

# SOK CORPORATION'S FINANCIAL STATEMENTS

## BULLETIN 2023

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# EXECUTIVE BOARD REPORT ON OPERATIONS

## Development of the operating environment

The operating environment continues to be volatile, and increased geopolitical tensions affected the economy throughout the year in Finland, Europe and globally. The continuation of the Russian attack on Ukraine and the conflict in the Middle East increase global uncertainty about the economic outlook and future development.

At the beginning of the year, the Finnish economy was still showing quite favourable signs, as employment was at a high level, and there was post-pandemic demand for services in particular. Towards the end of the year, with construction activity decreasing, the overall economy took a downward turn, and Finland entered 2024 in a recession. In the current year, however, the overall economy is expected to pick up as inflation slows down, interest rates are predicted to decrease, and household income increases. These and other factors are improving purchasing power.

According to Statistics Finland, consumer prices in Finland increased by 6.2 per cent on average in 2023. The rise in consumer prices has slowed down significantly from the peak levels at the beginning of the year. Inflation has been slowed by a decrease in the prices of energy, oil and other raw materials in particular. The increase in food prices has also slowed down for several months in a row. In its December forecast, the Ministry of Finance expects the inflation rate in Finland to decrease to 2 per cent in 2024. Inflation is expected to fall below 2 per cent in 2025 and 2026.

According to the Ministry of Finance, Finland's GDP decreased by 0.5 per cent in 2023. High interest rates and rising prices took a toll on consumers' purchasing power and increased costs for businesses. The impacts were reflected in the weak development of both private consumption and the economy as a whole. In the current year, the economic cycle is expected to become more favourable again, and Finland's GDP is expected to grow by 0.7 per cent. Growth will continue to pick up and is expected to be 2.0 per cent in 2025 and 1.6 per cent in 2026.

Consumers' weaker purchasing power also affected the Finnish retail sector, where the sales volume was slightly lower than in the previous year.

Through its subsidiaries, SOK engages in the supermarket trade and the travel and hospitality business in Estonia and in the travel and hospitality business in Finland.

Like the retail trade, the travel and hospitality sector is affected by consumers' weaker purchasing power and

the impacts of the Russian attack on Ukraine. The lower number of international tourists important for Finnish tourism, such as Russian, Chinese and Japanese travellers, is reflected in the decreased demand in the sector. Finland is increasingly in competition for tourists from the EU and the United States with the other Nordic countries. Domestic demand has also decreased, and sales were lower than in the previous year. Growth is still hindered by factors such as staff availability challenges, although the situation has eased slightly from when it was at its worst. In Estonia, last year was still a challenging year for the economy. According to Eesti Pank's preliminary data, Estonia's GDP decreased by 3.5 per cent during the year. At the same time, inflation remained at a relatively high level, at 10.0 per cent on average for the year. High inflation is reflected in increased costs and consumers' weaker purchasing power in the supermarket trade.

Eesti Pank forecasts that the Estonian economy will shrink further by 0.4 per cent in 2024. Inflation is expected to fall to 3.5 per cent according to the European Commission forecast. In Estonia, consumer purchasing power continues to recover, which is expected to have a positive impact on sales development in the supermarket trade.

## S Group's performance 1 January to 31 December 2023

S Group comprises cooperatives and SOK Corporation along with its subsidiaries. In 2023, S Group's retail sales excluding VAT were EUR 14,208 million, an increase of 5.5 per cent from the previous year.

S Group's retail sales excluding taxes by business area	EUR million	+/- % from previous year
Prisma*	4,655	+7.7
S-market	4,518	+9.0
Sale	776	+4.1
Alepa	446	+4.3
Other supermarket trade	42	-4.6
<b>Supermarket trade total*</b>	<b>10,438</b>	<b>+7.6</b>
Service station store and fuel sales	2,171	-4.7
Department stores and speciality goods sales	270	+4.2
Travel and hospitality business*	814	+11.5
Automotive trade and accessories	479	+3.6
Other	37	+3.7
<b>S Group total*</b>	<b>14,208</b>	<b>+5.5</b>

\*Including retail sales in Estonia.

At the end of December, S Group had 2,007 outlets (1,984 in December 2022). There were 19 regional and six local cooperatives.

In 2023, a total of 113,780 new members joined the cooperatives participating in S Group's bonus system. There were 2,577,010 co-op members at the end of December. Cash benefits have been paid to the co-op members in accordance with the table below:

Cash benefits paid to co-op members, 1 January to 31 December 2023	EUR million
Bonus	449
Payment method benefit	14
Interest on cooperative capital	3
Return of surplus	64
<b>Total</b>	<b>529</b>

S Group's investments (including the investments of S Group's joint ventures) amounted to EUR 667 million, compared with EUR 557 million in 2022.

