

SOK-CORPORATION

FINANCIAL STATEMENTS 1.1.–31.12.2020

SOK-CORPORATION FINANCIAL STATEMENTS BULLETIN 2020

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EXECUTIVE BOARD REPORT ON OPERATIONS

Development of the operating environment

The Finnish economy and society went through exceptional times in 2020, as a global pandemic spread to Finland early in the year. During the past year, various restrictions have been imposed in society with the purpose of slowing down and preventing the spread of coronavirus infections. At the same time, the restrictions have had a significant impact on the exchange of goods and services. In the grocery trade sector, increased consumer demand has been visible in the online grocery trade. According to the Bank of Finland, the Finnish economy shrank by approximately 3.8% during 2020, which is less than the average in the euro area. The diminished economic growth will have an impact on the capacity of the economic area to launch investments in the future. If the coronavirus vaccines can end the pandemic, the Finnish economy will move to a growth of more than two per cent in the next few years with the help of private consumption. Finland started the first vaccinations in December 2020, and it is to be expected that several coronavirus vaccines will be available on the market in 2021. This year, economic growth is expected to be 2.2%, driven by domestic consumption. However, a potential worsening of the epidemic early this year, when vaccines are not yet widely available, could have a significant impact on growth. The unemployment increase in 2020 will stop, and will begin to decrease during 2021, with the situation recovering slowly over the next few years. Inflation is expected to be around one per cent in Finland next year. Interest rates are expected to remain unusually low in 2021, which will support the recovery of the economy.

Trade is expected to continue its slow growth, while the development of retail also depends on the situation of the pandemic in Finland and the success of coronavirus vaccines. Grocery trade volumes have increased steeply, with the growing consumer demand being clearly reflected in increased online food orders during the pandemic.

The travel and hospitality business is expected to fully recover only after the end of the pandemic. The restart of international tourism and business travel will increase occupancy rates, although recovery to the level preceding the pandemic may take years. Net sales of restaurant services are expected to remain unusually low not only because people are avoiding close contact, but also because of the exceptional legislation to restrict the number of customers in restaurants.

S Group's business development 1 January – 31 December 2020

S Group comprises the cooperative enterprises SOK and its subsidiaries, as well as the companies owned jointly by them. In 2020, S Group's retail sales excluding taxes was EUR 11 625 million, showing an decrease of 0.7 per cent year-on-year.

S Group's retail sales excluding taxes by business area	EUR million	+/- % previous year
Prisma*	3,877	+8.8
S-market	3,784	+7.7
Sale	749	+8.8
Alepa	411	+4.4
Herkku	71	-16.0
Other supermarket trade	5	-23.6
Supermarket trade total*	**8,898**	**+7.8**
Hardware trade	126	-6.8
Service station store and fuel sales	1,470	-14.4
Department stores and specialised trade	236	-18.8
Travel industry and hospitality business*	439	-47.8
Automotive trade and accessories	423	-3.2
Others:	33	-17.2
S Group total*	**11,625**	**-0.7**

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

At the end of the year, S Group had 1,849 outlets, compared with 1,854 outlets year-on-year.

On 31 December 2020, there were 19 regional cooperatives and six local cooperatives.

A total of 70,111 new members joined the cooperatives participating in the Bonus system in 2020. The total number of co-op members was 2,453,715 at the end of December. Co-op members were paid EUR 358 million in Bonus rewards.

S Group's investments amounted to EUR 642 million, compared with EUR 498 million in the previous year.

S Group's combined non-consolidated result before appropriations and taxes was positive EUR 199 million, compared with EUR 367 million in the previous year The steep decline in the results of the travel industry and hospitality business from the previous year due to the pandemic is the most significant factor affecting the decrease in S Group's results. Although the results of supermarket trade clearly improved as a result of growing sales, overall results remained lower than in the previous year. The cooperatives' combined result before appropriations and taxes showed a profit of EUR 235 million, compared with EUR 299 million in the previous year. SOK Corporation's result before taxes (IFRS) showed a profit of EUR -36 million, compared with EUR 67 million in the previous year.

FINANCIAL DEVELOPMENT

SOK's operations

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

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

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

SOK Corporation's financial development 1 January – 31 December 2020

Net sales of the SOK Corporation for the period 1 January – 31 December 2020 were EUR 7,600.4 million, up 1.3 per cent from the previous year.

