

SOK Corporation

Interim Report 1 January – 30 June 2018

Development of the operating environment

Finland's GDP grew by 2.8 per cent in the previous year, and growth is expected to continue at the same rate in 2018. The low interest rates and moderate increase in consumer prices, as well as the continued decrease in unemployment, have supported private consumption. Consumer and business confidence in economic growth have remained strong and are above the long-term average. However, the growth of households' disposable income has slowed, which limits the growth of consumer demand.

The development of private consumption is key to the development of sales in S Group. During the first half of the year, as part of general economic growth, retail sales grew by 3.2 per cent compared to the previous year. In June, the growth rate was 1.2 per cent.

Despite the slightly lower confidence figures, the growth outlook for the global economy is good. The global economy is expected to grow more rapidly than average in 2018.

S Group's performance 1 January – 30 June 2018

S Group comprises the cooperatives and SOK with its subsidiaries. S Group's retail sales excluding taxes in January–June were EUR 5,610 million, showing an increase of 2.7 per cent compared to the previous year.

S Group's retail sales excluding taxes by business area	EUR million	+/- % prev. year
Prisma*	1,680	+0.1
S-Market	1,707	+3.9
Sale and Alepa	518	+4.8
Delicatessen	49	
Other supermarket trade	3	+40.6
Supermarket trade total*	3,958	+3.7
Hardware trade	71	-23.4
Service station store and fuel sales	822	+3.8
Department stores and speciality stores	139	-3.1
Travel industry and hospitality business*	386	+1.0
Automotive trade and accessories	216	+12.2
Agricultural trade	11	-70.6
Other	8	+6.7
S Group total*	**5,610**	**+2.7**

* Includes retail sales in the neighbouring regions (Estonian and St Petersburg).

At the end of June, S Group had 1,645 outlets (1,630 on 30 June 2017).

On 30 June 2018, there were 20 regional cooperatives and six local cooperatives.

In January–June, a total of 38,718 new members joined the cooperatives participating in the Bonus system. The total number of co-op members was 2,372,034 at the end of June. Co-op members were paid EUR 161 million in Bonus rewards.

Financial development

SOK's operations

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

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

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

SOK Corporation's financial development 1 January – 30 June 2018

SOK Corporation's net sales in January–June 2018 were EUR 3,581.4 million, showing an increase of 3.8 per cent compared to the corresponding period last year.

SOK Corporation's operating profit was EUR 16.7 million (EUR -5.2 million). The improvement was mainly due to non-recurring costs that burdened last year's result, following the discontinuation of the supermarket trade operations in Latvia and Lithuania. International operations accounted for 4.8 per cent of net sales (6.4 per cent), or EUR 171 million. The decrease in international net sales is due to the discontinuation of operations in Latvia and Lithuania, as well as the closing of loss-making stores in St Petersburg.

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

SOK Corporation	30 Jun 2018	30 Jun 2017	30 Jun 2016
Net sales, EUR million	3,581	3,449	3,466
Operating profit/loss, EUR million	16.7	-5.2	13.5
Operating profit, %	0.5	-0.2	0.4
Return on equity, %	2.4	-0.7	1.9
Equity ratio, %	37.9	36.9	39.2

SOK Corporation's operating result

The operating result is used to monitor the result of the operational business activities after financial items excluding non-recurring items and IFRS items. The improvement in the operating result is mainly due to the discontinuation of the supermarket operations in Latvia and Lithuania, as well as the stronger result of the travel industry and hospitality business and overall improvement in operational efficiency.

SOK Corporation	30 Jun 2018	30 Jun 2017	30 Jun 2016
Operating result, EUR million	19.6	10.5	10.2

SOK Corporation's net sales and operating result by business area (segment)

SOK Corporation's net sales 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 listed 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	± % prev. year	Operating result EUR million	Change EUR million
Supermarket trade	145	-25.7	-5.1	15.4
Travel industry and hospitality business	128	-0.2	+12.1	+2.0
Procurement and service business	3,317	+5.7	-1.6	-3.4
Real estate business	43	+5.2	+9.4	-0.2
Result from banking			+2.3	-0.9
Elimination for the retail and wholesale and other items	-53	+0.4	+1.4	+0.3
SOK Corporation total	**3,580**	**+3.9**	**+18.4**	**+13.2**

Funding

SOK Corporation's financial situation has remained good throughout the first half of the year. SOK Corporation's interest-bearing net liabilities amounted to EUR 87,4 million at the end of June (EUR 181.3 million), and its gearing was 13.9 per cent (29.1 per cent). SOK Corporation's equity ratio was 37.8 per cent (36.9 per cent).

At the end of June, SOK Corporation's liquid assets amounted to EUR 119.2 million (EUR 44.7 million). In addition, the Group had EUR 100.0 million in unused long-term committed credit facilities (EUR 100.0 million) and EUR 57.0 million in unused account limits (EUR 57.0 million).

Investments and divestments

SOK Corporation's non-current asset procurement, or investments in fixed assets, amounted to EUR 70.9 million in the first half of the year (EUR 25.0 million). The most significant investments were related to the acquisition of property companies, the renovation of stores and the development of IT systems.

