SOK-CORPORATION

Interim Report 1 January – 30 June 2020

Development of the operating environment

The year got off to a relatively positive start. There were signs of recession, but hotel occupancy rates were at a good level, and retail sales development was on a par with last year. The global pandemic hit Finland in March and reversed economic development in our country and the rest of the world. The Finnish government issued recommendations and orders to limit mobility and increase remote work. Office employees shifted to working from home on a rapid schedule, and shops and restaurants adopted new practices to ensure the safety of customers. In the operating environment during the first half of the year, digital tools and the functionality of information systems were highlighted, because consumers were looking for new ways to consume as safely as possible. Increased demand was reflected in online food sales, which multiplied over a short period, because employees from the restaurants that were closed because of the pandemic were shifted to help with logistics.

For the time being, forecasts for the current year involve significant uncertainty about the development of the pandemic. Finland's GDP is expected to decrease by around 7% in 2020, but to regain a moderate growth rate of around 2% in 2021 and 2022. Inflation took a negative turn in early 2020 and is expected to remain low. However, the inflation rate is expected to take a positive turn again towards the end of the year. Low inflation will curb the increase in interest rate levels in the coming years. The downsides of low inflation include moderate or even non-existent salary development compared with previous years, which has an impact on the development of consumer purchasing power. Slower economic development increases the risk of temporary lay-offs becoming permanent, which would further weaken domestic purchasing power.

The effective management of the pandemic in Finland and globally has a strong impact on the materialisation of forecasts. The risks include new waves of infection, which would prolong the economic downturn. If an effective vaccine or other medical treatment against the virus can be developed on an accelerated schedule, perhaps even during 2020, it is possible that economic growth will recover to the level achieved at the beginning of the year. Recovery from the decrease in demand has been facilitated by the rapid response from the Finnish government and the EU to ensure financing for companies.

S Group's performance 1 January – 30 June 2020

S Group comprises the cooperatives and SOK with its subsidiaries. S Group's retail sales excluding taxes in January–June were EUR 5,595 million, showing an decrease of 1.3% year-on-year.

S Group's retail sales excluding taxes by business area	EUR million	+/- % previous year
Prisma*	1,866	+9.9
S-market	1,856	+7.8
Sale	366	+9.1
Alepa	207	+6.0
Herkku	33	-17.6
Other supermarket trade	2	-45.8
Supermarket trade total*	4,330	+8.4
Hardware trade	70	-1.7
Service station store and fuel sales	681	-18.1
Department stores and specialised trade	101	-24.9
Travel industry and hospitality business*	195	-51.1
Automotive trade and accessories	202	-8.1
Others:	16	-5.4
S Group total*	**5,595**	**-1.3**

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

At the end of June, S Group had 1,848 outlets (1,841 on 30 June 2019).

On 30 June 2020, there were 19 regional cooperatives and six local cooperatives.

In January–June, a total of 30,958 new members joined the cooperatives participating in the Bonus system. The total number of co-op members was 2,433,136 at the end of June. Co-op members were paid EUR 169 million in Bonus rewards.

Financial development

SOK's operations

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

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

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

SOK Corporation's financial development 1 January – 30 June 2020

SOK Corporation's net sales in January–June 2020 were EUR 3,721.1 million, showing an increase of 2.1% year-on-year.

SOK Corporation's operating profit was EUR 1.3 million (EUR 44.0 million). The result decreased because of the impacts of the COVID-19 pandemic on the travel and hospitality business. Foreign operations accounted for EUR 4.0% (4.3%) of net sales, or EUR 149 million.

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

SOK Corporation	30 June 2020	30 June 2019	30 June 2018
Net sales, EUR million	3,721.1	3,644.7	3,581
Operating profit/loss, EUR million	1.3	44.0	16.7
Operating profit, %	0.0	1.2	0.5
Return on equity, %	-2.0	4.4	2.4
Equity ratio, %	21.7	21.6	37.9

SOK Corporation's operating result

The operating result is used to monitor the result of the operative business after financial items excluding non-recurring items and IFRS items. The weaker operating result is due to problems caused by the pandemic for business operations.

