

SOK-CORPORATION

FINANCIAL STATEMENTS BULLETIN 1.1.–31.12.2021

SOK-CORPORATION FINANCIAL STATEMENTS BULLETIN 2021

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EXECUTIVE BOARD REPORT ON OPERATIONS

Development of the operating environment

Global trade has recovered from the Covid-19 pandemic, and the Finnish economy has continued to grow in 2021. The recovering global economy and general stimulus measures have resulted in an increase in both imports and exports. However, the growth has not been equal. For example, the Finnish retail sector has ultimately benefitted from the pandemic, and industrial exports have grown since last year. Meanwhile, restrictions have substantially affected other sectors, such as the travel and hospitality sector, which continues to undergo significant difficulties. Finland's exports survived COVID-19 with relatively little damage. Retail business received a boost from the change in consumer habits during the pandemic, most significantly the transition of consumption into the home environment. Being unable to use services as usual or travel abroad, consumers have directed their funds to savings and buying consumer goods, as well as improving their homes. Growth (GDP) is estimated to be at a level of 3.4 per cent in 2021, and 3.0 per cent in 2022.

Finnish retail growth stopped in the third quarter of 2021, but sales volumes still clearly exceeded those of the previous year. Consumers' great trust in their own financial situations and a high savings rate are creating a positive foundation for growth in private consumption. However, the labour shortage has worsened, and the availability of labour may pose an obstacle to growth. Especially the travel and hospitality sector has suffered during the pandemic, and some of their workforce has sought employment in other sectors.

The primary objective of the monetary policy of the ECB's Governing Council is to maintain price stability. According to the Council, maintaining price stability is most successful when the goal is to maintain an inflation rate of 2 per cent in the medium term. Increasing demand and other factors have already increased the prices of oil, energy and raw materials. The labour shortage and consumer price increase may also increase salary costs. This may fuel inflation and slow down growth. The average inflation rate in 2021 was 2.2 per cent, and it is predicted to be at 2.6 per cent in 2022.

S Group's performance 1 January – 31 December 2021

S Group comprises the cooperatives and SOK with its subsidiaries. S Group's retail sales excluding taxes in 2021 were EUR 12,328.5 million, showing an increase of 5.9 per cent compared to the previous year (689 million).

S Group's retail sales excluding taxes by business area	EUR million	+/- % previous year
Prisma*	4,060	+4.7
S-market	3,893	+2.9
Sale	753	+0.6
Alepa	417	+1.4
Other supermarket trade	61	-15.0
Supermarket trade total*	**9,184**	**+3.2**
Hardware trade	110	-12.4
Service station store and fuel sales	1,780	+16.7
Department stores and speciality stores	245	+3.7
Travel industry and hospitality business*	494	+12.3
Automotive trade and accessories	476	+12.6
Others	40	-11.7
S Group total*	**12,329**	**+5.9**

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

At the end of December, S Group had 1,909 outlets compared to 1,849 during the same time in the previous year.

At the end of 2021, there were 19 regional cooperatives and six local cooperatives.

A total of 77,341 new members joined the cooperatives participating in the Bonus system in 2021. The total number of co-op members was 2,471,637 at the end of the year. Co-op members were paid a total of EUR 379 million in Bonus rewards.

S Group's investments increased by 22.4 per cent amounting to EUR 786 million, compared to EUR 642 million in 2020.

S Group's combined unconsolidated result before appropriations and taxes was EUR 302 million, whereas the result for the previous year was EUR 199 million. The cooperatives' combined result before appropriations and taxes showed a profit of EUR 314 million, whereas the result was EUR 235 million in the previous year (increase EUR 79 million). SOK Corporation's result before taxes (IFRS) showed a loss of EUR 12 million, compared with a loss of EUR 36 million in the previous year (EUR 24 million improvement).

Financial development

SOK's operations

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

SOK is responsible for S Group's overall strategic management. Its tasks are to provide S Group companies with chain management, co-op membership and marketing services, as well as other group and corporate services and development activities related to these services and other activities of S Group. Services central to S Group's operations also include procurement, logistics 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 2021

SOK Corporation's net sales for the period 1 January – 31 December 2021 were EUR 7,796.6 million, showing an increase of 2.6 per cent (+ EUR 196.2 million), compared to the previous year.

