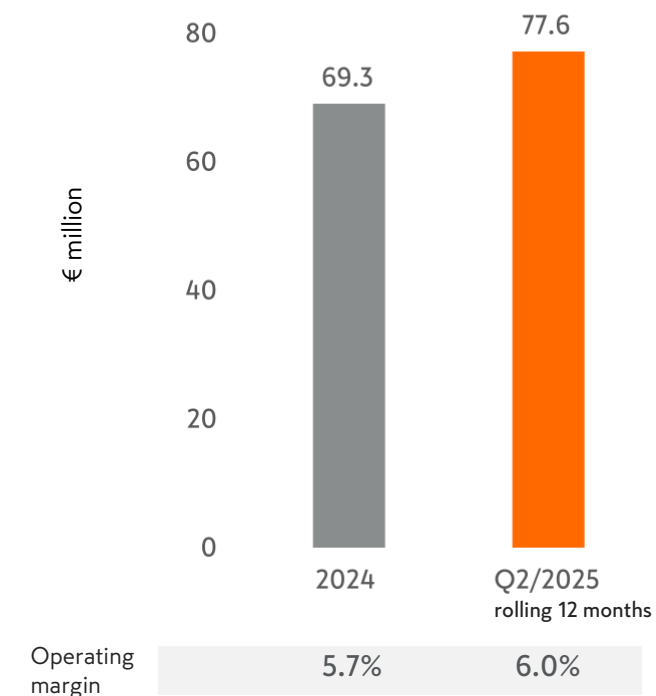
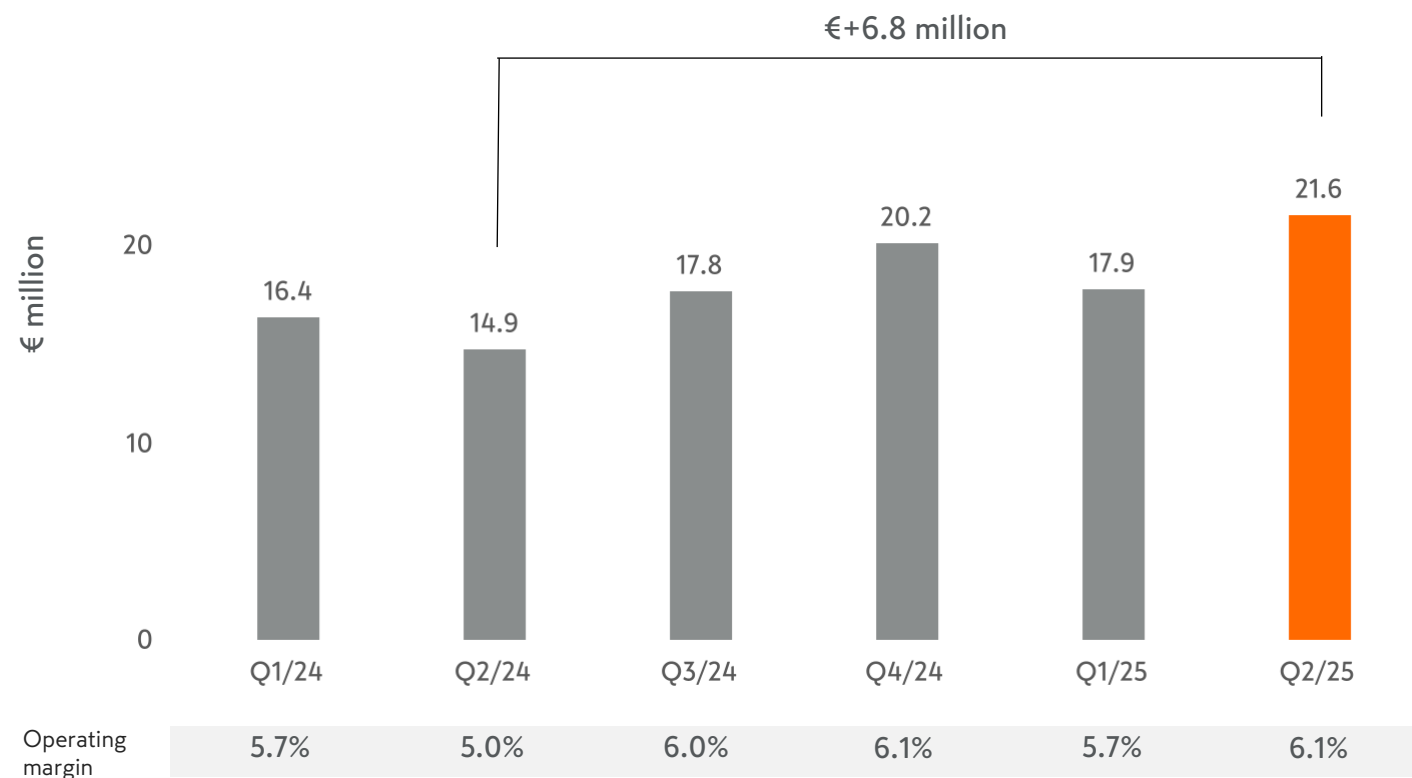