SOK Corporation	30 June 2020	30 June 2019	30 June 2018
Operating result, EUR million	-11.2	28.8	19.6

SOK Corporation's operating revenue and operating result 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	138.7	+4.6	-2.1	+0.4
Travel industry and hospitality business	52.0	-80.4	-30.4	-42.3
Procurement and service business	3,583.6	+148.8	+12.2	+2.9
Real estate business	39.7	-2.8	+8.4	-1.0
Result from banking			+2.0	-2.7
Elimination for the retail and wholesale and other items	-92.8	+6.2	-4.1	+1.7
SOK Corporation, total	**3,721.1**	**+76.4**	**-14.1**	**-41.1**

Funding

SOK Corporation's financial situation has remained good throughout the first half of the year. The Group prepared for the impacts of the COVID-19 pandemic by increasing its credit facilities by EUR 60 million. In terms of sales receivables, the credit loss risk has not been detected to have increased significantly. The risks related to guarantees issued to joint ventures has been detected to have decreased. SOK Corporation's interest-bearing net liabilities amounted to EUR 1,217.0 million at the end of June (EUR 1,078.7 million), and its gearing was 189.5% (177.7%). SOK Corporation's equity ratio was 21.7% (21.6%).

At the end of June, SOK Corporation's liquid assets amounted to EUR 163.0 million (EUR 145.7 million). In addition, the Group had EUR 160.0 million in unused long-term committed credit facilities (EUR 100.0 million) and EUR 57.0 million in unused account limits (EUR 57.0 million).

Investments and divestments

SOK Corporation's non-current asset procurement, or investments in fixed assets, amounted to EUR 32.4 million in the first half of the year (EUR 29.4 million).

Sales of non-current assets amounted to EUR 1.5 million in the review period (EUR 0.7 million).

Personnel

SOK Corporation's average number of personnel in full-time equivalents was 6,090 in January–June 2020.

At the end of June, SOK Corporation's personnel numbered 6,725, of whom 1,724 (26%) were employed by SOK and 5,001 (74%) by its subsidiaries. At the end of the review period, a total of 2,127 people (32%) of the Corporation's personnel worked abroad.

Compared with the end of the previous year, SOK Corporation's number of personnel increased by 220 (3.4%). Compared with the corresponding period in the previous year, the number of personnel increased by 56 (0.8%).

Development of business areas

Supermarket trade

The supermarket trade includes the business operations in Estonia and Russia. In Estonia, there are six Prisma stores in Tallinn, two stores in Tartu and one in Narva. In St Petersburg, there are 16 Prisma stores. The newest opened in June.

Net sales from the supermarket trade were EUR 139 million. Net sales increased by 4% year-on-year, mainly due to the new opened units. The operating result of the supermarket trade was at a considerably better level than in the previous year. Investments by the supermarket trade totalled EUR 1.2 million and were mostly equipment investments.

Travel industry and hospitality business

SOK Corporation's travel and hospitality business is conducted by Sokotel Oy in Finland, AS Sokotel in Estonia, and OOO Sokotel in Russia.

Demand in the travel business came to an almost complete halt in mid-March due to the coronavirus pandemic. In addition, because of the restrictions related to emergency laws, restaurant and meeting operations have been discontinued since some two months ago. To minimise losses, most hotels have been closed, and strong adjustments have been made to operations. Demand began to recover slowly in late May, and the first hotels were reopened during June and July. Special attention has been paid to the safety of employees and customers at the hotels.

Net sales and the operating result decreased significantly in all market areas because of the steep decline in demand. The result was considerably negative.

In Finland, Sokotel Oy's net sales decreased by 59.4%.

In Estonia, AS Sokotel's net sales decreased by 62.4%.

In Russia, OOO Sokotel's net sales declined by 70.0%.

In the first half of 2020, investments by the travel and hospitality business totalled EUR 8.5 million.

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 for S Group's units. Net sales generated by other services provided to S Group's units include chain fees and management service income, among other income.

Net sales from the procurement and service business totalled EUR 3,583.6 million, increasing 4 per cent from the previous year. The operating result of the procurement and service business was EUR 12.1 million, which was better than in the previous year.

In the first half of 2020, investments by the procurement and service business totalled EUR 8 million The investments consisted mainly of information system investments.

Real estate business

Net sales from the real estate business consist of rental and property service income from properties owned by SOK Corporation. Net sales from the real estate business were EUR 40 million, representing a decrease of 6% year-on-year. The operating result of the real estate business was positive and remained at the previous year's level. In the first half of 2020, investments by the real estate business totalled EUR 9 million.

Development of associated companies and joint ventures

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

S Bank's balance sheet increased to EUR 7.2 billion from EUR 6.4 billion in the previous year. The total funds on deposit grew by 12.3% year-on-year and were EUR 6.5 billion at the end of June (EUR 5.8 billion). Lending grew by 14.3% and was EUR 5.1 billion at the end of June (EUR 4.5 billion). S-Bank Group's capital adequacy ratio was 15.8% (16.4%). At the end of June, S-Bank Group's operating result was EUR 5.2 million (EUR 16.0 million). The IFRS-adjusted result corresponding to SOK Corporation's shareholding (37.5%) was EUR 1.9 million.