SOK Corporation's operating profit (IFRS) was EUR -2.6 million (102.2 million). Foreign operations accounted for EUR 3.8 per cent (4.4%) of net sales, or EUR 326.3 million.

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

SOK Corporation	31.12.2020	31.12.2019	31.12.2018
Net sales, EUR million	7,600.4	7,496.6	7,303.5
Operating profit, EUR million	-2.6	102.2	60.7
Operating profit, %	0.0	1.4	0.8
Return on equity, %	-4.7	9.9	7.5
Equity ratio, %	21.1	24.0	38.4

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

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

	Net sales, EUR million	Change, EUR million	Operating result, EUR million	Change, EUR million
Supermarket trade	+269.1	-7.0	-3.8	+0.3
Travel industry and hospitality business	+102.7	-178.4	-61.2	-94.2
Procurement and service business	+7 334.9	+271.1	+15.3	-1.9
Real estate business	+68.1	-16.1	+14.0	-3.2
Result from banking			+5.9*	-3.3
Elimination for the retail and wholesale and other items	-174.4	+34.2	-1.6	+4.0
SOK Corporation, total	**+7 600.4**	**+103.7**	**-31.5**	**-98.3**

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

SOK Corporation and travel industry and hospitality business units, in particular, started to adapt costs according to market demand in spring. The measures consisted of rent re-negotiations, layoffs, job rearrangements, the management of other fixed costs, and operational rearrangements.

Financing

The effects of the Covid-19 pandemic have weakened SOK Corporation's profitability and cash flow, but the financing situation has remained at a good level. Credit loss risks have neither increased significantly.

In the spring, preparations were made for the effects of the pandemic by increasing the amount of the Group's back-up credit facilities by EUR 60.0 million. After the closing date, an agreement for a new back-up credit facility of EUR 70.0 million has been signed, and the maturities of the earlier credit facilities have been extended by 1–2 years. In connection with the changes, the credit facilities were re-priced, and metrics for sustainable financing were introduced. No changes were made to financial covenants or their limit values. Back-up credit facilities were not used during the financial period, and there have been no breaches concerning their terms.

At the year-end SOK Corporation's interest-bearing liabilities were EUR 1,319.1 million (EUR 1,178,9 million). Interest bearing liabilities included 1,304.1 million EUR rent liabilities of IFRS 16 (EUR 1,178.9 million). The gearing was 189,9 per cent (146,6%). SOK Corporation's equity ratio was 21.1 percent (24.0%).

At the end of the year, SOK Corporation's liquid assets amounted to EUR 166.8 million (EUR 206.6 million). In addition, the Group had unused committed long-term credit facilities of EUR 160.0 million (100.0 million) and overdraft facilities of EUR 57.0 million (57.0 million).

Investments and divestments

SOK Corporation's non-current asset procurement (i.e., investments in fixed assets) totalled EUR 93.6 million (EUR 73.2 million). Significant investments were made in information systems, logistics and properties, and domestic travel industry and hospitality business units.

The divestment of non-current assets amounted to EUR 1.9 million in the review period (EUR 1.0 million).

Personnel

SOK Corporation's average number of personnel, converted to full-time equivalents, was 5,788 people during the financial period (2019: 5,974;2018: 5,467).

At the end of 2020, SOK Corporation's number of personnel in active employment relationships was 6,140, of whom 1,722 (28 per cent) were employed by SOK and 4,836 (72 per cent) by the subsidiaries. The total number of employees working abroad was 1,877 (31 per cent).

The number of personnel increased by 313 people (-4.9 per cent) year-on-year.

Development of the business areas

Supermarket trade

Net sales from the supermarket trade were EUR 269 million. Net sales decreased by 3 per cent year-on-year, mainly due to restrictions caused by the coronavirus to the operations of shopping centres in St Petersburg. The impact of the coronavirus has also been visible in shopping centre units in Estonia. The operating result of the supermarket trade was higher than in the previous year. Investments in the supermarket trade totalled EUR 6.0 million, mainly comprising investments in furniture and fixtures for new units and concept reforms.

Supermarket trade covers business operations in Estonia and Russia. In Estonia, there are six Prisma stores in Tallinn, two stores in Tartu and one in Narva. There are 17 Prisma stores in St Petersburg. Two new stores were opened in St Petersburg during the year.

