

SOK-corporation

Financial statements
1 January – 31 December 2018

Development of the operating environment

The overall development of the Finnish national economy and the of private consumption, in particular, have a considerable effect on the result of SOK Corporation and the entire S Group. The favourable growth that started in the Finnish economy in 2016 has slowed down slightly but continued in 2018, and S-Bank forecasts GDP growth of 2.3 per cent year-on-year during this growth period.

Private consumption has been supported by the continued fairly low interest rate level, income level growth that has surpassed the growth of consumer prices, as well as the continued decrease in unemployment and increase in the employment rate. However, consumer confidence in the economy has clearly weakened from the peak levels of 2017. In spite of this, private household consumption has continued to grow and has been a driver of growth, supporting S Group's sales. The value of total retail sales thus grew by 2.7 per cent from the previous year, while sales volumes increased by 1.7 per cent.

S Group's business development 1 January – 31 December 2018

S Group comprises the cooperative enterprises SOK and its subsidiaries, as well as the companies owned jointly by them. In 2018, S Group's retail sales excluding taxes was EUR 11 523 million, showing an increase of 2.2 per cent year-on-year.

S Group's retail sales excluding taxes by business area	EUR million	+/- % prev. year
Prisma*	3,467	-0.7
S-market	3,460	+3.2
Sale and Alepa	1,066	+4.5
Herkku	96	
Other supermarket trade	6	+51.66
Supermarket trade total*	8,096	+2.9
Hardware trade	135	-23.4
Service station store and fuel sales	1,729	+5.9
Department stores and specialised trade	294	-5.2
Travel industry and hospitality business*	816	+0.6
Automotive trade and accessories	407	+7.3
Agricultural trade	25	-67.4
Others:	20	+6.1
S Group total*	**11,523**	**+2.2**

*Including retail sales in neighbouring areas (Estonia and St Petersburg)

At the end of the year, S Group had 1,841 outlets, compared with 1,843 outlets year-on-year.

On 31 December 2018, there were 20 regional cooperatives and six local cooperatives.

A total of 80,294 new members joined the cooperatives participating in the Bonus system in 2018. The total number of co-op members was 2,398,295 at the end of December. Co-op members were paid EUR 329 million in Bonus rewards.

S Group's investments amounted to EUR 589 million, compared with EUR 525 million in the previous year.

S Group's combined non-consolidated result before appropriations and taxes was positive EUR 346 million, compared with EUR 297 million in the previous year. The cooperatives' combined result before appropriations and taxes showed a profit of EUR 290 million, compared with EUR 292 million in the previous year. SOK Corporation's result before taxes (IFRS) showed a profit of EUR 55.4 million, compared with EUR 5.0 million in the previous year.

General Data Protection Regulation

The General Data Protection Regulation took effect on 25 May 2018. S Group implemented an extensive data protection project in 2017 and 2018 to determine how the requirements of the General Data Protection Regulation apply to S Group and to identify development needs, and managed the activity to meet these requirements.

The project outcomes included S Group's data protection principles and an operating and management model for data protection. In addition, the roles and responsibilities related to the implementation of data protection were defined for the S Group organisations. A data protection officer in accordance with the General Data Protection Regulation was also appointed to S Group. Going forward, S Group's data protection development team will prepare, monitor and promote effective implementation of privacy protection at S Group level.

Financial development

SOK's operations

SOK is the parent company of SOK Corporation. In accordance with its statutes, SOK serves as the central organisation of S Group, promoting and developing the operations of the cooperative enterprises and other organisations belonging to S Group, and managing and supervising the Group's overall resources for maximum efficiency while also monitoring operations and seeing to the interests of S Group and its segments.

SOK is responsible for S Group's overall strategic management. Its tasks are to provide S Group companies with services in chain management, co-op membership and marketing services, as well as other group and corporate services and development activities related to these services and other activities of S Group. Services central to S Group's operations also include procurement and assortment services.

Through its subsidiaries, SOK offers a wide spectrum of services to its co-op members in S Group. Furthermore, through its subsidiaries, SOK engages in the supermarket trade and travel industry and hospitality business in Estonia and St Petersburg.

SOK Corporation's financial development 1 January – 31 December 2018

Net sales of the SOK Corporation for the period 1 January – 31 December 2018 were EUR 7,303.5 million, up 3.4 per cent from the previous year.

SOK Corporation's operating profit (IFRS) was EUR 60.7 million (5.9 million) . The main reasons for the improved result compared with the previous year included measures launched last year related to the development and profitability of the network of supermarket trade outlets in neighbouring countries, as well as the positive development of the travel industry and hospitality business from last year. Foreign operations accounted for EUR 4.6 per cent (5.8%) of net sales, or EUR 332.9 million.

The following key indicators describe SOK Corporation's financial position and result.

SOK Corporation	31 December 2018	31 December 2017	31 December 2016
Net sales, EUR million	7,303.5	7,063.6	7,074.0
Operating profit, EUR million	60.7	5.9	27.0
Operating profit, %	0.8	0.1	0.4
Return on equity, %	7.5	0.3	1.8
Equity ratio, %	38.4	36.5	37.0

SOK Corporation's operational result

The operational result is used to monitor the result of the operative business after financial items excluding non-recurring items and IFRS items. The positive development of the operational result is due to the strengthening of the supermarket trade and the travel industry and hospitality business and the overall streamlining of operations.