CAR TRADE NET SALES



CAR TRADE

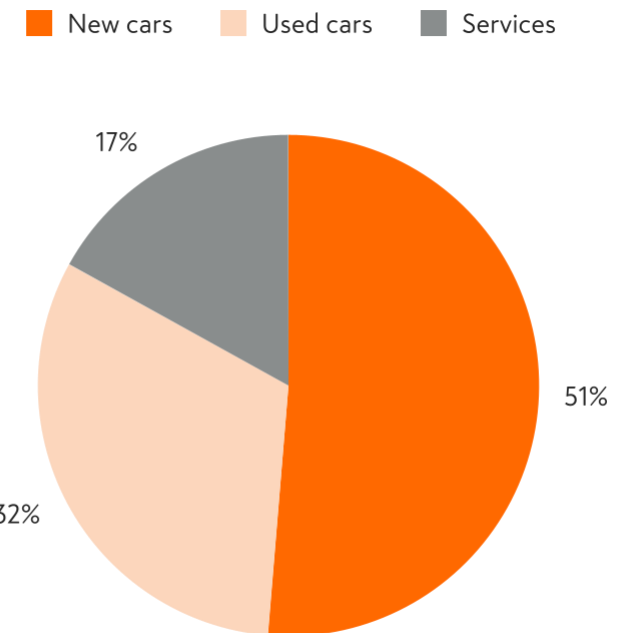
OPERATING PROFIT



CAR TRADE HIGHLIGHTS IN Q2

- Market demand for new cars still muted, Q2 first registrations of passenger cars and vans up by 0.4%; first registrations of brands represented by Kesko up by 32.6% in Q2
- The updated strategy with focus on three car trade business areas and continuous development of operations now yielding results
- Net sales and comparable operating profit grew markedly despite the challenging market situation, thanks in particular to strong new car sales
- New car sales accelerated in particular by Volkswagen's EV models
- Used car sales also clearly outperformed the market, service sales decreased
- Net sales and comparable operating profit increased in sports trade

K-AUTO, NET SALES



Net sales for the division's car trade businesses, Q2/2025, rolling 12 months

STRONG RANGE HAS UNDERPINNED THE GOOD SALES DEVELOPMENT



Volkswagen ID. 4



Volkswagen ID. 7



Audi Q4 e-tron

SPECIFIED PROFIT GUIDANCE AND OUTLOOK FOR 2025

PROFIT GUIDANCE FOR 2025

Kesko Group's profit guidance is given for the year 2025, in comparison with the year 2024.

Kesko's operating environment is estimated to improve in 2025, but to still remain somewhat challenging.

Kesko's comparable operating profit is estimated to improve in 2025. Kesko estimates that its 2025 comparable operating profit will amount to €640-700 million. Kesko previously estimated that the comparable operating profit would amount to €640-740 million.

The profit guidance issued now includes the acquisitions completed in Denmark in the first half of the year: their impact on Kesko's 2025 comparable operating profit is estimated to amount to less than €5 million due to costs related to integration and the completion of acquisitions.

Kesko Senukai did not report its financial figures for the first half of the year as scheduled. The profit guidance is based on the assumption that the share of result from Kesko Senukai will be at the same level as in 2024.

The updated profit guidance is based on developments in the first year-half and updated estimates regarding a slower-than-anticipated cycle recovery in building and technical trade. Key uncertainties impacting Kesko's outlook are developments in consumer confidence and investment appetites, as well as geopolitical crises and tensions.

OUTLOOK FOR 2025

In grocery trade, B2C trade and the foodservice market are estimated to remain stable. In 2025, the comparable operating margin for the grocery trade division is estimated to stay clearly above 6% despite the investments in price and the store site network in accordance with Kesko's strategy for 2024-2026.

In building and technical trade, the cycle is expected to improve in 2025 from the historically low levels. Profitability in the building and technical trade division is estimated to improve on 2024, but the cycle turnaround in new building construction in particular will be slower than previously anticipated.

In car trade, the market for new cars is expected to stay at a low level. Demand for used cars and services is estimated to remain good. Profitability for the car trade division is estimated to remain at a good level in 2025 despite weak demand for new cars.

