

SOK CORPORATION

INTERIM REPORT
1 JANUARY – 30 JUNE 2023

Development of the operating environment

The economic outlook has improved in Finland, Europe and globally. The feared global energy shortage never materialised, and energy prices have started to decrease markedly from top prices. However, inflation has so far slowed down less than predicted, despite frequent key interest rate hikes implemented by central banks. The Ministry of Finance predicts that households' real disposable income will begin to increase this year, with inflation slowing down and average earnings rising.

During the first months of 2023, inflation slowed down slightly from the previous year's levels but continues to be rapid and widespread. Lower energy prices have been the most significant factor curbing inflation. The price of groceries has also begun to decline. However, core inflation has remained high because of an increase in the prices of goods and services in particular. The Ministry of Finance expects the average inflation rate to be 5.9 per cent in 2023. Inflation is expected to fall to 2.4 per cent in 2024 and further to 1.6 per cent in 2025. According to the Ministry of Finance's estimate, Finland's gross domestic product (GDP) will not increase this year but will remain at last year's level. With the decrease in real income continuing, private consumption will also decrease. However, real income is expected to begin to increase in 2024 at the latest. GDP is expected to increase by 1.4 per cent in 2024 and by 1.9 per cent in 2025.

Consumers' purchasing power continues to be burdened by high inflation and interest rates. According to the Ministry of Finance's forecast, private consumption will decrease by 0.2 per cent in 2023. In the second half of 2023, slower inflation and an increase in wages are expected alleviate households' difficult situation. The Ministry of Finance estimates that consumption will begin to increase again in 2024 at the latest.

In Finland, the volume of retail sales in the first half of the year was lower than in the previous year. Rising production costs have also been reflected in consumer prices, and net sales in retail have increased compared with the previous year.

With consumers' purchasing power decreasing, the strong growth in the travel industry and hospitality business following the pandemic has slowed down. The number of international holidaymakers and business travellers has still not returned to pre-pandemic levels, but the number of overnight stays at hotels has been at a good level thanks to strong domestic demand. The availability of labour continues to be challenging, which also hinders growth.

S Group's performance 1 January to 30 June 2023

S Group comprises the cooperatives and SOK with its subsidiaries. S Group's retail sales excluding taxes in January–June were EUR 6,888 million, showing an increase of 7.3 per cent year-on-year.

S Group's retail sales excluding taxes by business area	EUR million	+/- % from previous year
Prisma*	2,234	+9.0
S-market	2,213	+11.1
Sale	379	+5.0
Alepa	223	+6.5
Other supermarket trade	24	-10.2
Supermarket trade total*	**5,074**	**+9.4**
Service station store and fuel sales	1,040	-5.3
Department stores and speciality stores	122	+6.1
Travel industry and hospitality business*	383	+23.5
Automotive trade and accessories	252	+6.2
Others	17	-3.0
S Group total*	**6,888**	**+7.3**

*Including retail sales in neighbouring areas (Estonia).

At the end of June, S Group had 2,008 outlets (1,949 at the end of June 2022). There were 19 regional and six local cooperatives.

In January–June, a total of 51,107 new members joined the cooperatives participating in S Group's bonus system. The total number of co-op members at the end of June was 2,531,756. Financial benefits to customer owners have been paid according to the table presented below:

Cash benefits paid to co-op members, 1 January to 30 June 2023	EUR million
Bonus	213
Payment method benefit	7
Interest on cooperative capital	3
Return of surplus	64
Total	**286**

Financial development

SOK's operations

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

SOK is responsible for S Group's overall strategic management. Its tasks are to provide S Group companies with services in chain management, co-op membership and marketing, 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 conducting business operations, SOK offers a wide spectrum of services to its co-op members in S Group. Furthermore, SOK engages in supermarket trade and travel and hospitality business in Estonia through its subsidiaries.

SOK Corporation's financial performance 1 January to 30 June 2023

SOK Corporation's net sales for 1 January to 30 June 2023 were EUR 4,428.5 million, showing an increase of 9.8 per cent compared with the previous year. Sales increased by EUR 394.5 million.