Travel industry and hospitality business

In 2020, SOK Corporation's travel industry and hospitality business was conducted by Sokotel Oy in Finland, AS Sokotel in Estonia, and OOO Sokotel in Russia.

The travel industry's growth and general demand came to a nearly complete standstill in mid-March due to the global coronavirus pandemic. In addition to the collapse of general demand in the travel industry, extensive restrictions prevented restaurant and meeting operations from being continued in full. As a result, several hotels and restaurants were closed temporarily during 2020. The prevailing situation was reacted to by adapting the cost structure, including layoffs, personnel reductions, rearrangements of lease agreements, and lowered rents. During the summer season, domestic travel briefly increased demand, but the situation weakened again significantly in the autumn.

Net sales and the operating result decreased significantly in all market areas because of the steep decline in demand. The result was considerably negative. The net sales of SOK's hotel business totalled EUR 102.7 million, with a decrease of −63.5 per cent from the previous year. The operating result was EUR −61.2 million, with a decrease of EUR −94.3 million from the previous year.

In 2020, Sokotel Oy's net sales were EUR 86.9 million, showing a decrease of −62.4 per cent from the previous year. Sokotel Oy's operating result was heavily negative.

The net sales of AS Sokotel, engaging in the travel industry and hospitality business in Tallinn, was EUR 5.0 million, with a decrease of −73.7 per cent from the previous year. AS Sokotel's operating result was heavily negative.

The net sales of OOO Sokotel, engaging in the travel industry and hospitality business in St Petersburg, were EUR 10.8 million, showing a decrease of −65.4 per cent from the previous year. In the local currency, the net sales decreased by 59.8 per cent. OOO Sokotel's operating result in EUR was heavily negative.

In 2020, investments by the travel industry and hospitality business totalled EUR 16.3 million, with EUR 13.8 million invested in Finland. The investments included the renovations of Helsinki Sokos Hotel Vaakuna and Radisson Blu Hotel Oulu. The hotel network grew in January when Sokos Hotel Tripla was opened in Pasila.

Procurement and service business

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

Net sales from the procurement and service business totalled EUR 7,334.9 million. The increase in net sales was primarily due to the growth in SOK's procurement operations. The procurement and service business was slightly slower than in the previous year due to the impact of coronavirus on Meira Nova.

The 2020 investments by the procurement and service business totalled approximately EUR 15.3 million. The investments consisted mainly of information system investments.

Real estate business

Net sales from the real estate business consists of rental and property service income from properties owned by SOK Corporation. Net sales were EUR 68.1 million, which was 20 per cent lover than previous year due to rent

compensation, for example. The operating result of the real estate business showed a profit.

The 2020 investments in the real estate business were EUR 46.6 million. The largest investments were into Koy Valtakulma and new business sites.

Development of associated companies and joint ventures

Among the associated companies engaging in business operations within SOK Corporation, the most significant is S-Bank Ltd., which operates in the banking sector. Growth of S-Bank's balance sheet continued to be very strong. The total funds on deposit grew by 16.4 per cent from the end of the previous year and were EUR 6.9 billion at the end of the year (5.9 billion). Lending grew by 13.9 per cent and was EUR 5.4 billion at the end of the year (4.8 billion). S-Bank Group's capital adequacy ratio was 15.7 per cent (16.3 per cent). At the end of the year, S-Bank Group's operating result was EUR 21.0 million (EUR 29.0 million). S-Bank's full-year results have now been reported for the first time in accordance with IFRS. The IFRS-adjusted share of the result for the financial year corresponding to SOK Corporation's shareholding (37.5 per cent) was EUR 5.9 million.

Net sales of fuel procurement company North European Oil Trade were around EUR 3,955 million during the 2020 financial period. Net sales decreased by nearly 28% 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 financial period. In 2020, the impact of the coronavirus restrictions was the highest during spring and the end of the year, when movement restrictions reduced volumes by an average of -10%. Aviation fuel volumes were unusually low, being only 30–40% of normal. SOK's shareholding in North European Oil Trade Oy is 50.77 per cent. Due to the shared controlling interest based on the associated company agreement, the company is treated as a joint venture using the equity method.

In addition to S-Bank and North European Oil Trade Oy, SOK Corporation's other associated companies and joint ventures include the Raisio-based Kauppakeskus Mylly Oy shopping centre and the inter-Nordic procurement company Coop Trading A/S.