SOK Corporation's operating profit (IFRS) was EUR 19.7 million (EUR -2.6 million). Foreign operations accounted for 4.0 per cent (3.8%) of net sales, or EUR 309.0 million.

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

SOK Corporation	31.12.2021	31.12.2020	31.12.2019
Net sales, EUR million	7,796.6	7,600.4	7,496.6
Operating profit/ -loss, EUR million	19.7	-2.6	102.2
Operating profit, %	0.3	0.0	1.4
Return on equity, %	-3.1	-4.7	9.9
Equity ratio, %	21.2	21.1	24.0

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

	Net sales EUR million	Change. EUR million	Operating result EUR million	Change. EUR million
Supermarket trade	+282.4	+13.3	-2.3	+1.5
Travel industry and hospitality business	+123.7	+21.0	-50.9	+10.3
Procurement and service business	+7,425.5	+90.6	+14.0	-1.3
Real estate business	+72.0	+3.9	+16.4	+2.5
Result from banking			+9.8*	+3.9
Elimination for the retail and wholesale and other items	-106.9	+67.5	-0.6	+1.0
SOK Corporation, total	**+7,796.6**	**+196.2**	**-13.6**	**+17.9**

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

Financing

The effects of the COVID-19 pandemic have weakened SOK Corporation's profitability, but the financing situation has remained at a good level. Credit loss risks have not increased either.

In January 2021, the amount of the Group's back-up credit facilities was increased by EUR 70.0 million, and the maturities of the earlier back-up credit facilities were 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.

SOK Corporation's interest-bearing liabilities amounted to EUR 1 223.2 million at the end of December (1 328.8 million). EUR 1 201.6 million of the interest-bearing liabilities were lease liabilities compliant with IFRS 16 (1 313.8 million). Gearing was 191.1 per cent (189.9%). SOK Corporation's equity ratio was 21.2 per cent (21.1%).

At the end of December, SOK Corporation's liquid assets amounted to EUR 84.8 million (166.8 million). In addition, the Group had unused committed long-term credit facilities of EUR 230.0 million (160.0 million) and overdraft facilities of EUR 57.0 million (57.0 million).

Investments and divestments

SOK Corporation's non-current asset procurement, or investments in fixed assets, amounted to EUR 126.8 million (EUR 93.6 million). The most significant investments were related to information systems and S-Bank Plc shares.

Sales of non-current assets amounted to EUR 3.9 million in the review period (EUR 1.9 million).

Personnel

SOK Corporation's average number of personnel in full-time equivalents was 5,648 at the end of the period under review, 1 January to 31 December 2021 (2020: 5,788).

At the end of December, SOK Corporation had 6,038 employees (2020: 6,140), of whom 1,820 (30%) were employed by SOK and 4,218 (70%) by its subsidiaries. At the end of the period under review, a total of 1,836 people (30%) of the Corporation's personnel worked abroad.

Compared with the end of the previous year, SOK Corporation's number of personnel decreased by 102 (-1.7%). COVID-19 has influenced the number of personnel in the travel and hospitality industry, in particular.

Development of the business areas

Supermarket trade

Supermarket trade covers business operations in Estonia and Russia. In Estonia, there are eight Prisma stores in Tallinn, two stores in Tartu and one in Narva. Two new stores were opened in Tallinn during the year under review. There are 16 Prisma stores in St Petersburg.

Net sales from the supermarket trade were EUR 282 million. Net sales grew by 5 per cent compared to the previous year, the difference being mainly due to good sales development in Estonia. In St Petersburg, net sales declined by 3 per cent, because many of the stores are located in shopping centres and in conjunction with metro stations, where customer volumes were affected by COVID-19 restrictions. The operating result of the supermarket trade was higher than in the previous year. Investments in the supermarket trade totalled EUR 9.2 million, mainly comprising investments in furniture and fixtures for new units and concept reforms.

Travel and hospitality business

In 2021, SOK Corporation's travel industry and hospitality business was conducted by Sokotel Oy in Finland, AS Sokotel in Estonia and OOO Sokotel in Russia.

Demand in the travel business remained low during the first half of the year, both in Finland and Estonia. In Russia, the demand recovered faster. During the summer season, demand started to develop positively in all market areas as vaccination coverage increased and restrictions were lifted. In the autumn, demand and consequently sales continued to grow as businesses and consumers started to more actively plan their Christmas parties. During the autumn, there was particularly strong development in meeting sales compared to the previous year. Sufficient availability of workforce has posed challenges throughout the year. Towards the end of the year, demand began to reflect concerns about the spreading of the new viral variant, and some of the already agreed events were cancelled or postponed.