Net sales of the fuel procurement company North European Oil Trade Oy were around EUR 2,015 million in the first half of the year. The Group's revenue decreased by just over 22% year-on-year as a result of the steep decline in the world market price of oil, as well as a decrease in the volumes of the Group's business operations during the spring. The impact of the restrictions caused by the coronavirus pandemic on volumes in March–May 2020 is estimated at -20%. However, demand will gradually return to normal levels during the summer. SOK's shareholding in North European Oil Trade Oy is 50.77%. 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 the Kauppakeskus Mylly Oy shopping centre in Raisio and the inter-Nordic procurement company Coop Trading A/S, among other companies.

The total impact of SOK Corporation's associated companies and joint ventures on SOK Corporation's result was EUR 6.2 million (EUR 6.8 million).

Changes in group structure

The Group didn't have any structure changes in first half of the year.

Management and future outlook

Management and changes in management

Taavi Heikkilä is serving as Chairman of SOK's Executive Board in 2020. In addition to the CEO, the members of the Executive Board include Managing Director Hannu Krook, Managing Director Kim Biskop, Managing Director Juha Kivelä, Managing Director Veli-Matti Liimatainen and Managing Director Olli Vormisto, as well as Managing Director Kimmo Simberg, Professor Rita Järventie-Thesleff and Managing Director Nermin Hairedin as new members. Hannu Krook serves as the Executive Board's Vice Chairman.

In April 2020, Doctor of Theology Matti Pikkarainen was re-elected as Chairman of SOK's Supervisory Board, and lawyer Timo Santavuo was elected as its Vice Chair. Managing Director Tapio Kankaanpää was elected as its second Vice Chair.

The auditor in the financial year 2020 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. In 2020, the Corporate Management Team consists of Arttu Laine, Deputy CEO of SOK and Executive Vice President, S Group Chain Management, Procurement and Logistics; Jorma Vehviläinen, CFO, SOK Finance and Administration; Susa Nikula, Executive Vice President, SOK Human Resources; Sebastian Nyström, Executive Vice President, SOK Strategy; Jari Annala, Senior Vice President, SOK Business; and Veli-Pekka Ääri, Executive Vice President, SOK Customer Relationships, Information and Digital Services. Seppo Kuitunen, Executive Vice President, Legal Affairs, is Secretary to the Corporate Management Team.

Near-term risks and uncertainties

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

S Group's strategic risks are examined annually over the short term (3 years) and long term (10 years) by SOK's Corporate Management Team, and are confirmed by SOK's Executive Board. The most significant short-term risks and uncertainties in S Group are associated with securing the competitiveness of the grocery trade and the profitability of the consumer goods trade in the transformation of the retail sector and the tightening competitive situation. There are several development projects underway in S Group, related to resource planning, logistics and quality improvement among other areas. Implementing these successfully will ensure the efficiency of the value chain and customer satisfaction in the future. In the long-term, the most significant risks are related to the realisation of the changes that are central from S Group's point of view, including digitalisation and technological development, workforce and competence, centralisation of population and changes in consumption behaviour. Responding to these changes and seizing the opportunities successfully are key to securing S Group's future competitiveness.

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

The coronavirus pandemic is burdening the Finnish and global economies. Despite the gradual lifting of restrictions, private consumption and investments have not returned to the levels achieved before the pandemic. Economic development during the rest of the year involves major uncertainties that affect the development of business operations.

Risks related to COVID-19

The coronavirus pandemic is burdening the Finnish and global economies. Despite the gradual lifting of restrictions, private consumption and investments have not returned to the levels achieved before the pandemic. Economic development during the rest of the year involves major uncertainties that affect the development of business operations.

The impacts of the coronavirus pandemic on SOK Corporation have been varied. Its impacts on the travel and hospitality business have been negative, but there have also been positive impacts: volumes have increased in the supermarket trade and procurement. SOK Corporation and the entire S Group have applied the CMT operating model for exceptional circumstances to assessing the impacts on customers, employees and business operations and managing the necessary measures. The financial situation is under continuous monitoring, and the liquidity reserves necessary for good solvency have been ensured. The businesses have adjusted their operations to changes in volumes, and the business impacts are being monitored systematically until the overall COVID-19 situation is brought under control with the help of a vaccine or by other means.

Responsibility

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

In early 2020, S Group implemented numerous measures to prevent the COVID-19 pandemic from spreading and ensure the safety of employees and customers. More information about these measures is available at www.s-ryhma.fi.