SOK Corporation	31 December 2018	31 December 2017	31 December 2016
Operating result, EUR million	59.4	41.5	28.8

SOK Corporation's operative revenue and operating result by business area (segment)

SOK Corporation's operative revenue and operating result are divided into retail and wholesale business areas in accordance with operational monitoring. In addition, the operating result of the banking operations is under operational monitoring.

	Net sales, EUR million	+/- % prev. year	Operating result, EUR million	Change, EUR million
Supermarket trade	283.7	-20.3	-6.3	+19.3
Travel industry and hospitality business	270.1	+0.2	+32.6	+1.7
Procurement and service business	6 792.0	+5.1	+12.0	+5.1
Real estate business	85.1	+3.8	+17.8	+2.8
Result from banking			+3.9	-2.7
Elimination for the retail and wholesale and other items	-131.3	+20.4	-1.2	-1.9
SOK Corporation, total	**7 299.7**	**+3.4**	**+58.9**	**+24.2**

Funding

SOK Corporation's funding level was good during the financial period. SOK Corporation's interest-bearing net liabilities amounted to EUR 2.6 million at the end of the year (EUR 74.6 million), and gearing was 0.1 per cent (11.8 per cent). SOK Corporation's equity ratio was 38.4 per cent (36.5 per cent).

At the end of the year, SOK Corporation's liquid assets amounted to EUR 172.6 million (EUR 120.6 million). In addition, the Group had unused committed long-term credit limits of EUR 100.0 million (100.0 million) and account limits of EUR 57.0 million (57.0 million). The implementation of IFRS 16 on 1 January 2019 will increase the Group's interest-bearing liabilities considerably. However, the IFRS standards used in the calculation of financial covenants related to SOK Corporation's financing agreements have been frozen to the agreement date, so any IFRS standards taking effect later will not impact reporting on the covenants.

Investments and divestments

SOK Corporation's non-current asset procurement (i.e., investments in fixed assets) totalled EUR 113.2 million (EUR 57.9 million). Significant investments were made in information systems, logistics and terminal properties, and domestic travel industry and hospitality business units. Additional capital was also invested in the S-Pankki associated company.

The divestment of non-current assets amounted to EUR 23.0 million in the review period (EUR 3.5 million).

Personnel

SOK Corporation's average number of personnel, converted to full-time equivalents, was 5,491 people during the financial period (2017: 5,411; 2016: 5,849).

At the end of 2018, SOK Corporation's number of personnel in active employment relationships was 6,197, of whom 1,529 (25 per cent) were employed by SOK and 4,668 (75 per cent) by the subsidiaries. The total number of employees working abroad was 2,106 (34 per cent).

The number of personnel increased by 80 people (1.5 per cent) year-on-year.

Development of the business areas

Supermarket trade

The supermarket trade includes business operations in Estonia and Russia. In Estonia, there are five Prisma stores in Tallinn, two stores in Tartu and one in Narva. In St Petersburg, there are 13 Prisma stores. Four stores were closed and one new store was opened during the year.

Net sales from the supermarket trade were EUR 283.7 million. Compared with the previous year, net sales decreased by 20 per cent, which was primarily due to the discontinuation of business operations in Latvia and Lithuania last year. The operating result of the supermarket trade was at a considerably better level than in the

previous year. Investments by the supermarket trade totalled EUR 2.5 million and were mostly equipment replacement investments.

Travel industry and hospitality business

In 2018, the travel industry and hospitality business in the SOK Corporation was operated by Sokotel Oy in Finland, AS Sokotel in Estonia, and OOO Sokotel in Russia.

Global growth in the travel industry continued in 2018, which was indicated by the positive development of demand in all market areas. Growth also continued in the hospitality business, supported by the positive economic situation.

Net sales of the SOK hotel business totalled EUR 270.1 million and grew by 0.2 per cent from the previous year. The operating result was EUR 32.6 million, which showed an increase of 5.6 per cent compared to the previous year.

In 2018, Sokotel Oy's net sales were EUR 221.4 million, showing an increase of 0.7 per cent from the previous year. Sokotel Oy's operating result improved clearly from the previous year, primarily as a result of the good development of net sales in the accommodation business and good expense management.

Net sales of AS Sokotel, engaging in the travel industry and hospitality business in Tallinn, was EUR 18.8 million, decreasing by 2.9 per cent from the previous year. The operating result of AS Sokotel weakened from the previous year. The weakening of net sales and the operating result was partly due to the restaurant reforms carried out at the beginning of the year, during which the majority of restaurant operations were inactive.

Net sales of OOO Sokotel, which engages in the travel industry and hospitality business in St Petersburg, was EUR 29.9 million, a decrease of 1.8 per cent from the previous year. In local currency, net sales increased by 10.1 per cent. The average operating result of OOO Sokotel was slightly weaker than in the previous year due to the weakening of the rouble.

In 2018, the investments by the travel industry and hospitality business totalled EUR 12.8 million, with EUR 11.9 million targeting Finland. The investments consisted mainly of renovations of hotel units.

Procurement and service business

The procurement and service business comprises the procurement services for groceries and consumer goods provided by SOK's procurement operations, logistics services provided by Inex Partners Oy, procurement and logistics services provided by Meira Nova Oy in the HoReCa business, preparation of ready-made and fresh food products for the Food Market Herkku units by S-Herkkukeittiö and other services provided by SOK and its subsidiaries primarily for the S Group units. Net sales generated by the other services provided by S Group to its units include chain fees and management service income.