Sales of non-current assets amounted to EUR 21.6 million in the review period (EUR 0.1 million).

Personnel

SOK Corporation's average number of personnel in full-time equivalents was 5,492 in January–June 2018 (January–June 2017: 5,560).

At the end of June, SOK Corporation's personnel numbered 6,586, of whom 1,489 (23 per cent) were employed by SOK and 5,097 (77 per cent) by its subsidiaries. At the end of the review period, a total of 2,354 people (36 per cent) of the Corporation's personnel worked abroad.

Compared to the end of the previous year, SOK Corporation's number of personnel increased by 497 (8.1 per cent). Compared to the corresponding period of the previous year, the number of personnel decreased by 109 (-1.6 per cent).

Development of the business areas

Supermarket trade

The supermarket trade includes the business operations in Estonia and Russia. In Estonia, there are five Prisma stores in Tallinn, two stores in Tartu and one in Narva. In Russia, there are 13 Prisma stores in St Petersburg. Four stores were closed and one new store was opened during the first half of the year.

Net sales from the supermarket trade were EUR 145 million. Net sales decreased by 26 per cent year-on-year, which was due

to the discontinuation of business operations in Latvia and Lithuania during 2017, as well as the closing of stores in St Petersburg. In the supermarket trade, the operating result improved considerably from the previous year. Investments made in the supermarket trade totalled EUR 0.8 million and were mainly related to the replacement of equipment.

Travel industry and hospitality business

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

Sokotel Oy's net sales increased by +1.0 per cent year-on-year. Demand in the travel industry and hospitality business developed favourably during the first half of the year, and this trend is expected to continue during the latter part of the year. Sokotel Oy's operating result improved markedly year-on-year due to the positive development of net sales and lower fixed costs.

Net sales generated by AS Sokotel, which operates hotels in Tallinn, decreased by 3.2 per cent during the first half of the year. The decrease was due to the renewal of restaurant concepts. The operating result was lower than in the previous year, due to the unfavourable development of net sales and increased cost levels.

The euro-denominated net sales of OOO Sokotel, which operates hotels in St Petersburg, decreased by 3.8 per cent year-on-year. Its net sales in roubles increased by 9.3 per cent. OOO Sokotel's result was burdened by the weakening of the rouble; however, its result remained at the previous year's level.

In the first half of 2018, investments by the travel industry and hospitality business totalled EUR 4.4 million and were related to unit renovations. Of this total, EUR 3.7 million was related to Finland and EUR 0.7 million to its neighbouring regions.

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

Net sales from the procurement and service business totalled EUR 3,317 million, increasing slightly from the previous year. The operating result of the procurement and service business was EUR -1.6 million, which was slightly weaker than in the previous year.

In the first half of 2018, investments by the procurement and service business totalled EUR 12.7 million and were mainly related to information system acquisitions.

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 43 million, representing an increase of 5 per cent year-on-year. The operating result of the real estate business was positive and remained at the previous year's level.

In the first half of 2018, investments by the real estate business totalled EUR 53 million, with the most significant investment in property sites being the renovation of the facade of Radisson Blu Espoo.

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.

Development of associated companies and joint ventures Among the associated companies engaging in business operations within SOK Corporation, the most significant is S-Bank Ltd, which operates in the banking sector. S-Bank's balance sheet continued to grow. The total funds on deposit grew by 8.0 per cent year-on-year and were EUR 5,239.3 million at the end June (EUR 4,850.9 million). Correspondingly, lending grew by 5.3 per cent and was EUR 3,916.8 million at the end of June (EUR 3,720.3 million). S-Bank Group's capital adequacy ratio was 15.9 per cent (15.0 per cent). At the end of June, S-Bank Group's operating result was EUR 6.1 million (EUR 7.8 million). Its comparable operating result remained at the previous year's level. The net income for the previous year included the divestment of the small business and farm operations. Taking this into account, the comparable operating result for the first half of 2018 was EUR 6.2 million. The IFRS-adjusted result corresponding to SOK Corporation's shareholding (37.5 per cent) was EUR 2.3 million.

In January–June 2018, the net sales of the fuel procurement company North European Oil Trade Group were around EUR 2,593 million. Its net sales increased by 3 per cent from the previous year due to the rise in the world market price of oil. The volume of the Group's business operations remained at the previous year's level. North European Oil Trade Group's full-year result for 2018 is expected to be EUR 1.1 million, which is in line with its budget. SOK's shareholding in North European Oil Trade Oy is 50.77 per cent. Due to the shared controlling interest based on the shareholding agreement, the company is treated as a joint venture using the equity method.

In addition to S-Bank and North European Oil Trade Oy, other associated companies and joint ventures of SOK Corporation include Finnfrost Oy, an associated company of SOK's subsidiary Inex Partners Oy that provides frozen goods procurement

and logistics services; Kauppakeskus Mylly Oy in Raisio; and the inter-Nordic procurement company Coop Trading A/S.

The total impact of SOK Corporation's associated companies and joint ventures on SOK Corporation's result was EUR 4.7 million (EUR 6.9 million).

Changes in the group structure

Two property companies, Koy Zatelliitintie and Koy Siilinjärven Takojantie, were sold in January.