Net sales and operating result of SOK's hotel business improved from the previous year as a result of the increased demand, but the result was still considerably negative. The net sales of the hotel business totalled EUR 123.7 million, showing an increase of 20.4 per cent from the previous year. The operating result was EUR -50.9 million, showing an improvement of EUR 10.3 million from the previous year.

In 2021, investments in the travel industry and hospitality business totalled EUR 9.4 million, with EUR 9.1 million invested in Finland. The investments consisted, among others, the renovations of Original Sokos Hotel Ilves, Solo Sokos Hotel Torni and Heymo 1 By Sokos Hotels.

Procurement and service business

The procurement and service business comprises procurement services for groceries and consumer goods provided by SOK's procurement operations, logistics services provided by Inex Partners Oy, procurement and logistics services provided by Meira Nova Oy in the HoReCa business, and other services provided by SOK Corporation primarily for S Group's units. Net sales generated by other services provided to S Group's units include chain fees and management service income, among other income.

Net sales from the procurement and service business totalled EUR 7,425.5 million (7,334.9 million), increasing 1.2 per cent from the previous year. The operating result of the procurement and service business was EUR 14.0 million, which was EUR 1.3 million weaker than in the previous year.

In 2021 investments by the procurement and service business totalled EUR 88.5 million. The investments consisted mainly of information system acquisitions and acquisitions of S-Bank Plc shares.

Real estate business

Net sales from the real estate business consist of rental and property service income from properties owned by SOK Corporation. Net sales from the real estate business were EUR 72.0 million, representing an increase of 5.7 per cent. The operating result of the real estate business was EUR 16.4 million positive.

Investments by the real estate business in 2021 totalled EUR 19.6 million. The most significant investments were in hotel real estate and regional distribution/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 8.5 billion from EUR 7.6 billion in the previous year. The total funds on deposit grew by 9.1 per cent from the end of the previous year and were EUR 7.6 billion at the end of the

year (6.9 billion). Lending grew by 11.8 per cent and was EUR 6.1 billion at the end of the year (5.4 billion). S-Bank Group's capital adequacy ratio was 16.3 per cent (15.7%). At the end of the year, S-Bank Group's operating result was EUR 24.8 million (21.0 million). The IFRS-adjusted result corresponding to SOK Corporation's shareholding (49.99%) was EUR 9.8 million. SOK and the regional cooperatives have bought LähiTapiola's 25% share of S-Bank. S-Bank remains as SOK Corporation's associated company with a share of under 50%.

Net sales of fuel procurement company North European Oil Trade were around EUR 5,284 million during the 2021 financial period. The Group's revenue increased by almost 34 per cent year-on-year as a result of a steep increase in the world market price of oil and the restoration of the Group's business operation volumes after the pandemic.

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, among other companies.

The total impact of SOK Corporation's associated companies and joint ventures on SOK Corporation's result was EUR 14.0 million (EUR 11.8 million).

Changes in the group structure

SOK established Kiinteistö Oy Lounais-Suomen Terminaali in May. SOK sold S-Herkkukeittiö to HOK-Elanto in June.

SOK and the regional cooperatives have bought LähiTapiola's 25 per cent share of S-Bank. S-Bank remains as SOK Corporation's associated company with a share of under 50 per cent.

SOK established Kiinteistö Oy Mikkelin Terminaali in November.

Management and future outlook

Management and changes in management

The SOK Executive Board's Chair and CEO will be Hannu Krook from 1 January 2022. In addition to the CEO, the Executive Board's members are Managing Director Kim Biskop, Managing Director Juha Kivelä, Managing Director Veli-Matti Liimatainen, Managing Director Olli Vormisto, Professor Rita Järventie-Thesleff, Managing Director Harri Miettinen, and Managing Director Antti Määttä as a new member. Arttu Laine, EVP, has been acting as Deputy CEO from 23 November 2021, during CEO Krook's sick leave.