S Group continued to implement its Best Place to Live sustainability programme at the beginning of 2020. The programme has four themes: for the good of society, climate change and the circular economy, ethical operating culture and human rights, as well as well-being and health.

In February, S Group set new climate goals, the most ambitious in Finland. S Group aims to achieve carbon negativity in its own operations by the end of 2025. S Group is committed to science-based targets for reducing emissions in its own operations and value chain. The Group aims to reduce its climate emissions by 90% from the 2015 level by the end of 2030. S Group again received a score of A- in the Carbon Disclosure Project's international climate action assessment. The score represents the Leadership level among climate work pioneers. In addition, S Group is Finland's largest producer of solar power, with its nearly 60,000 solar panels. S Group's carbon footprint calculator helps consumers make more low-carbon choices.

S Group has prepared a policy for promoting animal welfare. The policy applies to products under S Group's private labels and branded products, as well as both Finnish and foreign production.

S Group is committed to respecting all internationally recognised human rights and to promoting the fulfilment of human rights. In 2019, S Group adopted human rights principles to guide its own and its partners' operations. The principles describe the Group's approach to human rights, and they also include guidelines on supporting a free civil society and defenders of human rights.

S Group and its chains were again ranked highly in the Sustainable Brand Index, the most extensive sustainability study in Europe. Finnish consumers rated S Group as the most responsible company selling consumer goods. S-market, Sokos Hotels and S-Bank were rated as the most sustainable operators in their fields.

The results and targets of S Group's sustainability work are described in more detail in the annual review and responsibility review at www.s-ryhma.fi.

Responsibility risks associated with SOK Corporation's business operations have been identified and analysed by business area. In building the Best Place to Live sustainability programme, S Group has identified key responsibility themes and the related risks and opportunities, as well as their importance to the business operations. Risks are viewed from the perspectives of regulation, physical operating environment, changes in consumer behaviour and reputation. The most significant risks related to human rights include violations of human rights in global supply chains and any shortcomings in ethical operating methods and transparency. Key environmental risks are related to climate change and its impact on the Group's own operations and on the supply chain. S Group has identified the climate risks which, if realised, may have considerable financial effects on the Group's operations. The risks are being addressed by means of the objectives and acts defined in S Group's sustainability programme.

Outlook for the remainder of 2020

With regard to demand, the outlook for the travel and hospitality business is very uncertain for the rest of the year. Key factors affecting demand include the impacts of a possible second wave of coronavirus, as well as the depth and duration of the global economic recession. Demand is recovering slowly, driven by leisure travel in Finland, but the expectations for international travel in particular are weak for the remainder of the year. The full-year result is expected to be significantly negative in all market areas.

The expansion of supermarket trade operations continues, with new units to be opened in St Petersburg towards the end of the year. The Group is also actively seeking new business locations in Estonia. The result of the supermarket trade is expected improve year-on-year.

The operating result of SOK Corporation is expected to be negative in the current year. The amount of the loss will be affected by the development of the coronavirus pandemic and the economy during the remainder of the year.

Helsinki, 20 August 2020

SSOK
CORPORATION

Executive Board

Interim financial statements

Consolidated income statement, IFRS

EUR million	1.1.–30.6.2020	1.1.–30.6.2019
Revenue	3,721.1	3,644.7
Other operating income	0.8	1.6
Materials and services	-3,377.6	-3,255.4
Employee benefit expenses	-130.0	-133.2
Depreciation and impairment losses	-87.6	-81.3
Other operating expenses	-128.7	-138.7
Share of results of associated companies and joint ventures (+/-)	3.4	6.3
Operating profit / loss	**1.3**	**44.0**
Financial income and expenses (+/-)	-18.2	-18.2
Share of results of associated companies and joint ventures (+/-)	2.9	0.5
Profit / loss before taxes	**-14.1**	**26.3**
Income taxes (+/-)	1.1	1.3
Result for the period	**-13.0**	**27.6**
Attributable to:		
Owners of the parent	-13.0	27.6
Share of non-controlling interests	0.0	0.0
	-13.0	27.6

Statement of other comprehensive income

EUR million	1.1.–30.6.2020	1.1.–30.6.2019
Result for the period	-13.0	27.6
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translating foreign operations	-5.0	5.4
Exchange differences on loans to foreign subsidiaries classified as net investments	-0.4	0.6
Cashflow hedges	-0.1	-0.3
Comprehensive income items of associated companies and joint ventures	-2.3	1.9
Other comprehensive income for the period, net of tax	-7.8	7.7
Total comprehensive income for the period	**-20.8**	**35.3**
Total comprehensive income for the financial year attributable to:		
Owners of the parent	-20.8	35.3
Share of non-controlling interests	0.0	0.0
	-20.8	35.3