At the end of February, SOK acquired all shares in its associated company Russian and Baltics Retail Properties Ky (RBRP), which is a property fund company. Following the transaction, the RBRP sub-group acquired three property companies in Russia and one in Estonia, as well as their administrative holding companies. Two of the property companies, OOO Itis and OOO Itis 3, were sold to external parties in May, and the divestment of the Estonian company Orchis Oü is being prepared. The holding companies of the property fund group are intended to be dissolved during the financial period.

Management and future outlook

Management and changes in management

Taavi Heikkilä is Chairman of SOK's Executive Board in 2018. In addition to the CEO, the Executive Board in 2018 consists of the following members: Managing Director Heikki Hämäläinen, Managing Director Hannu Krook, Managing Director Timo Mäki-Ullakko, Managing Director Olli Vormisto and, as new members, Managing Directors Juha Kivelä and Veli-Matti Liimatainen. Hannu Krook is the Vice-Chairman of the Executive Board.

In April 2018, Doctor of Theology Matti Pikkarainen was re-elected as Chairman of SOK's Supervisory Board, and lawyer Timo Santavuo was elected as a new Vice Chair. Antti Määttä was re-elected as a second Vice Chair.

The auditor in the financial year 2018 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 2018, the Corporate Management Team consists of Arttu Laine, Deputy CEO of SOK and Executive Vice President, S Group Chain Management, Procurement and Logistics; Jari Annala, CFO, SOK Finance and Administration; Susa Nikula, Executive Vice President, SOK Human Resources; Sebastian Nyström, Chief Strategy Officer; Jorma Vehviläinen, Executive Vice President, SOK Consumer Goods; and Veli-Pekka Ääri, Executive Vice President, SOK Customer Relationships, Information and Digital Services. Seppo Kuitunen, Executive Vice President, Legal Affairs, is Secretary to the Corporate Management Team.

Near-term risks and uncertainties

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

S Group's strategic risks are examined annually by SOK's Corporate Management Team and confirmed by SOK's Executive Board. S Group's most significant near-term risks and uncertainty factors are related to ensuring the competitiveness of the grocery trade and the profitability of the consumer goods trade in the changing, increasingly competitive retail sector. Several development projects are in progress within S Group. These are related to enterprise resource planning, logistics and the development of quality, for example, and are intended to ensure the efficiency of the value chain and customer satisfaction in the future. The successful implementation and smooth deployment of these projects is particularly important in terms of risk management. Digitalisation is a key driver of change and has an extensive effect on S Group's operations, as well as creating new opportunities. S Group continues to make use of these opportunities in the development of multichannel business operations, for example, which is key to ensuring competitiveness in the future. The Sipoo logistics centre is a significant project in terms of S Group's competitiveness, and its full implementation is nearing. A significant delay would cause costs arising from overlapping operations.

SOK Corporation's funding and management of finance risks are 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 financing risks and the permissible maximum amounts for financing risks. In addition, numerical targets have been set for the different 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 in S Group covers all business areas and is managed jointly with business 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.

In February 2018, S Group published its climate targets until 2030. The results and objectives of S Group's responsibility work are described in more detail in its annual review and responsibility review, which are available at www.s-ryhma.fi.

The responsibility risks related to SOK Corporation's business operations have been identified and analysed by business area. The key themes and the related risks and opportunities, as well as their significance in terms of business operations, were identified during the process of preparing the Best Place to Live responsibility programme. Risks are assessed from the perspective of regulation, the physical operating environment, consumer behaviour, changes 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. The most significant risks in terms of the environment are related to climate change and its impacts, both in SOK's own operations and in the supply chain. S Group has identified climate risks that have a significant financial effect on its operations.

Risks are addressed by means of the objectives and measures defined in S Group's responsibility programme. S Group's responsibility work is described in more detail in its annual review and responsibility review, which were published in spring 2018 at www.s-ryhma.fi.

Outlook for the remainder of 2018

The development of the general economic situation in Finland and its neighbouring regions is significant for the success of SOK Corporation's operations. The growth of the Finnish economy is expected to continue in the second half of the year, and the country's full-year GDP is expected to grow by 2.9 per cent from the previous year. During the second half of the year, growth will focus on exports and industrial investments. Low interest rates, moderate inflation and decreasing unemployment support private consumption and interest rates are not expected to increase during the latter part of the year. However, uncertainty factors related to the global economy may dampen growth. A trade war could slow the growth of global trade, which would also affect the Finnish economy through weaker exports.

Through the sales development of S Group's cooperatives, the general trend of the Finnish economy has a direct effect on the net sales of SOK Corporation's procurement and service business. Its full-year net sales are expected to increase year-on-year as a result of the positive economic development.

Demand in the travel industry and hospitality business is expected to develop favourably during the second half of the year. The result of the travel industry and hospitality business will remain at the previous year's level, even though the result is burdened by significant hotel renovation projects.

The growth of the Russian economy is expected to continue in 2018. Compared to the previous year, tourism is expected to increase slightly in the St Petersburg area, which will improve the result of the travel industry and hospitality business. However, due to the weakening of the rouble, the result will be slightly lower than in the previous year. The supermarket trade units are also expected to improve their rouble-denominated result from the previous year, but the change in the exchange rate will have a negative effect on their result.