The combined effect of all SOK Corporation's associated companies and joint ventures on its result was EUR 11.8 million in total (EUR 14.6 million).

Changes in the group structure

During the financial period, S-verkkokauppa Oy was established to support S Group's online sales. Koy Vuorikatu 24 was established for hotel operations.

Management and future outlook

Management and changes in management

Hannu Krook is serving as Chairman of SOK's Executive Board from beginning of the year 2021. In addition to the CEO, the members of the Executive Board include 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, Managing Director Nermin Hairedin and Managing Director Harri Miettinen as a new member. Kimmo Simberg serves as the Executive Board's Vice Chairman. Taavi Heikkilä stepped down from his post in financial year 2020.

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. At SOK corporation, risk management is comprehensive and takes both strategic and operational risks into consideration. Risk management is implemented continuously and throughout the management process. 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 (three years) and long term (10 years) by SOK's Corporate Management Team, and are confirmed by SOK's Executive Board In 2020, strategic risks were examined in a more frequent cycle than usual, and the impacts of the coronavirus pandemic on the risk situation were assessed.

S Group's most significant short-term risks and uncertainties are related to the prolonged coronavirus pandemic and its impacts on the travel and hospitality trade and consumer goods in particular. Ensuring the competitiveness of the grocery trade continues to be key in the transformation of trade. There are several development projects in progress in S Group, related to resource planning, digitalisation and quality improvement among other areas. Implementing these successfully will ensure the efficiency of the value chain and customer satisfaction in the future. The most significant long-term risks are related to the progress and speed of changes and trends that are key for S Group. Among these are changes in consumption patterns and working life, technological development, the usability of digital solutions and the impacts 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 management of finance risks is centralised within SOK's Treasury unit. The Group has a finance and funding policy confirmed by the SOK Executive Board that defines the principles of managing finance risk and the permissible maximum amounts for finance risks. In addition, numerical targets have been set for the different sub-areas of financing in order to ensure that financing is sufficient, balanced and affordable under all circumstances. The management of financing risks is described in greater detail in the Notes to the Financial Statements.

Responsibility risks associated with SOK Corporation's business operations have been identified and analysed by business area. Key responsibility themes and the related risks and opportunities, as well as their significance for the business operations, were identified when preparing the responsibility 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 requires changes in business operations and leads to additional costs. More frequent extreme weather conditions may influence the availability of products, causing disturbances in logistics and the network of outlets. The responsibility risks are addressed through the targets and measures included in S Group's sustainability programme.

Risks related to COVID-19

The coronavirus pandemic is burdening the Finnish and global economies. The economy has been opened in stages, and the strictest restrictions have been lifted. There are still a lot of restrictions in place, which is why private consumption and investments have not returned to the levels achieved before the pandemic. Economic development during the early part of the year involves major uncertainties that affect the development of business operations. If any problems appear regarding the availability of vaccines, the restrictions will not disappear even during the second half of the year.

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 used the CMT operating model for exceptional circumstances to assess the Covid-19 impacts on customers, employees and business operations and to manage the necessary measures. The financial situation is under continuous monitoring, and the liquidity reserves necessary for good solvency have been ensured. The business areas have adjusted their operations to changes in volumes, and the business impacts are being assessed systematically.

Responsibility

Responsibility in S Group covers all business areas and is managed jointly with the executive management at the Group level. SOK's responsibility unit is in charge of 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 business areas, as well as procurement and logistics companies.

S Group's new responsibility programme, called Together we will make a better place to live, was completed in late 2020. The programme sets the framework for S Group's responsibility efforts until 2030. The goal is to be a trailblazer in responsibility in all of the business areas. Key new aspects of the new programme include the promotion of biodiversity and sustainable consumption. Implementation of the existing responsibility programme has continued during the preparation of the new one.

S Group is committed to science-based ambitious emission reduction targets in its own operations. The plan is to reduce emissions to 90% of the level of 2015 by 2030 and make the Group's own operations carbon negative by the end of 2025. S Group reached the A list in the international CDP rating. The Group is also a member of CDP's supply chain scheme. Furthermore, S Group aims to reduce emissions by a million tonnes by 2030 in cooperation with its partners, as well as to encourage major product and service suppliers to set their own emission reduction targets.

S Group has signed the Women's Empowerment Principles of UN Women and UN Global Compact to promote equality in working life and comprehensively support the achievement of inclusion and diversity.