S Group's combined unconsolidated result before appropriations and taxes was EUR 474 million positive (314 million).

The cooperatives' combined result before appropriations and taxes showed a profit of EUR 401 million (309 million). SOK Corporation's result before taxes (IFRS) showed a profit of EUR 73 million (5 million).

## Financial development

### SOK's operations

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

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

Services central to S Group's operations also include procurement and assortment services.

Through its subsidiaries, SOK offers a diverse range of services to its co-op members in S Group. Furthermore, SOK engages in supermarket trade and travel and hospitality business in Estonia through its subsidiaries.

### SOK Corporation's financial development 1 January – 31 December 2023

SOK Corporation's net sales for 1 January – 31 December 2023 were EUR 9,022.1 million, showing an increase of 7.0 per cent from the previous year. Sales increased by EUR 588.2 million.

SOK Corporation's operating profit (IFRS) was EUR 102.5 million (24.8 million). Foreign operations accounted for EUR 2.7 per cent (3.1%) of the net sales, or EUR 240.6 million.

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

SOK Corporation	31 Dec 2023	31 Dec 2022	31 Dec 2021
Net sales, EUR million	9,022.1	8,434.0	7,796.6
Operating profit/loss, EUR million	102.5	24.8	19.7
Operating profit, %	1.1	0.3	0.3
Return on equity, %	10.0	-0.1	-3.1
Equity ratio, %	24.1	21.3	21.2

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

SOK Corporation's operating revenue and operating result are divided into the retail and wholesale business areas in accordance with operational monitoring. In addition, the operating result of the banking operations is under operational monitoring. The operating result differs from the official IFRS operating result, with the difference being equal to the non-recurring items and IFRS items.

	Net sales, EUR million	Change, EUR million	Operating revenue, EUR million	Change, EUR million
Supermarket trade	+221.3	-10.8	-3.1	+9.2
Travel and hospitality business	+226.2	+13.7	-6.0	+9.7
Procurement and service business	+8,614.5	+574.2	+21.2	+2.1
Real estate business	+85.3	+6.9	+19.7	+1.3
Result from banking			+59.0	+41.1
Elimination for the retail and wholesale and other items	-125.1	+4.1	-3.4	-0.9
<b>SOK Corporation, total</b>	<b>+9,022.1</b>	<b>+588.2</b>	<b>+87.5</b>	<b>+62.6</b>

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

### Financing

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

SOK Corporation's interest-bearing liabilities amounted to EUR 1,104.2 million at the end of December (1,148.1 million). EUR 1,025.2 million of the interest-bearing liabilities are lease liabilities compliant with IFRS 16 (1,100.8 million). Gearing was 126.7 per cent (178.6%). SOK Corporation's equity ratio was 24.1 per cent (21.3%).

At the end of December, SOK Corporation's liquid assets amounted to EUR 224.6 million (81.3 million). In addition, the Group had unused long-term committed credit facilities of EUR 320.0 million (230.0 million) and overdraft facilities of EUR 57.0 million (57.0 million). No back-up credit facilities were used during the financial period, and there were no breaches concerning their terms.

Expected credit losses on trade receivables under IFRS 9 amounted to EUR 2.8 million (2.6 million) and mainly consisted of guarantees granted on behalf of associated companies. It is not considered probable that the credit loss provision will be realised.

### Investments and divestments

SOK Corporation's non-current asset procurement, or investments in fixed assets, amounted to EUR 51.5 million (80.5 million). The most significant investments were related to information systems and hotel and terminal properties.

Sales of non-current assets amounted to EUR 2.4 million in the review period (2.4 million).

### Personnel

SOK Corporation's average number of personnel in full-time equivalents was 5,372 in January–December 2023 (5,864). At the end of December, SOK Corporation had 5,999 (5,686) employees.

A total of 35 per cent of the personnel, or 2,128 employees, worked for SOK and 65 per cent, or 3,871 employees, for the subsidiaries. At the end of the review period, 17 per cent of SOK Corporation's personnel, or 1,017 employees, were working abroad.

Compared with the end of the previous year, SOK Corporation's number of personnel increased by 313 (+5.5%).

## Development of business areas

### Supermarket trade

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

The net sales of SOK Corporation's supermarket trade amounted to EUR 221 million. Net sales increased by 7.7 per cent, and the operating result also improved year-on-year but remained loss-making. The retail performance in Estonia improved as a result of higher sales, better sales margins, more effective waste management and lower energy costs. Investments amounted to EUR 4.5 million, with the largest investments being Prisma Kristiine's concept update and a cash register system reform. Prisma Kristiine was the last unit included in the hypermarket reform project that started in 2019. The comple-

tion of the project means that all Prisma stores in Estonia have been renewed in line with S Group's latest concepts.