In Estonia, the demand and competitive situation in the supermarket trade and the travel industry and hospitality business is not expected to change significantly during the second half of the year. Cost development will continue to burden performance.

All business areas considered, SOK Corporation's operating result is expected to be positive in 2018 and better than in the previous year.

Helsinki, 16 August 2018

SOK CORPORATION

Executive Board

Interim financial statements

Consolidated income statement, IFRS

EUR million	1.1.–30.6.2018	1.1.–30.6.2017
Revenue	3 581.4	3 448.9
Other operating income	1.2	0.5
Materials and services	-3 220.6	-3 119.0
Employee benefit expenses	-122.6	-112.2
Depreciation and impairment losses	-32.5	-38.1
Other operating expenses	-194.2	-190.3
Share of results of associated companies and joint ventures (+/-)	4.0	5.0
Operating profit / loss	**16.7**	**-5.2**
Financial income and expenses (+/-)	-3.1	-0.7
Share of results of associated companies and joint ventures (+/-)	0.7	2.0
Profit / loss before taxes	**14.3**	**-3.9**
Income taxes (+/-)	-1.5	-0.3
Result for the period	**12.8**	**-4.2**
Attributable to:		
Owners of the parent	13.3	-3.0
Share of non-controlling interests	-0.5	-1.1
	12.8	-4.2

Statement of other comprehensive income

EUR million	1.1.–30.6.2018	1.1.–30.6.2017
Result for the period	12.8	-4.2
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translating foreign operations	-3.8	-2.8
Exchange differences on loans to foreign subsidiaries classified as net investments	-0.3	-0.2
Cashflow hedges	0.4	-4.7
Comprehensive income items of associated companies and joint ventures	0.5	-0.9
Other comprehensive income for the period, net of tax	-3.2	-8.6
Total comprehensive income for the period	**9.5**	**-12.8**
Total comprehensive income for the financial year attributable to:		
Owners of the parent	10.0	-11.6
Share of non-controlling interests	-0.5	-1.1
	9.5	-12.8

Consolidated statement of financial position, IFRS

EUR million	30.6.2018	31.12.2017
ASSETS		
Non-current assets		
Property, plant and equipment	345.0	356.0
Investment properties	25.8	27.5
Intangible assets	77.2	70.4
Interests in associated companies and joint ventures	182.6	181.8
Non-current financial assets	72.1	102.4
Deferred tax assets	24.0	27.0
Non-current assets, total	**726.8**	**765.1**
Current assets		
Inventories	169.1	192.6
Trade receivables and other current non-interest-bearing receivables	643.5	655.7
Current interest-bearing receivables	0.0	0.0
Cash and cash equivalents	117.3	120.5
Current assets, total	**929.9**	**968.9**
Assets held for sale	**17.5**	**12.8**
Assets, total	**1 674.2**	**1 746.8**
EQUITY AND LIABILITIES		
Equity		
Cooperative capital	172.0	172.0
Restricted reserves	20.0	21.4
Invested non-restricted equity reserve	17.2	4.4
Retained earnings	419.2	433.9
Equity attributable to the the owners of the parent	**628.3**	**631.7**
Non-controlling interests	1.5	2.0
Equity, total	**629.8**	**633.7**
Non-current liabilities		
Non-current interest-bearing liabilities	140.5	147.0
Non-current non-interest-bearing liabilities	38.1	34.5
Provisions	6.8	7.1
Deferred tax liabilities	10.9	13.5
Non-current liabilities, total	**196.3**	**202.0**
Current liabilities		
Current interest-bearing liabilities	60.0	47.1
Current non-interest-bearing liabilities	99.9	123.9
Trade payables	684.1	719.4
Provisions	4.2	18.3
Tax liabilities for the financial year	0.0	2.3
Current liabilities, total	**848.1**	**911.1**
Equity and liabilities, total	**1 674.2**	**1 746.8**