In April 2021, Doctor of Theology Matti Pikkarainen was re-elected as Chair 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 2021 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 Corporation and S Group. The Corporate Management Team consists of Arttu Laine, Deputy CEO and Executive Vice President, S Group Chain Management, Procurement and Logistics; Jorma Vehviläinen, CFO, SOK Finance and Administration; Hanne Lehtovuori, Executive Vice President, SOK Human Resources; Sebastian Nyström, Chief Transformation Officer; Jari Annala, Senior Vice President, SOK Business; Päivi Anttikoski, Executive Vice President, Marketing, Communications, Sustainability; Maria Timgren, Executive Vice President, Strategy; and Seppo Kuitunen, Executive Vice President, Legal Affairs.

Near-term risks and uncertainties

S Group's risk management principles have been approved by SOK's Executive Board. S Group complies with SOK Corporation's risk management policy, which describes the purpose, objectives, key implementation methods and responsibilities of the Group's risk management. Within SOK Corporation, risk management is implemented continuously and throughout the entire management process. Risks are 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 examined annually over the short term (3 years) and long term (10 years) by SOK's Corporate Management Team, and are processed and confirmed by SOK's Executive Board. S Group's most significant short-term risks and uncertainties are still related to the temporary and permanent effects of the COVID-19 pandemic, particularly in the travel and hospitality trade and department store and speciality store trade. Ensuring the competitiveness of the grocery trade also remains key, especially as competition intensifies and creates a pressure for continuous development of the operating methods. Digital development is fundamental in order to succeed in competition in all sectors. S Group has several active projects to control the above-mentioned risks.

The most significant long-term risks are related to the progress and speed of changes and trends that are the most important for S Group, including changes in consumer habits and working life, technological development and the impact of demographic trends and

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

Sustainability risks associated with SOK Corporation's business operations have been identified and analysed by business area. Key sustainability themes and the related risks and opportunities, as well as their significance for the business operations, were identified when preparing the sustainability programme. The risks are reviewed from the perspective of regulation, the physical operating environment, changes in consumer behaviour and reputation. The most significant risks related to human rights include violations of human rights in global supply chains and any shortcomings in ethical operating methods and transparency. Key environmental risks are related to climate change and deteriorating biodiversity, as well as their impact on the Group's own operations and on the supply chains. S Group has identified climate risks that, if realised, may have considerable financial effects on the Group's operations. Increasing regulation may require changes of the business operations or lead to additional costs. More frequent extreme weather conditions may influence the availability of products, causing disturbances in logistics and the network of outlets. The sustainability risks are addressed through the targets and measures included in the S Group sustainability programme.

Sustainability

Sustainability in S Group covers all business areas and is managed jointly with the executive management at the Group level. SOK's Sustainability unit is in charge of strategic development, control and reporting of sustainability at the Group level. The unit is part of the Marketing, Communications and Sustainability unit.

S Group promotes sustainability group-wide 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. Our goal in the programme is to be a pioneer in sustainability in our fields of business.

S Group is committed to science-based ambitious emission reduction targets in its own operations. The plan is to reduce emissions by 90% from the 2015 level by 2030 and make the Group's own operations carbon negative by the end of 2025. S Group has reached the A- list in the international CDP rating.

Furthermore, S Group aims to reduce emissions by a million metric tonnes by 2030 in cooperation with its partners, as well as to encourage its major product and service suppliers to set their own emission reduction targets. S Group was the first Finnish retail sector company to participate in the CDP Supply Chain programme related to improving partner commitment.

Since November 2021, Sokos Hotels customers have been able to offset the carbon footprint of their overnight stays and breakfasts at Sokos Hotels. Sokos Hotels is the first chain in its sector in Finland to offer an opportunity for compensation to its private customers.

S Group's deforestation guidelines, published in spring 2021, are part of the sustainability programme goals to strengthen biodiversity. The guidelines are based on the identification of raw materials central to deforestation, and related objectives and regional restrictions concerning sustainable production.

S Group aims to build a network of some 1,000 electric car charging stations covering the whole of Finland between 2021 and 2024. The first ABC charging stations were opened in spring 2021.

S Group's large logistics centres in Sipoo have achieved zero-emission status in their operations as the result of a switch to renewable electricity and, above all, using a heating solution based on geothermal heat and the recycling of condensate heat. S Group already has nearly one hundred zero-emission properties.

In 2021, we updated our procurement contracts for groceries and consumer goods, specifying our expectations regarding due diligence on environmental and human rights impact. In our procurement contracts, we require all our suppliers to respect key labour and human rights, as well as to exercise due diligence to identify, mitigate and remedy the human rights impact of their operations and supply chains.

