

SOK CORPORATION

FINANCIAL STATEMENTS 1 JAN–31 DEC 2022

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EXECUTIVE BOARD REPORT ON OPERATIONS

Development of the operating environment

At the start of the year, the outlook for the global and Finnish economies seemed quite positive. Finland was well on its way to a recovery from the COVID-19 pandemic, and the national economy was growing. However, the Russian invasion of Ukraine that started in February and the resulting sanctions imposed by the Western countries have caused a global shock that has significantly raised commodity and energy prices. As a result, the inflation rate in Finland began to increase exceptionally strongly, and interest rates also began to increase. This caused a significant weakening of consumers' purchasing power and slowed down economic growth.

According to Statistics Finland, Finnish consumer prices increased by an average of 7.1 percent in 2022, in particular due to the increases in energy and food prices, as well as interest rates. At its highest, inflation was at over nine per cent in late 2022. The price increases are expected to slow down during 2023. The Ministry of Finance's forecast of December 2022 estimates inflation in Finland to be around four per cent in 2023.

According to the Ministry of Finance, Finland's GDP grew by 1.9 per cent in 2022. The development was uneven. After a good early year, the rapidly increasing inflation and rising interest rates stopped economic growth in the second half of the year. According to the Ministry of Finance's forecast, Finland's GDP is expected to fall by 0.2 per cent in 2023. Private consumption is also expected to fall by 0.5 per cent year-over-year.

Consumers' purchasing power also had an effect on the retail trade in Finland. Sales volumes in the second half of the year were clearly lower than in the previous year. Rising production costs have also been reflected in consumer prices, and net sales in retail increased compared with the previous year.

The travel and hospitality business has perked up significantly since the lifting of COVID-19 restrictions in early 2022. The savings and delayed demand from the pandemic have especially increased the demand for services. Good employment rates have also supported consumption. Russia's invasion of Ukraine has significantly decreased the number of international and Asian travellers in particular, but domestic demand has kept the business area healthy despite the increased costs. The weakened purchasing power is expected to have a stronger impact in 2023. The recruitment situation in the travel and hospitality industry has slightly improved, but there are still challenges related to the availability of skilled employees. Service station stores and markets are also seeing labour shortages.

S Group's performance 1 January to 31 December 2022

S Group comprises cooperatives and SOK Corporation along with its subsidiaries. In 2022, S Group's retail sales excluding VAT were EUR 13,465 million, an increase of 9.2 per cent from the previous year.

S Group's retail sales excluding taxes by business area	EUR million	+/- % from previous year
Prisma*	4,325	+3.7
S-market	4,146	+6.4
Sale	746	-0.8
Alepa	428	+2.6
Other supermarket trade	55	-10.2
Supermarket trade total*	**9,699**	**+4.3**
Service station store and fuel sales	2,282	+28.2
Department stores and speciality stores	259	+5.9
Travel industry and hospitality business*	728	+47.4
Automotive trade and accessories	462	-2.9
Others	35	-13.6
S Group total*	**13,465**	**+9.2**

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

At the end of December, S Group had 1,984 outlets (1,909 in December 2021). There were 19 regional and six local cooperatives.

A total of 86,566 new members joined the cooperatives participating in the Bonus system in 2022. There were 2,512,159 co-op members at the end of December. The co-op members were paid a total of EUR 414 million in Bonus rewards.

S Group's investments amounted to EUR 556 million, compared to EUR 786 million in 2021.

S Group's combined non-consolidated result before appropriations and taxes showed a profit of EUR 314 million (302 million).

The cooperatives' combined result before appropriations and taxes showed a profit of EUR 309 million. In the previous year, S Group's result was EUR 314 million. SOK Corporation's result before taxes (IFRS) showed a profit of EUR 5 million. In the previous year, the result was showed a loss of EUR 12 million.

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 monitoring operations and seeing to the interests of S Group and its divisions.

SOK is responsible for S Group's overall strategic management. Its tasks are to provide S Group companies with 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, SOK engages in supermarket trade and travel industry and hospitality business in Estonia through its subsidiaries. During the financial period, SOK has divested its operations in Russia.

SOK Corporation's financial development 1 January – 31 December 2022

SOK Corporation's net sales for 1 January – 31 December 2022 were EUR 8,434.0 million, showing an increase of 8.2 per cent compared to the previous year. Sales increased by EUR 637.4 million.

SOK Corporation's operating profit (IFRS) was EUR 24.8 million (19.7 million). Foreign operations accounted for EUR 3.1 per cent (4.0%) of net sales, or EUR 262.2 million.

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

SOK Corporation	31 Dec 2022	31 Dec 2021	31 Dec 2020
Net sales, EUR million	8,434.0	7,796.6	7,600.4
Operating profit/loss, EUR million	24.8	19.7	-2.6
Operating profit, %	0.3	0.3	0.0
Return on equity, %	-0.1	-3.1	-4.7
Equity ratio, %	21.3	21.2	21.1

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

SOK Corporation's operating 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. The operating result differs from the official IFRS operating result, with the difference being equal to the non-recurring items and IFRS items.

	Net sales EUR million	Change, EUR million	Operating revenue million	Change, EUR million
Supermarket trade	+232.0	-50.3	-12.3	-10.0
Travel industry and hospitality business	+212.5	+88.9	-15.7	+35.2
Procurement and service business	+8,040.4	+614.9	+19.1	+5.1
Real estate business	+78.3	+6.4	+18.4	+1.9
Result from banking			+17.9	+8.1
Internal eliminations and other	-129.3	-22.4	-2.4	-1.8
SOK Corporation, total	**+8,434.0**	**+637.4**	**+24.9**	**+38.6**

*** S-Bank's associated company result is the result after taxes**

Financing

Despite the weaker than normal performance in the last two years and the divestment of the Russian operations, the Group's financing position is stable. Covering the negative cash flow has led to a moderate increase in short-term interest-bearing liabilities. Credit loss risks have not increased, because the main customers primarily consist of regional cooperatives.

SOK Corporation's interest-bearing liabilities amounted to EUR 1,148.1 million at the end of December (1,223.2 million). EUR 1,100.8 million of the interest-bearing liabilities are lease liabilities compliant with IFRS 16 (1,201.6 million). Gearing was 178.6 per cent (191.1%). SOK Corporation's equity ratio was 21.3 per cent (21.2%).

At the end of December, SOK Corporation's liquid assets amounted to EUR 81.3 million (84.8 million). In addition, the Group had EUR 230.0 million in unused long-term committed credit facilities (230.0 million) and EUR 57.0 million in unused overdraft facilities (57.0 million). Back-up credit facilities were not used during the accounting period and there were no breaches concerning their terms.

Investments and divestments

SOK Corporation's non-current asset procurement, or investments in fixed assets, amounted to EUR 80.5 million (126.8 million). The most significant investments were related to information systems and hotel and terminal properties.

Sales of non-current assets amounted to EUR 2.4 million in the review period (3.9 million).

Personnel

SOK Corporation's average number of personnel in full-time equivalents was 5,864 at the end of the period under review, from 1 January to 31 December 2022 (5,648). At the end of December, SOK Corporation had 5,686 (6,038) employees.

34 per cent of the personnel (1,946 employees) worked for SOK and 66 per cent (3,740 employees) for the subsidiaries. At the end of the period under review, 18 per cent of SOK Corporation's personnel (1,009 employees) were working abroad.

Compared with the end of the previous year, SOK Corporation's number of personnel decreased by 352 (–5.8%). The divestment of the Russian operations has had an effect on the amount of personnel especially on the personnel working abroad.

Development of the business areas

Supermarket trade

In early 2022, SOK Corporation's supermarket trade included the business in Estonia and Russia. In March 2022, SOK decided to divest all its business operations in Russia, including OOO Prisma, which comprised 16 units in the Saint Petersburg region. All the Prisma stores in Russia were closed by 31 March 2022. SOK announced the sale of the Russian supermarket trade business in June 2022, and the transaction was finalised on 27 June 2022.

At the end of 2022, SOK Corporation's business in Estonia included 14 Prisma stores, 10 of which operate in Tallinn or its neighbouring region, two in Tartu, one in Narva and one in Rapla. Eight of the Prisma stores belong to the larger hypermarket class and six to the smaller supermarket class. Of the supermarkets, Prisma Maardu and Prisma Rapla were opened in June 2022 and Prisma Roo in September 2022.

In addition to opening new ones, the Narva, Vanalinna and Sikupilli Prisma stores were renovated. After the concept renewal of Prisma Kristiine to be implemented in the spring of 2023, all Prisma stores in Estonia will follow S Group's latest concepts.

During the whole year, the net sales of SOK Corporation's supermarket trade amounted to EUR 232 million. The net sales of the supermarket trade in Estonia grew by 7.9 per cent, but the operating result decreased from the previous year. The retail performance in Estonia was affected by the accelerating inflation and the resulting increase in costs. In particular, the increased cost of energy contributed to higher costs. In 2022, the supermarket trade's investments amounted to EUR 10.6 million. Overall, the year was weaker than expected for the supermarket trade. The investments consisted of furniture and fixtures for the new units and concept renewals for the old ones.

The sales of the supermarket trade in Estonia are expected to continue to grow in 2023. However, the high inflation is expected to have a negative impact on the volume of the supermarket trade early in the year. The increase in costs caused by inflation will particularly affect the supermarket trade in Estonia during the first half of the year.

Travel industry and hospitality business

In early 2022, SOK Corporation's travel industry and hospitality business was conducted by Sokotel Oy in Finland, AS Sokotel in Estonia and OOO Sokotel in Russia. In March 2022, SOK decided to divest all its business operations in Russia. The shutdown of the business operations was started immediately. In June 2022, SOK announced the sale of OOO Sokotel, and the operations were transferred to the buyer as of 29 June 2022.

The demand continued to be at a low level within the travel industry and hospitality business during the first quarter due to the COVID-19 restrictions in January and February. After the restrictions ended, the business began to recover in stages both in Finland and in Estonia. During the first half of the year, business development indices were more positive than in the previous year, which was largely impacted by the lighter COVID-19 restriction measures than in the comparison year. During the summer season, demand developed positively in all market areas, driven by domestic travel and several events that were postponed in the years of the COVID-19 pandemic. In the autumn, demand continued to grow as businesses and consumers began to plan their Christmas parties more actively. Particularly strong development from the previous year could be seen in meeting sales. The availability of workforce has posed challenges throughout the year. Overall, the year was better than expected for both the Finnish and Estonian business entity.

Net sales and operating result of SOK's hotel business improved from the previous year as a result of the increased demand, but the result still showed a loss. The net sales of SOK's hotel business totalled EUR 212.5 million, showing an increase of 72 per cent from the previous year. The operating result was EUR –15.7 million, showing an improvement of EUR 35.2 million from the previous year. The market share is estimated to have remained unchanged overall for the hotel business in Finland and Estonia.

In 2022, investments in the travel industry and hospitality business totalled EUR 12.4 million, with EUR 11.9 million invested in Finland. The investments included the renovations of Original Sokos Hotel Ilves, Solo Sokos Hotel Torni and Solo Sokos Hotel Helsinki, as well as the opening of the new Heymo 1 By Sokos Hotels unit.

Procurement and service business

The procurement and service business comprises 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, and other services provided by SOK Corporation primarily to S Group's units. Net sales generated by other services provided to S Group's units include chain fees and income from administrative services. During the financial period, procurement and service operations were developed in the field of procurement

collaboration with Carrefour and within the new ERP project, for example.

Net sales from the procurement and service business totalled EUR 8,040.4 million (7,425.5 million). Net sales increased by 8.3 per cent from the previous year. The operating result of the procurement and service business was EUR 19.1 million, which was better than in the previous year.

In 2022, investments in the procurement and service business totalled EUR 27.9 million. The investments consisted mainly of information system purchases.

Real estate business

Net sales from the real estate business consist of rental and property service income from properties owned by SOK Corporation. SOK Corporation's property portfolio consists mainly of properties used by S Group. Net sales for the real estate business totalled EUR 78.3 million (72.0 million). The operating result of the real estate business showed a profit. Investments in the real estate business in 2022 totalled EUR 29.6 million. The largest investments were in hotel properties and regional distribution or logistics terminals.

Development of associated companies and joint ventures

Among the associated companies engaging in business operations within SOK Corporation, the most significant is S-Bank Plc, which operates in the banking sector.

S Bank's balance sheet increased to EUR 9.0 billion from EUR 8.5 billion in the previous year. The total funds on deposit grew by 4.9 per cent year-on-year to EUR 8.0 billion at the end of December (7.6 billion). Lending grew by 10.0% and was EUR 6.7 billion at the end of December (6.1 billion). S-Bank Group's capital adequacy ratio was 16.3 per cent (16.3%). At the end of December, S-Bank Group's operating result was EUR 44.7 million (24.8 million).

The IFRS adjusted share of the result for the financial period corresponding to SOK Corporation's shareholding (49.99%) was EUR 17.9 million. S-Bank is owned by SOK and the regional cooperatives.

Net sales of fuel procurement company North European Oil Trade were around EUR 8,768 million during the 2022 financial period. The company's net sales grew from the previous year by nearly 66 per cent, primarily due to the strong increase in the global market prices for oil products.

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 Mylly shopping centre in Raisio and the inter-Nordic purchasing company Coop Trading A/S, among others.

The total impact of SOK Corporation's associated companies and joint ventures on SOK Corporation's result was EUR 30.7 million (14.0 million).

Changes in group structure

OOO Prisma was sold to the Russian X5 Group in June. OOO Sokotel was sold in June and OOO Service Center in July to the Russian investors Alexander Ermakov and Yury Shumakov.

Management and future outlook

Administration and changes in the administration

The chair of SOK's Executive Board (from 1 January 2023) and the CEO of SOK is Hannu Krook. In addition to the CEO, the other members of the Executive Board are Kim Biskop, Managing Director; Juha Kivelä, Managing Director; Veli-Matti Liimatainen, Managing Director; Antti Määttä, Managing Director; Nermin Hairedin, Managing Director; Harri Miettinen, Managing Director; and the new members Antti Heikkinen, Managing Director; and Katri Harra-Salonen, Chief Digital Officer. Olli Vormisto, Managing Director, and Professor Rita Järventie-Thesleff left SOK's Executive Board on 31 December 2022.

In April 2022, Timo Santavuo, Attorney, was elected as the chair of SOK's Supervisory Board; Jarkko Rautaoja, Managing Director, was elected as the first vice-chair; and Tapio Finér, Managing Director, was elected as the second vice-chair.

The auditor for this accounting period is KPMG Oy Ab, Authorised Public Accountants, with APA Jukka Rajala as the principal auditor.

SOK's CEO is assisted by SOK's Corporate Management Team in the management of SOK Corporation and S Group. The Corporate Management Team consists of Arttu Laine, Deputy CEO and Executive Vice President, S Group Chain Management, Procurement and Logistics; Jorma Vehviläinen, Executive Vice President, CFO, SOK Finance and Administration; Hanne Lehtovuori, Executive Vice President, HR; Sebastian Nyström, Executive Vice President, Loyalty, IT & Digital Development; Jari Annala, Executive Vice President, SOK Business; Päivi Anttikoski, Executive Vice President, CMO, Marketing, Communications and Sustainability; Maria Timgren, Executive Vice President, Strategy; and Seppo Kuitunen, Executive Vice President, Legal Affairs.

Near-term risks and uncertainties

S Group implements risk management according to risk management principles approved by SOK's Executive Board and SOK Corporation's risk management policy. Risk management is continuous at S Group, and it is taken into account in the different parts of the management process. SOK Corporation's risk management

policy describes the purpose, objectives, key implementation methods and responsibilities of the Group's risk management. Risks are assessed holistically, considering strategic and operational 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 reviewed annually in the short term (3 years) and long term (10 years) by SOK's Corporate Management Team. SOK's Executive Board processes and confirms S Group's strategic risks and the measures used to control them.

Major changes took place in S Group's operating environment during 2022. Various short-term uncertainties have significantly increased. Russia's invasion of Ukraine, accelerating inflation and the weakening of the general economic situation have also affected S Group's operations in many ways. S Group is actively monitoring and assessing these uncertainties and preparing for and responding to them based on the assessments. In the long term, the greatest drivers of change continue to be globalisation, digitalisation and the polarisation of customer demand.

Ensuring the competitiveness of S Group's grocery trade continues to be essential as the competition intensifies. Possible operational disruptions related to supply chains and business operations, such as challenges related to the availability of energy, require special precautions. Challenges in the availability and retention of workforce affect S Group's all business areas. Digital development and success in it are fundamental to competitive success in all sectors. S Group has several active projects to manage the above-mentioned risk factors. The risks and impacts of system projects are assessed at SOK Corporation already in the investment planning phase by carrying out a risk assessment and a plan for mitigating the risks. If important projects fail or a critical service provider suffers from challenges, these may have an impact through malfunctions or additional costs. Risks are assessed throughout the projects. The balance sheet values of system investments are regularly assessed, and potential write-offs are implemented according to the relevant regulations. In addition, information security is continuously assessed and monitored.

The most significant long-term risks are related to the progress and speed of changes and trends that are essential for S Group, including changes in consumer habits and working life, technological development and the impact of demographic trends and migration on S Group's operations. Responding to these changes and seizing the opportunities successfully are key to securing S Group's future competitiveness.