Net sales from the procurement and service business totalled EUR 6,792.0 million. Net sales remained at the previous year's level. The operating result of the procurement and service business was EUR million, which was better than the previous year.

Net sales from the procurement and service business totalled EUR 6,792.0 million. The increase in net sales was primarily due to the growth in SOK's procurement operations. The most significant factors that contributed to the improvement of the operating result were the improved results of S-Verkkopalvelu and Rekla, which provides money calculation services to S Group.

The 2018 investments by the procurement and service business totalled approximately EUR 42.4 million. The investments consisted mainly of information system investments. Additional capital was also invested in the S-Pankki associated company.

Real estate business

Net sales from the real estate business consists of rental and property service income from properties owned by SOK Corporation. Net sales were EUR 85.1 million, which was slightly higher than the previous year. The operating result of the real estate business showed a profit.

The 2018 investments in the real estate business were EUR 55.4 million. The largest investments were into logistics and terminal properties, and purchase of the former associate company real estate fund RBRP Ky which owned Prisma properties in Estonia and Russia.

Development of associated companies and joint ventures

Among the associated companies engaging in business operations within SOK Corporation, the most significant is S-Bank Ltd., which operates in the banking sector. Growth of S-Bank's balance sheet continued to be strong. The total funds on deposit grew by 16.5 per cent from the end of the previous year and were EUR 5.8 billion at the end of the year (5.0 billion). Lending grew by 12.4 per cent and was EUR 4.2 billion at the end of the year (3.7 billion). S-Bank Group's capital adequacy ratio was 16.8 per cent (16.7 per cent). At the end of the year, S-Bank Group's operating result was EUR 11.6 million (EUR 16.0 million). The comparable operating result was EUR 13.2 million (14.4 million). These figures take into consideration the non-recurring items recognised in expenses in 2018 and the income from the divestment of small business and farm operations included in the result in the previous year. The IFRS-adjusted share of the result for the financial year corresponding to SOK Corporation's shareholding (37.5 per cent) was EUR 3.9 million.

Net sales of the fuel procurement company North European Oil Trade Oy were EUR 5,391 million. Net sales grew by 8.5 per cent from the previous year due to the increase in the world market price of oil. The volume of the Group's business operations has remained at the same level as the previous year. SOK's shareholding in North European Oil Trade Oy is 50.77 per cent. Due to the shared controlling interest based on the associated company agreement, the company is treated as a joint venture using the equity method.

In addition to S-Bank and North European Oil Trade Oy, SOK Corporation's other associated companies and joint ventures include Finnfrost Oy (specialising in the procurement and logistics of frozen products), an associated company of SOK's subsidiary Inex Partners Oy, the Raisio-based Kauppakeskus Mylly Oy shopping centre and the inter-Nordic procurement company Coop Trading A/S.

The combined effect of all SOK Corporation's associated companies and joint ventures on its result was EUR 7.3 million in total (EUR 11.7 million).

Changes in the group structure

Two Finnish housing companies, Koy Zatelliitintie and Koy Siilinjärven Takojantie, were sold in January, and Lithuanian housing company UAB Viršuliškių prekybos centras was sold in June.

At the end of February, SOK acquired all shares of its associated company Russian and Baltics Retail Properties Ky real estate fund (RBRP). As a result of the acquisition, the RBRP subsidiary purchased three housing companies in Russia and one in Estonia, as well as their administrative holding companies. Two of the housing companies, OOO Itis and OOO Itis 3, were sold on to external parties in May. The foreign holding companies of the real estate fund group were dissolved during the financial period, with the exception of RBRP Holding BV, which was dissolved in January 2019.

The SOK Takaus Oy company was dissolved in October.

UAB Prisma LT, which had discontinued its operations in 2017, was merged with SOK Liiketoiminta Oy in December.

Management and future outlook

Management and changes in management

Taavi Heikkilä was Chairman of SOK's Executive Board in 2018. In addition to the CEO, the Executive Board in 2018 consisted of the following members: Managing Director Heikki Hämäläinen, Managing Director Hannu Krook, Managing Director Timo Mäki-Ullakko, Managing Director Olli Vormisto and, as new members, Managing Director Juha Kivelä and Managing Director Veli-Matti Liimatainen. Hannu Krook is the Executive Board's Vice Chairman.

In April 2018, Doctor of Theology Matti Pikkarainen was re-elected as Chairman of SOK's Supervisory Board, and lawyer Timo Santavuo was elected as new Vice Chair. Antti Määttä was re-elected as second Vice Chair.

The auditor in the financial year 2018 is KPMG Oy Ab, Authorised Public Accountants, with APA Jukka Rajala as the principal auditor.

SOK's Supervisory Board appointed the following persons to SOK's Executive Board for a one-year term beginning on 1 January 2019: Managing Director Hannu Krook (vice chairman), Managing Director Kim Biskop, Managing Director Juha Kivelä, Managing Director Veli-Matti Liimatainen, Managing Director Kimmo Simberg, Managing Director Olli Vormisto, Professor Rita Järventie-Thesleff and Managing Director Nermin Hairedin. SOK's Chief Executive Officer Taavi Heikkilä was the chairman of the Executive Board.