Overall, the performance of the supermarket trade was better than expected in 2023. Sales growth is expected to continue in 2024, although consumers' weaker purchasing power will have a negative impact on the volume of the supermarket trade during the first half of the year.

### Travel and hospitality business

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

Business development indices were more positive in the first half of the year than in the previous year, which is explained by the pandemic-related restrictions in both Finland and Estonia. Demand began to decrease during the summer season. The low number of events and the decline in demand for domestic tourism were reflected in lower sales in Finland compared with the previous year's level. Similarly, international trade has still not returned to pre-pandemic levels. In the autumn, demand was lower than expected, and the decrease in purchasing power was more pronounced in both accommodation and restaurant operations. However, it is positive that as demand has weakened, Sokotel Oy has outperformed the market in hotel operations.

The net sales and operating result of SOK's hotel business improved year-on-year as a result of the increased demand, but the result still showed a loss. The net sales of SOK's hotel business totalled EUR 226.3 million. Net sales increased by 10 per cent year-on-year. The operating result was EUR -6.0 million, showing an improvement of EUR 5.8 million from the previous year. The market share is estimated to have remained unchanged as a whole in both the Finnish and Estonian hotel business. Investments totalled EUR 5.7 million, of which EUR 5.3 million was related to Finland. The largest investments were related to the opening of the Radisson RED Helsinki unit.

### Procurement and service business

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

Net sales from the procurement and service business totalled EUR 8,614.5 million (8,040.4 million). Net sales increased by 7.1 per cent from the previous year. The operating result of the procurement and service business was EUR 21.2 million, which was better than in the previous year.

In 2023, investments in the procurement and service business totalled EUR 17.0 million. The investments consisted mainly of information system purchases.

### Real estate business

Net sales from the real estate business consist of rental and property service income from properties owned by SOK Corporation. SOK Corporation's property portfolio consists mainly of properties used by S Group. Net sales for the real estate business totalled EUR 85.3 million (78.3 million). The operating result of the real estate business showed a profit. Investments in the real estate business in 2023 totalled EUR 24.4 million. The largest investments were related to hotel properties and regional distribution or logistics terminals.

### Development of associated companies and joint ventures

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

S-Bank's balance sheet increased to EUR 10.1 billion from EUR 9.0 billion in the previous year. The total funds on deposit grew by 3.2 per cent year-on-year to EUR 8.2 billion at the end of December (7.9 billion). Lending grew by 3.6 per cent and was EUR 6.9 billion at the end of December (6.7 billion). S-Bank Group's capital adequacy ratio was 18.8 per cent (16.3%). At the end of December, S-Bank Group's operating result was EUR 147.4 million (44.7 million).

The IFRS-adjusted share of the result for the financial period corresponding to SOK Corporation's shareholding (49.99%) was EUR 59.0 million. S-Bank is owned by SOK and S Group's regional cooperatives.

Net sales of fuel procurement company North European Oil Trade were around EUR 7,406 million during the 2023 financial period. The company's net sales decreased from the previous year by 15.5 per cent, primarily because of the strong decline in the global market prices for oil products.

SOK's shareholding in North European Oil Trade Oy is 50.77 per cent. Because of the shared controlling interest based on the associated company agreement, the company is treated as a joint venture using the equity method.

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

The total impact of SOK Corporation's associated companies and joint ventures on SOK Corporation's result was EUR 58.1 million (EUR 30.7 million).

## Changes in the group structure

During the financial year the following changes in the group structure have occurred:

- SOK sold the Kiinteistö Oy Kuopion Kirjatalo property in February 2023.
- Inex Export Oy merged with SOK in October 2023.
- The name of SOK Real Estate Int. Oy was changed to FSTP Real Estate Oy.

## Management and future outlook

### Administration and changes in the administration

Hannu Krook is Chair of SOK's Executive Board and the CEO of SOK. In addition to the CEO, the other members of the Board are: Kim Biskop, Managing Director; Veli-Matti Liimatainen, Managing Director; Antti Määttä, Managing Director; Nermin Hairedin, Managing Director; Harri Miettinen, Managing Director; Antti Heikkinen, Managing Director; and Katri Harra-Salonen, Chief Digital Officer; as well as Juha Riikola, Managing Director, as a new member. Managing Director Juha Kivelä left SOK's Board of Directors on 31 December 2023.