SOK Corporation's operating profit (IFRS) was EUR 37,9 million (-23.5 million). Foreign operations accounted for EUR 2.6 per cent (3.3%) of net sales, or EUR 115.3 million.

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

SOK Corporation	30 June 2023	30 June 2022	30 June 2021
Net sales, EUR million	4,428.5	4,034.0	3,773.8
Operating profit/loss, EUR million	37.9	-23.5	-5.9
Operating profit, %	0.9	-0.6	-0.2
Return on equity, %	4.2	-5.7	-3.5
Equity ratio, %	22.2	20.6	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 the retail and wholesale business areas in accordance with operational monitoring. In addition, the operating result of the banking operations is under operational monitoring. The operating result differs from the official IFRS operating result, with the difference being equal to the non-recurring items and IFRS items.

	Net sales, EUR million	Change, EUR million	Operating revenue, EUR million	Change, EUR million
Supermarket trade	107.2	-15.7	-2.2	7.2
Travel industry and hospitality business	108.3	18.7	-5.2	13.7
Procurement and service business	4,262.4	418.9	8.1	-0.4
Real estate business	42.7	5.6	11.2	2.0
Result from banking*	0.0	0.0	23.1	17.8
Elimination for the retail and wholesale and other items	-92.0	-33.0	-5.6	-4.3
SOK Corporation, total	**4,428.5**	**394.5**	**29.3**	**36.0**

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

Financing

The Group's financing position has remained stable. During the first half of the year, the Group prepared for future investments and increased its long-term committed credit facilities by EUR 90.0 million. The diversification and maturity targets of the Group's financial policy were taken into account in refinancing.

At the end of June, SOK Corporation's interest-bearing net liabilities amounted to EUR 1,094.7 million (1,148.1 million). EUR 1,027.1 million of the interest-bearing liabilities are lease liabilities compliant with IFRS 16 (1,100.8 million). Gearing was 161.0 per cent (178.6%), and SOK Corporation's equity ratio was 22.2 per cent (21.3%).

At the end of June, SOK Corporation's liquid assets amounted to EUR 108.1 million (81.3 million). In addition, the Group had unused long-term committed credit facilities of EUR 320.0 million (230.0 million) and overdraft facilities of EUR 57.0 million (57.0 million). No back-up credit facilities were used during the financial period, and there were no breaches concerning their terms.

Expected credit losses on trade receivables under IFRS 9 have increased by EUR 1.3 million, mainly because of guarantees granted on behalf of associated companies. The materialisation of the credit loss provision of EUR 3.8 million (2.6 million) is not considered likely.

The prior period figures presented in parentheses are figures per 31 December 2022.

Investments and divestments

SOK Corporation's non-current asset procurement, or investments in fixed assets, amounted to EUR 29.7 million in the first half of the year (42.0 million). The most significant investments were related to information systems and hotel and terminal properties.

Sales of non-current assets amounted to EUR 2.0 million in the review period (1.7 million).

Personnel

SOK Corporation's average number of personnel in full-time equivalents was 5,366 in January–June 2023 (5,847).

At the end of June, SOK Corporation had 6,256 (5,997) employees. A total of 34 per cent of the personnel, or 2,096 employees, worked for SOK and 66 per cent, or 3,876 employees, for the subsidiaries. At the end of the review period, 17 per cent of SOK Corporation's personnel, or 1,039 employees, were working abroad.

Compared with the end of the previous year, the number of SOK Corporation's personnel increased by 10 per cent, or 570 employees. The number of personnel increased by 4.3 per cent, or 259 employees, year-on-year.

Development of business areas

Supermarket trade

SOK Corporation's supermarket trade covers 14 Prisma stores in Estonia. Of these stores, ten are in Tallinn or its neighbouring areas, two in Tartu, one in Narva, and one in Rapla. Eight of the Prisma stores are hypermarkets, and six are supermarkets.

In the first half of the year, the net sales of SOK Corporation's supermarket trade amounted to EUR 107.2 million. Net sales grew by 11 per cent, and the operating profit improved year-on-year. The retail performance in Estonia improved as a result of higher sales, better sales margins and lower energy costs. In the first half of 2023, the supermarket trade's investments totalled EUR 3.3 million, with the reforms of Prisma Kristiine's concept and cash register system the largest investments. Prisma Kristiine was the last unit included in the hypermarket reform project that started in 2019. The completion of the project means that all Prisma stores in Estonia have been renewed in line with S Group's latest concepts.