SOK's CEO is assisted by SOK's Corporate Management Team in the management of SOK Corporation and S Group. In 2018, the Corporate Management Team consisted of Arttu Laine, Deputy CEO of SOK and Executive Vice President, S Group Chain Management, Procurement and Logistics; Jari Annala, CFO, SOK Finance and Administration; Susa Nikula, Executive Vice President, SOK Human Resources; Sebastian Nyström, Chief Strategy Officer; Jorma Vehviläinen, Executive Vice President, SOK Consumer Goods; and Veli-Pekka Ääri, Executive Vice President, SOK Customer Relationships, Information and Digital Services. Seppo Kuitunen, General Counsel, worked as secretary to the Corporate Management Team. From the start of year 2019 Jari Annala will be responsible for SOK Consumer Goods and Jorma Vehviläinen for Finance and Administration.

Near-term risks and uncertainties

S Group's risk management principles have been approved by SOK's Executive Board. S Group complies with SOK Corporation's risk management policy, The risk management policy describes the purpose, objectives, key implementation methods and responsibilities of the Group's risk management. Within SOK Corporation, risk management is implemented continuously and throughout the entire management process. Risks are reviewed in a comprehensive manner considering strategic, financial, operative, and loss or damage risks. Through risk management procedures, SOK and its subsidiaries aim to anticipate and control risk factors that affect their ability to reach their goals, and use the potential related to risks in their business operations.

S Group's strategic risks are examined annually by SOK's Corporate Management Team and confirmed by SOK's Executive Board. In 2018, S Group's strategic risks were reviewed, with the focus on the short (3 years) and long term (10 years), and strategic risk analyses were prepared for the business areas.

The most significant short-term risks and uncertainties in S Group are associated with securing the competitiveness of the grocery trade and the profitability of the consumer goods trade in the transformation of the retail sector and the tightening competitive situation. There are several development projects underway in S Group, related to resource planning, logistics and quality improvement among other areas. Implementing these successfully will ensure the efficiency of the value chain and customer satisfaction in the future. In the long-term, the most significant risks are related to the realisation of the changes central from S Group's point of view, including digitalisation and technological development, workforce and competence, centralisation of population and changes in consumption behaviour. Responding to these changes and seizing the opportunities successfully are key to securing S Group's future competitiveness.

SOK Corporation's financing and management of finance risks is centralised within SOK's Treasury unit. The Group has a finance and funding policy confirmed by the SOK Executive Board that defines the principles of managing finance risk and the permissible maximum amounts for finance risks. In addition, numerical targets have been set for the different sub-areas of financing in order to ensure that financing is sufficient, balanced and affordable under all circumstances. The management of financing risks is described in greater detail in the Notes to the Financial Statements.

Responsibility risks associated with SOK Corporation's business operations have been identified and analysed by business area. In building the Best Place to Live sustainability programme, S Group has identified key responsibility themes and the related risks and opportunities, as well as their importance to the business operations. Risks are viewed from the perspectives of regulation, physical operating environment, changes in consumer behaviour and reputation. The most significant risks related to human rights

include violations of human rights in global supply chains and any shortcomings in ethical operating methods and transparency. Key environmental risks are related to climate change and its impact on the Group's own operations and on the supply chain. S Group has identified the climate risks which, if realised, may have considerable financial effects on the Group's operations. The risks are being addressed by means of the objectives and acts defined in S Group's sustainability programme.

Responsibility

Responsibility in S Group covers all business areas and is managed jointly with the executive management at the Group level. SOK's Responsibility unit is in charge of Group-level strategic development, management and reporting of responsibility within S Group. The unit operates as part of SOK's Business Operation Group, which includes all S Group's business areas, as well as the procurement and logistics companies.

The implementation of S Group's Best Place to Live sustainability programme continued in 2018. The programme has four themes: for the good of society, climate change and the circular economy, ethical operating culture and human rights, as well as well-being and health. The programme includes 100 responsibility acts.

S Group is committed to promoting the objectives of 'Finland 2050', the Society's commitment to sustainable development, through a number of different commitments.

S Group is committed to science-based objectives concerning the reduction of emissions in its own operations and has also invited its suppliers and customers to join the efforts to mitigate climate change in the Big Deal campaign. The Group's objective is to reduce its climate emissions by 60 per cent from the 2015 level by 2030. S Group's additional objective, with its partners, is to reduce emissions by a million tonnes by 2030. In Carbon Disclosure Project's international climate change assessment, S Group received a score of A-. The score equals the Leadership level among climate work pioneers.

S Group's plastics policy updated in 2018 includes tangible objectives and acts to promote sustainable use of plastics.

S Group is a member of amfori, an organisation focusing on developing international trade. S Group also participates in the #ykkösketjuun campaign of organisations and companies, which works to have a mandatory human rights due diligence requirement included in the next Government Programme.

S Group has been developing a new Radical Transparency research concept to identify the root causes of human rights risks in supply chains. The first pilot of the research model was carried out during the tomato harvesting season in the Foggia region of Southern Italy in 2018.

In 2018, S Group's chains were again ranked highly in the Sustainable Brand Index, the largest brand study on sustainability in the Nordic countries. Finnish consumers ranked Prisma, Sokos Hotels and S-Bank as the most responsible companies in their sectors. The Kotimaista brand was ranked Finland's second most responsible brand.

In the 2018 Luottamus & Maine ('Reliability and reputation') survey, S Group's public image as a responsible company had improved from the previous year.

The results and objectives of S Group's responsibility work will be described in greater detail in the annual review and responsibility review to be published in March 2019, available at www.s-ryhmä.fi.

