

SOK CORPORATION

FINANCIAL STATEMENTS BULLETIN 1 JAN–31 DEC 2022

SOK CORPORATION'S FINANCIAL STATEMENTS BULLETIN 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	+/- % 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. 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 result EUR 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
Elimination for the retail and wholesale and other items	-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-ryhmä.fi.

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, 09/02/2023

SOK CORPORATION
Executive Board

CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Consolidated income statement, IFRS

EUR million	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Revenue	8,434.0	7,796.6
Other operating income	8.6	4.1
Materials and services	-7,593.2	-7,059.7
Employee benefit expenses	-318.9	-282.1
Depreciation and impairment losses	-177.4	-181.0
Other operating expenses	-348.5	-270.2
Share of results of associated companies and joint ventures (+/-)	20.2	12.0
Operating profit (-loss)	**24.8**	**19.7**
Financial income and expenses (+/-)	-30.3	-33.7
Share of results of associated companies and joint ventures (+/-)	10.4	2.0
Profit before taxes	**4.9**	**-12.1**
Income taxes (+/-)	-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	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 or loss		
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	-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	31 Dec 2022	31 Dec 2021
ASSETS		
Non-current assets		
Property, plant and equipment	1,279.1	1,403.4
Investment properties	26.0	27.1
Intangible assets	99.9	96.8
Interests in associated companies and joint ventures	304.9	287.8
Non-current financial assets	43.0	43.2
Deferred tax assets	25.1	30.9
Non-current assets, total	**1,778.0**	**1,889.2**
Current assets		
Inventories	252.1	210.2
Trade receivables and other current non-interest-bearing receivables	689.0	646.0
Current interest-bearing receivables	0.0	0.0
Cash and cash equivalents	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	172.0	172.0
Restricted reserves	4.5	17.3
Invested non-restricted equity reserve	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	984.3	1,073.4
Non-current non-interest-bearing liabilities	13.4	31.3
Provisions	4.7	5.9
Deferred tax liabilities	5.4	6.9
Non-current liabilities, total	**1,007.8**	**1,117.5**
Current liabilities		
Current interest-bearing liabilities	163.8	149.8
Current non-interest-bearing liabilities	219.3	198.4
Trade payables	823.4	767.6
Provisions	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	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		0.4	-0.1
Interest paid and other financial expenses		-0.5	-0.4
Interest received and other financial income		0.2	0.1
Income taxes paid		-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		-1.4	-63.5
Investments in tangible assets		-54.8	-51.5
Investments in intangible assets		-24.3	-11.8
Sale of other fixed assets		1.9	3.7
Dividends received from investments		6.3	1.3
Cash flow from investing activities		**-71.9**	**-121.6**
FINANCING			
Increase (+) / decrease (-) in short-term liabilities		25.8	6.5
Payments of lease liabilities		-155.0	-166.0
Interest paid		-3.8	-5.6
Interest received		4.0	0.8
Other changes in equity		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		**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		**81.3**	**84.8**
Adjustments to operating profit	(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

EUR million	Equity attributable to the owners of the parent								
	Cooperative capital	Fair value reserve	Other restricted reserves	Invested non-restricted equity reserve	Translation differences	Retained earnings	Total	Non-controlling interests	**Equity, total**
Equity									
1 Jan 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**

Accounting policies applied to the income statement and balance sheet

This Financial Statements Bulletin has been prepared in compliance with the IAS 34 Interim Financial Reporting standard. The same accounting principles were adhered to in the preparation of the Financial Statements Bulletin as in the 2021 Financial Statements, and, furthermore, the IAS/IFRS standard and interpretation amendments that came into effect in the financial year 2022 were also adhered to. The amendments to IAS/IFRS standards and interpretations adopted in 2022 have not had material effects on the consolidated financial statements.

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

This Financial Statements Bulletin is unaudited.

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 companiesassets are valued at book value, which according to our best estimate at the moment corresponds to the market value of the assets.

The effect of assets held for sale on the Group's financial position

EUR million	2022	2021
Tangible and intangible 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 non-interest-bearing liabilities	-4.7	
Assets and liabilities, total	**16.7**	**0.0**
Cash payment		
Net cash disposed of with the discontinued operation	3.1	
Cash flow effect	**3.1**	**0.0**

Segment information 31 December 2022

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

2022 EUR million	Super-market trade	Travel industry and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting, total
Revenue	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
Eliminations	0.0
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
Tourism 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 December 2021

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

2021 EUR million	Super-market trade	Travel industry and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting, total
Revenue	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			0.0	3.9
Reconciliation of the revenue							
Management reporting revenue to be reported				7,796.6			
Eliminations				0.0			
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			
Tourism 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			

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								
Loan receivables and other receivables	0.0	0.0		0.0	0.0	0.0		0.0
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	0.0
Impairments in the income statement	0.0	0.0
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 interest-bearing liabilities								
Other non-current interest-bearing liabilities	0.0	0.0		0.0	0.0	0.0		0.0
Non-current non-interest-bearing liabilities								
Trade payables	0.0	0.0		0.0	0.0	0.0		0.0
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	0.0	0.0		0.0
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).

Related party transactions

Transactions and balances with associated companies and joint ventures: EUR million	31 Dec 2022	31 Dec 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

Contingent liabilities

Contingent liabilities, EUR million	31 Dec 2022	31 Dec 2021
Pledges given and contingent liabilities		
Other securities provided		
Pledges	0.1	0.1
Mortgages	3.4	3.4
Guarantees	2.5	2.5
Total	**5.9**	**5.9**
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

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 EUR 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.

Key ratios

EUR million	31 Dec 2022	31 Dec 2021
SOK Corporation:		
Revenue, EUR million	8,434.0	7,796.6
Operating profit, EUR million	24.8	19.7
% of revenue	0.3	0.3
Profit before taxes, EUR million	4.9	-12.1
% of revenue	0.1	-0.2
SOK Corporation:		
Equity ratio, %	21.3	21.2
Return on equity, %	-0.1	-3.1
Gearing, %	178.6	191.1

Calculation of key ratios

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

Gearing, % = $\frac{\text{interest-bearing liabilities - cash and cash equivalents}}{\text{total equity}}$ x 100 %

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