Consolidated statement of cash flows, IFRS

EUR million	Reference	1.1.–30.6.2018	1.1.–30.6.2017
BUSINESS OPERATIONS			
Operating profit/ loss		16.7	-5.2
Adjustments to operating result	(1)	2.4	17.5
Change in working capital	(2)	-11.8	-117.7
Cash flow from business operations before financing and taxes		7.3	-105.4
Increase (-) / decrease (+) in current receivables		0.3	0.8
Interest paid and other financial expenses		0.0	0.0
Interest received and other financial income		0.1	0.1
Dividends received from business operations		0.1	0.1
Income taxes paid		-3.4	-7.7
Cash flow from business operations		**4.4**	**-112.2**
INVESTMENTS			
Acquired shares in subsidiaries net of acquired cash		-47.0	
Divested shares in subsidiaries net of cash held by subsidiary		14.3	
Investments in shares		0.0	-0.1
Investments in tangible assets		-5.1	-9.4
Investments in intangible assets		-10.8	-15.5
Sale of other fixed assets		12.8	0.1
Change in other long-term investments			-0.8
Dividends received from investments		1.7	6.5
Cash flow from investments		**-34.1**	**-19.3**
FINANCING			
Repayment of long-term liabilities		-0.7	0.0
Increase (+) / decrease (-) in short-term liabilities		16.0	45.0
Increase (+) / decrease (-) in long-term receivables		30.2	-20.2
Increase (+) / decrease (-) in short-term receivables			10.0
Interest paid		-0.6	-0.3
Interest received		0.1	2.1
Interest paid on the cooperative and supplementary cooperative capital		-16.6	-10.3
Other change in equity		0.0	0.0
Cash flow from financing		**28.4**	**26.3**
Decrease in cash and cash equivalents		**-1.3**	**-105.2**
Cash and cash equivalents at the beginning of the year		**121.2**	**150.4**
Foreign exchange rate effect on cash and cash equivalents		**-0.7**	**-0.5**
Decrease in cash and cash equivalents		**-1.3**	**-105.2**
Cash and cash equivalents at the end of the period		**119.2**	**44.7**
Adjustments to operating profit	(1)		
Profits (-) and losses (+) from the sale of fixed assets		0.5	-0.4
Depreciation and impairment losses		32.5	38.1
Other non-cash income and expenses		-30.5	-20.2
		2.4	17.5
Change in working capital	(2)		
Change in trade and other receivables		12.6	-53.1
Change in inventories		23.4	-8.5
Change in non-interest-bearing liabilities		-49.4	-56.1
		-13.4	-117.7

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 2017	174.3	6.1	18.5	0.0	-9.3	451.7	641.3	5.2	646.5
Total comprehensive income		-3.2			-4.1	2.8	-4.5	-0.9	-5.4
Increase in cooperative capital	-2.3			4.4			2.2		2.2
Change of non-controlling interests, which did not result in a change in the controlling interest						2.3	2.3	-2.3	0.0
Interest on cooperative contributions						-10.3	-10.3		-10.3
Other changes			0.0			0.8	0.8		0.8
31 Dec 2017	172.0	2.9	18.5	4.4	-13.4	447.3	631.7	2.0	633.7
Change in accounting policies IFRS 15 [1)]						-0.3	-0.3		-0.3
1 Jan 2018	172.0	2.9	18.5	4.4	-13.4	447.0	631.4	2.0	633.4
Total comprehensive income		-1.5			-1.8	13.3	10.0	-0.5	9.5
Increase in cooperative capital	0.0			12.8		-12.8	0.0		0.0
Interest on cooperative contributions						-16.6	-16.6		-16.6
Other changes			0.0			3.4	3.5		3.5
30 June 2018	**172.0**	**1.4**	**18.5**	**17.2**	**-15.2**	**434.3**	**628.3**	**1.5**	**629.8**

[1)] The Group has adopted standard IFRS 15 Revenue from Contracts with Customers in line with the cumulative effect method. An adjustment related to discounts has been recognised in the opening balance of retained earnings on the date of the implementation of the standard.

Accounting policies applied to the interim Report

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union. IAS and IFRS standards and SIC and IFRIC interpretations valid on 30 June 2018 have been applied to this interim report.

The interim report has been prepared in accordance with the same accounting policies as the financial statements for 2017, with the exception of the changes in the IAS/IFRS standards and interpretations that came into effect on 1 January 2018. On 1 January 2018, the Group adopted new standards IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers). Overall, the new or amended standards applied during the 2018 financial period did not have any significant impact on consolidated financial statements. The impact of the adoption of IFRS 9 and IFRS 15 are described in more detail below under "New and amended standards and interpretations applied to the interim report."

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

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

Interim Report is unaudited.

New and amended standards and interpretations applied to the interim report

IFRS 9 Financial Instruments:

Regulations on the recognition, measurement, impairment and hedge accounting of financial instruments changed as a result of the entry into force of IFRS 9. The Group updated the recognition and hedge accounting of financial instruments in accordance with the new standard. The new standard only changed the recognition of shares and participations included in non-current financial assets at fair value within the Group. Starting from 1 January 2018, shares and participations are recognised at fair value through profit and loss. As a result, an increase of EUR 0.9 million was recognised in the opening balance of retained earnings on the day on which the new standard was adopted. Previously, the change in the fair value of shares and participations was presented in the fair value reserve.

As a result of the adoption of IFRS 9, the impairment of receivables is based on the model of expected credit losses, in which the impairment is estimated for all items within the scope of application of the impairment regulations of IFRS 9. Relating to impairment, a decrease of EUR 0.4 million was recognised in the opening balance of retained earnings on the day on which the new standard was adopted.

IFRS 15 Revenue from Contracts with Customers:

SOK Corporation engages in business operations where the performance obligation is usually met at the time when the customer gains control of the product. In this respect, there is no change from the earlier recognition practice, where the criteria for fulfilling the performance obligation was the transfer of risks and benefits, which remains a key indicator of the transfer of control to the customer.

IFRS 15 was adopted by following the cumulative effect method and by applying the standard to agreements not fully closed at the time of the transition. Relating to customer discounts in the travel industry and hospitality business, a decrease of EUR 0.3 million was recognised in the opening balance of retained earnings on the day on which the new standard was adopted. Reference periods were not adjusted on the day of the adoption of the new standards.