Overall, the first half of the year was better than expected in the supermarket trade. Sales growth is expected to continue in the second half of the year, although consumer confidence is undermined by high inflation and rising interest rates. Their impact will reduce the volume of the supermarket trade and the sales of consumer goods in particular.

Travel industry and hospitality business

In the first half of 2023, SOK Corporation's travel and hospitality business was conducted by Sokotel Oy in Finland and AS Sokotel in Estonia.

Demand in the travel industry was strong in January and February. Demand started to decrease at the end of February, and the outlook remained the same towards the summer. Business development indices were more positive in the first half of the year than in the previous year, which is explained by the Covid-19 restrictions in force in the first quarter of 2022.

Sokotel Oy's net sales increased by 30 per cent from the corresponding period in the previous year. In Finland, the favourable development during the first months of the year was reflected in higher net sales for the first half of the year in both the accommodation and restaurant businesses.

Demand continues to rely largely on domestic tourism. The proportion of Finnish travellers remained at the same level as in the previous year, and the recovery of international tourism continues to be weak. The availability of labour has improved but continues to pose challenges. Sokotel Oy's result for the first half of the year reflects the decrease in consumers' purchasing power, which is expected to continue to affect the result in the second half of the year. The company's operating result showed a loss but was EUR 9.4 million higher than in the previous year.

The net sales of AS Sokotel increased by 47 per cent compared with the corresponding period in the previous year. In Tallinn, demand in both the accommodation and restaurant businesses has developed favourably year-on-year. International travel has not returned to pre-pandemic levels in Tallinn, with Finns the largest group of travellers. The availability of personnel has improved but continues to pose challenges in the Tallinn market as well. In addition, the rise in real estate costs has increased the total expenses. The operating result showed a loss but was EUR 0.4 million better compared to the previous year.

In the first half of 2023, investments in SOK Corporation's travel and hospitality business totalled EUR 2.3 million and were related to new projects, with EUR 2.1 million invested in Finland.

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.

Net sales from the procurement and service business totalled EUR 4,262.4 million (3,843.5 million). Net sales increased by 10.9 per cent from the previous year. The operating result of the procurement and service business was EUR 8.1 million, slightly less than in the previous year.

In the first half of 2023, investments by the procurement and service business totalled EUR 14.4 million .

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 42.7 million (37.2 million). The operating result of the real estate business showed a profit. Investments in the real estate business in the first half of 2023 totalled EUR 9.8 million. The largest investments were related to 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 9.3 billion from EUR 9.0 billion in the previous year. The total funds on deposit grew by 4.8 per cent to EUR 8.2 billion at the end of June (7.8 billion). Lending grew by 6.9 per cent and was EUR 6.9 billion at the end of June (6.4 billion). S-Bank Group's capital adequacy ratio was 17.3 per cent (16.2%). At the end of December, S-Bank Group's operating result was EUR 57.6 million (13.3 million).

The Finnish Competition and Consumer Authority has approved the acquisition of Handelsbanken's Finnish private customer, asset management and investment services operations and we expect the transaction to be completed during the second half of 2024. The acquisition also makes S-Bank the fourth largest operator in the Finnish market in housing loans and deposits for households.

The IFRS-adjusted share of the result for the financial period corresponding to SOK Corporation's shareholding (49.99%) was EUR 23.1 million. S-Bank is owned by SOK and S Group's regional cooperatives.

The net sales of the fuel procurement company North European Oil Trade Oy were around EUR 3,631 million in the first half of the year. The Group's net sales decreased by around 11.8 per cent year-on-year. The decline in sales is explained by changes in the world market prices of oil products.

SOK's shareholding in North European Oil Trade Oy is 50.77 per cent. Because of 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 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 25,3 million (8,4 million).

Changes in the group structure

SOK sold the real estate company Kiinteistö Oy Kuopion Kirjatalo property in February 2023.