Consolidated statement of financial position, IFRS

EUR million	30/06/2020	31/12/2019
ASSETS		
Non-current assets		
Property, plant and equipment	1,533.3	1,338.6
Investment properties	22.4	22.8
Intangible assets	99.2	102.9
Interests in associated companies and joint ventures	203.8	205.0
Non-current financial assets	62.7	73.1
Deferred tax assets	24.4	26.8
Non-current assets, total	**1,945.8**	**1,769.2**
Current assets		
Inventories	210.3	205.0
Trade receivables and other current non-interest-bearing receivables	659.5	601.4
Current interest-bearing receivables	61.7	34.0
Cash and cash equivalents	99.3	172.6
Current assets, total	**1,030.9**	**1,013.1**
Assets, total	**2,976.7**	**2,782.3**
EQUITY AND LIABILITIES		
Equity		
Cooperative capital	172.0	172.0
Restricted reserves	14.0	16.4
Invested non-restricted equity reserve	29.4	29.4
Retained earnings	426.1	444.5
Equity attributable to the the owners of the parent	**641.5**	**662.3**
Non-controlling interests	0.8	0.8
Equity, total	**642.3**	**663.1**
Non-current liabilities		
Non-current interest-bearing liabilities	1,251.4	1,061.1
Non-current non-interest-bearing liabilities	35.5	39.2
Provisions	6.2	6.4
Deferred tax liabilities	9.0	10.0
Non-current liabilities, total	**1,302.1**	**1,116.7**
Current liabilities		
Current interest-bearing liabilities	128.6	117.7
Current non-interest-bearing liabilities	146.0	157.4
Trade payables	757.0	726.8
Provisions	0.7	0.6
Tax liabilities for the financial year	0.0	0.0
Current liabilities, total	**1,032.3**	**1,002.5**
Equity and liabilities, total	**2,976.7**	**2,782.3**

Consolidated statement of cash flows, IFRS

EUR million	Reference	1.1.–30.6.2020	1.1.–30.6.2019
BUSINESS OPERATIONS			
Operating profit/ loss		1.3	44.0
Adjustments to operating result	(1)	79.5	75.3
Change in working capital	(2)	-43.3	-1.4
Cash flow from business operations before financing and taxes		**37.4**	**117.9**
Increase (-) / decrease (+) in current receivables		-29.7	-47.5
Interest paid and other financial expenses		0.0	0.0
Interest received and other financial income		0.1	0.1
Dividends received from business operations		0.0	0.9
Income taxes paid		0.3	-1.2
Cash flow from business operations		**8.1**	**70.2**
INVESTMENTS			
Investments in shares		0.0	-0.1
Investments in tangible assets		-26.3	-16.6
Investments in intangible assets		-5.9	-12.7
Sale of other fixed assets		1.2	
Change in other long-term investments		10.0	0.0
Dividends received from investments		3.1	3.2
Cash flow from investments		**-17.9**	**-26.2**
FINANCING			
Proceeds from new long-term liabilities		15.0	
Increase (+) / decrease (-) in short-term liabilities		-79.0	-102.2
Interest paid		-0.6	-4.4
Interest received		1.0	3.1
Interest paid on the cooperative and supplementary cooperative capital		0.0	-27.5
Cash flow from financing		**-63.5**	**-131.0**
Decrease in cash and cash equivalents		**-73.3**	**-87.0**
Cash and cash equivalents at the beginning of the year		**172.6**	**172.6**
Foreign exchange rate effect on cash and cash equivalents		**0.0**	**1.7**
Decrease in cash and cash equivalents		**-73.3**	**-87.0**
Cash and cash equivalents at the end of the period		**99.3**	**87.3**
Adjustments to operating profit	(1)		
Profits (-) and losses (+) from the sale of fixed assets		-0.1	-0.9
Depreciation and impairment losses		87.6	81.3
Other non-cash income and expenses		-8.1	-5.1
		79.5	75.3
Change in working capital	(2)		
Change in trade and other receivables		-58.4	-44.1
Change in inventories		-5.3	-35.7
Change in non-interest-bearing liabilities		20.4	78.4
		-43.3	-1.4