S Group and its chains were once again ranked highly in the Sustainable Brand Index, the most extensive annual sustainability study in Europe. For the second year in a row, S Group was considered to be the most responsible brand in the group of companies selling consumer goods. Among grocery stores, Prisma was number one and S-Market came second. S-Bank, Sokos Hotels and ABC service stations were also considered to be the most responsible actors in their fields.

The results and objectives of S Group's sustainability work will be described in greater detail in the annual review and sustainability review to be published in March 2022, available at www.s-ryhmä.fi/en/.

Outlook for the current year

Current coronavirus restrictions will have a significant impact on finances during the first half of the year. However, a high savings rate and good consumer atmosphere have set a foundation for the rapid growth of private consumption. Private consumption is predicted

to continue to increase in 2022, and private investments are also predicted to increase rapidly.

The operating result of SOK Corporation is expected to improve in 2022 over the previous year. The amount of operating profit is particularly dependent on the schedule and scope of the lifting of coronavirus restrictions, and the development of international travel.

The situation has eased somewhat for the travel industry and hospitality business, but insufficient demand continues to hamper sales growth. The spreading and effects of the new viral variant, the duration and scope of the new restrictions, development of vaccination coverage and the general global economic situation will continue to have a major impact on demand. The labour shortage continues to be a significant obstacle to growth. Some accumulated demand can be observed, and the recovery is expected to continue, driven by domestic leisure travel. There is significantly more uncertainty concerning international travel.

The market is still expecting a recovery of B2B travel. However, the new coronavirus variant and its fast spread have had a negative effect on reservation volumes, especially for the early year. The share of international travel in Sokotel's accommodation business has slowly started to rise. However, ongoing restaurant restrictions are still limiting full-scale business operations. The outlook for conference business demand in 2022 is currently positive, and reservation volumes are exceeding 2019 levels in some locations.

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 577,636,681.93 (the profit for the financial year is EUR 617,368.37). The Executive Board proposes that EUR 45,000.00 be transferred to the Supervisory Board's contingency fund and 572,368.37 be left in the retained earnings account.

Helsinki, 10 February 2022

SOK
CORPORATION
Executive Board

CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Consolidated income statement, IFRS

EUR million	1.1.-31.12.2021	1.1.-31.12.2020
Revenue	7,796.6	7,600.4
Other operating income	4.1	2.3
Materials and services	-7,059.7	-6,903.8
Employee benefit expenses	-282.1	-270.4
Depreciation and impairment losses	-181.0	-178.2
Other operating expenses	-270.2	-261.5
Share of results of associated companies and joint ventures (+/-)	12.0	8.7
Operating profit (-loss)	**19.7**	**-2.6**
Financial income and expenses (+/-)	-33.7	-37.0
Share of results of associated companies and joint ventures (+/-)	2.0	3.2
Profit before taxes	**-12.1**	**-36.5**
Income taxes (+/-)	-6.6	6.2
Result for the financial year	**-18.6**	**-30.2**
Attributable to:		
Owners of the parent	-18.6	-30.2
Share of non-controlling interests	0.0	0.0
	-18.6	**-30.2**

Statement of other comprehensive income

EUR million	1.1.-31.12.2021	1.1.-31.12.2020
Result for the financial year	-18.6	-30.2
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	2.8	-9.7
Exchange differences on loans to foreign subsidiaries classified as net investments.	0.2	-0.8
Cashflow hedges	1.9	-0.8
Comprehensive income items of associated companies and joint ventures	-0.2	0.0
Other comprehensive income for the financial year, net of tax	4.8	-11.3
Total comprehensive income for the financial year	**-13.9**	**-41.5**
Total comprehensive income for the financial year attributable to:		
Owners of the parent	-13.9	-41.5
Share of non-controlling interests	0.0	0.0
	-13.9	**-41.5**