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

Sustainability risks associated with SOK Corporation's business operations have been identified and analysed by business area. Key sustainability themes and the related risks and opportunities, as well as their significance for the business operations, were identified when preparing the sustainability programme. The risks are reviewed from the perspective of regulation, the 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 loss of biodiversity, as well as their impact on the Group's own operations and on the supply chains. S Group has identified climate risks that, if realised, may have considerable financial effects on the Group's operations. Increasing regulation may require changes of the business operations or lead to additional costs. More frequent extreme weather conditions may influence the availability of products, causing disturbances in logistics and the network of outlets. The sustainability risks are addressed through the targets and measures included in the S Group sustainability programme.

Sustainability

S Group's objective is to lead the way in sustainability in all of its business areas. Work related to sustainability is managed jointly with the business management at the Group level. SOK's sustainability unit is in charge of the Group-level strategic development, management and reporting of sustainability within S Group.

S Group's sustainability work is managed through its "Together we will make a better place to live" sustainability programme, which serves as the framework for S Group's sustainability work until 2030.

S Group's ambitious climate work and emission reductions in own operations is aligned with science-based targets. S Group's climate work is being managed well, as it is currently rated B in the international CDP rating.

Sokos Hotel's customers have been able to offset the carbon footprint of their hotel stay and breakfast since November 2021, and in one year, the emission offsets totalled 21,355 nights of hotel accommodation. Sokos Hotels is the first chain in its sector in Finland to offer a compensation opportunity to its private customers.

S Group is building a new wind farm in Luvia, Eurajoki and investing in Finland's renewable electricity production. During the past decade, S Group has invested EUR 500 million in wind power, and the new wind farm is part of the cooperatives' ongoing long-term investments to

increase renewable energy production. In 2022, approximately 65 per cent of the Group's electricity demand was covered with its own wind power production. Furthermore, approximately two per cent of the electricity demand was fulfilled at the local level with over 100,000 solar panels. When the new wind farm is completed, the amount of electricity produced with the Group's own renewable sources will be equal to the electricity consumption of the entire retail group.

S Group aims to build a network of electric car charging stations covering the whole of Finland between 2021 and 2024. The ABC Charging Network has more than tripled since the end of 2021. At the end of 2022, the network comprised more than 200 stations with a total of more than 1,200 charging points. The stations served thousands of charging customers each day.

To promote biodiversity, S Group is conducting a study of its operations' nature footprint, meaning the adverse effects of its operations on biodiversity. The study is being conducted by the University of Jyväskylä's JYU. Wisdom School of Resource Wisdom.

We are committed to the UN's Global Compact -initiative and support its ten human rights principals, work life principals and activities towards environment and corruption.

S Group and the Finnish Red Cross's joint collection to aid those suffering from the crisis in Ukraine started in the spring of 2022, and thanks to customers' contributions, a total of more than 925,000 euros has so far been collected for the Finnish Red Cross's Disaster Relief Fund. S Group has also donated goods to Ukrainians who have come to Finland, and S Group has also employed some Ukrainians who have come to Finland.

The annual Sustainable Brand Index, the largest such study in Europe, assesses consumers' views of the sustainability of brands. In 2022, consumers viewed S Group as the most sustainable daily consumer goods brand, and Prisma, Sokos Hotels and S Bank were all leaders in sustainability in their own business areas. T-Media's Reputation & Trust study showed S Group as Finland's eighth-most reputable company among the general public, with an increased lead over retail competitors.

The results and objectives of S Group's sustainability work are described in more detail in the annual review and sustainability review, which will be published in March 2023 and is available at www.s-ryhma.fi/en.

Outlook for the current year

The outlook for 2023 is challenging and there is a lot of uncertainty in the air. The general weakening of the economy, rising costs and an unclear outlook for the future all increase the level of caution exercised by consumers and companies. At the end of 2022, China completely reversed its COVID-19 strategy based on lockdowns. As a result, the latest Kraken variant is now spreading very fast in China and outside it, which might cause disruptions in areas such as supply chains in the short term. The lifting of restrictions in China may also have positive effects on the development of the global economy.

Although inflation in 2023 is not expected to stay in the previous year's record highs in Finland, the rising prices and interest rates is still expected to continue, especially in the first half of the year, which will have a negative impact on the purchasing power of consumers. The recession that started in 2022 will continue, and the Finnish GDP is expected to fall slightly in 2023. People's uncertainty of the future is reflected in poor trust in both personal and national economies, which may also decrease consumer demand.

In 2023, SOK Corporation's operating result is expected to improve from the previous year. The amount of operating profit is particularly dependent on general economic developments, the development of inflation and consumers' purchasing power, the recovery of the travel and hospitality business, and the performance of banking operations.

The situation of SOK Corporation's travel and hospitality business has improved, and the outlook for the early year is significantly better than in the previous year. The net sales of hotels are expected to continue to improve as a result of higher average prices and occupancy rates. There are still uncertainties related to international travel. The closure of Russian airspace is still significantly decreasing the number of foreign travellers coming to Finland, particularly travellers from Asia. The impact of inflation on the industry and consumer behaviour will likely be reflected in the service demand. The largest obstacle to sales growth for companies in the service industry is still the shortage of skilled labour, but the labour situation has improved slightly.

Other than the impact of the possible payment term changes planned for the Food Act, no significant changes compared to the previous year are expected for the procurement and service business.

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

SOK's distributable surplus is EUR 579,704,580.41 (the surplus for the financial year is EUR 2,112,898.48). The Executive Board proposes that EUR 40,000.00 be transferred to the Supervisory Board's contingency fund and that EUR 2,072,898.48 be left on the surplus account for the previous financial years.

Helsinki, 9 February 2023

SOK CORPORATION
Executive Board

CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Consolidated income statement, IFRS

EUR million	Note	1 Jan –31 Dec 2022	1 Jan –31 Dec 2021
Revenue	1	8,434.0	7,796.6
Other operating income	2	8.6	4.1
Materials and services		-7,593.2	-7,059.7
Employee benefit expenses	3	-318.9	-282.1
Depreciation and impairment losses	4	-177.4	-181.0
Other operating expenses	5	-348.5	-270.2
Share of results of associated companies and joint ventures (+/-)	14	20.2	12.0
Operating profit (-loss)		**24.8**	**19.7**
Financial income and expenses (+/-)	7	-30.3	-33.7
Share of results of associated companies and joint ventures (+/-)	14	10.4	2.0
Profit before taxes		**4.9**	**-12.1**
Income taxes (+/-)	9	-5.5	-6.6
Result for the financial year		**-0.6**	**-18.6**
Attributable to:			
Owners of the parent		-0.6	-18.6
Share of non-controlling interests		0.0	0.0
		-0.6	**-18.6**

Statement of other comprehensive income

EUR million	Note	1 Jan –31 Dec 2022	1 Jan –31 Dec 2021
Result for the financial year		-0.6	-18.6
Other comprehensive income:			
Items that may be reclassified subsequently to profit			
Exchange differences on translating foreign operations		1.0	2.8
Exchange differences on translating foreign operations, transfer to income statement		5.4	0.0
Exchange differences on loans to foreign subsidiaries classified as net investments		0.0	0.2
Cashflow hedges	9	-2.2	1.9
Comprehensive income items of associated companies and joint ventures		-10.6	-0.2
Other comprehensive income for the financial year, net of tax		-6.4	4.8
Total comprehensive income for the financial year		**-6.9**	**-13.9**
Total comprehensive income for the financial year attributable to:			
Owners of the parent		-6.9	-13.9
Share of non-controlling interests		0.0	0.0
		-6.9	**-13.9**

Consolidated statement of financial position, IFRS

EUR million	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Property, plant and equipment	10	1,279.1	1,403.4
Investment properties	11	26.0	27.1
Intangible assets	12	99.9	96.8
Interests in associated companies and joint ventures	14	304.9	287.8
Non-current financial assets	15	43.0	43.2
Deferred tax assets	16	25.1	30.9
Non-current assets, total		**1,778.0**	**1,889.2**
Current assets			
Inventories	17	252.1	210.2
Trade receivables and other current non-interest-bearing receivables	18	689.0	646.0
Current interest-bearing receivables	19	0.0	0.0
Cash and cash equivalents	20	78.2	84.8
Current assets, total		**1,019.4**	**941.0**
Assets of non-current assets held for sale		**21.6**	
Assets, total		**2,818.9**	**2,830.2**
EQUITY AND LIABILITIES			
Equity			
Cooperative capital	21	172.0	172.0
Restricted reserves	21	4.5	17.3
Invested non-restricted equity reserve	21	45.0	36.4
Retained earnings		375.1	369.3
Equity attributable to the the owners of the parent		**596.6**	**595.0**
Non-controlling interests		**0.9**	**0.8**
Equity, total		**597.5**	**595.8**
Non-current liabilities			
Non-current interest-bearing liabilities	22	984.3	1,073.4
Non-current non-interest-bearing liabilities	23	13.4	31.3
Provisions	24	4.7	5.9
Deferred tax liabilities	16	5.4	6.9
Non-current liabilities, total		**1,007.8**	**1,117.5**
Current liabilities			
Current interest-bearing liabilities	22	163.8	149.8
Current non-interest-bearing liabilities	23	219.3	198.4
Trade payables	23	823.4	767.6
Provisions	24	1.3	0.7
Tax liabilities for the financial year		0.7	0.4
Current liabilities, total		**1,208.5**	**1,117.0**
Liabilities of non-current assets held for sale		**5.1**	
Equity and liabilities, total		**2,818.9**	**2,830.2**

Consolidated statement of cash flows, IFRS

EUR million	Note / Reference	1 Jan –31 Dec 2022	1 Jan –31 Dec 2021
BUSINESS OPERATIONS			
Operating profit (-loss)		24.8	19.7
Adjustments to operating profit (-loss)	(A)	176.6	163.8
Change in working capital	(B)	-11.4	25.7
Cash flow from business operations before financing and taxes		**190.0**	**209.2**
Increase (-) / decrease (+) in current receivables	18	0.4	-0.1
Interest paid and other financial expenses	7	-0.5	-0.4
Interest received and other financial income	7	0.2	0.1
Income taxes paid	9	-1.4	-8.4
Cash flow from business operations		**188.8**	**200.4**
INVESTMENTS			
Divested shares in subsidiaries net of cash held by subsidiary		0.5	0.2
Investments in shares	14, 15	-1.4	-63.5
Investments in tangible assets	10	-54.8	-51.5
Investments in intangible assets	12	-24.3	-11.8
Sale of other fixed assets	10, 12	1.9	3.7
Dividends received from investments	7	6.3	1.3
Cash flow from investing activities		**-71.9**	**-121.6**
FINANCING			
Increase (+) / decrease (-) in short-term liabilities	22	25.8	6.5
Payments of lease liabilities		-155.0	-166.0
Interest paid	7	-3.8	-5.6
Interest received	7	4.0	0.8
Other changes in equity	21	8.6	3.5
Cash flow from financing		**-120.4**	**-160.8**
Increase / Decrease in cash and cash equivalents		**-3.5**	**-82.0**
Cash and cash equivalents at the beginning of the year	20	**84.8**	**166.8**
Increase / Decrease in cash and cash equivalents		**-3.5**	**-82.0**
Cash and cash equivalents at the end of the year	20	**81.3**	**84.8**
Adjustments to operating profit (-loss)	(A)		
Gains from the sale of fixed assets		23.0	-0.2
Depreciation and impairment losses		177.4	181.0
Other non-cash income and expenses		-23.8	-16.9
		176.6	**163.8**
Change in working capital	(B)		
Change in trade and other receivables		-36.2	-22.5
Change in inventories		-41.9	-0.4
Change in non-interest-bearing liabilities		66.8	48.6
		-11.4	**25.7**

The loan period of short term loans is less than 3 months.

Consolidated statement of changes in equity, IFRS

	Equity attributable to the owners of the parent								
EUR million	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 2021	172.0	-3.0	18.5	32.9	-23.0	413.6	611.0	0.8	611.8
Total comprehensive income		1.7			2.8	-18.6	-14.1	0.0	-14.1
Interest on cooperative contributions							0.0	0.0	0.0
Costs of implementing cloud services						-4.4	-4.4	0.0	-4.4
Other changes			0.0	3.5		-1.1	2.4	0.0	2.4
31 Dec 2021	**172.0**	**-1.2**	**18.5**	**36.4**	**-20.2**	**389.5**	**595.0**	**0.8**	**595.8**
1 Jan 2022	172.0	-1.2	18.5	36.4	-20.2	389.5	595.0	0.8	595.8
Total comprehensive income		-12.8			6.4	-0.6	-6.9		-6.9
Interest on cooperative contributions							0.0		0.0
Costs of implementing cloud services							0.0		0.0
Other changes			0.0	8.5		0.0	8.5	0.1	8.6
31 Dec 2022	**172.0**	**-14.0**	**18.5**	**45.0**	**-13.8**	**388.9**	**596.6**	**0.9**	**597.5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basic information

According to SOK's rules, the SOK Group is called SOK Corporation. SOK Corporation consists of Suomen Osuuskauppojen Keskuskunta (SOK) and its subsidiaries. SOK's domicile is Helsinki and its registered office address is Fleminginkatu 34, FI-00510 Helsinki, Finland.

SOK's objective is to create competitive advantages for S Group's business operations. SOK carries out this objective by developing and guiding S Group's strategies, value chain and chain operations together with the cooperatives. SOK meets S Group's needs by providing shared services that increase competitive advantages and by carrying out business operations in Finland and nearby regions that provide synergy and financial added value to S Group while growing profitably.

A copy of the consolidated financial statements is available at the web address www.s-ryhma.fi/en

Accounting policies applied to the consolidated financial statements

Accounting policy basis

The consolidated financial statements have been drafted in accordance with the International Financial Reporting Standards (IFRS), which are approved for use in the European Union, and following the IAS and IFRS standards and the SIC and IFRIC interpretations valid on 31 December 2022. International Financial Reporting Standards refer to the standards and their interpretations approved for application in the EU in accordance with the procedure stipulated in EU regulation No 1606/2002 and embodied in the Finnish Accounting Act and statutes enacted under it.

The financial statement data is presented in millions of euros, and the data is based on original acquisition costs unless otherwise specified. SOK's financial period is the calendar year. The figures in parentheses refer to the corresponding period in 2021, unless otherwise stated.

All the presented figures are rounded, which is why some total sums of the individual figures may deviate from the totals presented. The key figures have been calculated using exact values.

Operating environment

The Russian invasion of Ukraine that started in February and the resulting sanctions imposed by the Western countries have caused a global shock that has significantly raised commodity and energy prices. As a result, the inflation rate in Finland began to increase exceptionally strongly, and interest rates also began to increase. This caused a significant weakening of consumers' purchasing power and slowed down economic growth. Possible operational disruptions related to supply chains and business operations, such as challenges related to the availability of energy, require special precautions. As part of the group, SOK Corporation is actively monitoring and assessing the aforementioned uncertainties, preparing for and responding to them based on the assessments.

Key environmental risks are related to climate change and deteriorating biodiversity, as well as their impact on the Group's own operations and on the supply chains. S Group has identified climate risks that, if realised, may have considerable financial effects on the Group's operations. Increasing regulation may require changes of the business operations or lead to additional costs. More frequent extreme weather conditions may influence the availability of products, causing disturbances in logistics and the network of outlets. The sustainability risks are addressed through the targets and measures included in the S Group sustainability programme.

S Group's climate work is committed to science-based ambitious emission reduction targets in its own operations. The plan is to reduce emissions by 90% of the level of 2015 by 2030 and make the Group's own operations carbon negative by the end of 2025. S Group's climate work is being managed well, as it is currently rated B in the international CDP rating.

New and amended standards and interpretations adopted in the 2022 financial period

The IAS/IFRS standard and interpretation amendments applied during the 2022 financial period did not have any significant impact on the consolidated financial statements. SOK has not applied any new or amended standard before the date of its entry into effect.

Use of estimates

The preparation of the financial statements in compliance with the IFRS calls for making estimates and for

judgement in applying accounting policies. The estimates are based on the management's best judgement on the date of the financial statements, but it is possible that the actual outcome will differ from the estimates made. Any changes to the estimates and assumptions are recorded for the financial period during which the estimate or assumption is corrected.

The factors of uncertainty regarding essential assumptions and estimates for the future that may cause a risk of the carrying value of assets or liabilities changing significantly within the next financial period are related to the measuring of fair value, impairment tests, deferred tax assets and provisions of level three financial instruments.

For significant business arrangements, the Group will use an external advisor for the evaluation of the fair value of tangible and intangible assets, and for the purpose of these valuations, comparisons have been made regarding the market prices of equivalent assets.

Estimates are also used in impairment testing in which the recoverable monetary amount from the operations of the business entity being tested is based on value in use calculations or on the fair value less expenses incurred by sales.

The assumptions and essential uncertainty factors related to the evaluation of the fair value of financial instruments are described further in note 26. Fair values of financial assets and liabilities. The presenting of lease agreements is described in particular in notes 10. Property, plant and equipment and 22. Interest-bearing liabilities. Deferred taxes and provisions are described in further detail in notes 16. Deferred taxes and 24. Provisions.

Consolidation policies

The consolidated financial statements include the parent cooperative society and all subsidiaries where the parent cooperative society has control. Control is defined as the Group having the right to make orders regarding the company's finances and operational principles to benefit from its operations. During the financial period, there were subsidiaries in Finland, Estonia and Russia. The supermarket trade and the travel and hospitality business in Russia were divested during the 2022 financial period.

Acquired subsidiaries are included in the financial statements with an acquisition method whereby the separately identifiable assets and liabilities of the acquired company are valued at their fair value at the time of acquisition. The goodwill is recorded as the amount of the total of the consideration paid, shares of non-controlling interests in the acquired company and the previously owned share that exceeds the fair value of the net assets acquired. The costs related to the acquisition, excluding costs of external capital, are recognised as expenses.