Fair values of financial assets and liabilities

EUR million	Financial assets and liabilities at fair value through profit and loss	Loans and receivables	Available-for-sale financial assets	Hedge accounting derivatives	Liabilities to be measured at amortised cost	**Carrying amount 06/2018**	**Fair value 06/2018**
Financial assets							
Non-current financial assets							
Shares and participations			3.1			3.1	3.1
Loan receivables		30.6				30.6	36.6
Non-interest-bearing loan receivables		2.2				2.2	2.1
Trade receivables						0.0	0.0
Trade receivables and other current non-interest-bearing receivables							
Trade receivables		536.9				536.9	536.9
Other non-interest bearing receivables		62.8				62.8	62.8
Prepayments and accrued income in financial items		1.9				1.9	1.9
Derivatives assets	3.2			1.0		4.1	4.1
Current interest-bearing receivables							
Loan receivables		0.0				0.0	0.0
Other receivables		0.0				0.0	0.0
Cash and cash equivalents							
Cash in hand and deposits		119.3				119.3	119.3
Financial assets, total	**3.2**	**753.7**	**3.1**	**1.0**		**760.9**	**766.9**
Financial liabilities							
Non-current interest-bearing liabilities							
Trade payables					0.0	0.0	0.0
Interest-bearing loans from financial institutions					0.0	0.0	0.0
Interest-bearing loans from others					0.0	0.0	0.0
Finance lease liabilities					139.9	139.9	153.9
Non-current non-interest-bearing liabilities							
Cash counting service					31.4	31.4	31.4
Other non-interest-bearing liabilities					0.5	0.5	0.5
Current interest-bearing liabilities							
Interest-bearing loans from others	44.4				0.7	45.1	45.2
Finance lease liabilities					15.4	15.4	22.1
Current non-interest-bearing liabilities							
Accruals and deferred income in financial items					0.0	0.0	0.0
Derivatives liabilities	2.2			0.0		2.3	2.3
Trade payables					684.1	684.1	684.1
Financial liabilities, total	**46.6**			**0.0**	**872.0**	**918.7**	**939.4**

The fair value hierarchy for financial assets and liabilities

EUR million	Fair Value 30 Jun 2018	Level 1	Level 2	Level 3
Assets measured at fair value				
Non-current financial assets				
Shares and participations	3.1			3.1
Loan receivables	36.6		36.6	
Non-interest-bearing loan receivables	2.1		2.1	
Other current non-interest-bearing receivables				
Loan receivables	62.8		62.8	
Derivatives assets	4.1	2.2	1.9	
Total	**108.8**	**2.2**	**103.5**	**3.1**
Liabilities measured at fair value				
Non-current interest-bearing liabilities				
Interest-bearing loans from financial institutions	0.0		0.0	
Interest-bearing loans from others	0.0		0.0	
Finance lease liabilities	153.9		153.9	
Non-current non-interest-bearing liabilities				
Cash counting service	31.4		31.4	
Other non-interest-bearing liabilities	0.5		0.5	
Current interest-bearing liabilities				
Interest-bearing loans from others	45.2		45.2	
Finance lease liabilities	22.1		22.1	
Current non-interest-bearing liabilities				
Derivatives liabilities	2.3	2.2	0.1	
Total	**255.3**	**2.2**	**253.1**	**0.0**

The fair value hierarchy level to which an item measured at fair value has been classified in its entirety is determined based on the lowest level inputs that are significant for the entire item in question, measured at fair value. The significance of the input has been estimated in its entirety in relation to the item in question measured at fair value. The moment of transfers between different levels of the fair value hierarchy is determined by the end of the review period.

Fair values on hierarchy level 1 are based on the quoted prices of completely identical asset items or liabilities in an active market. The Group has used valuations by Nasdaq OMX Stockholm as pricing sources in determining the fair value of these 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 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 1.4 million (2017: EUR 1.3 million) is based on Suomen Luotto-osuuskunta cooperative's preliminary plan regarding the distribution of funds in 2018. In addition to the aforementioned, level 3 also includes EUR 3.1 million of unquoted shares (2017: 3.0 million), for which the fair value cannot be determined and investment properties EUR 177.0 million (2017: 177.0 million), their fair value determined primarily by means of appraisal approach. Unquoted shares and holdings presented on level 3 were realised in 2018 at the acquisition cost of EUR 0.0 million.

The fair value hierarchy for financial assets and liabilities

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

Level	30 Jun 2018
Opening balance, 1 Jan	3.0
Purchases	0.0
Sales	0.0
Impairments in the income statement	0.0
Changes in the fair value of assets held for sale	0.0
Fair value changes recognised in the income statement	0.1
Closing balance, 31 Dec	3.1