Outlook for the current year

The development of the economic situation in Finland and its neighbouring countries is a significant factor for the success of SOK Corporation's operations. According to S-Bank's forecasts, economic growth in Finland will decrease to less than two per cent, at 1.7 per cent in both 2019 and 2020. Income level growth is forecast to continue to exceed the growth in consumer prices, which, together with the declining unemployment rate, will support the growth of private consumption. However, growth will be weaker than in the current year 2018, which may be reflected in the development of S Group's sales. In addition, interest rates, which were close to zero for many years, are expected to take an upward turn as the European Central Bank will gradually raise key interest rates during 2019 and 2020. The new grocery trade logistics centre was commissioned according to schedule in 2018. The new centre will improve the competitiveness of S Group's grocery trade in the coming years.

The result of S Group's business operations is expected to improve slightly from last year. The overall demand in the travel industry is expected to continue to be good, but the result of the travel industry and hospitality business in Finland will be burdened in 2019 by investments in opening new hotels and renovating existing ones. Despite the challenging competitive situation in the supermarket trade in Estonia and St Petersburg, the result is expected to improve compared with the previous year through development programmes.

Executive Board's proposal on the distribution of SOK's distributable surplus

SOK's distributable surplus is EUR 553,199,561.49 (the loss for the financial year is EUR -4,346,075.51). The Executive Board proposes that EUR 27,549,407.11 be paid as interest on cooperative capital and that EUR 50,000.00 be transferred to the Supervisory Board's contingency fund.

No significant changes have occurred in SOK's financial position since the end of the financial period. SOK's liquidity is good, and in the view of the Executive Board, the proposed distribution of the surplus does not endanger SOK's solvency.

Helsinki, 7 February 2019
SOK
CORPORATION

Executive Board

Interim financial statements

Consolidated income statement, IFRS

EUR million	1.1.-31.12.2018	1.1.-31.12.2017
Revenue	7 303.5	7 063.6
Other operating income	2.6	1.6
Materials and services	-6 548.9	-6 362.7
Employee benefit expenses	-253.2	-235.6
Depreciation and impairment losses	-61.2	-76.8
Other operating expenses	-389.0	-394.0
Share of results of associated companies and joint ventures (+/-)	6.9	9.8
Operating profit (-loss)	**60.7**	**5.9**
Financial income and expenses (+/-)	-5.7	-2.9
Share of results of associated companies and joint ventures (+/-)	0.4	1.9
Profit before taxes	**55.4**	**5.0**
Income taxes (+/-)	**-6.7**	**-3.0**
Result for the financial year	**48.7**	**1.9**
Attributable to:		
Owners of the parent	50.3	2.8
Share of non-controlling interests	-1.5	-0.9
	48.7	1.9

Statement of other comprehensive income

Milj. €	1.1.-31.12.2018	1.1.-31.12.2017
Result for the financial year	48.7	1.9
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	-9.5	-3.5
Exchange differences on loans to foreign subsidiaries classified as net investments.	-0.6	-0.3
Cashflow hedges	-0.1	-3.3
Comprehensive income items of associated companies and joint ventures	-3.1	-0.3
Other comprehensive income for the financial year, net of tax	-13.3	-7.4
Total comprehensive income for the financial year	**35.4**	**-5.4**
Total comprehensive income for the financial year attributable to:		
Owners of the parent	36.9	-4.5
Share of non-controlling interests	-1.5	-0.9
	35.4	-5.4

Consolidated statement of financial position, IFRS

EUR million	31/12/2018	31/12/2017
ASSETS		
Non-current assets		
Property, plant and equipment	353.4	356.0
Investment properties	24.1	27.5
Intangible assets	82.7	70.4
Interests in associated companies and joint ventures	196.6	181.8
Non-current financial assets	72.4	102.4
Deferred tax assets	18.0	27.0
Non-current assets, total	**747.2**	**765.1**
Current assets		
Inventories	160.8	192.6
Trade receivables and other current non-interest-bearing receivables	650.0	655.7
Current interest-bearing receivables	0.0	0.0
Cash and cash equivalents	172.4	120.5
Current assets, total	**983.1**	**968.9**
assets held for sale		**12.8**
Assets, total	**1 730.3**	**1 746.8**
EQUITY AND LIABILITIES		
Equity		
Cooperative capital	172.0	172.0
Restricted reserves	15.9	21.4
Invested non-restricted equity reserve	21.5	4.4
Retained earnings	450.9	433.9
Equity attributable to the the owners of the parent	**660.3**	**631.7**
Non-controlling interests	**0.4**	**2.0**
Equity, total	**660.7**	**633.7**
Non-current liabilities		
Non-current interest-bearing liabilities	133.5	147.0
Non-current non-interest-bearing liabilities	40.0	34.5
Provisions	6.8	7.1
Deferred tax liabilities	12.1	13.5
Non-current liabilities, total	**192.3**	**202.0**
Current liabilities		
Current interest-bearing liabilities	38.3	47.1
Current non-interest-bearing liabilities	144.9	123.9
Trade payables	693.3	719.4
Provisions	0.6	18.3
Tax liabilities for the financial year	0.1	2.3
Current liabilities, total	**877.3**	**911.1**
Equity and liabilities, total	**1 730.3**	**1 746.8**