Management and future outlook

Administration and changes in the administration

Hannu Krook continues as chair of the Executive Board and CEO of SOK. 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 2023, Timo Santavuo, Attorney, was elected as 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 financial 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. 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 in accordance with 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 implemented in the various 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, taking into account 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.

Significant uncertainties continue to exist in S Group's operating environment. The Russian attack on Ukraine continues and is affecting the global economy and global operations in many ways. In Finland, inflation and the deterioration of the economic situation have slowed down, but these factors will continue to affect Finns' purchasing power in the coming years. International travel is showing signs of recovery but has not returned to pre-pandemic levels. S Group is actively monitoring and assessing the uncertainties related to the operating environment and is preparing for and responding to changes based on the assessments.

Challenges in the availability of labour and the retention of employees are reflected in all S Group's business areas. Digital development and its success 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 as early as in the investment planning phase by carrying out a risk assessment and preparing a plan for mitigating the risks, for example. Risks are assessed throughout the duration of the projects. The balance sheet values of system investments are regularly assessed, and potential write-offs are implemented in accordance with the relevant regulations. In addition, the state of IT security and the risks related to the implementation of data protection are continuously assessed and monitored.

Ensuring the competitiveness of S Group's grocery trade continues to be essential as competition intensifies and costs increase. Possible operational disruptions related to supply chains and business operations require long-term precautions.

The most significant long-term risks are related to the progress and pace 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 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 deteriorating biodiversity, as well as their impact on the Group's own operations and on the supply chains. S Group has identified climate risks that, if realised, may have considerable financial effects on the Group's operations. Increasing regulation may require changes in 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.

S Group is building a new wind farm in Luvia, Eurajoki and investing in Finland's renewable electricity production. During the last 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 electricity production. In 2022, S Group's own wind power production represented around 65 per cent of S Group's electricity demand. In addition, around 2 per cent of the electricity demand was met at the local level with more than 100,000 solar panels. When the new wind farm is completed, the amount of electricity produced with the Group's own renewable sources will equal the electricity demand of the entire retail group.

S Group aims to build a nationwide charging network for electric cars between 2021 and 2024. At the end of June 2023, there were more than 250 stations, with a total of more than 1,500 charging points. ABC charging, which was launched at the end of 2021, became Finland's largest high-power charging network in less than two years, and the millionth charging event was recorded in May 2023.

To promote biodiversity, S Group is conducting a study of its operations' nature footprint, meaning the adverse impacts of its operations on biodiversity. The study is being conducted by the University of Jyväskylä's School of Resource Wisdom (JYU.Wisdom). The interim report of the project, which will continue until the end of 2025, indicates that food accounts for the largest portion of S Group's nature footprint, with fuel accounting for the second largest portion. These are also the retail group's largest business areas.

In a joint project with Save the Children and Work Ahead, S Group carried out a study on issues related to women's and children's rights, as well as the implementation of children's rights and family friendliness in textile production workplaces in Bangladesh. The report is a follow-up to S Group's Radical Transparency study model, which boldly examines the root causes of human rights issues, supplementing traditional audits of production conditions.

S Group is committed to the UN Global Compact initiative and supports its ten principles related to human rights, labour, the environment and anti-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. Thanks to customers' contributions, more than EUR 1 million has already been collected for the Finnish Red Cross's Disaster Relief Fund. S Group has also donated goods to Ukrainians who have come to Finland. In addition, S Group has employed some of the Ukrainians in Finland.

The annual Sustainable Brand Index, the largest such study in Europe, assesses consumers' views of the sustainability of brands. In 2023, consumers viewed S Group as the most sustainable daily consumer goods brand, and ABC, Prisma, Sokos Hotels and S-Bank were all leaders in sustainability in their own sectors.

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

Outlook for the remainder of 2023

Inflation is expected to decrease slightly in the second half of the year. However, rising interest rates and high inflation will continue to undermine private consumption in 2023. Although the energy and food price increases are expected to slow down towards the end of the year, prices will generally remain higher than before the energy crisis.