Consolidated statement of financial position, IFRS

EUR million	31.12.2021	31.12.2020
ASSETS		
Non-current assets		
Property, plant and equipment	1,403.4	1,500.5
Investment properties	27.1	32.0
Intangible assets	96.8	99.6
Interests in associated companies and joint ventures	287.8	211.7
Non-current financial assets	43.2	42.4
Deferred tax assets	30.9	29.4
Non-current assets, total	**1,889.2**	**1,915.6**
Current assets		
Inventories	210.2	209.8
Trade receivables and other current non-interest-bearing receivables	646.0	621.6
Current interest-bearing receivables	0.0	37.3
Cash and cash equivalents	84.8	131.4
Current assets, total	**941.0**	**1,000.1**
Assets, total	**2,830.2**	**2,915.7**
EQUITY AND LIABILITIES		
Equity		
Cooperative capital	172.0	172.0
Restricted reserves	17.3	15.6
Invested non-restricted equity reserve	36.4	32.9
Retained earnings	369.3	390.6
Equity attributable to the the owners of the parent	**595.0**	**611.0**
Non-controlling interests	**0.8**	**0.8**
Equity, total	**595.8**	**611.8**
Non-current liabilities		
Non-current interest-bearing liabilities	1,073.4	1,191.2
Non-current non-interest-bearing liabilities	31.3	34.9
Provisions	5.9	6.8
Deferred tax liabilities	6.9	8.1
Non-current liabilities, total	**1,117.5**	**1,241.0**
Current liabilities		
Current interest-bearing liabilities	149.8	137.6
Current non-interest-bearing liabilities	198.4	176.6
Trade payables	767.6	747.8
Provisions	0.7	0.8
Tax liabilities for the financial year	0.4	0.0
Current liabilities, total	**1,117.0**	**1,062.9**
Equity and liabilities, total	**2,830.2**	**2,915.7**

Consolidated statement of cash flows, IFRS

EUR million		1.1.-31.12.2021	1.1.-31.12.2020
BUSINESS OPERATIONS			
Operating result from continuing operations		19.7	-2.6
Adjustments to operating result	(A)	163.8	171.3
Change in working capital	(B)	25.7	5.6
Cash flow from business operations before financing and taxes		**209.2**	**174.2**
Increase (-) / decrease (+) in current receivables		-0.1	34.2
Interest paid and other financial expenses		-0.4	0.0
Interest received and other financial income		0.1	0.2
Income taxes paid		-8.4	1.3
Cash flow from business operations		**200.4**	**209.9**
INVESTMENTS			
Acquired shares in subsidiaries net of acquired cash			0.3
Divested shares in subsidiaries net of cash held by subsidiary		0.2	
Investments in shares		-63.5	
Investments in tangible assets		-51.5	-75.7
Investments in intangible assets		-11.8	-18.2
Sale of other fixed assets		3.7	1.9
Change in other long-term investments			30.0
Dividends received from investments		1.3	3.1
Cash flow from investing activities		**-121.6**	**-58.5**
FINANCING			
Increase (+) / decrease (-) in short-term liabilities		-159.5	-149.4
Interest paid		-5.6	-0.3
Interest received		0.8	2.2
Interest paid on the cooperative capital			-13.2
Other changes in equity		3.5	3.5
Cash flow from financing		**-160.8**	**-157.3**
Increase / Decrease in cash and cash equivalents		**-82.0**	**-5.9**
Cash and cash equivalents at the beginning of the year		**166.8**	**172.6**
Increase / Decrease in cash and cash equivalents		**-82.0**	**-5.9**
Cash and cash equivalents at the end of the year		**84.8**	**166.8**
Adjustments to operating profit	(A)		
Gains from the sale of fixed assets		-0.2	-0.8
Depreciation and impairment losses		185.7	178.2
Other non-cash income and expenses		-16.9	-5.8
		168.5	**171.6**
Change in working capital	(B)		
Change in trade and other receivables		-22.5	-20.8
Change in inventories		-0.4	-4.8
Change in non-interest-bearing liabilities		48.6	31.2
		25.7	**5.6**

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									
1.1.2020	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	0.0	3.4
31.12.2020	**172.0**	**-3.0**	**18.5**	**32.9**	**-23.0**	**413.6**	**611.0**	**0.8**	**611.8**
1.1.2021	172.0	-3.0	18.5	32.9	-23.0	413.6	611.0	0.8	611.8
Total comprehensive income		1.7			2.8	-18.6	-14.1	0.0	-14.1
Interest on cooperative contributions						0.0	0.0		0.0
Other changes			0.0	3.5		-5.5	-2.0		-2.0
31.12.2021	**172.0**	**-1.2**	**18.5**	**36.4**	**-20.2**	**389.5**	**595.0**	**0.8**	**595.8**

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 2020 Financial Statements, and, furthermore, the IAS/IFRS standard and interpretation amendments that came into effect in the financial year 2021 were also adhered to.