S Group is a member of amfori, an organisation focusing on the development of international trade and the social responsibility of businesses. The Group continued its dialogue on a binding human rights due diligence requirement with its stakeholders.

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 a whole the best company selling consumer goods, and S-markets, Sokos Hotels and S-Bank were rated as the most sustainable operators in their fields. In an annual trust and reputation survey conducted by T-Media, S Group returned to the list of Finland's most renowned companies after a one-year hiatus. The Group received the best score of its history from both the general public and political decision-makers. Measured for the first time, the personnel score of the Group was clearly better than that of other stakeholders.

The results and objectives of S Group's responsibility work will be described in greater detail in the annual review and responsibility review to be published in March 2021 at www.s-ryhma.fi.

Outlook for the current year

Current restrictions will have a significant impact on finances during the first half of the year. How and when the economy can be re-opened depends on the distribution and effectiveness of coronavirus vaccines. It is estimated that the majority of the Finnish and European population will have been vaccinated during the second half of the year. This allows restrictions to be lifted gradually and the economy to be re-opened in stages.

With regard to demand in the travel industry and hospitality business, the outlook continues to be very uncertain early in the year. Demand is greatly affected by the length and scope of various restrictions, the availability of vaccines and the general situation of the global economy. However, accumulated demand can be observed, and recovery is expected to start slowly, driven by domestic leisure travel. There is significantly more uncertainty concerning international travel.

In the supermarket trade, the expansion of operations will continue, with new store openings planned in both countries this year. The result of the supermarket trade is expected to improve from last year; however, a potentially prolonged coronavirus situation may have a negative impact on shopping centre units in particular.

The procurement and service business is expected to develop as planned, and the pandemic is not considered to have any significant impact on it.

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

SOK's distributable surplus is EUR 577,019,313.56 (the profit for the financial year is EUR 13,862,931.48). The Executive Board proposes that surplus is transferred to retained earnings.

Helsinki, 11 February 2021

SOK
CORPORATION
Executive Board

CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Consolidated income statement, IFRS

EUR million	1.1.-31.12.2020	1.1.-31.12.2019
Revenue	7 600.4	7 496.6
Other operating income	2.3	3.1
Materials and services	-6 903.8	-6 686.2
Employee benefit expenses	-270.4	-273.6
Depreciation and impairment losses	-178.2	-168.9
Other operating expenses	-261.5	-281.4
Share of results of associated companies and joint ventures (+/-)	8.7	12.5
Operating profit (-loss)	**-2.6**	**102.2**
Financial income and expenses (+/-)	-37.0	-37.0
Share of results of associated companies and joint ventures (+/-)	3.2	2.0
Profit before taxes	**-36.5**	**67.2**
Income taxes (+/-)	6.2	-1.9
Result for the financial year	**-30.2**	**65.4**
Attributable to:		
Owners of the parent	-30.2	65.4
Share of non-controlling interests	0.0	0.0
	-30.2	**65.4**

Statement of other comprehensive income

EUR million	1.1.-31.12.2020	1.1.-31.12.2019
Result for the financial year	-30.2	65.4
Other comprehensive income:		
Items that may be Reclassified Subsequently to Profit and		
Exchange differences on translating foreign operations	-9.7	7.9
Available-for-sale financial assets		
Exchange differences on loans to foreign subsidiaries classified as net investments.	-0.8	0.7
Cashflow hedges	-0.8	-0.3
Comprehensive income items of associated companies and joint ventures	0.0	0.8
Other comprehensive income for the financial year, net of tax	-11.3	9.2
Total comprehensive income for the financial year	**-41.5**	**74.5**
Total comprehensive income for the financial year attributable to:		
Owners of the parent	-41.5	74.5
Share of non-controlling interests	0.0	0.0
	-41.5	**74.5**