Consolidated statement of cash flows, IFRS

EUR million	Reference	1.1.-31.12.2018	1.1.-31.12.2017
BUSINESS OPERATIONS			
Operating result from continuing and discontinued operations		60.7	5.9
Adjustments to operating result	(A)	26.6	46.2
Change in working capital	(B)	36.8	-54.2
Cash flow from business operations before financing and taxes		**124.5**	**-2.0**
Increase (-) / decrease (+) in current receivables		0.3	2.9
Interest paid and other financial expenses			-0.1
Interest received and other financial income		0.2	0.3
Dividends received from business operations		0.1	0.1
Income taxes paid		-1.6	-9.3
Cash flow from business operations		**123.5**	**-8.2**
INVESTMENTS			
Acquired shares in subsidiaries net of acquired cash		-47.0	
Divested shares in subsidiaries net of cash held by subsidiary		14.3	
Investments in shares		-15.1	-0.2
Investments in tangible assets		-26.6	-29.1
Investments in intangible assets		-18.6	-28.6
Sale of other fixed assets		8.1	3.5
Change in other long-term investments			14.0
Dividends received from investments		1.7	6.5
Cash flow from investing activities		**-83.1**	**-34.0**
FINANCING			
Repayment of long-term liabilities		-1.5	
Increase (+) / decrease (-) in short-term liabilities		-4.5	28.4
Increase (-) / decrease (+) in long-term receivables		30.2	-20.2
Increase (-) / decrease (+) in short-term receivables			10.0
Interest paid		-2.9	-1.2
Interest received		2.5	4.3
Increase in cooperative capital			2.2
Interest paid on the cooperative capital		-16.6	-10.3
Other changes in equity		4.3	
Cash flow from financing		**11.5**	**13.3**
Increase / Decrease in cash and cash equivalents		**51.9**	**-28.9**
Cash and cash equivalents at the beginning of the year		**120.8**	**150.4**
Foreign exchange rate effect on cash and cash equivalents		**-0.3**	**-0.9**
Increase / Decrease in cash and cash equivalents		**52.1**	**-28.9**
Cash and cash equivalents at the end of the year		**172.4**	**120.5**
Adjustments to operating profit	(A)		
Gains from the sale of fixed assets		1.2	0.9
Depreciation and impairment losses		61.2	76.8
Other non-cash income and expenses		-35.3	-31.5
		26.9	46.2
Change in working capital	(B)		
Change in trade and other receivables		5.0	-47.0
Change in inventories		31.8	-9.7
Change in non-interest-bearing liabilities			2.5
		36.8	-54.2

Consolidated statement of changes in equity, IFRS

EUR million	Equity attributable to the owners of the parent								
	Cooperative capital	Fair value reserve	Other restricted reserves	Invested non-restricted equity reserve	Translation differences	Retained earnings	Total	Non-controlling interests	**Equity, total**
Equity									
1 Jan 2017	174.3	6.1	18.5	0.0	-9.3	451.7	641.3	5.2	646.5
Total comprehensive income		-3.2		4.4	-4.1	2.8	-4.5	-0.9	-5.4
Increase in cooperative capital	-2.3						2.2		2.2
Change of non-controlling interests. which did not result in a change in the controlling interest						2.3	2.3	-2.3	0.0
Interest on cooperative contributions						-10.3	-10.3		-10.3
Other changes			0.0			0.8	0.8		0.8
31 Dec 2017	**172.0**	**2.9**	**18.5**	**4.4**	**-13.4**	**447.3**	**631.7**	**2.0**	**633.7**
Laatimisperiaatteen muutos IFRS 15 [1]						**-0.3**	**-0.3**		**-0.3**
1 Jan 2018	172.0	2.9	18.5	4.4	-13.4	447.0	631.4	2.0	633.4
Total comprehensive income		-5.6			-7.8	50.3	36.9	-1.5	35.4
Increase in cooperative capital	0.0			17.1		-12.8	4.3		4.3
Change of non-controlling interests. which did not result in a change in the controlling interest						0.0	0.0		0.0
Interest on cooperative contributions						-16.6	-16.6		-16.6
Other changes			0.0			4.2	4.2	0.0	4.2
31 Dec 2018	**172.0**	**-2.7**	**18.5**	**21.5**	**-21.2**	**471.1**	**660.3**	**0.4**	**660.7**

[1] he Group has adopted standard IFRS 15 Revenue from Contracts with Customers in line with the cumulative effect method. An adjustment related to discounts has been recognised in the opening balance of retained earnings on the date of the implementation of the standard.

Accounting policies applied to the income statement and balance sheet

This Financial Statements Bulletin has been prepared in compliance with the IAS 34 Interim Financial Reporting standard. The same accounting principles were adhered to in the preparation of the Financial Statements Bulletin as in the 2017 Financial Statements, and, furthermore, the IAS/IFRS standard and interpretation amendments that came into effect in the financial year 2018 were also adhered to. On 1 January 2018, the Group adopted new standards IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers). Overall, the new or amended standards applied during the 2018 financial period did not have any significant impact on consolidated financial statements.

All figures in the tables of the Financial Statements have been rounded off, which is why the total of the individual figures may differ from the sum presented. The key ratios have been calculated with exact values.

This Financial Statements Bulletin is unaudited.

Segment information 31.12.2018

SOK Corporation applies the IFRS 8 standard in its segment reporting. For reporting to top management, SOK Corporation's operations are divided into seven business segments. The segments are based on business areas. In calculating the operational result, valuations in accordance with Finnish accounting legislation are used. In SOK Corporation's management reporting, assets are not allocated or reported on, except for working capital.