Joint ventures where the Group has joint control and associated companies where the Group's ownership of the number of votes is 20–50 per cent and where the Group has significant influence, but not control, have been combined using the equity method. A share equivalent to the Group's ownership of the changes recognised in joint ventures' and associated companies' other items of comprehensive income has been recognised in the Group's other items of comprehensive income. If the Group's share of the losses of a joint venture or associated company exceeds the carrying value of investment, the investment is recognised in the balance sheet with zero value, and no excess losses are recognised unless the Group has obligations related to the joint ventures or associated companies. The result share of a joint venture or associated company acquired for investment purposes is presented below the operating profit. Conversely, the result of joint ventures and associated companies serving the Group's actual business operations are presented before the operating profit.

Companies acquired or established during the financial year are combined in the consolidated financial statements starting from the date of acquisition or establishment. Sold subsidiaries, joint ventures and associated companies are combined in the consolidated financial statements until the date when the control, joint control or significant influence ends. Changes of ownership in a subsidiary company that do not lead to a loss of controlling interest are treated as transactions concerning the shareholders' equity.

The Group's internal business transactions, receivables, liabilities, non-realised profit margins and internal profit distribution have been eliminated from the consolidated financial statements. The profit or loss and the total comprehensive income for the financial period are distributed to the parent company's owners and non-controlling interests. Non-controlling interests are initially valued at their proportional share of the separately identifiable net assets of the acquired entity at the time of acquisition. Non-controlling interest is presented as its own item in the Group's equity.

Joint-stock real estate companies are combined (for the assets and liabilities that a shareholder is liable for) as a joint function by share of ownership for each item.

Net sales and result policies

SOK Corporation's net sales consists of the cooperative societies' invoicing related to goods procurement, SOK's centrally-produced shared services and the retail trade of SOK's subsidiaries. The sales to the cooperative societies are carried out through invoicing. The retail trade primarily consists of cash and credit card sales. Typical customer agreements concerning the sales of products form one performance obligation.

Sales gains are recognised at an amount to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. Sales gains are recognised as revenue when the customer obtains control over the goods or service. The customer obtains control when they can direct the use of the goods or

service and obtain the benefit associated with the use. SOK Corporation's net sales are primarily generated by through the sale of goods, where the performance obligations are clearly identifiable from customer agreements and orders. The sale of goods is recognised as revenue at a point in time when the control of the products is transferred to the customer in accordance with the delivery terms and conditions. The sales of services are primarily recognised as revenue at the as the service is provided.

The transaction price includes considerations that change often, such as volume and cash discounts and marketing support. The changing considerations are measured by using the method of the most probable value unless they have not been realised yet at the end of the reporting period. Sales gains adjusted by indirect taxes and foreign exchange differences from currency-denominated sales are presented as net sales.

Subsidies

Subsidies received from the state or other parties are recognised in the profit and loss account when the costs related to the subject of the subsidy are recognised as expenses. Subsidies related to the acquisition of tangible and intangible assets are deducted from the carrying value of the assets in question. These subsidies are recognised within the economic life of the asset.

Other income from business operations

Items presented as other income from business operations consist of income not related to sales from the actual business operations, such as the sales income from fixed assets, income from the divestment of business operations, income from damages and received subsidies and benefits that were not granted for financing a specific investment or participating in a specific expense.

Employee benefits

Pension plans are categorised as defined-benefit and defined-contribution plans. Defined-contribution plans involve fixed payments to separate companies without a legal or constructive obligation to provide additional payments if the recipient of the payments cannot pay the pension benefits in question. All plans that do not correspond to this definition are categorised as defined-benefit plans.

Payments to contribution-based plans are recognised as expenses in the profit and loss account of the financial period they are allocated to. Costs arising from defined-benefit pension plans are recognised as expenses for the persons' time in employment, based on calculations made by qualified actuaries. Liabilities or receivables following from defined-benefit plans are recognised in the balance sheet at the liability's present value less the fair value of the pension plans on the closing date. Items related to re-determining the net liability of the benefit plan are recognised in other comprehensive income items for the financial period when they are generated. SOK Corporation did not have defined-benefit pension plans in the 2022 financial year.

Expenses based on prior work performance are recognised as expenses through profit or loss in the earliest of the following: when the plan was changed or reduced, or when the related restructuring expenses are recognised, or when the benefits related to the termination of an employment relationship are recognised. Based on the duration of their employment relationships, personnel accumulate seniority and age benefits. A seniority and age provision is recognised in the seniority and age benefit.

Operating profit

According to SOK's view, the operating profit is a significant subtotal. The operating profit is not defined in the IFRS standards, so SOK has defined it as follows:

The operating profit consists of net sales and other operating income after the deduction of the financial period's material, equipment and asset purchases, external services, employee benefit expenses, depreciation and amortisation expenses, potential impairment of tangible and intangible assets, and other operating expenses, and after the addition or deduction of the result of joint ventures and associated companies serving the Group's actual business operations. All items of the profit and loss account not listed above are presented below the operating profit.

Currency exchange rate differences and changes to the fair value of derivatives are included in operating profit if they are from items related to business operations; otherwise, such items are recognised as financial income and expenses.

Income taxes

The profit and loss account's income taxes include taxes calculated on the basis of the taxable profit of the financial period, corrections to the taxes of the previous financial periods and the changes in deferred taxes. However, the tax effect of items recognised directly in equity or comprehensive income is recorded in the respective items. The period's income taxes are calculated with the tax basis valid on the date of the financial statements for each country.

Deferred tax liabilities and assets are calculated based on the temporary differences between the accounting and taxation. Deferred taxes have not been calculated for goodwill in such cases where the goodwill is not tax-deductible. The most significant temporary differences are due to the differences between the carrying values and taxation values of tangible fixed assets and investment properties (lease agreements, depreciation difference, the Group's internal profit margins and sales gains), fair value valuations and unused taxable losses. The undistributed profit assets of foreign subsidiaries are not recognised as deferred tax liabilities if the profit distribution is unlikely in the foreseeable future. Deferred taxes

are calculated with the tax basis valid on the date of the financial statements or, if the tax basis changes, with the tax basis that is approved in practice by the end of the reporting period.

The consolidated balance sheet includes the aforementioned foreign subsidiaries' undistributed profit assets, excluding deferred tax liabilities in full, deferred tax assets to the extent that is likely to be able to be utilised for future taxable income. The recognition criteria are assessed on the last day of each reporting period.

Goodwill and other intangible assets

The goodwill from combining businesses consists of the difference of the compensation paid at fair value and the identifiable acquired net assets at fair value at the time of acquisition. No depreciations are recognised for the goodwill values, and they are instead tested annually for impairment. The goodwill is allocated to the units generating cash flow. The goodwill of joint ventures and associated companies is included in the acquisition expenses of the investment.

Other intangible assets include software licences and copyrights. Other intangible assets are valued at the original acquisition cost and depreciated on a straight-line basis over their financial period of effect. Other than goodwill, SOK Corporation has no intangible assets with an unlimited economic life.

Depreciation periods of other intangible assets:	**Years**
Software licences	3–5
Other intangible assets	3–10

Tangible fixed assets

Tangible fixed assets are valued on the basis of the accumulated depreciation and possible impairments deducted from the original acquisition cost.

Tangible fixed assets are depreciated on a straight-line basis based on their estimated useful lives. No depreciations are made for land areas.

Depreciation periods of tangible fixed assets:	**Years**
Buildings	15–35
Light structures and building equipment	5–15
Office and storage equipment	5–10
Storage, maintenance and processing machines	5–10
Restaurant and hotel equipment	3–10
Retail store equipment	3–7
Motor vehicles and servers	3–5
Modernisation costs of premises	3–10

The depreciations of tangible fixed assets are concluded when the tangible fixed asset is classified as an asset held for sale. The divestment and decommissioning gains or losses from tangible fixed assets are recognised in other income or losses from business operations.

Impairment

The carrying values of intangible or tangible fixed assets are evaluated annually to determine any indications of impairment. If indications of impairment are found, the asset's recoverable value is determined. The recoverable value is also evaluated annually for the following assets regardless of any indications of impairment: goodwill, finite intangible assets and intangible assets with an unlimited economic life. An impairment loss is recognised if the balance sheet value of the asset or unit generating cash flow exceeds its recoverable value. The impairment loss is recognised in the profit and loss statement.

The impairment loss of a unit generating cash flow is allocated first to reduce the goodwill allocated to the unit generating cash flow and then equally to reduce the unit's other assets.

The recoverable amount is determined as the higher of either fair value, less costs to sell or value in use. When determining the value in use, estimated future cash flows are discounted against the current value based on the discount rates reflecting the average fixed-capital costs before taxes of the unit generating cash flow.

A previously recognised impairment loss is cancelled if there are changes to the values used to determine the recoverable value. An impairment loss may be cancelled up to the amount that would have been determined as the carrying value of the asset less impairments if impairments had not been recognised for it in the previous years. Impairment losses for goodwill will not be cancelled. The impairment testing of goodwill is described in further detail in note 13. Impairment testing of goodwill.

Lease agreements

The Group as the lessee:

A lease is an agreement or a part of an agreement giving the right to use an identifiable asset during a defined period of time in exchange for a defined consideration, thereby giving the right to control the use of the asset for a fixed term.

Lease agreements are entered in the balance sheet in compliance with IFRS 16, Leases, as a right-of-use asset and as a corresponding lease liability. Fair value or a lower present value of future lease payments is recognised at the start of the lease period in the tangible fixed assets or investment properties in the balance sheet (more information on investment properties below) and any obligations resulting from the agreement in interest-bearing liabilities. Payable lease payments are distributed into interest expenses and repayment of the lease liability. Interest expenses are recognised in the profit and loss statement during the lease period such that the remaining liability maintains an equal interest rate percentage. Assets acquired through a lease agreement are subject to depreciations and possible impairment losses. Depreciations are recognised over the depreciation periods of the Group's fixed assets, or over the lease period, if shorter.

The Group does not separate service contract components from actual lease agreement components. A lease agreement component and the related service contract component are treated as a single lease agreement component.

Lease agreements with a term of 12 months or less or lease agreements of low value are not entered in the balance sheet.

When calculating the present value of leases, the discount rate primarily applied is the interest rate implicit in the lease agreement or the lessee's incremental borrowing rate, which describes the interest rate the lessee would pay if borrowing the funds needed for purchasing the asset at the date of the lease agreement with similar securities.

The balance sheet values of right-of-use assets are regularly assessed, and potential write-offs are implemented according to the relevant regulations.

Options for continuation are not taken into account unless a binding decision has been made regarding them. The basic principle is that exercising the option for continuing the lease is not considered probable before the Board of Directors has approved proposal of the business line to continue the agreement. The options for continuation will therefore be taken into account when a binding decision regarding them has been made by the Board of Directors or another decision-making body.

The Group as the lessor:
As the lessor, SOK Corporation classifies agreements as either financial leases or operating leases according to whether the risks and rewards incidental to the ownership of the asset subject to the agreement have been substantially transferred. For financial leases, the lessor recognises a receivable corresponding to its net investment in the lease and equal to the total current value of lease payments to be received and unguaranteed residual value. If the lease is classified as an operating lease, the lessor recognises the object on its balance sheet. Lease agreements in which SOK Corporation is the lessor have been classified as operating leases.

Investment properties

Investment properties are properties used by business operations outside the Group that the Group owns primarily to produce rental income and/or an increase in the property's value. Investment properties are valued at the acquisition price less the accumulated depreciation and any impairments on the basis of the same policies as properties recognised as tangible fixed assets.

The fair value of investment properties is determined through both a market-value based valuation carried out by an external property valuer and self-valuation of the yield value of the property. Rental income from investment properties is recognised in net sales.

Inventories

Inventories are valued at the acquisition cost or the net realisable value, if lower. The acquisition cost is determined using the FIFO or weighted average cost method, and it includes all direct costs resulting from the acquisition. The net realisable value is the estimated sales price in normal business operations, less any estimated costs incurred in completing the product and the estimated necessary costs for concluding the sale.

Financial assets and liabilities

Financial assets are included in the following balance sheet items: non-current financial assets, sales receivables and other current non-interest-bearing receivables, current interest-bearing receivables, short-term investments and cash assets.

Non-current financial assets consist of shares, capital loan receivables, other non-current loan receivables and non-current sales receivables. Sales receivables and other current non-interest-bearing receivables recognised as financial assets include sales receivables, derivative receivables and accrued income in the financial items. Current interest-bearing receivables consist of money market investments and other current receivables. Cash assets consist of cash and highly liquid receivables from credit institutions.

Financial liabilities are included in the following items: non-current interest-bearing liabilities, non-current non-interest-bearing liabilities, current interest-bearing liabilities, current non-interest-bearing liabilities and trade payables.

Non-current interest-bearing liabilities consist entirely of lease agreement liabilities. Non-interest-bearing liabilities recognised as financial liabilities include the funds invested by regional cooperatives in SOK Corporation's cash counting services and non-current trade payables. Current interest-bearing liabilities consist of current lease agreement liabilities and other current liabilities. Current non-interest-bearing liabilities recognised as financial liabilities include derivative liabilities and accrued costs related to the financial items.

SOK Corporation recognises financial assets and liabilities on the balance sheet, using the settlement date basis. Financial assets and liabilities that are not later measured at fair value with profit impact are measured at their original fair value with direct acquisition costs included.

Financial assets are classified at amortised cost, fair value through items of other comprehensive income or fair value to be measured later through profit and loss. Financial liabilities are classified at amortised cost by means of the effective interest method to be measured later or at fair value to the measured through profit and loss.

Derivative contracts to which hedge accounting is not applied as well as shares and participations are classified as financial assets or liabilities measured at fair value through profit and loss. Financial assets and liabilities measured at fair value with profit impact are measured at fair value on the date of the financial statements. The change in fair value is recorded in the profit and loss statement, so the income or costs for the financial period is recorded as the difference between the value of the financial instruments measured at fair value on the date of the financial statements and the carrying value of the previous financial statements. If a financial instrument measured at fair value was acquired during the financial period, the income or costs of the financial period is recorded as the difference between the value of the financial instrument on the date of the financial statements and the acquisition cost. The fair value of publicly traded investments is defined on the basis of their market values. Investments that are not publicly quoted are measured at acquisition cost if their fair values cannot be reliably determined.

The changes in the fair value of derivative contracts have been recognised through profit or loss, with the exception of hedge accounting. The realised and non-realised profits and losses of derivative contracts concluded to protect purchases and trade payables are recognised as purchases. Realised and non-realised gains and losses of other derivatives measured at fair value through profit or loss are recognised in financial income and financial expenses, respectively.

Financial assets held in order to collect cash flows and sales gains based on agreement are classified as financial assets measured at fair value through items of other comprehensive income. In addition, the cash flows of the aforementioned agreements are only payments of interest on the capital and the remaining capital amount. The change in fair value is recognised through other comprehensive income in the fair value reserve of equity. When a financial instrument is sold, the accrued change in fair value is recognised in equity as a reclassification for the result with the accrued interest and sales gains or losses. The financial statements do not include other financial assets measured at fair value through other items of comprehensive income.

Financial assets that are held in order to collect cash flows based on agreement and the cash flows of which are only payments of interest on the capital and the remaining capital amount are classified as financial assets measured at amortised cost. The transaction costs of financial assets measured at amortised cost are included in the amortised cost calculated by means of the effective interest method and amortised through profit and loss over the exercise period of the receivable. After the original recognition, the agreements are measured at amortised cost by means of the effective interest method.

All financial liabilities, with the exception of derivative liabilities, are classified for measurement at amortised cost by means of the effective interest method. Items to be measured at amortised cost are entered on the balance sheet at their nominal value when the fair value of the balance sheet date equals the nominal value. If the capital received for the liability is less or more than the nominal value of the liability, the liability is recorded in the amount received for it. The difference between the nominal value and acquisition cost of the liability recognised as income or costs for the financial period is allocated and recognised as an addition or deduction to the acquisition cost of the liability. The difference between the nominal value and acquisition cost, a liability-related remuneration cost or other cost that is part of the liability-related interest expenses is allocated over the exercise period of the liability by means of the effective interest method.

The fair value of a financial instrument is determined based on the publicly listed prices on the active market, or by means of valuation methods commonly accepted in the market. The fair values of interest rate swaps have been determined by discounting future cash flows to the present by using the market rates of the balance sheet date. The fair values of currency forwards have been determined by measuring the forward contracts at the forward rate of the balance sheet date. Financial assets and liabilities measured at fair value have been measured using average rates.

Impairment of financial assets

A deductible item concerning losses is recognised for expected credit losses on guarantee contracts and financial assets that are measured at amortised cost or at fair value through items of other comprehensive income. The recognition is performed through profit and loss for financial assets and guarantee contracts to be measured at amortised cost. A deductible item concerning losses from the financial assets to be measured at fair value through items of other comprehensive income is recognised in items of other comprehensive income without deducting the book value of the financial asset item.

If the credit risk related to the financial instrument has not considerably increased after the original recognition, the deductible item is calculated for 12 months, corresponding to the expected credit losses. The factors describing the credit loss risk of the remaining exercise period were used for calculating the deductible item of financial assets of less than 12 months' duration. If the credit risk related to the financial instrument in question has considerably increased after the original recognition, the deductible item to be recognised is an amount that corresponds to the expected credit losses for the entire agreement validity period. If it is observed on a reporting date to be reviewed later that the credit risk has no longer increased compared to the original situation, the deductible item will, going forward, be recognised for 12 months, corresponding to the expected credit losses.