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 2019	172.0	-2.7	18.5	21.5	-21.2	421.6	609.8	0.4	610.2
Total comprehensive income		0.5			8.6	65.4	74.5	0.0	74.5
Interest on cooperative contributions						-27.5	-27.5		-27.5
Other changes			0.0	7.9		-2.3	5.6	0.4	6.0
31 Dec 2019	**172.0**	**-2.2**	**18.5**	**29.4**	**-12.5**	**457.1**	**662.3**	**0.8**	**663.1**
1 Jan 2020	172.0	-2.2	18.5	29.4	-12.5	457.1	662.3	0.8	663.1
Total comprehensive income		-2.4			-5.4	-13.0	-20.8	0.0	-20.8
Other changes						0.0	0.0		0.0
30 Jun 2020	**172.0**	**-4.6**	**18.5**	**29.4**	**-17.9**	**444.1**	**641.5**	**0.8**	**642.3**

Accounting policies applied to the interim Report

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union. IAS and IFRS standards and SIC and IFRIC interpretations valid on 30 June 2020 have been applied to this interim report.

The interim report has been prepared in accordance with the same accounting policies as the financial statements for 2019.

All figures in the tables of the Interim Report have been rounded, which is why totals of individual figures may differ from the sum presented. The key ratios have been calculated with exact values. Unless otherwise indicated, the euro-denominated figures from the income statement that are presented in parentheses in the text section of the interim report refer to the corresponding period of the previous year. The figures from the balance sheet that are presented in parentheses refer to the financial statements of the previous year.

The preparation of the financial statements in compliance with IFRS calls for making estimates and for judgement in applying accounting policies. The estimates are based on management's best judgement on the balance sheet date, but it is possible that the actual outcome will differ from the estimates used.

Interim Report is unaudited.

Fair values of financial assets and liabilities

EUR million	Financial assets and liabilities measured at fair value through profit and loss	Hedge accounting derivatives	Financial assets and liabilities to be measured at amortised cost	Carrying amount 06/2020	Fair value 06/2020
Financial assets					
Non-current financial assets	3.4	0.0	23.1	26.5	27.1
Shares and participations	3.4			3.4	3.4
Loan receivables			20.6	20.6	21.3
Non-interest-bearing loan receivables			2.5	2.5	2.4
Trade receivables and other current non-interest-bearing receivables	0.1	0.2	620.2	620.4	620.4
Trade receivables			556.7	556.7	556.7
Other non-interest bearing receivables			62.9	62.9	63.0
Prepayments and accrued income in financial items			0.5	0.5	0.5
Derivatives assets	0.1	0.2		0.2	0.2
Cash equivalents	0.0	0.0	58.9	58.9	59.1
Cash and cash equivalents	0.0	0.0	707.5	707.5	707.6
Financial assets, total	**3.4**	**0.2**	**1,409.8**	**1,413.3**	**1,414.1**
Financial liabilities					
Non-current interest-bearing liabilities	0.0	0.0	15.0	15.0	15.1
Trade payables			0.0	0.0	0.0
Interest-bearing loans from others			15.0	15.0	15.1
Non-current non-interest-bearing liabilities	0.0	0.0	30.2	30.2	30.2
Cash counting service			29.7	29.7	29.7
Other non-interest-bearing liabilities			0.5	0.5	0.5
Current interest-bearing liabilities	5.0	0.0	0.0	5.0	5.0
Interest-bearing loans from others	5.0		0.0	5.0	5.0
Current non-interest-bearing liabilities	0.4	0.3	-0.8	-0.1	-0.1
Accruals and deferred income in financial items			-0.8	-0.8	-0.8
Derivatives liabilities	0.4	0.3		0.7	0.7
Trade payables			757.0	757.0	757.0
Financial liabilities, total	**5.4**	**0.3**	**801.5**	**807.1**	**807.2**

The table does not include lease liabilities of carrying amount 1 236,4 million eur.

The fair value hierarchy

EUR million	Fair Value 06/2020	Level 1	Level 2	Level 3
Assets measured at fair value				
Non-current financial assets				
Shares and participations	3.4			3.4
Other current non-interest-bearing receivables				
Derivative assets	0.2	0.0	0.2	
Total	**3.6**	**0.0**	**0.2**	**3.4**
Liabilities measured at fair value				
Current non-interest-bearing liabilities				
Derivatives liabilities	0.7		0.7	
Total	**0.7**	**0.0**	**0.7**	**0.0**

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.

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 is not based on verifiable market information.

The holdings in Suomen Luotto-osuuskunta cooperative are presented in level 3 due to inaccuracies in the measurement of the fair value. The fair value of the holdings, EUR 2.0 million (2018: EUR 1.5 million) is based on Suomen Luotto-osuuskunta cooperative's preliminary plan regarding the distribution of funds. In addition to the aforementioned, level 3 also includes EUR 1.7 million of unquoted shares (2018: 1.8 million), for which the fair value cannot be determined.