The fair value hierarchy

EUR million	Fair Value 31 Dec 2017	Level 1	Level 2	Level 3
Assets measured at fair value				
Non-current financial assets				
Shares and participations	3.0			3.0
Loan receivables	67.2		67.2	
Non-interest-bearing loan receivables	2.3		2.3	
Other current non-interest-bearing receivables				
Loan receivables	60.6		60.6	
Derivatives assets	2.3	2.3	0.0	
Total	**135.5**	**2.3**	**130.2**	**3.0**
Liabilities measured at fair value				
Supplementary cooperative capital	0.0		0.0	
Non-current interest-bearing liabilities				
Interest-bearing loans from financial institutions	0.0		0.0	
Interest-bearing loans from others	0.0		0.0	
Finance lease liabilities	161.5		161.5	
Non-current non-interest-bearing liabilities				
Cash counting service	28.0		28.0	
Other non-interest-bearing liabilities	0.4		0.4	
Current interest-bearing liabilities				
Interest-bearing loans from others	28.5		28.5	
Finance lease liabilities	23.6		23.6	
Current non-interest-bearing liabilities				
Derivatives liabilities	3.4	2.3	1.1	
Total	**245.3**	**2.3**	**243.0**	**0.0**

Segment information 30.6.2018

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

EUR million	Supermarket trade	Tourism and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting, total
Revenue	**144.6**	**128.0**	**3 317.4**	**43.0**	**0.0**	**-53.3**	**3 579.5**
Operating result	**-5.1**	**12.1**	**-1.6**	**9.4**	**2.3**	**1.4**	**18.4**
Investments	**0.8**	**4.4**	**12.6**	**53.0**			**70.9**
Divestments	**0.1**	**0.0**	**0.2**	**21.3**			**21.5**

Reconciliation of the revenue	
Management accounting revenue to be reported	3 579.5
Eliminations	1.9
Revenue IFRS	3 581.4
Reconciliation of the result	
Operating result of the segments to be reported	18.4
Items excluded from the operating result within SOK Corporation:	
Financial income and expenses (FAS)	1.2
Operational result of the segments to be reported	19.6
Operating result of the segments to be reported	18.4
Gains and losses on the sale of property, plant and equipment	-0.8
Other operating income and expenses, and other items	-0.3
Valuation gains and losses on derivatives	1.0
Impairment losses on tangible and intangible assets	-5.3
IFRS adjustments	3.7
Profit before taxes for the period IFRS	16.7
Additional information at SOK Corporation level, external income	
Sales to S-Group	3 116.4
Other sales in Finland	294.8
Foreign countries	168.3
Revenue, total	3 579.5
Supermarket trade	144.5
Tourism and bospitality business	129.9
Procurement and services business and other	3 264.1
Real estate business	43.0
Revenue, total	3 581.4
Additional data at SOK Corporation level, fixed assets	
Finland	410.2
Foreign countries	37.7
Fixed assets, total	447.9

Segment information 30.6.2017

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

EUR million	Supermarket trade	Tourism and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting, total
Revenue	**194.4**	**127.8**	**3 137.3**	**40.8**		**-53.5**	**3 446.8**
Operating result	**-20.5**	**10.1**	**1.9**	**9.6**	**3.2**	**1.0**	**5.2**
Investments	**1.0**	**4.5**	**12.9**	**6.6**		**0.0**	**25.0**
Divestments	**0.0**	**0.0**	**0.1**	**0.0**			**0.1**

Reconciliation of the revenue	
Management accounting revenue to be reported	3 446.8
Eliminations	2.1
Revenue IFRS	3 448.9
Reconciliation of the result	
Operating result of the segments to be reported	5.2
Items excluded from the operating result within SOK Corporation:	
Financial income and expenses (FAS)	5.3
Operational result of the segments to be reported	10.5
Operating result of the segments to be reported	5.2
Gains and losses on the sale of property, plant and equipment	0.1
Other operating income and expenses, and other items	-7.1
Valuation gains and losses on derivatives	-0.4
Impairment losses on tangible and intangible assets	-7.1
IFRS adjustments	4.2
Profit before taxes for the period IFRS	-5.2
Additional information at SOK Corporation level, external income	
Finland	3 230.1
Foreign countries	218.8
Revenue, total	3 448.9
Supermarket trade	194.3
Tourism and bospitality business	129.7
Procurement and services business	3 084.1
Real estate business	40.8
Revenue, total	3 448.9
Additional data at SOK Corporation level, fixed assets	
Finland	416.7
Foreign countries	43.5
Fixed assets, total	460.1

Tangible and intangible assets

EUR million	Tangible assets	Investment properties	Intangible assets
Acquisition cost			
Acquisition cost, 1 Jan 2018	649.1	87.1	175.6
From business combinations	28.2	0.0	0.0
Translation differences	-3.6		0.0
Increases	8.4	0.1	31.0
Decreases	-10.4	0.0	0.0
Transfers between items	0.1	0.0	-0.1
Transfer to assets held for sale [1)]	-17.5	0.0	0.0
Acquisition cost, 30 June 2018	**654.3**	**87.2**	**206.5**
Accumulated depreciation			
Accumulated depreciation, 1 Jan 2018	-293.0	-59.6	-105.2
From business combinations	-0.5	0.0	
Translation differences	1.9		
Accumulated depreciation on deducted and transferred items	1.9	0.0	-11.2
Depreciation for the period	-19.7	-1.8	-7.7
Impairment losses [2)]	0.0	0.0	-5.2
Accumulated depreciation, 30 June 2018	**-309.4**	**-61.4**	**-129.3**
Carrying amount, 1 Jan 2018	**356.0**	**27.5**	**70.4**
Carrying amount, 30 June 2018	**344.9**	**25.8**	**77.2**