Currency-denominated items

The consolidated financial statements are presented in euros, which is the operating and presentation currency of the Group's parent cooperative society.

Transactions in foreign currencies are recorded in euros based on the transaction date's exchange rate. At the end of the financial period, any open foreign currency-denominated monetary items have been converted to euros based on the exchange rate listed by the European Central Bank on the last day of the financial period, and the exchange rate differences have been recognised with profit impact. Non-monetary items have been valued based on the transaction date's exchange rate.

As the ECB has suspended the quotation of the exchange rate of the Russian rouble in euro for the time being, the exchange rate quoted by the ECB on 1 March 2022 was exceptionally used for the recording of all transactions in roubles from 2 March 2022 to 25 April 2022. From 26 April 2022 onwards, the EUR/RUB WM exchange rate quoted by Refinitiv has been used.

Exchange rate differences resulting from the valuation of sales receivables are recognised in net sales, and exchange rate differences resulting from the valuation of trade payables are recognised as expenses above operating profit. Exchange rate gains and losses for other balance sheet receivables are recognised in financial income and, similarly, such gains and losses for other payables are recognised in financial expenses.

Figures concerning the results and financial position of the Group's foreign companies are originally handled in the respective operating environment's currency.

The profit and loss statements of foreign subsidiaries have been converted to euros based on the average exchange rate of the financial period, while the balance sheets have been converted based on the exchange rate of the date of the financial statements. Any exchange rate difference resulting from the conversion of profit and loss statement items and other items of comprehensive income based on the average exchange rate or the conversion of balance sheet items based on the exchange rate of the date of the financial statements, or any translation difference resulting from exchange rate changes for the elimination of subsidiaries' acquisition costs and equity has been recognised as its own item in other items of comprehensive income. When a foreign subsidiary, associated company or joint venture is sold, the accrued translation difference is recognised with profit impact as part of sales gains or losses.

Hedge accounting

The Group applies hedge accounting according to the IFRS to some of the currency derivatives used for hedging the Group's goods purchases. In these, only the exchange rate risk is being hedged. The hedge accounting model used is cash flow hedging.

The Group has derivative contracts outside of hedge accounting which, according to the Group's financial policy, are effective financial hedging instruments, but hedge accounting under IFRS 9 is not applied to them.

Payable equity interest and dividends

The equity interest and dividends paid by the Group are recognised as equity deductions for the financial period where the owners approved the equity interest or dividend to be paid.

Cooperative capital

Cooperative capital consists of the total amount of co-op contributions from the cooperative societies to Suomen Osuuskauppojen Keskuskunta. The number of cooperative society shares is determined by the number of members and annual purchases of each cooperative society.

Reservations

A reservation is recognised when the Group has a legal or constructive obligation resulting from a prior transaction, the payment obligation is likely to materialise and the amount of the obligation can be reliably estimated. Compensation related to the obligation paid by a third party is recognised in the balance sheet as a receivable when it can be considered certain. The reservation amounts are evaluated on each financial statement date and amended to reflect the best estimate at the time of review.

Reservations may be related to matters such as underutilised premises, guarantee reservations and the reorganisation of operations.

Assets held for sale and discontinued operations

Assets under a phase-out plan and groups of assets where the recoverable amount consists primarily of the sale of the asset and not its continued use are classified as assets held for sale. An asset or group of assets classified as held for sale is measured at carrying value or fair value, if lower, less any expenses resulting from selling the asset, and the depreciation of such assets is discontinued. Assets held for sale and liabilities related to them are presented in the balance sheet as separate from the assets and liabilities of continuing operations starting from the date when they have been classified as held for sale. The reference year's data will not be reclassified.

A discontinued operation is a separate and significant business operation that has been divested (or permanently decommissioned) or it has been classified as held for sale. The result of discontinued operations will be presented on its own line on the profit and loss statement after the result of continuing operations. The reference year's profit and loss statement data will also be corrected in the same way.

Standards and interpretations published by the IASB taking effect later

The preliminary assessment is that the standards and interpretations published by the IASB taking effect later are not relevant for the Group.

Assets held for sale

SOK has decided to divest all its business operations in Russia. The real estate companies in Russia OOO Otel plus, OOO Itis 2 and OOO Karelia are classified as assets held for sale. Statements related to the sale of the real estate companies are ongoing. The real estate companies assets are valued at book value, which according to our best estimate at the moment corresponds to the market value of the assets. The companies in question are included in the real estate business segment.

The effect of sale on the Group's financial position **EUR million**	**2022**	**2021**
Tangible assets	18.5	
Trade receivables and other current non-interest-bearing receivables	0.0	
Cash and cash equivalents	3.1	
Deferred tax liabilities	-0.2	
Current interest-bearing liabilities	-0.3	
Current non-interest-bearing liabilities	-4.7	
Assets and liabilities, total	**16.4**	
Net cash disposed of with the discontinued operation	3.1	
Cash flow effect	**3.1**	

1. Segment information

For reporting to top management, SOK Corporation's operations are divided into five business segments. The segments are based on business areas.

SOK Corporation's segments to be reported are

Supermarket trade

SOK Corporation carries on supermarket trade in Estonia and Russia via its subsidiaries. AS Prisma Peremarket has eight Prismas in Tallinn, one in Narva and two in Tartu. OOO Prisma had sixteen Prismas in St. Petersburg. The operations in Russia were divested in June 2022.

Travel industry and hospitality business

SOK Corporation's travel industry and hospitality business is carried on by Sokotel Oy in Finland, AS Sokotel in Estonia and OOO Sokotel in Russia. SOK Corporation's hotels operate under the brands Sokos Hotels and Radisson Blu Hotels. In Finland, Sokotel Oy operates 10 Sokos hotels and 7 Radisson Blu hotels. Visitors to Tallinn are warmly received at the Original Sokos Hotel Viru with its wide choice of restaurants. OOO Sokotel had three Sokos Hotel chain hotels in St. Petersburg, one of which is a spa hotel. The operations in Russia were divested in June 2022.

Real estate business

SOK real estate division's main responsibility is ensuring revenue and value development of SOK Corporation's real estate portfolio. The revenue of the real estate segment consists of rental income and service charges from SOK Corporation's business functions and from other tenants.

Procurement and services business

Inex Partners Oy offers logistics services for grocery, consumer goods and speciality goods supplied to the retail chains. Meira Nova Oy provides purchasing and logistics services for groceries supplied to locations in the HoReCa sector.

The aim of the service functions provided by SOK Corporation is to develop operational models and processes that generate the maximum added value for the S Group's businesses. The service units develop and maintain business models that increase the competitiveness of the entire S Group, and produce cost-effective services for the S Group. The joint service functions cover all the S Group's service functions that can be organised centrally to yield cost savings and/or a qualitative improvement in operations.

Banking

S-Bank's mission is to provide competitive basic banking services for the S Group's customer-owners. The supermarket bank will strengthen customer loyalty whilst achieving savings in operating costs. S-Bank Group's result SOK Corporation's share of the consolidated result of the S-Bank Group is reported as banking operations. is reported as banking operations.

Segment reporting principles within SOK Corporation and reconciliation with the IFRS financial statements

The items to be included in the reporting to SOK Corporation's top management are revenue, operating result, operational result, investments, divestments and working capital. Management reporting is based on Finnish accounting legislation and on the principles of management accounting. Each segment is reported with intra-segment items eliminated. For example, revenue from the Procurement and services business has been stated eliminating the revenue between the companies in the Procurement and services business segment. Revenue in management reporting is reconciled with the IFRS revenue for continuing operations in the accounts. Financial accounting revenue for both continuing and discontinued operations is external revenue from which all of SOK Corporation's internal items have been eliminated. The differences between management reporting and financial accounting revenue are not material.

In calculating the operating result, valuations in accordance with Finnish accounting legislation are used. The income and expenses according to the matching principle are allocated to the segment. Reconciliation of the operating result with the result before taxes from continuing operations in compliance with IFRS shows those items which fall outside the operational result. These are, among others, financial income and expenses, gains and losses on the sale of property, plant and equipment as well as non-recurring costs from discontinuing operations.

In SOK Corporation's management reporting, assets are not allocated or reported on.

Segment information 31 Dec 2022

2022 EUR million	Supermarket trade	Travel industry and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting, total
Revenue	232.0	212.5	8,040.4	78.3		-129.3	8,434.0
Group internal sales to other segments	0.0	0.7	130.4	17.3		3.1	151.5
Operating result	-12.3	-15.7	19.1	18.4	17.9	-2.4	24.9
Depreciation	-4.6	-11.4	-17.5	-12.4		-2.6	-48.5
Investments	10.6	12.4	27.9	29.6		0.0	80.5
Divestments	0.0	1.5	0.5			0.3	2.4
Reconciliation of the revenue							
Management reporting revenue to be reported				8,434.0			
Revenue IFRS				8,434.0			
Reconciliation of the result							
Operating result of the segments to be reported				24.9			
Items excluded from the operating result within SOK Corporation:							
Financial income and expenses (FAS)				13.7			
Gains and losses on the sale of property, plant and equipment				-11.7			
Other operating income and expenses				-3.6			
Changes in provisions				0.6			
Valuation gains and losses on derivatives				-1.0			
Impairment losses on tangible and intangible assets				-2.4			
IFRS adjustments*				-15.5			
Profit before taxes for the period IFRS				**4.9**			
* Includes one-off items from divestment of business operations in Russia							
Additional data at SOK Corporation level, external income							
Sales to S Group				7,517.9			
Other sales in Finland				653.9			
Foreign				262.2			
Revenue, total				**8,434.0**			
Supermarket Trade				232.0			
Travel industry and hospitality business				212.5			
Procurement and services business				7,911.1			
Real estate business				78.3			
Revenue, total				**8,434.0**			
Additional information at SOK Corporation level, fixed assets							
Finland				1,366.2			
Foreign				38.8			
Fixed assets, total				**1,405.0**			

Segment information 31 Dec 2021

2021 EUR million	Supermarket trade	Travel industry and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting, total
Revenue	282.4	123.7	7,425.5	72.0		-106.9	7,796.6
Group internal sales to other segments	0.0	0.1	113.2	17.1		3.4	133.8
Operating result	-2.3	-50.9	14.0	16.4	9.8	-0.6	-13.6
Depreciation	-5.0	-10.3	-15.4	-12.8		-1.0	-44.4
Investments	9.2	9.4	88.5	19.6		0.1	126.8
Divestments	0.1	0.0	3.8				3.9
Reconciliation of the revenue							
Management reporting revenue to be reported				7,796.6			
Revenue IFRS				7,796.6			
Reconciliation of the result							
Operating result of the segments to be reported				-13.6			
Items excluded from the operating result within SOK Corporation:							
Financial income and expenses (FAS)				3.6			
Gains and losses on the sale of property, plant and equipment				-0.4			
Other operating income and expenses				2.8			
Changes in provisions				0.4			
Valuation gains and losses on derivatives				0.5			
Impairment losses on tangible and intangible assets				-0.4			
IFRS adjustments				-4.8			
Profit before taxes for the period IFRS				**-12.1**			
Additional data at SOK Corporation level, external income							
Sales to S Group				7,018.4			
Other sales in Finland				469.1			
Foreign				309.0			
Revenue, total				**7,796.6**			
Supermarket Trade				282.4			
Travel industry and hospitality business				123.7			
Procurement and services business				7,318.6			
Real estate business				72.0			
Revenue, total				**7,796.6**			
Additional information at SOK Corporation level, fixed assets							
Finland				1,475.7			
Foreign				47.0			
Fixed assets, total				**1,522.7**			

2. Other operating income

EUR million	2022	2021
Gains on sale of tangible and intangible assets and real estate companies	2.2	0.8
Other income	6.4	3.2
Total	**8.6**	**4.1**

3. Employee benefit expenses

EUR million	2022	2021
Salaries and remunerations	257.1	229.4
Pension expenses, defined contribution plan	47.0	41.5
Other personnel expenses	14.8	11.2
Total	**318.9**	**282.1**

Average number of personnel by segment	2022	2021
Supermarket trade	1,304	1,549
Travel industry and hospitality business	1,125	901
Procurement and services business	3,823	3,630
Total	**6,252**	**6,080**

The average number of personnel has been calculated as the average number of personnel at the end of each quarter.

4. Depreciation and impairment losses

EUR million	2022	2021
Depreciation		
Property, plant and equipment		
Buildings and structures	142.1	147.6
Machinery and equipment	17.4	14.0
Other property, plant and equipment	0.3	0.3
Intangible assets		
Other intangible assets	14.3	17.1
Investment properties	1.3	1.5
Total	**175.4**	**180.5**
Impairment		
Property, plant and equipment		
Buildings and structures	0.3	0.3
Machinery and equipment	1.6	0.1
Other tangible assets	0.0	0.0
Intangible assets		
Other intangible assets		0.0
Total	**2.0**	**0.4**
Depreciation and impairment losses, total	**177.4**	**181.0**

5. Other operating expenses

EUR million	2022	2021
Rental expenses	19.9	8.9
Marketing expenses	8.6	5.8
Administrative expenses	13.1	29.9
Equipment and supplies	159.8	142.5
Property maintenance expenses	47.8	39.2
Other business expenses	55.5	17.3
Research and development costs	43.8	26.5
Total	**348.5**	**270.2**

6. Auditor's fees

EUR million	2022	2021
Audit fees	0.4	0.4
Tax consulting	0.0	
Other services	0.2	0.0
Total	**0.5**	**0.4**

7. Financial income and expenses

EUR million	2022	2021
Financial income		
Interest income from loans and receivables	1.1	1.1
Dividend income	3.2	1.2
Gains on derivatives held for trading	0.1	0.1
Other financial income	0.8	0.7
Total	**5.2**	**3.1**
Financial expenses		
Interest expenses on lease liability	31.7	35.4
Interest expenses on financial liabilities measured at amortised cost	2.9	1.4
Other financial expenses	0.9	0.0
Total	**35.5**	**36.8**
Financial income and expenses, total	**-30.3**	**-33.7**

8. Financial instrument items recognised in the income statement

EUR million	2022	2021
In other operating income		
Capital gain on shares and participations	0.0	0.1
In purchases of materials and services		
Net exchange differences on trade payables	-0.6	0.1
Net expense on derivatives held for hedging purposes and subject to hedge accounting	-1.0	0.5
In financial income and expenses		
Net profit from shares and participations	0.2	1.2
Interest income on receivables, cash and liquid assets	0.2	1.1
Net exchange differences on receivables, cash and liquid assets	0.9	0.7
Net income from derivatives held for hedging purposes	-0.4	0.1
Interest expenses on other financial liabilities	-34.1	-36.5
Net exchange differences on other financial liabilities	0.0	0.0
Net expenses total	**-34.8**	**-32.7**

Summary in IFRS 9 categories	**2022**	**2021**
Financial assets at amortized cost	1.0	1.8
Financial assets and liabilities at fair value through profit or loss	-0.2	0.7
Financial liabilities valued at amortized cost	-34.6	-36.4
Derivative contracts subject to hedge accounting measured at fair value through profit or loss	-1.0	1.3
Net expenses total	**-34.8**	**-32.7**

Net expenses from derivatives held for trading, which has been recognised in purchases of materials and services, consists of derivatives that have been taken out to hedge purchases but to which hedge accounting has not been applied.

The expenses for liabilities measured at amortised cost also include guarantee commission expenses.

9. Income taxes

EUR million	2022	2021
Current tax	-1.2	0.0
Taxes for previous financial years	-0.4	-8.8
Changes in deferred taxes	-3.9	2.2
Total	**-5.5**	**-6.6**

Reconciliation statement between tax expense in the income statement and taxes calculated at the valid Corporation's tax rate in Finland:

EUR million	2022	2021
Profit before taxes	4.9	-12.1
Taxes at parent company's tax rate	-1.0	2.4
Effect of tax-free income	0.2	0.4
Effect of non-deductible expenses	-2.0	-1.6
Share of tax from the results of associated companies and joint ventures	6.1	2.8
Deferred tax assets unrecognised	-2.7	-3.9
Taxes for previous financial years	-0.4	-8.8
Changes in deferred taxes	2.6	2.2
Deferred taxes from the Russian companies	-2.1	
Other items*	-6.2	0.0
Taxes in the income statement	**-5.5**	**-6.6**

* Includes deferred taxes unrecognised on sales losses of companies in Russia and other IFRS items.

Taxes related to other comprehensive income items
2022

EUR million	Before tax	Tax effect	After tax
Cashflow hedges	-1.8	-0.4	-2.2
Total	**-1.8**	**-0.4**	**-2.2**

2021

EUR million	Before tax	Tax effect	After tax
Cashflow hedges	2.2	-0.3	1.9
Total	**2.2**	**-0.3**	**1.9**

10. Property, plant and equipment

31 Dec 2022 EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress and advance payments	Total
Acquisition cost						
Acquisition cost, 1 Jan	27.5	1,954.4	199.2	6.5	34.8	2,222.5
Translation differences	0.0	9.6	12.9		0.0	22.5
Increases	0.5	67.1	13.9	0.0	42.8	124.3
Decreases		-86.3	-46.2	0.0	-12.0	-144.5
Transfers between items	0.3	143.8	19.2	0.2	-28.4	135.1
Transfer to assets held for sale[1)]	-0.1	-23.8	-1.5			-25.4
Acquisition cost, 31 Dec	**28.2**	**2,064.8**	**197.5**	**6.7**	**37.3**	**2,334.5**
Accumulated depreciation						
Accumulated depreciation, 1 Jan	-0.2	-665.7	-150.6	-2.6		-819.0
Translation differences		-6.1	-9.9			-16.0
Accumulated depreciation on deducted and transferred items		-101.4	38.0	0.0		-63.4
Depreciation for the period		-142.9	-17.7	-0.3		-160.9
Impairment losses [2)]		-0.4	-2.6	0.0		-3.0
Transfer to assets held for sale[1)]		6.6	0.3			6.9
Accumulated depreciation, 31 Dec	**-0.2**	**-909.9**	**-142.4**	**-2.9**	**0.0**	**-1,055.4**
Carrying amount, 1 Jan	**27.4**	**1,288.7**	**48.6**	**3.9**	**34.8**	**1,403.4**
Carrying amount, 31 Dec	**28.1**	**1,155.0**	**55.0**	**3.8**	**37.3**	**1,279.1**

[1)] Three real estates are presented in assets held for sale.
[2)] Impairment losses are mainly related to divestment of business operations in Russia.