In April 2023, Timo Santavuo, Attorney, was elected as Chair of SOK's Supervisory Board; Jarkko Rautaoja, Managing Director, was elected as the first vice-chair; and Tapio Finér, Managing Director, was elected as the second vice-chair.

The auditor for this financial period is KPMG Oy Ab, Authorised Public Accountants, with APA Jukka Rajala as the principal auditor.

SOK's CEO is assisted by SOK's Corporate Management Team in the management of SOK Corporation. The Corporate Management Team consists of: Arttu Laine, Deputy CEO and Executive Vice President, S Group Chain Management, Procurement and Logistics; Jorma Vehviläinen, Executive Vice President, CFO, SOK Finance and Administration; Hanne Lehtovuori, Executive Vice President, HR; Sebastian Nyström, Executive Vice President, Loyalty, IT & Digital Development; Jari Annala, Executive Vice President, SOK Business; Päivi Anttikoski, Executive Vice President, CMO, Marketing, Communications and Sustainability; Maria Timgren, Executive Vice President, Strategy; and Seppo Kuitunen, Executive Vice President, Legal Affairs.

### Near-term risks and uncertainties

S Group implements risk management in accordance with risk management principles approved by SOK's Executive Board and SOK Corporation's risk management policy. Risk management is continuous at S Group, and it is implemented in the various parts of the management process. SOK Corporation's risk management policy describes the purpose, objectives, key implementation methods and responsibilities of the Group's risk management. Risks are assessed holistically, taking into

account strategic and operational risks. Through risk management procedures, SOK and its subsidiaries aim to anticipate and control risk factors that affect their ability to reach their goals, and use the potential related to risks in their business operations.

S Group's strategic risks are reviewed annually in the short term (3 years) and long term (10 years) by SOK's Corporate Management Team. SOK's Executive Board processes and confirms S Group's strategic risks and the measures used to control them.

Significant uncertainties continue to exist in S Group's operating environment. The Russian attack on Ukraine continues and is affecting the global economy and global operations in many ways. In Finland, inflation and the deterioration of the economic situation have begun to slow down, but these factors will continue to affect Finns' purchasing power in the coming years. With the tighter regulations, the timely consideration, assessment and management of compliance risks are key factors in achieving cost-effective change solutions. International travel is showing signs of recovery but has not returned to pre-pandemic levels. S Group is actively monitoring and assessing the uncertainties related to the operating environment and their impacts and is preparing for and responding to changes based on the assessments.

Challenges in the availability of labour and the retention of employees continue to be reflected in all S Group's business areas. Identifying the benefits and exploiting the opportunities of digitalisation are essential factors for success in competition and in achieving cost-effective solutions in all sectors. S Group has several active projects to manage the above-mentioned risk factors.

The risks and impacts of system projects are assessed at SOK Corporation as early as in the investment planning phase by carrying out a risk assessment and preparing a plan for reducing the risks, for example. Risks and their management are assessed throughout the projects. The balance sheet values of system investments are regularly assessed, and potential write-offs are implemented in accordance with the relevant regulations. In addition, the state of IT security and the risks related to the implementation of data protection are continuously assessed, and the level of their management is monitored.

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

The most significant long-term risks are related to the progress and pace of changes and trends that are essential for S Group, and to the assessment of the impacts of these factors. These themes and trends include changes in consumption habits and working life, the development of technologies and ecosystems, as well as the impact of developments in demographics, migration and tourism on S Group's operations. Ensuring future competitive-

ness requires that S Group responds successfully to the identified changes in a timely manner and can also take full advantage of the opportunities they offer.

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

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

## Sustainability

SOK Corporation implements the S Group-level "Together we make Finland a better place to live" sustainability programme, which describes S Group's strategic ambition and creates a framework for S Group's sustainability work until 2030. SOK's sustainability unit is in charge of the development, management and reporting of sustainability. S Group's objective is to lead the way in sustainability in all of its business areas. Work related to sustainability is managed jointly with the business management at the Group level.

The priorities in sustainability work will also be affected by increasing EU-level sustainability regulations in the coming years. S Group's climate work is committed to science-based ambitious emission reduction targets in its own operations. S Group's climate work is being managed well, as it is currently rated B in the international CDP rating.

In addition to the current short-term targets, S Group is committed to long-term climate action and sets ambitious new emission targets for its entire value chain. Commitment to the long-term Net Zero target means reducing the Group's climate emissions, in terms of both its own operations and value chain, as close to zero as possible by 2050.