According to the Ministry of Finance, Finland's GDP is expected to remain at the previous year's level in 2023 and begin to increase thereafter. The Russian attack on Ukraine is also having longer-term impacts on the economy, which means that the Finnish economy will not return to the growth trajectory predicted before the war. The prolonged war may also cause significant new and rapidly expanding impacts on the economy. Forecasts therefore currently involve considerable uncertainty.

In 2023, SOK Corporation's operating result is expected to improve from the previous year. The amount of operating profit particularly depends 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.

Demand during the summer months is expected to be at the previous year's level, driven by domestic tourism. Demand for meetings from corporate customers has picked up since the spring, and the situation for the autumn is looking better than in the previous year. The expectations for the rest of the year, in terms of international tourism in particular, remain somewhat uncertain. The lack of Russian and Asian tourists affects demand in Finland and Estonia. However, the full-year result for the travel and hospitality business is expected to be considerably better than in the previous year.

No significant changes compared with the previous year are expected for the procurement and service business. However, turnover is expected to increase due to, among other things, general price trends.

Helsinki, 25 August 2023

SOK
CORPORATION
Executive Board

INTERIM FINANCIAL STATEMENTS, IFRS

Consolidated income statement, IFRS

EUR million	1 Jan–30 Jun 2023	1 Jan–30 Jun 2022
Revenue	4,428.5	4,034.0
Other operating income	1.3	3.1
Materials and services	-3,995.7	-3,633.2
Employee benefit expenses	-163.3	-158.5
Depreciation and impairment losses	-80.6	-91.1
Other operating expenses	-177.0	-184.5
Share of results of associated companies and joint ventures (+/-)	24.7	6.8
Operating profit / loss	**37.9**	**-23.5**
Financial income and expenses (+/-)	-13.5	-11.9
Share of results of associated companies and joint ventures (+/-)	0.2	1.6
Profit / loss before taxes	**24.6**	**-33.7**
Income taxes (+/-)	0.8	0.3
Result for the period	**25.3**	**-33.4**
Attributable to:		
Owners of the parent	25.3	-33.4
Share of non-controlling interests	0.0	0.0
	25.3	**-33.4**

Statement of other comprehensive income

EUR million	1 Jan–30 Jun 2023	1 Jan–30 Jun 2022
Result for the period	25.3	-33.4
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translating foreign operations	-3.8	13.7
Exchange differences on loans to foreign subsidiaries classified as net investments		0.7
Cashflow hedges	0.9	0.6
Comprehensive income items of associated companies and joint ventures	-10.7	
Other comprehensive income for the period, net of tax	-13.7	15.0
Total comprehensive income for the period	**11.7**	**-18.4**
Total comprehensive income for the financial year attributable to:		
Owners of the parent	11.7	-18.4
Share of non-controlling interests	0.0	0.0
	11.7	**-18.4**

Consolidated statement of financial position, IFRS

EUR million	30 Jun 2023	31 Dec 2022
ASSETS		
Non-current assets		
Property, plant and equipment	1,203.5	1,279.1
Investment properties	24.4	26.0
Intangible assets	102.1	99.9
Interests in associated companies and joint ventures	318.5	304.9
Non-current financial assets	43.1	43.0
Deferred tax assets	25.3	25.1
Non-current assets, total	**1,716.9**	**1,778.0**
Current assets		
Inventories	268.7	252.1
Trade receivables and other current non-interest-bearing receivables	664.0	689.0
Current interest-bearing receivables	-0.3	0.0
Cash and cash equivalents	105.2	78.2
Current assets, total	**1,037.7**	**1,019.4**
Assets of non-current assets held for sale	**17.5**	**21.6**
Assets, total	**2,772.1**	**2,818.9**
EQUITY AND LIABILITIES		
Equity		
Cooperative capital	172.0	172.0
Restricted reserves	-5.4	4.5
Invested non-restricted equity reserve	45.0	45.0
Retained earnings	401.4	375.1
Equity attributable to the the owners of the parent	**613.0**	**596.6**
Non-controlling interests	**0.0**	**0.9**
Equity, total	**613.0**	**597.5**
Non-current liabilities		
Non-current interest-bearing liabilities	914.1	984.3
Non-current non-interest-bearing liabilities	13.7	13.4
Provisions	5.4	4.7
Deferred tax liabilities	4.9	5.4
Non-current liabilities, total	**938.0**	**1,007.8**
Current liabilities		
Current interest-bearing liabilities	180.6	163.8
Current non-interest-bearing liabilities	195.9	219.3
Trade payables	840.3	823.4
Provisions	0.0	1.3
Tax liabilities for the financial year	0.0	0.7
Current liabilities, total	**1,216.7**	**1,208.5**
Liabilities of non-current assets held for sale	**4.3**	**5.1**
Equity and liabilities, total	**2,772.1**	**2,818.9**