Assets under a finance lease are included in the cost of property, plant and equipment as follows:

31 Dec 2022 EUR million	Buildings and structures	Machinery and equipment	Total
Acquisition cost, 1 Jan	1,472.4	38.2	**1,510.5**
Increases	65.9	9.9	**75.7**
Decreases	-58.0	-2.7	**-60.7**
Depreciation for the period	-122.5	-5.8	**-128.3**
Accumulated depreciation, 1 Jan	-390.8	-12.1	**-402.9**
Carrying amount, 31 Dec	**966.9**	**27.4**	**994.3**

31 Dec 2021 EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress and advance payments	Total
Acquisition cost						
Acquisition cost, 1 Jan	23.1	1,924.3	168.3	6.5	11.0	2,133.1
Translation differences	0.0	2.5	1.8		0.0	4.3
Increases	2.2	31.1	17.5	0.0	42.2	93.0
Decreases		-23.2	-4.4			-27.6
Transfers between items	2.2	19.7	16.0		-18.3	19.6
Acquisition cost, 31 Dec	**27.5**	**1,954.4**	**199.2**	**6.5**	**34.8**	**2,222.5**
Accumulated depreciation						
Accumulated depreciation, 1 Jan	-0.2	-504.9	-125.3	-2.3		-632.6
Translation differences		-1.1	-1.4			-2.5
Accumulated depreciation on deducted and transferred items		1.5	3.8			5.4
Depreciation for the period		-161.0	-27.7	-0.3		-189.1
Impairment losses		-0.2	-0.1			-0.3
Accumulated depreciation, 31 Dec	**-0.2**	**-665.7**	**-150.6**	**-2.6**	**0.0**	**-819.0**
Carrying amount, 1 Jan	**22.9**	**1,419.4**	**43.0**	**4.2**	**11.0**	**1,500.5**
Carrying amount, 31 Dec	**27.4**	**1,288.7**	**48.6**	**3.9**	**34.8**	**1,403.4**

Assets under a finance lease are included in the cost of property, plant and equipment as follows:

31 Dec 2021 EUR million	Buildings and structures	Machinery and equipment	Total
Acquisition cost, 1 Jan	1,546.0	26.4	**1,572.4**
Increases	30.1	11.8	**41.9**
Decreases	-103.7	0.0	**-103.7**
Depreciation for the period	-134.2	-4.7	**-138.9**
Accumulated depreciation, 1 Jan	-256.6	-7.4	**-264.0**
Carrying amount, 31 Dec	**1,081.5**	**26.1**	**1,107.6**

11. Investment properties

EUR million	2022	2021
Acquisition cost		
Acquisition cost, 1 Jan	90.6	98.8
Increases	0.1	0.6
Transfers between items		-8.8
Acquisition cost, 31 Dec	**90.8**	**90.6**
Accumulated depreciation		
Accumulated depreciation, 1 Jan	-63.5	-66.8
Accumulated depreciation on deducted and transferred items		5.3
Depreciation for the period	-1.3	-1.9
Accumulated depreciation, 31 Dec	**-64.7**	**-63.5**
Carrying amount, 1 Jan	**27.1**	**32.0**
Carrying amount, 31 Dec	**26.0**	**27.1**
Fair value	**87.9**	**87.7**

Investment properties are classified onto level 3 in fair value hierarchy. Assets and liabilities that are included on hierarchy level 3 have their fair value based on input data which is not based on observable market data.

Fair values of investment properties are based on either assessments made by external specialists or on companys own assessments. The values of self assessed investment properties are based on market value which is determined based on realised sales transactions before the assessment date and the existing market situation. Fair value has been assessed semiannually for financial reporting.

12. Intangible assets

31 Dec 2022 EUR million	Goodwill	Other intangible rights	Construction in progress and advance payments	Total
Acquisition cost				
Acquisition cost, 1 Jan	9.8	186.2	30.9	226.9
Translation differences		1.8		1.8
Increases		-2.3	30.2	27.9
Decreases		-19.0		-19.0
Transfers between items		5.9	-15.9	-10.0
Acquisition cost, 31 Dec	**9.8**	**172.7**	**45.2**	**227.7**
Accumulated amortisation				
Accumulated amortisation and impairment, 1 Jan	-1.6	-128.5		-130.1
Translation differences		-1.6		-1.6
Accumulated depreciation on deducted and transferred items		18.2		18.2
Depreciation for the period		-14.4		-14.4
Impairment losses				0.0
Accumulated amortisation, 31 Dec	**-1.6**	**-126.2**	**0.0**	**-127.8**
Carrying amount, 1 Jan	**8.2**	**57.7**	**30.9**	**96.8**
Carrying amount, 31 Dec	**8.2**	**46.5**	**45.2**	**99.9**

Carrying amount of other intangible rights mainly consist of ICT licences and software.

31 Dec 2021 EUR million	Goodwill	Other intangible rights	Construction in progress and advance payments	Total
Acquisition cost				
Acquisition cost, 1 Jan	11.5	193.6	23.0	228.1
Translation differences		0.2		0.2
Increases		-0.3	15.9	15.6
Decreases	-1.7	-0.4		-2.1
Transfers between items		-6.9	-8.0	-14.9
Acquisition cost, 31 Dec	**9.8**	**186.2**	**30.9**	**226.9**
Accumulated amortisation				
Accumulated amortisation and impairment, 1 Jan	-1.6	-126.9		-128.5
Translation differences		-0.2		-0.2
Accumulated depreciation on deducted and transferred items		0.4		0.4
Depreciation for the period		-1.8		-1.8
Impairment losses		0.0		0.0
Accumulated amortisation, 31 Dec	**-1.6**	**-128.5**	**0.0**	**-130.1**
Carrying amount, 1 Jan	**9.9**	**66.6**	**23.0**	**99.6**
Carrying amount, 31 Dec	**8.2**	**57.7**	**30.9**	**96.8**

Carrying amount of other intangible rights mainly consist of ICT licences and software.

13. Impairment testing of goodwill

Goodwill has been allocated to SOK Corporation's cash-generating units or to groups of cash-generating units as follows:

EUR million	2022	Discount rate, % 2022	2021	Discount rate, % 2021
Sokos Hotels chain	7.4	8.1	7.4	6.9
LB Kiel Tampere Ab / Kiinteistö Oy Hotelli Tammer	0.8		0.8	
Total	**8.2**		**8.2**	

Apart from goodwill, SOK Corporation does not have other intangible assets with an indefinite economic life.

SOK Corporation's cash-generating units are defined for the level below the business segment. As a rule, a cash-generating unit is a legal company. For the Travel industry and hospitality business, goodwill is monitored and tested at the chain level.

Impairment losses

In the 2021–2022 financial statements no impairment losses of goodwill were recognised.

Testing and sensitivity analysis

In impairment testing, the recoverable amount for the business is based on value-in-use calculations. Value in use has been calculated on the basis of estimated discounted cash flows. The projected cash flows are based on financial plans which have been approved by management and cover a five-year-period. The cash flows after this period have been extrapolated using a 2% growth rate which, according to the estimate, does not exceed the long-term actual growth rate of the business areas. The discount rate applied is the weighted average cost of capital (WACC) that is determined by sector and by country, taking into account the special risks associated with the unit. The required return is based on the average capital structure for the sector and a sector-specific beta.

The main variables in impairment testing are the discount rate, the EBITDA margin (%) as well as the growth rate after the five-year forecasting period. In assessing the goodwill of the Sokos Hotels chain, a possible foreseeable change in any of the key variables does not lead to a situation that would result in the need to recognise an impairment loss.

14. Shares in associated companies and joint ventures

EUR million	2022	2021
Carrying amount, 1 Jan	287.8	211.7
Share of result for the period	30.7	14.0
Dividends received	-3.1	-0.1
Increases/decreases	-10.4	62.2
Carrying amount, 31 Dec	**304.9**	**287.8**

Most significant associated companies

Among the associated companies engaging in business operations within SOK Corporation, the most significant is S-Bank Plc., which operates in the banking sector and belongs to S Group. S-Bank provides the members of the cooperative enterprises with services in daily banking, and its product range consists of current accounts and savings accounts, funds and asset management services, consumer credits and secured loans, international credit or debit cards as well as an online bank and a mobile bank.

Financial information summary of the essential associated companies

	S-Bank Plc	
EUR million	**2022**	**2021**
Current assets	2,234.3	2,114.8
Non-current assets, total	6,717.9	6,386.1
Current liabilities	8,086.3	7,697.1
Non-current liabilities	341.7	294.5
Revenue [1)]	121.7	90.3
Result for the financial year	35.8	19.6
Other comprehensive income for the financial year	-10.6	-0.2
Reconciliation of the associated company's financial information with the balance sheet value recognised by the Group		
Net assets of the associated company	524.2	509.3
Group ownership, %	50%	50%
Group's share of the net assets	262.1	254.7
Other adjustments	8.3	8.4
Associated company's balance sheet value in the consolidated balance sheet	**270.4**	**263.1**

Other associated companies

2022 EUR million	**Assets**	**Liabilities**	**Revenue**	**Result**	**Share holding %**
Coop Trading A/S	10.9	2.8	15.5	0.6	25.0%
Others	4.8	0.1	1.0	0.0	

2021 EUR million	**Assets**	**Liabilities**	**Revenue**	**Result**	**Share holding %**
Coop Trading A/S	10.1	2.5	14.4	0.4	25.0%
Others	4.8	0.1	1.0	0.0	

[1)] S-Bank Plc's net interest income has been presented as revenue.

Most significant joint ventures

North European Oil Trade Oy (NEOT) is a fuel procurement company jointly owned by SOK Corporation and St1 Nordic Oy. NEOT's task is to procure and deliver fuel to its owners at an as competitive a price as possible. Contingent liabilities related to joint ventures are presented in note 29.

Financial information summary of the essential associated companies

	North European Oil Trade Oy	
EUR million	**2022**	**2021**
Current assets	1,669.3	1,005.8
Cash and cash equivalents included in current assets	150.7	71.3
Non-current assets	2.8	3.5
Current liabilities	1,625.9	986.0
Financial liabilities included in current liabilities	605.9	391.5
Non-current liabilities	0.0	0.0
Revenue	9,124.2	5,303.9
Reconciliation of the joint ventures financial information with the balance sheet value recognised by the Group		
Net assets of the joint venture	46.2	23.3
Group ownership, %	51%	51%
Group's share of the net assets	23.4	11.8
Other adjustments	3.6	5.1
Joint ventures balance sheet value in the consolidated balance sheet	**27.1**	**16.9**

Other joint ventures

2022 **EUR million**	**Assets**	**Liabilities**	**Revenue**	**Result**	**Share holding %**
Kauppakeskus Mylly Oy	135.3	103.6	21.0	4.7	50.0%

2021 **EUR million**	**Assets**	**Liabilities**	**Revenue**	**Result**	**Share holding %**
Kauppakeskus Mylly Oy	138.1	107.3	18.6	4.5	50.0%

SOK Corporation owns 50.8 per cent of North European Oil Trade Oy. SOK Corporation executes shared controlling interest in the company with ST1, based on the shareholder agreement, so the company is treated as a joint venture.

All associated companies and joint ventures of the SOK Corporation are unlisted.

S-Bank and Kauppakeskus Mylly were consolidated as Groups.

15. Non-current financial assets

Other financial assets EUR million	2022	2021
Shares and participations		
Carrying amount, 1 Jan	40.1	39.4
Increases	1.5	1.4
Decreases	-0.8	-0.7
Carrying amount, 31 Dec	**40.8**	**40.1**

Shares and participations include shares in unlisted companies. Unlisted shares are stated at cost if their fair values cannot be obtained reliably. For now, according to the company's view, the fair value of equity investments corresponds to their book value.

Loans and receivables EUR million	2022	2021
Receivables from associated companies and joint ventures		
Capital loan receivables	0.6	0.6
Non-current loan receivables		
Other non-current receivables	1.6	2.5
Loans and other receivables total	**2.2**	**3.1**
Non-current financial assets, total	**43.0**	**43.2**

16. Deferred taxes

Changes in deferred taxes in 2022 Deferred tax assets EUR million	1 Jan 2022	Recognised in the income statement	Items recognised in the statement of comprehensive income	Foreign exchange differences	Transer to assets held for sale	31 Dec 2022
Confirmed losses	7.9	-7.9				0.0
Provisions and impairment losses	1.3	-0.1				1.2
Internal margin on inventories and property, plant and equipment	1.9	-0.1				1.8
Lease liabilities	18.4	0.4				18.8
Other items	1.3	1.8				3.2
Total	**30.9**	**-5.9**	**0.0**	**0.0**	**0.0**	**25.1**

Deferred tax liabilities EUR million						
Cumulative depreciation difference	2.1	-0.6				1.5
Business combinations	0.8					0.8
Fair value reserve	0.1	-0.5	0.4			0.0
Retained earnings of Estonian companies	4.0	-0.9				3.1
Other items	0.0	0.0		0.2	-0.2	0.0
Total	**6.9**	**-1.9**	**0.4**	**0.2**	**-0.2**	**5.4**

Changes in deferred taxes in 2021 Deferred tax assets EUR million	1 Jan 2021	Recognised in the income statement	Items recognised in the statement of compre-hensive income	Foreign exchange differences	Transer to assets held for sale	31 Dec 2021
Confirmed losses	8.2	-0.3				7.9
Provisions and impairment losses	1.5	-0.2				1.3
Internal margin on inventories and property, plant and equipment	1.9	0.0				1.9
Lease liabilities	16.3	2.1				18.4
Other items	1.4	0.2		-0.3		1.3
Total	**29.4**	**1.8**	**0.0**	**-0.3**	**0.0**	**30.9**

Deferred tax liabilities EUR million						
Cumulative depreciation difference	3.0	-0.9				2.1
Business combinations	0.8					0.8
Fair value reserve	-0.3	0.3				0.1
Retained earnings of Estonian companies	4.6	-0.6				4.0
Other items	0.0			0.0		0.0
Total	**8.1**	**-1.2**	**0.0**	**0.0**	**0.0**	**6.9**

The Group had EUR 0.0 million (60.4 million) of confirmed losses, for which no deferred tax assets have been recognised.

With regard to confirmed losses for which deferred tax assets have been recognised, the group has sufficient tax planning measures in place for using the losses.

17. Inventories

EUR million	2022	2021
Raw materials and consumables	1.8	1.5
Supplies	244.8	203.4
Other inventories	5.5	5.3
Total	**252.1**	**210.2**

18. Trade receivables and other current non-interest-bearing receivables

EUR million	2022	2021
Trade receivables	599.3	560.7
Non-interest-bearing loan and other receivables	62.2	57.3
Derivative assets	0.0	1.6
Prepayments and accrued income in financial items	0.1	0.3
Transer to Assets held for sale	0.0	
Other prepayments and accrued income	27.4	26.1
Trade receivables and other current non-interest-bearing receivables, total	**689.0**	**646.0**

Material items included in other prepayments and accrued income		
Personnel expenses	0.2	0.3
Purchase related	26.1	20.8
Others	1.1	5.0
Other prepayments and accrued income, total	**27.4**	**26.1**

19. Current interest-bearing receivables

EUR million	2022	2021
Money market investments		0.0
Current interest-bearing receivables, total	**0.0**	**0.0**

20. Cash and cash equivalents

EUR million	2022	2021
Cash on hand and deposits	81.3	84.8
Transer to Assets held for sale	-3.1	
Cash on hand and deposits, total	**78.2**	**84.8**

21. Equity

EUR million	2022	2021
Cooperative capital, 1 Jan	172.0	172.0
Cooperative capital, 31 Dec	**172.0**	**172.0**

Cooperative capital consists of the cooperative contributions paid to Suomen Osuuskauppojen Keskusosuuskunta (SOK) for participations in the cooperative enterprises. The number of participations in a cooperative enterprise is determined on the basis of the number of the members and annual purchases of the cooperative enterprises.

Restricted reserves

Fair value reserve

The fair value reserve includes changes in the fair values of derivative instruments used to hedge available-for-sale investments and cash flow as well as a share of change in S-Bank's fair value reserve. Value of the reserve is EUR -14.0 million (-1.2 million). The share of S-Bank's fair value reserve is EUR -12.7 million (-2.1 million).

Reserve fund

The reserve fund comprises the portion of non-restricted equity that can be transferred under the cooperative's statutes. Value of the fund is EUR 18.5 million (18.5 million).

Supervisory Board's Disposal fund

The Supervisory Board decides on the use of its disposal fund. Value of the fund is EUR 0.0 million (0.0 million).