Consolidated statement of financial position, IFRS

EUR million	31.12.2020	31.12.2019
ASSETS		
Non-current assets		
Property, plant and equipment	1 500.5	1 338.6
Investment properties	32.0	22.8
Intangible assets	99.6	102.9
Interests in associated companies and joint ventures	211.7	205.0
Non-current financial assets	42.4	73.1
Deferred tax assets	29.4	26.8
Non-current assets, total	**1 915.6**	**1 769.2**
Current assets		
Inventories	209.8	205.0
Trade receivables and other current non-interest-bearing receivables	621.6	601.4
Current interest-bearing receivables	37.3	34.0
Cash and cash equivalents	**131.4**	**172.6**
Current assets, total	1 000.1	1 013.1
Assets, total	**2 915.7**	**2 782.3**
EQUITY AND LIABILITIES		
Equity		
Cooperative capital	172.0	172.0
Restricted reserves	15.6	16.4
Invested non-restricted equity reserve	32.9	29.4
Retained earnings	390.6	444.5
Equity attributable to the the owners of the parent	**611.0**	**662.3**
Non-controlling interests	**0.8**	**0.8**
Equity, total	**611.8**	**663.1**
Non-current liabilities		
Non-current interest-bearing liabilities	1 191.2	1 061.1
Non-current non-interest-bearing liabilities	34.9	39.2
Provisions	6.8	6.4
Deferred tax liabilities	8.1	10.0
Non-current liabilities, total	**1 241.0**	**1 116.7**
Current liabilities		
Current interest-bearing liabilities	137.6	117.7
Current non-interest-bearing liabilities	176.6	157.4
Trade payables	747.8	726.8
Provisions	0.8	0.6
Tax liabilities for the financial year	0.0	0.0
Current liabilities, total	**1 062.9**	**1 002.5**
Equity and liabilities, total	**2 915.7**	**2 782.3**

Consolidated statement of cash flows, IFRS

EUR million		1.1.-31.12.2020	1.1.-31.12.2019
BUSINESS OPERATIONS			
Operating result from continuing operations		-2.6	102.2
Adjustments to operating result	(A)	171.3	162.1
Change in working capital	(B)	5.6	40.3
Cash flow from business operations before financing and taxes		**174.2**	**304.7**
Increase (-) / decrease (+) in current receivables		-1.2	-34.3
Interest paid and other financial expenses		0.0	-0.1
Interest received and other financial income		0.2	0.3
Dividends received from business operations		0.0	0.9
Income taxes paid		1.3	-2.2
Cash flow from business operations		**174.5**	**269.3**
INVESTMENTS			
Acquired shares in subsidiaries net of acquired cash		0.3	0.0
Investments in tangible assets		-75.7	-48.5
Investments in intangible assets		-18.2	-24.7
Sale of other fixed assets		1.9	1.0
Change in other long-term investments		30.0	0.0
Dividends received from investments		3.1	3.3
Cash flow from investing activities		**-58.5**	**-69.0**
FINANCING			
Increase (+) / decrease (-) in short-term liabilities		-149.4	-183.8
Interest paid		-0.3	-3.0
Interest received		2.2	6.6
Interest paid on the cooperative capital		-13.2	-27.5
Other changes in equity		3.5	7.8
Cash flow from financing		**-157.3**	**-200.0**
Increase / Decrease in cash and cash equivalents		**-41.3**	**0.3**
Cash and cash equivalents at the beginning of the year		**172.6**	**172.4**
Foreign exchange rate effect on cash and cash equivalents		**0.0**	**0.0**
Increase / Decrease in cash and cash equivalents		**-41.3**	**0.3**
Cash and cash equivalents at the end of the year		**131.4**	**172.6**
Adjustments to operating profit	(A)		
Gains from the sale of fixed assets		-0.8	-1.2
Depreciation and impairment losses		178.2	168.9
Other non-cash income and expenses		-5.8	-5.6
		171.6	**162.1**
Change in working capital	(B)		
Change in trade and other receivables		-20.8	44.0
Change in inventories		-4.8	-44.3
Change in non-interest-bearing liabilities		31.2	40.6
		5.6	**40.3**

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

Consolidated statement of changes in equity, IFRS

EUR million	Equity attributable to the owners of the parent								
	Cooperative capital	Fair value reserve	Other restricted reserves	Invested non-restricted equity reserve	Translation differences	Retained earnings	Total	Non-controlling interests	**Equity, total**
Equity									
1 Jan 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		-0.8			-10.5	-30.2	-41.5	0.0	-41.5
Interest on cooperative contributions						-13.2	-13.2		-13.2
Other changes			0.0	3.5		-0.1	3.4		3.4
31 Dec 2020	**172.0**	**-3.0**	**18.5**	**32.9**	**-23.0**	**413.6**	**611.0**	**0.8**	**611.8**

Accounting policies applied to the income statement and balance sheet

This Financial Statements Bulletin has been prepared in compliance with the IAS 34 Interim Financial Reporting standard. The same accounting principles were adhered to in the preparation of the Financial Statements Bulletin as in the 2019 Financial Statements, and, furthermore, the IAS/IFRS standard and interpretation amendments that came into effect in the financial year 2020 were also adhered to. The amendments to IAS/IFRS standards and interpretations adopted in 2020 have not had material effects on the consolidated financial statements.