Consolidated statement of cash flows, IFRS

EUR million	Reference	1 Jan–30 Jun 2023	1 Jan–30 Jun 2022
BUSINESS OPERATIONS			
Operating profit/ -loss		37.9	-23.5
Adjustments to operating result	(1)	54.9	106.8
Change in working capital	(2)	10.1	-68.2
Cash flow from business operations before financing and taxes		**102.9**	**15.1**
Increase (-) / decrease (+) in current receivables		0.3	0.9
Other financial expenses		0.0	-0.5
Other financial income		0.1	0.1
Dividends received from business operations		0.0	0.0
Income taxes paid		-0.9	-0.9
Cash flow from business operations		**102.4**	**14.8**
INVESTMENTS			
Investments in tangible assets		-17.0	-30.6
Investments in intangible assets		-12.8	-11.3
Sale of other fixed assets		1.9	1.7
Change in other long-term investments		0.0	0.0
Dividends received from investments		6.9	6.2
Cash flow from investments		**-21.0**	**-34.1**
FINANCING			
Increase (+) / decrease (-) in short-term liabilities		20.2	62.0
Payments of lease liabilities		-65.2	-82.4
Interest paid		-9.9	-4.8
Interest received		0.3	-0.4
Cash flow from financing		**-54.6**	**-25.7**
Change in cash and cash equivalents		**26.8**	**-45.1**
Cash and cash equivalents at the beginning of the year		**81.3**	**84.8**
Change in cash and cash equivalents		**26.8**	**-45.1**
Cash and cash equivalents at the end of the period		**108.1**	**39.7**
Adjustments to operating profit/loss	(1)		
Profits (-) and losses (+) from the sale of fixed assets		-1.2	23.6
Depreciation and impairment losses		80.6	91.1
Other non-cash income and expenses		-24.5	-7.9
		54.9	**106.8**
Change in working capital	(2)		
Change in trade and other receivables		25.5	-60.1
Change in inventories		-16.6	-23.1
Change in non-interest-bearing liabilities		1.2	15.0
		10.1	**-68.2**

Consolidated statement of changes in equity, IFRS

EUR million	Equity attributable to the owners of the parent								
	Cooperative capital	Fair value reserve	Other restricted reserves	Invested non-restricted equity reserve	Translation differences	Retained earnings	**Total**	Non-controlling interests	**Equity, total**
Equity									
1 Jan 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**
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**
1 Jan 2023	172.0	-14.0	18.5	45.0	-13.8	388.9	**596.6**	0.9	**597.5**
Total comprehensive income		-10.7			-3.8	25.3	**10.8**		**10.8**
Interest on cooperative contributions							**0.0**		**0.0**
Other changes*						4.7	**4.7**		**4.7**
30 Jun 2023	**172.0**	**-24.7**	**18.5**	**45.0**	**-17.6**	**418.9**	**612.1**	**0.9**	**613.0**

*Includes a EUR 4.9 million adjustment of the North European Oil Trade Oy group's associated company result after the final result for 2022 was confirmed.

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 2023 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 2022, with the exception of the changes in the IAS/IFRS standards and interpretations that came into effect on 1 January 2023. The implementation of these standard and interpretation amendments has not had a significant effect on the interim report.

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.

SOK's subsidiary SOK Real Estate Int. Oy with its real estate companies in Russia OOO Otel plus, OOO Itis 2 and OOO Karelia are classified as assets held for sale in accordance with IFRS 5.

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

Interim report is unaudited.