In spring 2021, the IFRS Interpretations Committee issued an agenda decision on the accounting of configuration and customisation costs in a cloud computing arrangement. In accordance with the agenda decision, the implementation costs of cloud computing projects, i.e., SaaS investments, are, unlike before, recognised as an expense in the consolidated financial statements, unless the criteria for capitalization in IAS 38 Intangible Assets are met. Based on the analysis of the group the costs of implementing cloud services, capitalised in the balance sheet at the beginning of the financial year 2021, are now to be recognised as an expense in accordance with the agenda decision, amounted to EUR 4.4 million. These has been recognised directly in equity as a change in accounting policy in accordance with IAS 8. The impact of the adoption of the agenda decision on the result for the financial year was EUR – 0.1 million.

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.

Fair values of financial assets and liabilities

FINANCIAL ASSETS	2021				2020			
		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	2.6		2.6	2.6	3.3		3.3	3.3
Trade receivables and other current non-interest-bearing receivables								
Derivative assets	0.5	0.5		0.5	0.0	0.0		0.0
Hedge accounting derivatives								
Trade receivables and other current non-interest-bearing receivables								
Derivative assets	1.1	1.1		1.1	0.0	0.0		0.0
Financial assets to be measured at amortised cost								
Non-current loan and other receivables	3.0	3.0		3.0	3.0	3.0		3.0
Trade receivables and other current non-interest-bearing receivables								
Trade receivables	562.5	562.5		562.5	537.1	537.1		537.1
Non-interest-bearing loan and other receivables	51.2	51.2		51.2	54.4	54.4		54.4
Prepayments and accrued income in financial items	0.3	0.3		0.3	0.0	0.0		0.0
Current interest-bearing receivables								
Loan receivables and other receivables	0.0	0.0		0.0	35.4	35.5		35.5
Cash and liquid assets	84.8	84.6		84.6	133.3	133.3		133.3
Financial assets, total	**705.9**	**703.2**	**2.6**	**705.8**	**766.6**	**763.4**	**3.3**	**766.8**

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

EUR million	2021	2020
Opening balance, 1 Jan	3.3	3.7
Purchases	0.1	0.0
Sales	0.0	-0.4
Impairments in the income statement	0.0	0.0
Fair value changes recognised in the income statement	-0.9	-0.1
Closing balance, 31 Dec	**2.6**	**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. In 2020 and 2021, 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.

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 1.1 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 1.5 million of unquoted shares (1.4 million), for which the fair value cannot be determined.

FINANCIAL LIABILITIES	2021				2020			
		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	0.0	0.0		0.0	0.7	0.7		0.7
Hedge accounting derivatives								
Current non-interest-bearing liabilities								
Derivative liabilities	0.0	0.0		0.0	1.2	1.2		1.2
Financial liabilities to be measured at amortised cost								
Non-current interest-bearing liabilities								
Other non-current interest-bearing liabilities	0.0	0.0		0.0	0.0	0.0		0.0
Non-current non-interest-bearing liabilities								
Trade payables	0.0	0.0		0.0	0.0	0.0		0.0
Other non-interest-bearing liabilities	26.9	26.9		26.9	29.7	29.7		29.7
Current interest-bearing liabilities	21.5	21.5		21.5	15.0	15.1		15.1
Current non-interest-bearing liabilities								
Accruals and deferred expenses	0.1	0.1		0.1	0.2	0.2		0.2
Trade payables	767.6	767.6		767.6	747.8	747.8		747.8
Financial liabilities, total	**816.2**	**816.2**	**0.0**	**816.2**	**794.6**	**794.7**	**0.0**	**794.7**

The table does not include lease liabilities of carrying amount EUR 1 201.6 million (1 313.8 million).