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

This Financial Statements Bulletin is unaudited.

The fair value hierarchy

EUR million	Fair Value 2020	Level 1	Level 2	Level 3
Assets measured at fair value				
Non-current financial assets				
Shares and participations	3.3			3.3
Other current non-interest-bearing receivables				
Derivative assets	0.1		0.1	
Total	**3.4**	**0.0**	**0.1**	**3.3**
Liabilities measured at fair value				
Current non-interest-bearing liabilities				
Derivatives liabilities	1.9		1.9	
Total	**1.9**	**0.0**	**1.9**	**0.0**

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

EUR million	**2020**
Opening balance, 1 Jan	3.7
Purchases	0.0
Sales	-0.4
Impairments in the income statement	0.0
Fair value changes recognised in the income statement	-0.1
Closing balance, 31 Dec	**3.3**

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.

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 (2.0 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 1.4 million of unquoted shares (1.7 million), for which the fair value cannot be determined.

The fair value hierarchy

EUR million	Fair Value 2020	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	
Current interest-bearing receivables				
Money Market investmens	5.0		5.0	
Total	**9.1**	**0.0**	**5.4**	**3.7**
Liabilities measured at fair value				
Current non-interest-bearing liabilities				
Derivatives 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
Fair value changes recognised in the income statement	0.5
Closing balance, 31 Dec	**3.7**

Segment information 31.12.2020

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.

2020 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	**269.1**	**102.7**	**7,334.9**	**68.1**		**-174.4**	**7,600.4**
Operating result	**-3.8**	**-61.2**	**15.3**	**14.0**	**5.9**	**-1.6**	**-31.5**
Investments	**6.0**	**16.3**	**15.3**	**46.6**		**9.4**	**93.6**
Divestments	**0.0**	**0.0**	**1.9**			**0.0**	**1.9**

Reconciliation of the revenue	
Management reporting revenue to be reported	7,600.4
Eliminations	0.0
Revenue IFRS	7,600.4
Reconciliation of the result	
Operating result of the segments to be reported	-31.5
Items excluded from the operating result within SOK Corporation:	
Financial income and expenses (FAS)	2.7
Gains and losses on the sale of property, plant and equipment	0.5
Other operating income and expenses	-0.5
Changes in provisions	-0.8
Valuation gains and losses on derivatives	-0.9
Impairment losses on tangible and intangible assets	-0.1
IFRS adjustments	-5.7
Profit before taxes for the period IFRS	-36.5
Additional data at SOK Corporation level, external income	
Sales to S-Group	6,867.9
Other sales in Finland	442.2
Foreign	290.3
Revenue, total	7,600.4
Supermarket Trade	269.1
Tourism and Hospitality Business	102.7
Procurement and services Business	7,160.5
Real estate business	68.1
Revenue, total	7,600.4
Additional information at SOK Corporation level, fixed assets	
Finland	1,602.9
Foreign	52.0
Fixed assets, total	1,655.0

Segment information 31.12.2019

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.

2019 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	**276.1**	**281.1**	**7,063.9**	**84.2**		**-208.6**	**7,496.6**
Operating result	**-4.1**	**33.0**	**17.2**	**17.2**	**9.1**	**-5.6**	**66.8**
Investments	**4.8**	**18.6**	**30.7**	**13.6**		**5.5**	**73.2**
Divestments	**0.1**	**0.0**	**0.8**			**0.0**	**1.0**

Reconciliation of the revenue	
Management reporting revenue to be reported	7,496.6
Eliminations	0.0
Revenue IFRS	7,496.6
Reconciliation of the result	
Operating result of the segments to be reported	66.8
Items excluded from the operating result within SOK Corporation:	
Financial income and expenses (FAS)	4.6
Gains and losses on the sale of property, plant and equipment	1.1
Other operating income and expenses	1.2
Changes in provisions	0.2
Valuation gains and losses on derivatives	0.0
Impairment losses on tangible and intangible assets	-0.1
IFRS adjustments	-6.6
Profit before taxes for the period IFRS	67.2
Additional data at SOK Corporation level, external income	
Sales to S-Group	6,514.8
Other sales in Finland	655.5
Foreign	326.3
Revenue, total	7,496.6
Supermarket Trade	276.1
Tourism and Hospitality Business	281.1
Procurement and services Business	6,855.3
Real estate business	84.2
Revenue, total	7,496.6
Additional information at SOK Corporation level, fixed assets	
Finland	1,406.3
Foreign	58.1
Fixed assets, total	1,464.3