Milj. €	Marketkauppa	Matkailu- ja ravitsemiskauppa	Hankinta- ja palvelutoiminta	Kiinteistöliiketoiminta	Pankkitoiminta	Sisäiset eliminoinnit ja muut	Operatiivinen raportointi yhteensä
Revenue	**283.7**	**270.1**	**6 792.0**	**85.1**		**-131.3**	**7 299.7**
Operating result	**-6.3**	**32.6**	**12.0**	**17.8**	**3.9**	**-1.2**	**58.9**
Investments	**2.5**	**12.8**	**42.4**	**55.4**		**0.2**	**113.2**
Divestments	**0.2**	**0.0**	**1.6**	**21.3**		**0.0**	**23.0**
Reconciliation of the revenue							
Management reporting revenue to be reported				7 299.7			
Eliminations				3.8			
Revenue IFRS				7 303.5			
Reconciliation of the result							
Operating result of the segments to be reported				58.9			
Items excluded from the operating result within SOK Corporation:							
Financial income and expenses (FAS)				0.5			
Operational result of the segments to be reported				59.4			
Gains and losses on the sale of property, plant and equipment				-1.4			
Other operating income and expenses				-0.4			
Changes in provisions				0.0			
Valuation gains and losses on derivatives				0.4			
Impairment losses on tangible and intangible assets				-4.4			
IFRS adjustments				1.8			
Profit before taxes for the period IFRS				55.4			
Additional data at SOK Corporation level, external income							
Sales to S-Group				6 335.1			
Other sales in Finland				631.6			
Foreign				333.0			
Revenue, total				7 299.7			
Supermarket Trade				283.7			
Tourism and Hospitality Business				274.0			
Procurement and services Business				6 660.8			
Real estate business				85.1			
Revenue, total				7 303.5			
Additional information at SOK Corporation level, fixed assets							
Finland				410.1			
Foreign				50.1			
Fixed assets, total				460.2			

Segment information 31.12.2017

SOK Corporation applies the IFRS 8 standard in its segment reporting. For reporting to top management, SOK Corporation's operations are divided into seven business segments. The segments are based on business areas. In calculating the operational result, valuations in accordance with Finnish accounting legislation are used. In SOK Corporation's management reporting, assets are not allocated or reported on, except for working capital.

2017 EUR million	Super-market trade	Travel industry and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting, total
Revenue	**355.9**	**269.7**	**6 461.2**	**82.0**		**-109.0**	**7 059.7**
Operating result	**-25.5**	**30.9**	**6.9**	**15.1**	**6.6**	**0.8**	**34.7**
Investoinnit	**1.6**	**8.7**	**32.8**	**14.8**		**0.0**	**57.9**
Realisoinnit	**0.1**	**0.0**	**3.4**	**0.0**		**0.0**	**3.5**
Reconciliation of the revenue							
Management reporting revenue to be reported				7 059.7			
Eliminations				3.8			
Revenue IFRS				7 063.6			
Reconciliation of the result							
Operating result of the segments to be reported				34.7			
Items excluded from the operating result within SOK Corporation:							
Financial income and expenses (FAS))				6.8			
Operational result of the segments to be reported				41.5			
Gains and losses on the sale of property, plant and equipment				-1.5			
Other operating income and expenses *				-14.4			
Changes in provisions *				-11.1			
Valuation gains and losses on derivatives				-0.5			
Impairment losses on tangible and intangible assets				-9.8			
IFRS adjustments				0.8			
Profit before taxes for the period IFRS				5.0			
Additional data at SOK Corporation level, external income							
Sales to S-Group				6 052.7			
Other sales in Finland				601.4			
Foreign				405.7			
Revenue, total				7 059.7			
Supermarket Trade				355.7			
Tourism and Hospitality Business				273.5			
Procurement and services Business				6 352.3			
Real estate business				82.0			
Revenue, totalä				7 063.6			
Additional information at SOK Corporation level, fixed assets							
Finland				411.3			
Foreign				42.7			
Fixed assets, total				454.0			

*Other operating income and expenses and provisions are mainly one off costs of closing down the operations in nearby areas.

Tangible and intangible assets

EUR million	Tangible assets	Investment properties	Intangible assets
Acquisition cost			
Acquisition cost, 1 Jan 2018	649.1	87.1	175.7
From business combinations	28.2	0.0	0.0
Translation differences	-8.7		-0.3
Increases	20.1	0.4	44.9
Decreases	-30.6	0.0	-9.7
Transfers between items	2.8	0.0	-2.8
Acquisition cost, 31 December 2018	**661.0**	**87.5**	**207.8**
Accumulated depreciation			
Accumulated depreciation, 1 Jan 2018	-293.0	-59.6	-105.3
Liiketoimintojen yhdistäminen	-1.7		
Translation differences	4.7		0.3
Accumulated depreciation on deducted and transferred items	22.3	0.0	9.7
Depreciation for the period	-39.7	-3.5	-13.3
Impairment losses	-0.1	-0.2	-16.5
Accumulated depreciation, 31 December 2018	**-307.6**	**-63.3**	**-125.1**
Carrying amount, 1 Jan 2018	**356.0**	**27.5**	**70.4**
Carrying amount, 31 December 2018	**353.4**	**24.1**	**82.7**

30.6.2018 osavuosikatsauksessa myytävänä olevana esitetty kiinteistöyhtiö on 31.12.2018 uudelleen luokiteltu osaksi jatkuvia toimintoja kun myyntiaikeista on luovuttu.