Non-restricted reserves

Invested non-restricted equity reserve

According to new cooperative rules of Suomen Osuuskauppojen Keskusosuuskunta the increases of cooperative capital paid by cooperative enterprises are booked into invested non-restricted equity reserve. Value of the reserve is EUR 45.0 million (36.4 million).

22. Interest-bearing liabilities

Non-current interest-bearing liabilities EUR million	2022	2021
Lease liabilities	984.3	1,073.4
Non-current interest-bearing liabilities, total	**984.3**	**1,073.4**

Current interest-bearing liabilities EUR million	2022	2021
Lease liabilities	116.5	128.2
Other current interest-bearing liabilities	47.3	21.5
Current interest-bearing liabilities, total	**163.8**	**149.8**

Lease liabilities EUR million	2022	2021
Lease liabilities – present value of minimum lease payments		
In one year	116.5	128.2
After one year	984.3	1,073.4
Present value of minimum lease payments, total	**1,100.8**	**1,201.6**

EUR million	2022	2021
Interest on lease liabilities	32.9	35.2
Short term and low value leases		
Amount of short-term leases	0.6	0.6
Amount of long-term leases	0.4	0.3
Short term and low value leases, total	**0.9**	**0.9**

The lease period shown in the agreement is shown for accounting; the options for continuation are not taken into account unless a binding decision has been made regarding them. The basic principle is that exercising the option for continuing the lease cannot be considered likely before the Board of Directors has approved business operations' proposal to continue. The options for continuation will therefore be taken into account when a binding decision regarding them has been made by the Board of Directors or another decision-making body. The agreements on logistics centres and terminals do not include separate options; instead, the use and terms and conditions of any continuation agreements will be separately agreed.

	2022	2021
Income from subleasing right-of-use assets	**42.2**	**48.6**

Leases mainly consist of real estate leases.

23. Non-interest-bearing liabilities

EUR million	2022	2021
Non-current non-interest-bearing liabilities	13.4	31.3
Non-current non-interest-bearing liabilities, total	**13.4**	**31.3**
Trade payables, total	**823.4**	**767.6**
Advances received	14.3	14.8
Current liabilities	56.0	40.7
Derivative financial instruments	2.5	0.0
Accruals and deferred income	146.6	142.9
Current non-interest bearing liabilities, total	**219.3**	**198.4**
Material items included in current accruals and deferred income		
Personnel expenses	78.4	67.6
Financing items	0.1	0.1
Accruals of S-publications	32.1	22.4
Others	36.0	52.8
Current accruals and deferred income, total	**146.6**	**142.9**

24. Provisions

EUR million	Unprofitable lease agreements	Maintenance provisions of leased facilities	Other provisions	Total
Provisions, 1 Jan 2022	6.0	0.0	0.6	6.6
Increases in provisions			0.5	0.5
Provisions used	-0.5		-0.6	-1.1
Provisions, 31 Dec 2022	**5.5**	**0.0**	**0.5**	**5.9**

Breakdown of provisions	
Non-current	4.7
Current	1.3

Other provisions includes short term costs related to interruption damage and termination of lease agreements.

EUR million	Unprofitable lease agreements	Maintenance provisions of leased facilities	Other provisions	Total
Provisions, 1 Jan 2021	6.3	0.4	1.0	7.6
Provisions used	-0.3	-0.4	-0.4	-1.0
Provisions, 31 Dec 2021	**6.0**	**0.0**	**0.6**	**6.6**

Breakdown of provisions	
Non-current	5.9
Current	0.7

25. Operating leases

Group as lessor
Minimum lease payments on non-cancellable operating leases:

EUR million	2022	2021
In one year	9.2	8.6
In one to five years	28.1	27.1
Over five years	4.9	12.9
Total	**42.2**	**48.6**

26. Fair values of financial assets and liabilities

FINANCIAL ASSETS	2022				2021			
		Fair value				Fair value		
EUR million	Carrying amount	Level 2	Level 3	Total	Carrying amount	Level 2	Level 3	Total
Financial assets measured at fair value through profit and loss								
Shares and participations	2.3		2.3	2.3	2.6		2.6	2.6
Trade receivables and other current non-interest-bearing receivables								
Derivative assets	0.0	0.0		0.0	0.5	0.5		0.5
Hedge accounting derivatives								
Trade receivables and other current non-interest-bearing receivables								
Derivative assets	0.0	0.0		0.0	1.1	1.1		1.1
Financial assets to be measured at amortised cost								
Non-current loan and other receivables	2.2	2.1		2.1	3.0	3.0		3.0
Trade receivables and other current non-interest-bearing receivables								
Trade receivables	600.9	600.9		600.9	562.5	562.5		562.5
Non-interest-bearing loan and other receivables	57.5	57.4		57.4	51.2	51.2		51.2
Prepayments and accrued income in financial items	0.1	0.1		0.1	0.3	0.3		0.3
Current interest-bearing receivables								
Cash and liquid assets	81.3	81.3		81.3	84.8	84.6		84.6
Financial assets, total	**744.3**	**741.8**	**2.3**	**744.1**	**705.9**	**703.2**	**2.6**	**705.8**

Movements of items in Level 3 measured at fair value on recurring basis in the balance sheet

EUR million	2022	2021
Opening balance, 1 Jan	2.6	3.3
Purchases	0.1	0.1
Sales	-0.3	
Fair value changes recognised in the income statement	0.0	-0.9
Closing balance	**2.3**	**2.6**

The fair value hierarchy level to which an item measured at fair value has been classified in its entirety is determined based on the lowest level inputs that are significant for the entire item in question, measured at fair value. The significance of the input has been estimated in its entirety in relation to the item in question measured at fair value. The moment of transfers between different levels of the fair value hierarchy is determined by the end of the review period.

Fair values on hierarchy level 1 are based on the quoted prices of completely identical asset items or liabilities in an active market. In 2021 and 2022, there were no Level 1 financial instruments.

The fair values of level 2 instruments are to a significant extent based on inputs other than quoted prices included in level 1. However they are based on information that is observable for the said asset item either directly or indirectly. In determining the fair value of these instruments, the Group uses generally accepted valuation models in which the input is to a significant extent based on verifiable market information.

The fair values of level 3 instruments are based on inputs concerning the asset item or liability which are not based on verifiable market information. Level 3 includes EUR 2.3 million of unquoted shares (2.6 million), for which the fair value equals the carrying amount.

FINANCIAL LIABILITIES	2022				2021			
		Fair value				Fair value		
EUR million	Carrying amount	Level 2	Level 3	Total	Carrying amount	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit and loss								
Current non-interest-bearing liabilities								
Derivative liabilities	1.1	1.1		1.1	0.0	0.0		0.0
Hedge accounting derivatives								
Current non-interest-bearing liabilities								
Derivative liabilities	1.4	1.4		1.4	0.0	0.0		0.0
Financial liabilities to be measured at amortised cost								
Non-current non-interest-bearing liabilities								
Other non-interest-bearing liabilities	0.4	0.4		0.4	26.9	26.9		26.9
Current interest-bearing liabilities	47.3	47.3		47.3	21.5	21.5		21.5
Current non-interest-bearing liabilities								
Accruals and deferred expenses	0.1	0.1		0.1	0.1	0.1		0.1
Trade payables	823.5	823.5		823.5	767.6	767.6		767.6
Other non-interest-bearing liabilities	23.9	23.9		23.9				
Financial liabilities, total	**897.8**	**897.8**	**0.0**	**897.8**	**816.2**	**816.2**	**0.0**	**816.2**

The table does not include lease liabilities of carrying amount EUR 1,112.1 million (1,201.6 million).

27. Management of financial risks

SOK's business involves financial risks such as currency, interest rate, liquidity and credit risks. The management of finance and financial risks has been centralised within SOK's Treasury unit. SOK Corporation follows a Finance and treasury policy as well as risk management instructions that are established by SOK's Executive Board. These define the principles of managing financial risks and the permissible maximum amounts for financial risks. In addition, numerical targets have been set for the different subareas of financing with the aim of being able to ensure the sufficiency, balance and affordability of financing in all conditions.

SOK Corporation uses derivatives mainly to hedge against financial risks. Trading in derivatives for other than hedging purposes is done only within the risk limits approved by SOK's Executive Board.

Currency risk

A currency risk means an uncertainty in SOK Corporation's cash flow, result and balance sheet caused by changes in exchange rates.

More than 99 percent of SOK Corporation's net sales come from sales denominated in euros. The most significant currency risks are related to procurement transaction risks and the financing of the Group's Russian subsidiaries. The target is to minimise the uncertainty caused by the currency risk of an open position, nevertheless taking the hedging costs into account.

Transaction risks related to business operations consist of liabilities and receivables denominated in foreign currencies and projected cash flows. Currency risk is managed by hedging balance sheet items and future cash flows to the extent that it is not possible to pass on changes in exchange rates to sales prices. The Group's centralized financial unit is responsible for managing currency risk and hedging transaction risks with currency derivatives if necessary.

The financing of the subsidiaries is arranged in the functional currency of each company. The translation risk associated with the invested equity financing in foreign subsidiaries is reduced by hedging the capitals to the extent that a 20 per cent exchange rate change would cause a decline of more than 0.6 percentage points in SOK Corporation's equity ratio.

Outstanding derivative contracts	**Value of the underlying asset**		**Fair value**	
EUR million	**2022**	**2021**	**2022**	**2021**
Forward exchange contracts				
Hedge accounting is applied	31.9	28.7	-1.4	1.1
Hedging contracts, no hedge accounting	23.4	23.3	-1.1	0.5
Total	**55.3**	**52.0**	**-2.5**	**1.6**

Currency sensitivity analysis

EUR million	**2022**	**2021**
Position exposed to risk		
USD	53.0	44.0
RUB	18.3	24.1
Other currencies	8.5	7.4
Total	79.8	75.5
Effect on the income statement		
Appreciation of EUR, 10%	-3.7	-1.5
Depreciation of EUR, 10%	3.7	1.5
Effect on equity		
Appreciation of EUR, 10%	-4.3	-6.1
Depreciation of EUR, 10%	4.3	6.1

The currency sensitivity analysis shows the effect on SOK Corporation's profit/loss or equity of a 10% appreciation or depreciation in the euro against other currencies on closing day. Other variables are asssumed to remain constant. The calculation includes receivables and liabilities denominated in foreign currencies and currency derivatives. The calculation does not include probable purchases denominated in foreign currencies. The effect on the income statement and equity is shown without the effect of taxes.

Hedge accounting

SOK Corporation applies hedge accounting to derivatives hedging highly probable future purchases. The hedge accounting model used is cash flow hedge. The purpose of hedge accounting is to hedge against the currency risk in currency-denominated purchases.

Hedge accounting is applied to derivatives which are effective for the risk being hedged and meet the conditions set for hedge accounting in the IFRS9 standard. For hedging is used forward exchange contracts. The hedging relationship between the hedging derivative and the hedged item as well as the risk management objectives related to hedging are documented when the hedging begins.

The efficiency of the hedge is assessed at the beginning of the hedging relationship and during the hedge so that the hedge is extremely efficient throughout. The efficient portion of hedging is recognised in the fair value reserve.

Changes recognised in Group equity from cash flow hedge

EUR million	2022	2021
Opening balance, 1 Jan	1.0	-1.3
Profits and losses from valuing at fair value	-1.6	1.0
Amount included in the income statement	-1.0	1.3
Closing balance, 31 Dec	**-1.6**	**1.0**

Items recognised in equity are shown without the effect of taxes. Changes in value recognised in equity are recognised in the income statement in the period during which the hedged cash flows are recognised in the income statement, the derivative matures or the hedge accounting prerequisites are no longer met.

Interest rate risk

The interest rate risk means an uncertainty in SOK Corporation's cash flow, result and balance sheet caused by changes in market rates.

SOK Corporation's objective in the management of the interest rate risk is to reduce or eliminate the negative effect of the change in market rates on the Corporation's cash flows, result and balance sheet, nevertheless taking the costs of hedging into account.

When measuring the interest rate risk of SOK Corporation, only external interest-bearing items are taken into account, including lending, borrowing and derivatives.

The target is that a linear change in the market interest rate of one percentage point does not lead to an increase in net financial expenses that exceeds 1 percent of the planned EBITDA (not IFRS) for each year.

Interest rate sensitivity analysis

EUR million	2022	2021
Floating rate net debt	-80.6	-73.0
Fixed interest net debt	1,159.6	1,214.0
Total	1,079.0	1,141.0
Effect on the income statement		
1.0 percentage point increase	0.4	0.1
1.0 percentage point decrease	-0.4	-0.1
Effect on equity		
1.0 percentage point increase	0.0	0.0
1.0 percentage point decrease	0.0	0.0

The sensitivity of interest expenses to changes in market interest rates is assessed by a calculation in which market interest rates are assumed to change permanently by one percentage point and the amount of net debt to remain unchanged for the next 12 months. The changes are presented without tax effect.

Liquidity risk

SOK Corporation's liquidity risk is managed by keeping the cash reserve at a level that secures the Corporation's liquidity also in unexpected situations. In addition, liquidity and refinancing risks are sought to be minimized through a balanced maturity distribution of loans and funding limits.

The cash reserve includes liquid assets tradeable on the secondary market as well as such bank account funds in Finland or abroad that are available on the same day. In addition to the available funds, unused overdraft limits are also taken into consideration. The targeted size of the cash reserve is one hundred million euros.

At the end of December, SOK Corporation had liquid assets of EUR 81.3 million (84.8 million). EUR 3.1 million of the liquid assets was deposited in Russian bank accounts and there are restrictions for access to the entire group's use. The amount of committed credit facilities on December 31, 2022 was EUR 230.0 million (230.0 million).

The credit facilities are unsecured, but their terms contain covenants. The financial covenants used in all credit facility agreements are equity ratio excluding lease liabilites and interest cover ratio. The maximum amount of lease liabilities is also limited. The credit facilities have not been used during the financial year and there have been no breaches on the conditions of the covenants.

SOK Corporation also has uncommitted overdraft limits of EUR 57.0 million and a commercial paper programme of EUR 250.0 million. At the end of 2022 EUR 10.0 million of the commercial paper programme was in use.

Maturity analysis of SOK Corporation's agreement-based cash flows from financial liabilities and derivative contracts

	2022				2021			
EUR million	**<1 year**	**1–5 years**	**>5 years**	**Total**	**<1 year**	**1–5 years**	**>5 years**	**Total**
Non-current interest-bearing liabilities								
Lease liabilities	147.4	535.8	620.3	1,303.5	166.5	559.2	741.4	1,467.1
Other interest-bearing liabilities	47.5			47.5	21.5			21.5
Non-interest-bearing liabilities								
Trade payables	823.5			823.5	767.6			767.6
Other non-interest-bearing liabilities	23.9	0.4		24.3		26.9		26.9
Off-balance liabilities								
Nominal value of guarantee liabilities *	191.6			191.6	148.9			148.9
Non-derivative financial liabilities	**1,233.9**	**536.2**	**620.3**	**2,390.4**	**1,104.5**	**586.1**	**741.4**	**2,432.0**
Derivatives liabilities	2.3			2.3	0.0			0.0
Derivatives assets	0.0			0.0	-1.7			-1.7
Derivative contracts, total	**2.3**	**0.0**	**0.0**	**2.3**	**-1.7**	**0.0**	**0.0**	**-1.7**
Total	**1,236.2**	**536.2**	**620.3**	**2,392.7**	**1,102.9**	**586.1**	**741.4**	**2,430.3**

* Cash flows on guarantee liabilities have been presented with a term of less than 1 year, although it is unlikely that they will be realized.

Credit risk

Credit risk is the risk that a counterparty to a contract will default on its obligations to the SOK Corporation or that a change in the counterparty's creditworthiness will affect the market value of the financial instruments it issues.

The maximum amount of SOK Corporation's credit risk corresponds to the total carrying amount of financial assets in Note 26 of EUR 744.3 million (705.9 million) plus a nominal value of EUR 191.6 million (148.9 million) in guarantees and a maximum of EUR 5.0 million in credit commitments (5.0 million).

Guarantee commitments which increase SOK Corporation's credit risk are presented in Note 29. The guarantee liabilities include guarantees issued on behalf of the S Group and companies related to the S Group. Realisation of the credit risks of the guarantees is improbable.

Management of financial credit and counterparty risk

The credit risk of financial instruments is managed by entering into agreements only with financially solid counterparties approved by SOK's Board of Directors, within the limits approved by the Board of Directors. SOK Corporation's liquidity is invested in the money and foreign exchange markets productively, but avoiding unnecessary risks.

SOK Corporation has not netted its financial assets and liabilities. However, some derivative contracts are subject to an agreement according to which the derivatives could be netted in case of bankruptcy.

Management of business related credit risk

SOK's units and subsidiaries are responsible for their own credit risks. Credit decisions are made in accordance with the credit risk management guidelines defined in writing for each unit or subsidiary.

Of the Group's trade receivables, EUR 507.9 million (470.2 million) came from SOK's owner cooperatives.

Aging of trade receivables

EUR million	2022	2021
Not fallen due	597.4	561.0
1–30 days past due	2.6	1.1
31–90 days past due	0.6	0.4
Over 90 days past due	0.4	0.0
Total	**600.9**	**562.5**

SOK Corporation used credit insurance to reduce the credit risk of trade receivables. The value of the insured trade receivables was EUR 19.3 million (14.1 million), for which the maximum compensation is EUR 4.0 million (4.0 million) per insurance period. Trade receivables do not include impaired receivables.