Assets held for sale

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

The effect of sale on the Group's financial position

EUR million	30 Jun 2023	31 Dec 2022
Tangible assets	14.6	18.5
Intangible assets	0.0	
Deferred tax assets	0.0	
Trade receivables and other current non-interest-bearing receivables	0.2	0.0
Cash and cash equivalents	2.8	3.1
Deferred tax liabilities	-0.2	-0.2
Current interest-bearing liabilities	-0.8	-0.3
Current non-interest-bearing liabilities	-3.4	-4.7
Assets and liabilities, total	**13.2**	**16.4**
Net cash disposed of with the discontinued operation	2.8	3.1
Cash flow effect	**2.8**	**3.1**

Fair values of financial assets and liabilities

FINANCIAL ASSETS	30 Jun 2023				31 Dec 2022			
		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	2.4		2.4	2.4	2.3		2.3	2.3
Trade receivables and other current non-interest-bearing receivables								
Derivative assets	0.2	0.2		0.2	0.0	0.0		0.0
Hedge accounting derivatives								
Trade receivables and other current non-interest-bearing receivables								
Derivative assets	0.1	0.1		0.1	0.0	0.0		0.0
Financial assets to be measured at amortised cost								
Non-current loan and other receivables	2.2	2.1		2.1	2.2	2.1		2.1
Trade receivables and other current non-interest-bearing receivables								
Trade receivables	601.5	601.5		601.5	600.9	600.9		600.9
Non-interest-bearing loan and other receivables	30.0	29.9		29.9	57.5	57.4		57.4
Prepayments and accrued income in financial items	0.8	0.8		0.8	0.1	0.1		0.1
Current interest-bearing receivables								
Cash and liquid assets	107.8	108.1		108.1	81.3	81.3		81.3
Financial assets, total	**744.8**	**742.5**	**2.4**	**744.9**	**744.3**	**741.8**	**2.3**	**744.1**

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

EUR million	1 Jan–30 Jun 2023	1 Jan–31 Dec 2022
Opening balance, 1 Jan	2.3	2.6
Purchases	0.0	0.1
Sales	0.0	-0.3
Fair value changes recognised in the income statement	0.1	0.0
Closing balance	**2.4**	**2.3**

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 2022 and 2023, 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 2.4 million of unquoted shares (2.3 million), for which the fair value equals the carrying amount.

FINANCIAL LIABILITIES	30 Jun 2023				31 Dec 2022			
		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	0.1	0.1		0.1	1.1	1.1		1.1
Hedge accounting derivatives								
Current non-interest-bearing liabilities								
Derivative liabilities	0.5	0.5		0.5	1.4	1.4		1.4
Financial liabilities to be measured at amortised cost								
Non-current non-interest-bearing liabilities								
Other non-interest-bearing liabilities	0.4	0.4		0.4	0.4	0.4		0.4
Current interest-bearing liabilities	67.6	67.6		67.6	47.3	47.3		47.3
Current non-interest-bearing liabilities								
Accruals and deferred expenses	0.2	0.2		0.2	0.1	0.1		0.1
Trade payables	840.3	840.3		840.3	823.5	823.5		823.5
Other non-interest-bearing liabilities	0.0	0.0		0.0	23.9	23.9		23.9
Financial liabilities, total	**909.0**	**909.0**	**0.0**	**909.0**	**897.8**	**897.8**	**0.0**	**897.8**

The table does not include lease liabilities of carrying amount EUR 1,036.8 million (1,112.1 million).

Segment information

SOK Corporation applies the IFRS 8 standard in its segment reporting. For reporting to top management, SOK Corporation's operations are divided into five 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.

30 Jun 2023 EUR million	Supermarket trade	Travel industry and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	**Management reporting, total**
Revenue	107.2	108.3	4,262.4	42.7		-92.0	**4,428.5**
Group internal sales to other segments	0.0	0.2	63.2	9.1		0.8	**73.4**
Operating result	-2.2	-5.2	8.1	11.2	23.1	-5.6	**29.3**
Depreciation	-2.1	-5.7	-7.3	-5.8		-1.1	**-22.0**
Investments	3.3	2.3	14.4	9.8			**29.7**
Divestments	0.0	0.5	0.8	0.8			**2.0**
30 Jun 2022 EUR million							
Revenue	122.9	89.6	3,843.5	37.2		-59.0	**4,034.0**
Group internal sales to other segments	0.0	0.2	56.4	8.3		1.9	**66.8**
Operating result	-9.4	-18.9	8.5	9.2	5.3	-1.3	**-6.6**
Depreciation	-2.6	-5.5	-7.6	-6.7		0.1	**-22.3**
Investments	4.9	10.9	12.0	14.1			**42.0**
Divestments	0.0	1.5	0.1				**1.7**