Acquisition cost			
Acquisition cost, 1 Jan 2017	683.0	94.2	184.2
Translation differences	-4.3		-0.2
Increases	31.0	0.0	27.2
Decreases	-52.0	0.0	-31.3
Transfers between items	3.7	0.5	-4.2
Transfer to assets held for sale [1]	-12.3	-7.6	
Acquisition cost, 31 December 2017	**649.1**	**87.1**	**175.7**
Accumulated depreciation			
Accumulated depreciation, 1 Jan 2017	295.5	58.1	-116.9
Translation differences	0.9		0.2
Accumulated depreciation on deducted and transferred items	49.3	-0.2	28.9
Depreciation for the period	-18.8	-3.9	-19.1
Impairment losses [2]	-33.5		1.6
Transfer to assets held for sale [1]	4.5	2.5	
Accumulated depreciation, 31 December 2017	**293.0**	**59.6**	**-105.3**
Carrying amount, 1 Jan 2017	**387.5**	**36.1**	**67.2**
Carrying amount, 31 December 2017	**356.4**	**27.5**	**70.4**

[1] Three real estates are presented in assets held for sale.
[2] Impairments were booked from discontinued operations in Latvia and Lithuania and closing of one Prisma store in Russia.

Related party transactions

Transactions and balances with associated companies and joint ventures:

EUR million	31.12.2018	31.12.2017
Sales	23.6	19.1
Purchases	389.7	369.8
Financial income and expenses	0.6	1.5
Trade and other receivables	1.5	1.9
Loan receivables	20.0	20.0
Trade payables and other liabilities	10.6	9.2

Pledges and contingent liabilities

Contingent liabilities, EUR million	31.12.2018	31.12.2017	Change
Pledges given and contingent liabilities			
Pledges	0.1	0.1	0.0
Mortgages	0.7	0.7	0.0
Guarantees	2.5	2.5	0.0
Total	**3.3**	**3.2**	**0.0**
Security given on behalf of others			
Guarantees for liabilities of joint ventures enterprises	120.1	96.9	15.1
Guarantees for liabilities of cooperative enterprises	0.0	7.4	7.4
Total	**119.4**	**104.3**	**15.1**
Other contingent liabilities			
Guarantees for liabilities of joint ventures enterprises	25.8	20.6	5.3
Total	**25.8**	**20.6**	**5.3**
Other liabilities			
Letter of credit liabilities	0.2	1.3	-1.1
Repurchase liabilities [1)]		30.5	-30.5
Total	**0.0**	**30.5**	**-30.5**

Operating leases

Group as lessee

Minimum lease payments on non-cancellable operating leases:

EUR million	31.12.2018	31.12.2017	Muutos
In one year	144.9	133.9	2.4
In one to five years	569.6	599.6	-19.6
Over five years	790.5	822.9	-24.7
Total	**1 505.0**	**1 556.5**	**-41.9**

[1)] Repurchase liabilities consisted of an obligation to purchase the targets of the property fund which invested in the Prisma stores in St. Petersburg and the Baltic countries, at the amount of the fund's remaining liabilities. SOK's ownership share in the property fund company was 20 per cent.

The guarantees granted consist mainly of the guarantees on behalf of joint venture North European Oil Trade Oy and its subsidiary North European Oil Trade AB on a loan and other liabilities of 85.5 million (EUR 67.4 million 31 Dec 2017) and of the guarantees on behalf of joint venture Kauppakeskus Mylly Oy on a loan of EUR 50.0 million (EUR 50.0 million 31 Dec 2017).

Other financial liabilities:
The Group is obligated to audit valued added tax depreciations it has made on a property investment if the taxable use of the property decreases during the auditing period. The maximum amount of the responsibility is EUR 8.7 million (EUR 8.7 million on 31 Dec 2016).

Other contingent liabilities:
Commitments in accordance with the shareholder agreement to be responsible for the S-Voima Oy commitments and to finance its operations The shareholders are responsible for S-Voima Oy's liabilities in accordance with the Mankala principle. According to this principle, SOK's responsibility for S-Voima's expenses – including loan repayments, interest and depreciation – is determined based on the amount of energy used by the shareholder as concerns electricity sold on the market, proportionate to the series of shares owned by the shareholder as concerns wind and nuclear power (further funding for nuclear power was discontinued in 2012), and based on solar energy plants built for properties managed by the shareholder as concerns solar power.

Additionally SOK has pledged to provide loan funding. SOK has at 30 Jun 2017 the following open commitments: To provide EUR 0.0 million (EUR 50.0 million 31 Dec 2017) shareholder loan and EUR 0.0 million long term loan (EUR 15.3 million 31 Dec 2017) to S-ryhmän logistiikkakeskukset Oy, and to provide EUR 5.0 million (EUR 5.0 million 31 Dec 2017) conditional subordinated loan to North European Oil Trade Oy.

Tunnusluvut

SOK Corporation:	31.12.2018	31.12.2017
Revenue, EUR million	7 303.5	7 063.6
Operating profit, EUR million	60.7	5.9
% of revenue	0.8	0.1
Profit before taxes, EUR million	54.5	5.0
% of revenue	0.7	0.1
SOK Corporation:		
Equity ratio, %	38.4	36.5
Return on equity, %	7.5	0.3
Gearing, %	-0.1	11.8

Calculation of key ratios

Equity ratio, % = $= \frac{\text{Total equity}}{\text{Total assets - advances received}} \times 100\ \%$

Gearing, % $= \frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Total equity}} \times 100\ \%$

Return on equity, % = $= \frac{\text{Profit/loss after financial items - income taxes}}{\text{Equity, average}} \times 100\ \%$