Segment information 31.12.2021

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

2021 EUR million	Super-market trade	Travel industry and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting, total
Revenue	282.4	123.7	7,425.5	72.0		-106.9	7,796.6
Group internal sales to other segments	0.0	0.1	113.2	17.1		3.4	133.8
Operating result	-2.3	-50.9	14.0	16.4	9.8	-0.6	-13.6
Depreciation	-5.0	-10.3	-15.4	-12.8		-1.0	-44.4
Investments	9.2	9.4	88.5	19.6		0.1	126.8
Divestments	0.1	0.0	3.8			0.0	3.9
Reconciliation of the revenue							
Management reporting revenue to be reported				7,796.6			
Eliminations				0.0			
Revenue IFRS				7,796.6			
Reconciliation of the result							
Operating result of the segments to be reported				-13.6			
Items excluded from the operating result within SOK Corporation:							
Financial income and expenses (FAS)				3.6			
Gains and losses on the sale of property, plant and equipment				-0.4			
Other operating income and expenses				2.8			
Changes in provisions				0.4			
Valuation gains and losses on derivatives				0.5			
Impairment losses on tangible and intangible assets				-0.4			
IFRS adjustments				-4.8			
Profit before taxes for the period IFRS				-12.1			
Additional data at SOK Corporation level, external income							
Sales to S-Group				7,018.4			
Other sales in Finland				469.1			
Foreign				309.0			
Revenue, total				7,796.6			
Supermarket Trade				282.4			
Tourism and Hospitality Business				123.7			
Procurement and services Business				7,318.6			
Real estate business				72.0			
Revenue, total				7,796.6			
Additional information at SOK Corporation level, fixed assets							
Finland				1475.7			
Foreign				47.0			
Fixed assets, total				1522.7			

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	Super-market 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
Group internal sales to other segments	0.0	0.1	105.0	15.7		2.6	123.3
Operating result	-3.8	-61.2	15.3	14.0	5.9	-1.6	-31.5
Depreciation	-4.9	-10.0	-17.6	-12.1		-1.2	-45.7
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				1602.9			
Foreign				52.0			
Fixed assets, total				1655.0			

Related party transactions

Transactions and balances with associated companies and joint ventures: EUR million	31.12.2021	31.12.2020
Sales	25.9	22.6
Purchases	0.8	0.6
Financial income and expenses		0.5
Trade and other receivables	1.6	2.0
Loan receivables		
Trade payables and other liabilities	0.0	

Secured assets and contingent liabilities

Contingent liabilities, EUR million	31.12. 2021	31.12. 2020	Change
Pledges given and contingent liabilities			
Other securities provided			
Pledges	0.1	0.1	0.0
Mortgages	3.4	1.4	2.0
Guarantees	2.5	2.5	0.0
Total	**5.9**	**4.0**	**2.0**
Securities given on behalf of others' debt			
Guarantees for debt of joint ventures	114.1	110.9	3.2
Other securities given on behalf of others			
Pledges for liabilities of joint ventures	0.5	0.5	0.0
Guarantees for liabilities of joint ventures	27.1	20.4	6.7
Total	**27.6**	**20.9**	**6.7**
Other liabilities			
Letter of credit liabilities	1.3	0.0	1.3

The guarantees granted consist mainly of the guarantees on behalf of joint venture North European Oil Trade Oy and its subsidiary North European Oil Trade AB on a loan and other liabilities of EUR 92.7 million (82.8 million) and of the guarantees on behalf of joint venture Kauppakeskus Mylly Oy on a loan of EUR 49.0 million (49.0 million).

Other financial liabilities:

The Group is obligated to audit valued added tax depreciations it has made on a property investment if the taxable use of the property decreases during the auditing period. The maximum amount of the responsibility is EUR 15.8 million (16.1 million).

Other contingent liabilities:

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

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

In addition, shareholders of S-Voima Oy agreed upon a shared obligation to finance the company's investments in wind energy companies by means of equity funding, with liabilities being primarily divided at the ratio of shareholdings per share series. SOK's liabilities from equity funding based on decisions made by 31 December 2021 are estimated to be EUR 0.7 million in total (2.1 million).

Additionally SOK has pledged to provide loan funding. SOK has at 31 Dec 2021 the following open commitments: and to provide EUR 5.0 million (5.0 million) conditional subordinated loan to North European Oil Trade Oy.

Key ratios

EUR million	31.12. 2021	31.12. 2020
SOK Corporation:		
Revenue, EUR million	7,796.6	7,600.4
Operating profit, EUR million	19.7	-2.6
% of revenue	0.3	0.0
Profit before taxes, EUR million	-12.1	-36.5
% of revenue	-0.2	-0.5
SOK Corporation:		
Equity ratio, %	21.2	21.1
Return on equity, %	-3.1	-4.7
Gearing, %	191.1	189.9

Calculation of key ratios

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

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

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