Tangible and intangible assets

EUR million	Tangible assets	Investment properties	Intangible assets
Acquisition cost			
Acquisition cost, 1 Jan 2020	1,806.6	87.8	221.8
Translation differences	-16.8		-1.4
Increases	355.7	0.2	18.2
Decreases	-7.4		-1.7
Transfers between items	-5.0	10.8	-5.8
Acquisition cost, 31 December 2020	**2,133.1**	**98.8**	**231.1**
Accumulated depreciation			
Accumulated depreciation, 1 Jan 2020	-467.9	-65.0	-118.9
Translation differences	9.7		-2.3
Accumulated depreciation on deducted and transferred items	7.4		1.7
Depreciation for the period	-181.7	-1.9	-11.9
Accumulated depreciation, 31 December 2020	**-632.6**	**-66.8**	**-131.5**
Carrying amount, 1 Jan 2020	**1,338.6**	**22.8**	**102.9**
Carrying amount, 31 December 2020	**1,500.5**	**32.0**	**99.6**
Acquisition cost			
Acquisition cost, 1 Jan 2019	665.0	87.5	191.3
IFRS 16	1,057.6		18.6
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	**1,806.6**	**87.8**	**221.8**
Accumulated depreciation			
Accumulated depreciation, 1 Jan 2019	-311.6	-63.1	-108.7
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	0.1		
Accumulated depreciation, 31 December 2019	**-467.9**	**-65.0**	**-118.9**
Carrying amount, 1 Jan 2019	**353.5**	**24.3**	**82.7**
Carrying amount, 31 December 2019	**1,338.7**	**22.8**	**102.9**

Related party transactions

Transactions and balances with associated companies and joint ventures:

EUR million	31.12.2020	31.12.2019
Sales	22.6	17.0
Purchases	0.6	36.7
Financial income and expenses	0.5	1.4
Trade and other receivables	2.0	0.8
Loan receivables	0.0	25.0
Trade payables and other liabilities	0.0	0.1

Pledges and contingent liabilities

Contingent liabilities, EUR million	31.12.2020	31.12.2019	Muutos
Pledges given and contingent liabilities			
Pledges	0.1	0.1	0.0
Mortgages	1.4	0.8	0.6
Guarantees	2.5	2.5	0.0
Total	**4.0**	**3.4**	**0.6**
Security given on behalf of others			
Guarantees for liabilities of joint ventures enterprises	110.9	145.4	-34.5
Total	**110.9**	**145.4**	**-34.5**
Other contingent liabilities			
Pledges for liabilities of joint ventures enterprises	0.5	0.5	0.0
Guarantees for liabilities of joint ventures enterprises	20.4	20.7	-0.2
Total	**20.9**	**21.1**	**-0.2**
Other liabilities			
Letter of credit liabilities	0.0	0.1	0.0

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 82.8 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 49.0 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 16.1 million (EUR 9.4 million on 31 Dec 2019).

Other contingent liabilities:

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

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

In addition, shareholders of S-Voima Oy agreed upon a shared obligation to finance the company's investments in wind energy companies by means of equity funding, with liabilities being primarily divided at the ratio of shareholdings per share series. SOK's liabilities from equity funding based on decisions made by 31 December 2020 are estimated to be EUR 2.1 million in total (EUR 0.0 million on 31 December 2019).

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

Key ratios

EUR million	31.12.2020	31.12.2019
SOK-Corporation:	7,600.4	7,496.6
Revenue, EUR million		
	-2.6	102.2
Operating profit, EUR million	0.0	1.4
% of revenue		
	-36.5	67.2
Profit before taxes, EUR million	-0.5	0.9
% of revenue		
SOK-Corporation:		
Equity ratio, %	21.1	24.0
Return on equity, %	-4.7	9.9
Gearing. %	189.9	146.6

Calculation of key ratios

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

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

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