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

Acquisition cost			
Acquisition cost, 1 Jan 2017	678.6	98.6	184.2
From business combination	0.0		
Translation differences	-4.3		-0.2
Increases	31.0	0.0	27.2
Decreases	-52.0	0.0	-31.3
Transfers between items	3.7	0.5	-4.2
Transfer to assets held for sale [1)]	-12.3	-7.6	
Acquisition cost, 31 December 2017	**644.7**	**91.6**	**175.7**
Accumulated depreciation			
Accumulated depreciation, 1 Jan 2017	-292.7	-60.9	-116.9
From business combinations	0.0		0.0
Translation differences	0.9		0.2
Accumulated depreciation on deducted and transferred items	49.3	-0.2	28.9
Depreciation for the period	-18.8	-3.9	-19.1
Impairment losses [2)]	-33.5		1.6
Transfer to assets held for sale [1)]	4.5	2.5	
Accumulated depreciation, 31 December 2017	**-290.2**	**-62.5**	**-105.3**
Carrying amount, 1 Jan 2017	**385.9**	**37.7**	**67.2**
Carrying amount, 31 December 2017	**354.4**	**29.1**	**70.5**

[1)] Three real estates are presented in assets held for sale.
[2)] Impairments were booked from discontinued operations in Latvia and Lithuania and closing of one Prisma store in Russia.

Related party transactions

Transactions and balances with associated companies and joint ventures:

EUR million	**30.6.2018**	**30.6.2017**	**31.12.2017**
Sales	8.6	10.0	19.1
Purchases	195.2	185.2	369.8
Financial income and expenses	0.3	2.5	1.5
Trade and other receivables	1.5	1.1	1.9
Loan receivables	20.0	34.8	20.0
Trade payables and other liabilities	27.4	60.5	9.2

Pledges and contingent liabilities

Contingent liabilities, EUR million	**30.6.2018**	**31.12.2017**	**Change**	**30.6.2017**
Pledges given and contingent liabilities				
Pledges	0.1	0.1	0.0	0.1
Mortgages	0.7	0.7	0.0	0.7
Guarantees	2.5	2.5	0.0	2.5
Total	**3.2**	**3.2**	**0.0**	**3.2**
Security given on behalf of others				
Guarantees for liabilities of joint ventures enterprises	112.0	96.9	15.1	89.9
Guarantees for liabilities of cooperative enterprises	7.4	7.4	0.0	7.4
Total	**119.4**	**104.3**	**15.1**	**97.2**
Other contingent liabilities				
Guarantees for liabilities of joint ventures enterprises	23.5	20.6	3.0	21.8
Total	**23.5**	**20.6**	**3.0**	**21.8**
Other liabilities				
Letter of credit liabilities	0.4	1.3	-0.9	0.3
Repurchase liabilities [1)]		30.5	-30.5	30.5
Underwriting [2)]			0.0	10.7
Total	**0.0**	**30.5**	**-30.5**	**41.2**

Operating leases
Group as lessee
Minimum lease payments on non-cancellable operating leases:

EUR million	**30.6.2018**	**31.12.2017**	**Change**	**30.6.2017**
In one year	136.3	133.9	2.4	127.3
In one to five years	580.0	599.6	-19.6	588.4
Over five years	798.3	822.9	-24.7	822.2
Total	**1 514.6**	**1 556.5**	**-41.9**	**1 537.8**

1) Repurchase liabilities consisted of an obligation to purchase the targets of the property fund which invested in the Prisma stores in St. Petersburg and the Baltic countries, at the amount of the fund's remaining liabilities. SOK's ownership share in the property fund company was 20 per cent.

2) The underwriting obligation consisted of an obligation to invest capital inputs in the property fund which invested in the Prisma stores in St. Petersburg and the Baltic countries.

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 85.5 million (EUR 67.4 million 31 Dec 2017) and of the guarantees on behalf of joint venture Kauppakeskus Mylly Oy on a loan of EUR 50.0 million (EUR 50.0 million 31 Dec 2017).

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 10.2 million (EUR 10.2 million on 31 Dec 2017).

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.

Additionally SOK has pledged to provide loan funding. SOK has at 30 Jun 2018 the following open commitments: To provide EUR 0.0 million (EUR 50.0 million 31 Dec 2017) shareholder loan and EUR 0.0 million long term loan (EUR 15.3 million 31 Dec 2017) to S-ryhmän logistiikkakeskukset Oy, and to provide EUR 5.0 million (EUR 5.0 million 31 Dec 2017) conditional subordinated loan to North European Oil Trade Oy.

Key ratios

SOK Corporation:	30.6.2018	30.6.2017	30.6.2016
Revenue, EUR million	3 581.4	3 448.9	3 465.7
Operating profit, EUR million	16.7	-5.2	13.5
% of revenue	0.5	-0.2	0.4
Profit before taxes, EUR million	14.3	-3.9	11.3
% of revenue	0.4	-0.1	0.3
SOK Corporation:			
Equity ratio, %	37.8	36.9	39.2
Return on equity, %	2.0	-0.7	1.9
Gearing, %	13.9	29.1	-2.7

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 %