EUR million	30 Jun 2023	30 Jun 2022
Reconciliation of the revenue		
Management reporting revenue to be reported	4,428.5	4,034.0
Eliminations	0.0	0.0
Revenue IFRS	**4,428.5**	**4,034.0**
Reconciliation of the result		
Operating result of the segments to be reported	29.3	-6.6
Items excluded from the operating result within SOK Corporation:		
Financial income and expenses (FAS)	2.2	6.8
Gains and losses on the sale of property, plant and equipment*	0.8	-12.0
Other operating income and expenses*	0.1	-7.9
Valuation gains and losses on derivatives	0.7	0.9
Impairment losses on tangible and intangible assets	0.0	-2.0
IFRS adjustments*	-8.6	-13.1
Profit before taxes for the period IFRS	**24.6**	**-33.8**
*Year 2022 includes one-off items from divestment of business operations in Russia.		
Additional data at SOK Corporation level, external income		
Sales to S Group	3,991.6	3,615.8
Other sales in Finland	320.6	280.5
Foreign	116.3	137.6
Total	**4,428.5**	**4,034.0**
Additional data at SOK Corporation level, external income by segment		
Supermarket trade	107.2	122.9
Travel industry and hospitality business	108.3	89.6
Procurement and services business	4,170.3	3,784.5
Real estate business	42.7	37.2
Total	**4,428.5**	**4,034.0**
Additional information at SOK Corporation level, fixed assets		
Finland	1,290.6	1,418.7
Foreign	39.4	46.1
Total	**1,330.0**	**1,464.9**

Secured assets and contingent liabilities

Contingent liabilities, EUR million	30 Jun 2023	31 Dec 2022	Change	30 Jun 2022
Other securities provided				
Pledges	0.1	0.1	0.0	0.1
Mortgages	3.4	3.4	0.0	3.4
Guarantees	2.5	2.5	0.0	2.5
Total	**5.9**	**5.9**	**0.0**	**5.9**
Securities given on behalf of others' debt				
Guarantees for debt of joint ventures	190.6	163.7	26.9	152.0
Total	**190.6**	**163.7**	**26.9**	**152.0**
Other securities given on behalf of others				
Pledges for liabilities of joint ventures	0.5	0.5	0.0	0.5
Guarantees for liabilities of joint ventures	21.4	20.4	1.0	26.9
Total	**21.9**	**20.9**	**1.0**	**27.3**
Other liabilities				
Letter of credit liabilities	0.0	1.1	-1.1	0.4

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 164.9 million (137.0 million) and of the guarantees on behalf of joint venture Kauppakeskus Mylly Oy on a loan of EUR 47.6 million (47.6 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 (15.5 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 30 Jun 2023 are estimated to be EUR 2.1 million in total (2.1 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 30 Jun 2023 the following open commitments: to provide EUR 5.0 million (5.0 million) conditional subordinated loan to North European Oil Trade Oy.

SOK CORPORATION KEY RATIOS 30 JUN 2021-30 JUN 2023

	30 Jun 2023	30 Jun 2022	30 Jun 2021
Revenue, EUR million	**4,428.5**	4,034.0	3,773.8
Operating profit, EUR million	**37.9**	-23.5	-5.9
% of revenue	**0.9**	-0.6	-0.2
Profit before taxes, EUR million	**24.6**	-33.7	-21.8
% of revenue	**0.6**	-0.8	-0.6
Return on equity, %	**4.2**	-5.7	-3.5
Equity ratio, %	**22.2**	20.6	21.1
Gearing, %	**161.0**	204.5	200.6

CALCULATION OF KEY RATIOS

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

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 %