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

EUR million	30/06/2020
Opening balance, 1 Jan	3.8
Purchases	0.0
Sales	-0.3
Impairments in the income statement	0.0

The fair value hierarchy

EUR million	Fair Value 2019	Level 1	Level 2	Level 3
Assets measured at fair value				
Non-current financial assets				
Shares and participations	3.7			3.7
Other current non-interest-bearing receivables				
Derivative assets	0.4		0.4	
Loan receivables	5.0		5.0	
Total	**9.1**	**0.0**	**5.4**	**3.7**
Liabilities measured at fair value				
Current non-interest-bearing liabilities	0.4		0.4	
Total	**0.4**	**0.0**	**0.4**	**0.0**

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

EUR million	2019
Opening balance, 1 Jan	3.3
Purchases	0.1
Sales	-0.2
Impairments in the income statement	0.0

Segment information 30.6.2020

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

EUR million	Supermarket trade	Tourism and hospitality business	Procurement and servicesbusiness	Real estate business	Banking	Internal eliminations and other	Management reporting, total
Revenue	138.7	52.0	3,583.6	39.7		-92.8	3,721.1
Operating result	-2.1	-30.4	12.2	8.4	2.0	-4.1	-14.1
Investments	1.2	8.5	8.1	8.8		5.6	32.2
Divestments	0.0	0.0	1.4				1.4
Reconciliation of the revenue							
Management accounting revenue to be reported				3,721.1			
Eliminations				0.0			
Revenue IFRS				3,721.1			
Reconciliation of the result							
Operating result of the segments to be reported				-14.1			
Items excluded from the operating result within SOK Corporation:							
Financial income and expenses (FAS)				2.9			
Gains and losses on the sale of property, plant and equipment				0.1			
Other operating income and expenses, and other items				-0.9			
Valuation gains and losses on derivatives				-0.4			
Impairment losses on tangible and intangible assets				0.0			
IFRS adjustments				-1.6			
Profit before taxes for the period IFRS				-14.1			
Additional information at SOK Corporation level, external income							
Sales to S-Group				3,357.9			
Other sales in Finland				214.0			
Foreign countries				149.1			
Revenue, total				3,721.1			
Supermarket trade				138.7			
Tourism and bospitality business				52.0			
Procurement and services business and other				3,490.8			
Real estate business				39.7			
Revenue, total				3,721.1			
Additional data at SOK Corporation level, fixed assets							
Finland				1,603.0			
Foreign countries				52.0			
Fixed assets, total				1,655.0			

Segment information 30.6.2019

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

EUR million	Supermarket trade	Tourism and hospitality business	Procurement and servicesbusiness	Real estate business	Banking	Internal eliminations and other	Management reporting, total
Revenue	134.1	132.4	3,434.8	42.5		-101.0	3,642.8
Operating result	-2.5	11.9	9.3	9.4	4.7	-5.8	27.0
Investments	1.8	7.5	13.5	6.2		0.4	29.4
Divestments	0.0	0.0	0.7				0.8
Reconciliation of the revenue							
Management accounting revenue to be reported				3,642.8			
Eliminations				1.9			
Revenue IFRS				3,644.7			
Reconciliation of the result							
Operating result of the segments to be reported				27.0			
Items excluded from the operating result within SOK Corporation:							
Financial income and expenses (FAS)				1.8			
Gains and losses on the sale of property, plant and equipment				0.6			
Other operating income and expenses, and other items				0.6			
Valuation gains and losses on derivatives				0.0			
Impairment losses on tangible and intangible assets				0.0			
IFRS adjustments				-3.7			
Profit before taxes for the period IFRS				26.3			
Additional information at SOK Corporation level, external income							
Sales to S-Group				3,180.3			
Other sales in Finland				304.4			
Foreign countries				158.1			
Revenue, total				3,642.8			
Supermarket trade				134.1			
Tourism and bospitality business				132.4			
Procurement and services business and other				3,333.8			
Real estate business				42.5			
Revenue, total				3,642.8			
Additional data at SOK Corporation level, fixed assets							
Finland				1,438.5			
Foreign countries				50.3			
Fixed assets, total				1,488.8			