Expected credit losses on receivables

EUR million	2022	2021
Opening balance, 1 Jan	-1.1	-1.1
Change in financial year	-1.5	0.0
Closing balance, 31 Dec	**-2.6**	**-1.1**

Expected credit losses on receivables under IFRS 9 are recognized in sales and loan receivables and issued guarantees. The expected credit losses on trade receivables are based on actual credit losses and on the amount of receivables outstanding at the balance sheet date and the estimated probability of credit losses. For other items, expected credit losses are based on the counterparties' credit ratings and the probability of credit losses in the ratings. Counterparties to bank accounts and short-term bank deposits do not include expected credit risk on the basis of credit ratings. Expected credit losses on long-term receivables have been calculated using the probability of credit loss over the next 12 months, as the credit risk has not increased significantly since the original issue. The expected credit losses on money market investments have been calculated using credit risk factors in accordance with the remaining term of the agreement, as the outstanding agreements are short-term.

Most of the expected credit losses consist of guarantee exposures granted on behalf of associates. These are unlikely to be realized.

28. Related party transactions

SOK Corporation's related parties include the subsidiaries, joint ventures, the associated companies, CEO and his deputy, SOK's Corporate Management Team, SOK's Executive Board and Supervisory Board and their family members. SOK Corporation is maintaining related parties register. Regional cooperatives are not included in to SOK Corporation's related parties by the standard IAS 24 Related Party Disclosures.

Paid Management employee benefit expenses EUR million	**2022**	**2021**
CEO and SOK's Corporate Management Team salaries and remuneration	3.7	5.0
SOK's Executive Board and Supervisory Board salaries and remuneration	0.6	0.5
CEO and SOK's Corporate Management Team supplementary pension costs	1,0	1.2
Total	**5.3**	**6.7**

Management's pension commitments: SOK's Chief Executive Officer, members of the executive board in an emplyment relationship and the Corporate Management Team as well as other management, which complies with the criteria of pension policy are entitled to an additional pension insurance, where the retirement age is 60-63 years.

Related-party loans to the subsidiaries, joint ventures as well as associates have been granted for financing normal business operations. Loans have not been granted to the management of SOK Corporation's related parties in 2021–2022. Nor have conditional items or other commitments been granted on the behalf of key employees. Persons belonging to management, including their related parties, are not in a material business relationship with SOK Corporation.

Transactions and balances with associated companies and joint ventures: EUR million	**2022**	**2021**
Sales	24.4	25.9
Purchases	0.6	0.8
Trade and other receivables	1.1	1.6
Trade payables and other liabilities	0.0	0.0

29. Contingent liabilities

EUR million	2022	2021
Other securities provided		
Pledges	0.1	0.1
Mortgages	3.4	3.4
Guarantees	2.5	2.5
Total	**5.9**	**5.9**
Security given on behalf of others' debt		
Guarantees for debt of joint ventures	163.7	114.1
Other securities given on behalf of others		
Pledges for liabilities of joint ventures	0.5	0.5
Guarantees for liabilities of joint ventures	20.4	27.1
Total	**20.9**	**27.6**
Other liabilities		
Letter of credit liabilities	1.1	1.3

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 137.0 million (92.7 million) and of the guarantees on behalf of joint venture Kauppakeskus Mylly Oy on a loan of EUR 47.6 million (49.0 million).

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 15.5 million (15.8 million).

Other contingent liabilities:

Commitments in accordance with the shareholder agreement to be responsible for the S-Voima Oy commitments

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.

In addition, shareholders of S-Voima Oy agreed upon a shared obligation to finance the company's investments in wind energy companies by means of equity funding, with liabilities being primarily divided at the ratio of shareholdings per share series. SOK's liabilities from equity funding based on decisions made by 31 December 2022 are estimated to be EUR 2.1 million in total (0.7 million).

Regarding North European Oil Trade Oy's syndicated revolving credit facility SOK has given an off-take commitment to the financing banks. In the off-take commitment, SOK has committed to purchase at market price 22 percent of the liquid fuel stocks of NEOT Group pledged at any given time as collateral for the syndicated revolving credit facility.

Additionally SOK has pledged to provide loan funding. SOK has at 31 Dec 2022 the following open commitments: and to provide EUR 5.0 million (5.0 million) conditional subordinated loan to North European Oil Trade Oy.

30. Subsidiaries and associated companies

Companies owned by SOK Corporation and SOK 31.12.2022	Country	SOK Corporation´s shareholding %	SOK Corporation´s voting rates %	SOK´s shareholding %
Group companies				
Commercial				
AS Sokotel	Estonia	100	100	
Inex Partners Oy	Finland	100	100	100
Inex Export Oy	Finland	100	100	100
Jollas-Opisto Oy	Finland	100	100	100
Meira Nova Oy	Finland	100	100	100
Prisma Peremarket AS	Estonia	100	100	
Reila Palvelut Oy	Finland	100	100	100
SOK-Liiketoiminta Oy	Finland	100	100	100
Sokotel Oy	Finland	100	100	100
SOK Fund Management Oy	Finland	100	100	
SOK Real Estate Int Oy	Finland	100	100	99
SOK Retail Int Oy	Finland	100	100	
S-Business Oy	Finland	100	100	100
S-Yrityspalvelu Oy	Finland	100	100	100
S-Verkkokauppa Oy	Finland	100	100	100
Commercial, 15 companies				
Real-estate companies, 28 companies				
Total Group companies, 43 companies				
Joint ventures				
Kauppakeskus Mylly Oy	Finland	50	50	50
Kiinteistö Oy Kuloisten Kauppakeskus	Finland	50	50	
North European Oil Trade Oy	Finland	51	50.8	51
* Due to the shared controlling interest based on the associated company agreement, the company is treated as a joint venture using the equity method.				
Total joint ventures, 3 companies				
Associated companies				
Asunto Oy Kauniaisten Kirkkomäki	Finland	39	39	39
Coop Trading A/S	Denmark	25	25	25
Hälyttävä Oy	Finland	46	46	46
Keskuskorttelin Huolto Oy	Finland	32	32	32
S-Bank Plc	Finland	50	50	50
S-Asiakaspalvelu Oy	Finland	50	50	
FIM Kiinteistö Oy	Finland	50	50	
S-Pankki Kiinteistöt Oy	Finland	50	50	
S-Pankki Vaikuttavuussijoitukset Oy	Finland	50	50	
Fennia Varainhoito Oy	Finland	50	50	
Fennia Kiinteistöt Oy	Finland	50	50	
FIM Infrastructure Mezzazine Debt Fund Oy	Finland	50	50	
FIM Private Debt Fund I GP Oy	Finland	50	50	
FIM SIB Oy	Finland	50	50	
S-Pankki Vaikuttavuus I GP Oy	Finland	50	50	
Total associated companies, 15 companies				

31. Events after the balance sheet date

The Group does not have any essential events after the balance sheet date

SOK CORPORATION KEY RATIOS 2018-2022

SOK Corporation	IFRS 2022	IFRS 2021	IFRS 2020	IFRS 2019	IFRS 2018
Revenue, EUR million	**8,434.0**	7,796.6	7,600.4	7,496.6	7,303.5
Operating profit, EUR million	**24.8**	19.7	-2.6	102.2	60.7
% of revenue	**0.3**	0.3	0.0	1.4	0.8
Profit/loss before taxes, EUR million	**4.9**	-12.1	-36.5	67.2	55.4
% of revenue	**0.1**	-0.2	-0.5	0.9	0.8
Return on equity, %	**-0.1**	-3.1	-4.7	9.9	7.5
Return on investment, %	**2.3**	1.3	0.1	8.0	7.9
Equity ratio, %	**21.3**	21.2	21.1	24.0	38.4
Gearing, %	**178.6**	191.1	189.9	146.6	-0.1
The average number of the personnel during the financial year, converted to full-time	**5,744**	5,648	5,788	5,974	5,474
Non-interest-bearing liabilities, EUR million	**1,060.8**	997.3	967.4	933.4	874.6

CALCULATION OF KEY RATIOS

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

Return on investment, % = $\frac{\text{Profit/loss after financial items + interest and other financial expenses}}{\text{Total assets - non-interest-bearing liabilities - provisions, average}}$ x 100%

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

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

The average number of the personnel during the financial year, converted to full-time

The average number of personnel and the number converted to full-time equivalents has been calculated as the average number of personnel at the end of each quarter.

PARENT COMPANY FINANCIAL STATEMENT, FAS

Income statement, FAS

EUR million	Note	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
NET TURNOVER		**7,575.7**	**7,077.7**
Other operating income	2	0.3	0.5
Materials and services			
Materials, consumables and goods			
Purchases during the financial period		-6,881.3	-6,398,7
Changes in inventories		44.4	-5.6
External services		-318.8	-300.3
		-7,155.7	**-6,704.7**
Personnel costs	3		
Wages, salaries and fees		-130.4	-116.8
Other social security expenses		-30.7	-25.2
		-161.1	**-142.0**
Depreciation and impairment charges	4	-13.8	-11.1
Other operating expenses	5	-230.4	-200.8
OPERATING RESULTS		**15.0**	**19.7**
Financial income and expense	6	12.0	5.2
RESULT BEFORE APPROPRIATIONS AND TAXES		**27.0**	**24.9**
Appropriations			
Changes in depreciation difference		-0.3	-0.3
Group contribution		-24.0	-23.9
Income taxes	7	-0.6	0.0
RESULT FOR THE FINANCIAL PERIOD		**2.1**	**0.6**

Balance sheet, FAS

Assets EUR million	Note	31 Dec 2022	31 Dec 2021
NON-CURRENT ASSETS			
Intangible assets	8		
Intangible rights		46.8	54.2
Other intangible assets		3.6	3.4
Advance payments		48.4	30.0
		98.8	**87.6**
Tangible assets	9		
Land and water areas		0.6	0.6
Buildings and constructions		0.0	0.1
Machinery and equipment		1.3	1.5
Other tangible assets		0.6	0.6
Advance payments and constructions in progress		0.2	12.2
		2.7	**14.9**
Investments	10		
Investments in group companies		367.7	359.3
Receivables from group companies		376.0	339.6
Investments in participating interest companies		197.1	196.1
Other investments and holdings		1.7	2.0
Other receivables		0.6	0.6
		943.1	**897.6**
Total non-current assets		**1,044.7**	**1,000.1**
Current assets			
Inventories			
Finished products		208.0	163.6
Other inventories		0.0	0.0
Advance payments		5.5	5.3
		213.5	**168.8**
Non-current receivables			
Other receivables		1.5	1.5
Current receivables	11		
Accounts receivables		533.7	509.3
Receivables from group companies		30.1	35.0
Receivables from associated companies		1.3	1.6
Other receivables		11.9	0.5
Prepayments and accrued income		26.3	23.9
		603.3	**570.3**
Cash and equivalents		67.8	67.3
Total current assets		**886.2**	**807.9**
Total assets		**1,930.8**	**1,808.0**

Balance sheet, FAS

Member's funds and liabilities EUR million	Note	31 Dec 2022	31 Dec 2021
Member's funds	12		
Member's capital		172.0	172.0
Other reserves			
Reserve for invested unrestricted equity		45.0	36.4
Fair value reserve		-1.6	1.0
Legal reserve		18.5	18.5
Supervisory Board's disposal fund		0.0	0.0
Retained earnings		577.6	577.0
Result for the financial period		2.1	0.6
		813.6	**805.5**
APPROPRIATIONS			
Accumulated depreciation difference		5.9	5.6
PROVISIONS			
Other provisions	13	5.5	6.0
LIABILITIES			
Non-current liabilities			
Other liabilities		0.4	0.4
Current liabilities	14		
Advance payments		11.9	11.8
Accounts payables		708.4	655.1
Liabilities to group companies		201.4	180.6
Liabilities to participating interest companies		1.6	0.4
Other liabilities		67.7	44.2
Accruals and deferred income		114.5	98.3
		1,105.5	**990.5**
Total liabilities		**1,105.9**	**990.9**
Total members' funds and liabilities		**1,930.8**	**1,808.0**

Cashflow statement, FAS

EUR million	Reference	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
CASH FLOW FROM OPERATING ACTIVITIES			
Operating result		15.0	19.7
Adjustment to operating result	1)	14.7	9.5
Change in working capital	2)	-30.5	4.3
Cash flow from operating activities before taxes and interests		**-0.8**	**33.6**
Paid interests and other financial expenses		-2.1	-1.2
Received interests and other financial income		2.5	1.8
Paid taxes		0.0	0.0
Cash flow from other operating activities		**-0.4**	**34,2**
Cash flow arising from investing activities			
Investments in tangible and intangible assets		-9.2	-24.3
Investments in other shares and holdings		-9.8	-66.3
Issued loans		-92.0	-51.0
Proceeds from sale of tangible and intangible assets		0.1	0.0
Proceedings from other investments		0.0	2.7
Repayments from loan receivables		55.5	34.5
Received interests from investments		5.7	4.2
Received dividends from investments		6.2	1.3
Cash flow arising from investing activities		**-43.5**	**-99.0**
Cash flow arising from financial activities			
Change in short-term loans		59.7	-2.1
Change in unrestricted equity		8.5	3.5
Change in other equity		0.0	0.0
Change in group contributions		-23.9	-21.1
Cash flow arising from financial acitivities		**44.3**	**-19.7**
Change in cash and equivalents		**0.5**	**-84.5**
Cash and cash equivalents at beginning of period		**67.3**	**151.8**
Change in cash and equivalents at end of period		**67.8**	**67.3**
Adjustments to result	1)		
Gain and losses from fixed assets		0.0	-1.0
Depreciations and amortisations		13.8	11.1
Other non-cash items		0.9	-0.6
		14.7	**9.5**
Change in working capital	2)		
Current receivables, non-interest bearing		-36.1	-18.8
Change in inventories		-44.7	2.7
Current liabilities, non-interest bearing		50.3	20.4
		-30.5	**4.3**

NOTES TO FINANCIAL STATEMENTS

1. Accounting principles

SOK Corporation's financial statements have been prepared in compliance with the Finnish Accounting Standards (FAS).

Non-current assets and depreciations

Intangible and tangible assets are initially recognised at historical cost and they are subsequently measured at historical cost less depreciation and impairment losses. The assets are depreciated over their estimated useful life using the straight-line method and starting from the capitalisation month. The estimated useful lives are as follows:

Lightweight structures and equipment in buildings	5–15
Buildings	20–35
Machinery and equipment	3–10
Motor vehicles and servers	3–5
Other intangible and tangible assets	by Business Tax Act

Investments

Shares and participations under investments are measured at fair value in compliance with the alternative method allowed under the FAS, section 5, Article 2a in case the fair value is reliable measured. If the fair is not reliably measured, the investments are stated as original cost less any impairment losses.

Inventories

Inventories are stated, using the weighted average price method, at lower of direct purchase cost, replacement cost and probable selling price.

Financial assets and liabilities

Financial instruments are recognised, using an alternative method, as allowed in section 2a, Chapter 5 of the Accounting Act, at fair value in accordance with the International Financial Reporting Standards (IFRS).

Financial assets are classified at amortized cost, fair value through items of other comprehensive income or fair value to be measured through profit and loss. Financial liabilities are classified at amortized cost by means of the effec-tive interest method to be measured or at fair value to the measured through profit and loss.

The fair value of a financial instrument is determined on the basis of prices quoted in active markets or by using measurement methods that are generally applied in the markets. The fair values of interest rate swaps has been deter-mined by discounting future cash flows to the present by using the market rates of the balance sheet date. The fair values of currency forwards has been calcu-lated by measuring the forward contracts at the forward rate of the bal-ance sheet date.

Foreign currency transactions

Foreign currency transactions are recorded in euros using the rate of exchange at the date of transaction. Foreign currency receivables and payables are translated into euros using the rate of exchange at the balance sheet date. Exchange rate differences are recognised in income statement.

As the ECB has suspended the quotation of the exchange rate of the Russian rouble in euro for the time being, the exchange rate quoted by the ECB on 1 March 2022 was exceptionally used for the recording of all transactions in roubles from 2 March 2022 to 25 April 2022. From 26 April 2022 onwards, the EUR/RUB WM exchange rate quoted by Refinitiv has been used.

Derivative contracts and hedge accounting

Derivative contracts are used mainly for hedging purposes. SOK applies hedge accounting according to IFRS to some of the currency derivatives used for hedging Group goods purchases. In these, only the exchange rate risk is being hedged. The hedge accounting model used is cash flow hedging. SOK has derivative contracts outside of hedge accounting which, according to the Corpora-tion's financial policy, are effective economic hedging instruments but to which hedge accounting in accordance with the IFRS 9 standard is not applied.

Pension plans

Personnel's statutory pension provision is organised through pension insurance companies and the voluntary supplementary pension provision is either insured or kept at the company's own risk. The management is in the scope of the supplementary pension provision. Pension costs are recognised as expense in the income statement.

Future expenses and losses

Future expenses and losses include items committed to under agreements or otherwise but not yet realised are recorded either as mandatory provision or as accrued liabilities in balance sheet. Changes in accrued liabilities and provisions are recognised as expense in income statement. Losses from the Group's under-utilised premises are included in mandatory provisions.

Income taxes

Income tax includes the income tax payments for the period calculated based on the profit for the period, and taxes payable for prior periods, or tax refunds. Deferred taxes are not included in SOK's income statement and balance sheet. Unrecognised deferred taxes are disclosed in note 7.

Terminology

In SOK's financial reporting, the term 'result' is primarily used to describe the financial performance of the cooperative. Secondarily, the terms 'profit' or 'loss' are used where 'result' does not fit the context. The terms 'surplus' and 'deficit' may be used if it is necessary to present a link with a provision of the Co-operatives Act or the rules of the cooperative.

EUR million	2022	2021
2. Other operating income		
Gain and losses from sale of tangible and intangible assets	0.1	0.1
Other	0.2	0.4
Total	**0.3**	**0.5**

3. Personnel expenses		
The average number of personnel is counted as weighted average number on the quarter basis.		
Average amount of personnel	1,946	1,765
Salaries and remunerations paid to management		
Management	1.0	1.9
Board of directors	0.3	0.3
Total	**1.4**	**2,2**

Management's pension commitments

Management's pension commitments: SOK's Chief Executive Officer and the Corporate Management Team are entitled to retire at the age of 60–63.

4. Depreciations and impairments charges		
Depreciations according to plan	13.8	11.1
Impairment charges	0.0	0.0
Total	**13.8**	**11.1**

Depreciation principles are disclosed under the chapter accounting principles. Depreciations' detalizations on asset types are disclosed in notes 8-10.

5.Operating expenses		
Rents and property expenses	39.3	34.8
ICT	162.2	134.3
Administration and marketing expenses	13.6	24.2
Other operating expenses	15.3	7.5
Total	**230.4**	**200.8**

Other operating expenses contain auditors' fee		
Audit	0.2	0.2
Tax services		
Other services	0.1	0.0
Total	**0.4**	**0.2**

EUR million	2022	2021
6. Financial income and expenses		
Income from non-current investments		
Income from investments in associated companies	6.1	0.1
Income from other non-current investments		
From group companies	5.9	4.2
From others	0.1	1.2
Other interest and financial income		
From group companies	1.2	0.9
From others	1.1	1.2
Financial income total	**14.5**	**7.5**
Impairment charges from non-current investments	**-0.4**	**-1.3**
Interest and other financial expenses		
For the same group companies	-0.2	-0.1
For others	-1.9	-1.0
Interest and other financial expenses total	**-2.1**	**-1.1**
Financial income and expenses total	**12.0**	**5.2**

7. Income taxes		
Income taxes for the financial period	0.6	0.0
Income taxes for previous financial periods	0.0	0.0
Total	**0.6**	**0.0**
Deferred tax receivables		
Other provision	1.1	1.2
Deferred tax liabilities		
Accumulated depreciation difference	1.2	1.1

Deferred taxes are not included to the balance sheet.

EUR million

8. Intangible assets

31 Dec 2022 EUR million	Intangible rights	Other intangible assets	Advance payments	Total
Acquisition cost 1 Jan	136.1	15.9	30.0	181.9
Increases	0.4	0.0	24.1	24.5
Decreases	-12.1			-12.1
Transfers	5.0	0.7	-5.7	0.0
Acquisition cost 31 Dec	**129.4**	**16.6**	**48.4**	**194.4**
Accumulated depreciation 1 Jan	81.9	12.5		94.4
Decreases and transfers	-12.1			-12.1
Depreciation for the financial year	12.8	0.5		13.3
Accumulated depreciations 31 Dec	**82.5**	**13.0**		**95.6**
Book value 31 Dec	**46.8**	**3.6**	**48.4**	**98.8**

31 Dec 2021 EUR million	Intangible rights	Other intangible assets	Advance payments	Total
Acquisition cost 1 Jan	127.8	15.2	27.2	170.2
Increases	-0.7		12.5	11.8
Decreases	0.0			0.0
Transfers	9.0	0.7	-9.7	0.0
Acquisition cost 31 Dec	**136.1**	**15.9**	**30.0**	**181.9**
Accumulated depreciation 1 Jan	71.8	12.0		83.7
Decreases and transfers	0.0			0.0
Depreciation for the financial year	10.1	0.5		10.6
Accumulated depreciations 31 Dec	**81.9**	**12.5**		**94.4**
Book value 31 Dec	**54.2**	**3.4**	**30.0**	**87.6**

9. Tangible assets

31 Dec 2022 EUR million	Land and water areas	Buildings and constructions	Machinery and equipment	Total
Acquisition cost 1 Jan	0.7	1.5	9.3	11.5
Increases			0.3	0.3
Decreases			-0.5	-0.5
Acquisition cost 31 Dec	**0.7**	**1.5**	**9.1**	**11.3**
Accumulated impairment charges 1 Jan	0.1			0.1
Accumulated impairments 31.12	**0.1**			**0.1**
Accumulated depreciation 1 Jan		1.5	7.8	9.3
Decreases and transfers			-0.4	-0.4
Depreciations for the financial year		0.0	0.5	0.5
Accumulated depreciations 31 Dec		**1.5**	**7.9**	**9.4**
Book value 31 Dec	**0.6**	**0.0**	**1.3**	**1.9**

EUR million

31.12.2021	Land and water areas	Buildings and constructions	Machinery and equipment	Total
Acquisition cost 1 Jan	0.7	1.5	8.9	11.1
Increases			0.4	0.4
Decreases			0.0	0.0
Acquisition cost 31 Dec	**0.7**	**1.5**	**9.3**	**11.5**
Accumulated impairment charges 1 Jan	0.1			0.1
Accumulated impairments 31 Dec	**0.1**			**0.1**
Accumulated depreciation 1 Jan		1.5	7.4	8.9
Decreases and transfers			0.0	0.0
Depreciations for the financial year		0.0	0.4	0.5
Accumulated depreciations 31 Dec		**1.5**	**7.8**	**9.3**
Book value 31 Dec	**0.6**	**0.1**	**1.5**	**2.1**

31.12.2022	Other tangible assets	Advance payments and constructions in progress	Total
Acquisition cost 1 Jan	0.6	12.2	12.8
Increases	0.0	0.1	0.1
Decreases	0.0	-12.0	-12.0
Acquisition cost 31 Dec	**0.6**	**0.2**	**0.9**
Accumulated impairment charges 1 Jan	0.0		0.0
Accumulated impairments 31 Dec	**0.0**		**0.0**
Book value 31 Dec	**0.6**	**0.2**	**0.8**

31.12.2021	Other tangible assets	Advance payments and constructions in progress	Total
Acquisition cost 1 Jan	0.6	0.1	0.7
Increases	0.0	12.0	12.1
Decreases			0.0
Acquisition cost 31 Dec	**0.6**	**12.2**	**12.8**
Accumulated impairment charges 1 Jan	0.0		0.0
Accumulated impairments 31 Dec	**0.0**		**0.0**
Book value 31 Dec	**0.6**	**12.2**	**12.8**

EUR million

10. Investments

31 Dec 2022	Investments in group companies	Receivables from group companies	Investments in participating interest companies	Total
Acquisition cost 1 Jan	375.2	339.6	196.1	910.9
Increases	8.4	81.7	1.4	91.4
Decreases		-45.2	-0.4	-45.6
Acquisition cost 1 Jan	**383.5**	**376.0**	**197.1**	**956.7**
Accumulated impairments 1 Jan	15.8		0.1	15.9
Accumulated impairments 31 Dec	**15.8**		**0.1**	**15.9**
Book value 31 Dec	**367.7**	**376.0**	**197.1**	**940.8**

31 Dec 2021	Investments in group companies	Receivables from group companies	Investments in participating interest companies	Total
Acquisition cost 1 Jan	372.5	323.1	134.2	829.8
Increases	2.8	24.9	63.4	91.1
Decreases	-0.2	-8.3	-1.5	-10.0
Acquisition cost 1 Jan	**375.2**	**339.6**	**196.1**	**910.9**
Accumulated impairments 1 Jan	14.5		0.1	14.6
Impairments	1.3			1.3
Accumulated impairments 31 Dec	**15.8**		**0.1**	**15.9**
Book value 31 Dec	**359.3**	**339.6**	**196.1**	**895.0**

31.12.2022	Other investments and shares	Other receivables from others	Total
Acquisition cost 1 Jan	1.3	0.6	1.9
Increases	0.1		0.1
Decreases	-0,3		-0,3
Fair value	0.7		0.7
Acquisition cost 1 Jan	**1.7**	**0.6**	**2.4**
Accumulated impairments 1 Jan	0.0	0.0	0.0
Accumulated impairments 31 Dec	**0.0**	**0.0**	**0.0**
Book value 31 Dec	**1.7**	**0.6**	**2.3**

31 Dec 2021	Other investments and shares	Other receivables from others	Total
Acquisition cost 1 Jan	1.2	0.6	1.8
Increases	0.1		0.1
Fair value	0.8		0.8
Acquisition cost 1 Jan	**2.0**	**0.6**	**2.6**
Accumulated impairments 1 Jan	0.0	0.0	0.0
Accumulated impairments 31 Dec	**0.0**	**0.0**	**0.0**
Book value 31 Dec	**2.0**	**0.6**	**2.6**

EUR million	2022	2021
11. Current receivables		
Receivables from group companies		
Accounts receivables	7.9	7.9
Others	13.6	15.1
Prepayments and accrued income	8.5	11.9
Total	**30.1**	**35.0**
Receivables from participating interest companies		
Accounts receivables	1.3	1.6
Total	**1.3**	**1.6**
Material items included in accrued receivables and income		
Personnel expenses	0.0	0.0
Financial items	0.8	2.3
Others	8.0	12.8
Purchase related	26.1	20.8
Total	**34.9**	**35.8**
12. Member's funds		
Restricted equity		
Member's capital 1 Jan	172.0	172.0
Member's capital 31 Dec*	**172.0**	**172.0**
Fair value reserve 1 Jan	1.0	-1.3
Cash flow hedge		
Fair value changes for the financial period	-1.6	1.0
Amount excluded from equity to income statement	-1.0	1.3
Fair value reserve 31 Dec	**-1.6**	**1.0**
Legal reserve 1 Jan	18.5	18.5
Legal reserve 31 Dec	**18.5**	**18.5**
Total restricted equity	**188.8**	**191.4**
Non-restricted equity		
Reserve for invested unrestricted equity 1 Jan	36.4	32.9
Increases	8.5	3.5
Reserve for invested unrestricted equity 31 Dec	**45.0**	**36.4**
Supervisory Board's disposal fund 1 Jan	0.0	0.1
Increases	0.0	
Decreases	-0.0	0.0
Supervisory Board's disposal fund 31 Dec	**0.0**	**0.0**

EUR million	2022	2021
Retained earnings 1 Jan	577.6	577.0
Transfer to supervisory board's disposal fund	-0.0	
Retained earnings 31 Dec	**577.6**	**577.0**
Result for the financial period	**2.1**	**0.6**
Total non-restricted equity	**624.7**	**614.1**
Total member's fund	**813.6**	**805.5**
Distributable funds 31 Dec		
Reserve for invested unrestricted equity	45.0	36.4
Retained earnings	577.6	577.0
Result for the financial period	2.1	0.6
Total	**624.7**	**614.1**
13. Provisions		
Partially used premises	5.5	6.0
Total	**5.5**	**6.0**

Changes in provisions are recorded under other operating expenses in income statement.

14. Short-term liabilities		
Liabilities to group companies		
Trade payables	22.1	33.7
Other liabilities	174.5	142.0
Accruals and deferred income	4.8	4.9
Total	**201.4**	**180,6**
Liabilities to participating interest companies		
Trade payables	1.6	0.4
Total	**1.6**	**0.4**
Material items included in accruals and deferred income		
Personnel expenses	47.8	40.8
Financial items and derivatives	2.6	0.1
Others	68.9	62.3
Total	**119.3**	**103.3**

*Member's capital consist of cooperative payments paid by cooperative societies to SOK. The number of a cooperative society's shares is determined based on the total amount of cooperative memberships and the amount of the annual purchases. As of 31 December 2022 the number of cooperative societies were 25 (25) and number of society shares were 408,456 (391,357).

EUR million	2022	2021
15. Related party transactions		
Material related party transactions for the financial period		
Sale of goods	78.9	72.2
Sale of services	45.2	40.4
Rental income	30.2	25.5
Total	**154.2**	**138.1**
Purchase of goods	270.0	222.4
Purchase of services	250.8	239.3
Total	**520.8**	**461.6**
16. Guarantees, liability engagements and other liabilities		
Pledges given and contingent liabilities		
Other securities provided		
Pledges	0.1	0.1
Mortgages	1.9	1.9
Total	**1.9**	**1.9**
Securities given on behalf of Group companies		
Pledges	0.0	0.0
Guarantees	62.5	89.1
Total	**62.5**	**89.2**
Securities given on behalf of others' debt		
Guarantees for debt of joint ventures	163.7	114.1
Other securities given on behalf of others		
Pledges for liabilities of joint ventures	0.5	0.5
Guarantees for liabilities of joint ventures	20.4	27.1
Total	**20.9**	**27.6**
Other liabilities		
Letter of credit liabilities	1.1	1.3
Leasing liabilities		
Maturity within one year	16.2	13.8
Maturity in more than one year	60.3	62.5
Total	**76.5**	**76.3**

Other financial liabilities

SOK is obliged to review VAT deductions made between 2013–2022 relating to real estate investments in case use of real estate premises decrease during the review period. The last review is in 2030. The responsibility reached 0.3 million euros as of 31 Dec 2022 (0.4 million).

Other contingent liabilities

Commitments in accordance with the shareholder agreement to be responsible for the S-Voima Oy commitments

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.

In addition, shareholders of S-Voima Oy agreed upon a shared obligation to finance the company's investments in wind energy companies by means of equity funding, with liabilities being primarily divided at the ratio of shareholdings per share series. SOK's liabilities from equity funding based on decisions made by 31 December 2022 are estimated to be EUR 2.1 million in total (0.7 million).

Regarding North European Oil Trade Oy's syndicated revolving credit facility SOK has given an off-take commitment to the financing banks. In the off-take commitment, SOK has committed to purchase at market price 22 percent of the liquid fuel stocks of NEOT Group pledged at any given time as collateral for the syndicated revolving credit facility.

Additionally SOK has pledged to provide loan funding. SOK has at 31 December 2022 the following open commitments: to provide EUR 5.0 million (5.0 million) conditional subordinated loan to North European Oil Trade Oy.

Risk Management and derivative contract

SOK's finance and funding policy and risk management guideline are approved by SOK's Executive Board. They define risk management principals and threshold levels. Derivatives are used only for hedging purposes.

Foreign currency risks relates to purchases' transactional risk and Russian subsidiaries funding risk. The purpose of the hedging is to minimize the uncertainty of the open position's foreign currency risk taking into the account the expense of the hedging.

SOK applies hedging to derivatives to hedge highly probable future purchases and the applied model is cash flow hedging. The effective portion of the hedging is recorded in fair value fund under the equity.

Derivatives	Nominal amount		Fair value	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Forward exchanges, hedge accounting	31.9	28.7	-1.4	1.1
Forward exchanges, no hedge accounting	22.6	21.9	-1.1	0.5
Total	**54.5**	**50.5**	**-2.4**	**1.6**

All derivatives are due within one year.

EXECUTIVE BOARD'S PROPOSAL FOR THE DISTRIBUTION OF SOK'S DISTRIBUTABLE SURPLUS

	€
Profit indicated in the income statement	2,112,898.48
Profit for the previous financial years	577,591,681.93
Total	579,704,580.41

The Executive Board proposes that the profit for the financial year of EUR 2 112 898,48 be used as follows:

- transferred to the Supervisory Board's disposal fund	40,000.00
- left in the retained earnings account	2,072,898.48

Providing that the cooperative meeting approves the above proposal, SOK's capital and reserves will be:

Cooperative capital	172,001,000.00
Fair value reserve	-1,638,259.69
Legal reserve	18,473,154.85
Invested non-restricted equity reserve	44,977,000.00
Supervisory Board's disposal fund	87,634.97
Profit for the previous financial years	579,664,580.41
Total	813,565,110.54

Helsinki,
9 February 2023

Hannu Krook

Kim Biskop

Nermin Hairedin

Katri Harra-Salonen

Antti Heikkinen

Juha Kivelä

Veli-Matti Liimatainen

Harri Miettinen

Antti Määttä

AUDITOR'S REPORT

To the members of Suomen Osuuskauppojen Keskuskunta

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Suomen Osuuskauppojen Keskuskunta (business identity code 0116323-1) for the year ended December 31, 2022. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent cooperative's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial performance, financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

- the financial statements give a true and fair view of the parent cooperative's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent cooperative and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent cooperative's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent cooperative or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent cooperative's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent cooperative's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent cooperative or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the information included in the report of the Board of Directors and, in doing so, consider whether the information included in the report of the Board of Directors is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement in the information included in the report of the Board of Directors, we are required to report this fact. We have nothing to report in this regard.

Helsinki, March 21, 2023

KPMG OY AB

Jukka Rajala
Authorized Public Accountant, KHT

STATEMENT BY THE SUPERVISORY BOARD

According to Clause 1 of Subsection 1 of Section 13 of the SOK Corporation's statutes, the Supervisory Board has today inspected the financial statements and consolidated financial statements prepared by the Executive Board for 2022 and has familiarised itself with the auditors report.

The Supervisory Board proposes that the cooperative meeting confirm the financial statements and the consolidated financial statements and that the Executive Board's proposal concerning the distributable equity be approved.

Helsinki, 23 March 2023

SUOMEN OSUUSKAUPPOJEN
KESKUSKUNTA

On behalf of the Supervisory Board

Timo Santavuo
Chairman

Seppo Kuitunen
Secretary

In its meeting on 23 March 2023, the Supervisory Board of SOK Corporation approved these financial statements for publication. According to the Finnish Cooperatives Act, the Annual Cooperative Meeting can approve or reject the financial statements in the ordinary Council of Representatives' meeting to be held after the publication of the financial statements. The ordinary Council of Representatives' meeting may also decide on amending the financial statements.



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