Tangible and intangible assets

EUR million	Tangible assets	Investment properties	Intangible assets
Acquisition cost			
Acquisition cost, 1 Jan 2020	1,868.2	87.8	222.1
Translation differences	-8.6		-1.0
Increases	215.7	0.8	7.0
Decreases	-0.8		-0.8
Transfers between items	3.9		-6.3
Acquisition cost, 30 June 2020	**2,078.4**	**88.6**	**221.0**
Accumulated depreciation			
Accumulated depreciation, 1 Jan 2020	-468.0	-65.0	-119.0
Translation differences	4.9		0.6
Accumulated depreciation on deducted and transferred items	0.8	-0.7	1.0
Depreciation for the period	-82.8	-0.5	-4.4
Accumulated depreciation, 30 June 2020	**-545.1**	**-66.2**	**-121.8**
Carrying amount, 1 Jan 2020	**1,400.2**	**22.8**	**103.1**
Carrying amount, 30 June 2020	**1,533.3**	**22.4**	**99.2**

EUR million	Tangible assets	Investment properties	Intangible assets
Acquisition cost			
Acquisition cost, 1 Jan 2019	665.0	87.5	191.3
IFRS 16	1,119.2		18.9
Translation differences	8.3		0.7
Increases	77.8	0.2	7.2
Decreases	-5.6	-0.8	
Transfers between items	3.5	0.9	4.0
Acquisition cost, 31 December 2019	**1,868.2**	**87.8**	**222.1**
Accumulated depreciation			
Accumulated depreciation, 1 Jan 2019	-311.6	-63.1	-108.7
IFRS 16	-61.6		-0.2
Translation differences	-4.6		-0.6
Accumulated depreciation on deducted and transferred items	4.3	0.1	1.2
Depreciation for the period	-156.1	-1.9	-10.8
Impairment losses [2)]	0.1		
Accumulated depreciation, 31 December 2019	**-529.6**	**-65.0**	**-119.2**
Carrying amount, 1 Jan 2019	**353.4**	**24.4**	**82.6**
Carrying amount, 31 December 2019	**1,338.6**	**22.9**	**102.9**

1) One real estate is presented in assets held for sale.
2) The impairment is related to consolidated goodwill concerning the properties of the Prisma stores closed down in Russia during the financial period.

Related party transactions

Transactions and balances with associated companies and joint ventures: EUR million	30/06/2020	30/06/2019	31/12/2019
Sales	10.6	8.7	17.0
Purchases	0.3	40.2	36.7
Financial income and expenses	0.2	1.0	1.4
Trade and other receivables	0.9	2.9	0.8
Loan receivables	10.0	25.0	25.0
Trade payables and other liabilities	0.0	0.7	0.1

Pledges and contingent liabilities

Contingent liabilities, EUR million	30/06/2020	31/12/2019	Change	30/06/2019
Pledges given and contingent liabilities				
Pledges	0.1	0.1	0.0	0.1
Mortgages	1.3	0.8	0.6	0.7
Guarantees	2.5	2.5	0.0	2.5
Total	**3.9**	**3.4**	**0.5**	**3.3**
Security given on behalf of others				
Guarantees for liabilities of joint ventures enterprises	105.5	145.4	-39.9	122.6
Total	**105.5**	**145.4**	**-39.9**	**122.6**
Other contingent liabilities				
Pledges for liabilities of joint ventures enterprises	0.5	0.5	0.0	0.5
Guarantees for liabilities of joint ventures enterprises	21.8	20.7	1.2	21.9
Total	**22.3**	**21.2**	**1.2**	**22.4**
Other liabilities				
Letter of credit liabilities	**0.0**	0.1	-0.1	

The securities 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 77.7 million (EUR 116.5 million 31 Dec 2019) and of the guarantees on behalf of joint venture Kauppakeskus Mylly Oy on a loan of EUR 50.0 million (EUR 50.0 million 31 Dec 2019).

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 9.4 million (EUR 9.4 million 31 Dec 2019).

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.

Additionally SOK has pledged to provide loan funding. SOK has at 30 Jun 2020 the following open commitments: to provide EUR 5.0 million (EUR 5.0 million 31 Dec 2019) conditional subordinated loan to North European Oil Trade Oy.

Other issues in progress

The legal proceedings related to the losses arising from the closure of business operations in Lithuania and Latvia have yet to be completed.

Key ratios

SOK Corporation:	30/06/2020	30/06/2019	30/06/2018
Revenue, EUR million	3,721.1	3,644.7	3,581.4
Operating profit, EUR million	1.3	44.0	16.7
% of revenue	0.0	1.2	0.5
Profit before taxes, EUR million	-14.1	26.3	14.3
% of revenue	-0.4	0.7	0.4
SOK Corporation:			
Equity ratio, %	21.7	21.6	37.8
Return on equity, %	-2.0	4.4	2.0
Gearing, %	189.5	177.7	13.9

Calculation of key ratios

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

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

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