S Group continued to invest in renewable electricity production. The Luvia wind farm investment in Eurajoki progressed during 2023 and will be completed in 2024. During the last decade, S Group has invested EUR 500 million in wind power, and the new wind farm is part of the cooperatives' ongoing long-term investments to increase their renewable electricity production. In 2023, S Group's own wind power production accounted for around 60 per cent of the Group's electricity demand. In addition, around 2 per cent of the electricity demand was met at the local level with more than 100,000 solar panels. When the new wind farm is completed, the amount of electricity produced with the Group's own renewable sources is expected to meet the Group's need for electricity.

S Group aims to build a nationwide charging network for electric cars between 2021 and 2024. At the end of 2023, there were nearly 300 stations, with a total of more than 1,800 charging points. ABC charging, which was launched at the end of 2021, became Finland's largest high-power charging network in less than two years, and the two-millionth charging event was recorded in December 2023.

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

S Group has developed its water stewardship work, identified its water risks and emphasised the importance of sustainable water use in its sustainability work. S Group is a member of the Alliance for Water Stewardship (AWS), a cooperation network for businesses, NGOs and public-sector operators. S Group participates in the Impact Accelerator cooperation project on sustainable water use in the Huelva and Doñana regions in southern Spain, coordinated by the network. The project is the first of its kind in Europe. It aims to increase cooperation between food producers and food chain operators in the area and to improve their understanding of actions that affect their shared water resources, and find solutions for water challenges. In addition, at the end of 2023, S Group donated EUR 40,000 to the John Nurminen Foundation for its work to reduce nutrient loads on the sea in both coastal and continental areas.

S Group participates in the newly established ProVege association, which promotes the development and growth of plant-based food in Finland. The association sheds light on the connections between the food system and climate change, nature loss, food culture and health issues.

S Group is committed to the UN Global Compact initiative and supports its ten principles related to human rights, labour, the environment and anti-corruption.

S Group and the Finnish Red Cross's joint collection to aid those suffering from the crisis in Ukraine started in the spring of 2022. Thanks to customers' contributions, more than EUR 1.5 million had been collected for the Finnish Red Cross's Disaster Relief Fund by the end of 2023. S Group has also donated goods to Ukrainians who have come to Finland. In addition, S Group has employed some of the Ukrainians in Finland.

The annual Sustainable Brand Index, the largest such study in Europe, assesses consumers' views of the sustainability of brands. In 2023, consumers viewed S Group as the most sustainable daily consumer goods brand, and ABC, Prisma, Sokos Hotels and S-Bank were all leaders in sustainability in their own sectors. In T-Media's Reputation & Trust study in 2023, S Group was ranked fourth among Finnish companies in terms of good reputation as perceived by the general public. Its reputation has also developed favourably among decision makers and the media. In Universum's employer image survey in 2023, professionals in the commercial sector selected S Group as Finland's most ideal employer.

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 2024, available at [www.s-ryhmä.fi/en/](http://www.s-ryhmä.fi/en/).

### Outlook for the current year

The outlook for 2024 is challenging, especially for the first half of the year, and there is much uncertainty in the air. The general weakening of the economy, rising costs and uncertainty concerning the future increase caution among consumers and companies. However, the recession is not expected to be long term. Inflation is slowing down rapidly, and interest rates are also expected to start to fall, which will improve households' purchasing power. Finland's GDP is expected to resume growth already this year.

In 2024, SOK Corporation's operating result is expected to decrease from the previous year. The decrease is driven by inputs and investments, which will be markedly higher than in 2023. The operating profit is affected by the economic trend, the development of inflation and consumers' purchasing power, the recovery of the travel and hospitality business particularly in international travel, and the performance of the banking operations.

In SOK Corporations' travel and hospitality business, expected demand in the first half of the year is higher than in the previous year. The net sales of hotels are expected to improve as a result of higher average prices and occupancy rates. In the restaurant business, demand is expected to decrease slightly from the previous year. In the travel and hospitality business, increases in demand and sales continue to be hindered due to customers' weaker purchasing power. Compared with the other Nordic countries, the recovery of international tourism in Finland, and in Helsinki in particular, is lagging, and demand depends largely on domestic tourists. There is still a shortage of professional staff, but the situation has improved slightly in terms of labour availability. In addition, any further increase in costs may hinder growth.

No significant operational and structural changes for the procurement and service business are expected compared with the previous year. The volume of the service business is dependent on S Group's sales development.

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

SOK's distributable surplus is EUR 605,474,901.52 (the surplus for the financial year is EUR 25,810,321.11). The Executive Board proposes that EUR 15,221,682.28 be paid as interest on cooperative capital and that EUR 20,000.00 be transferred to the Supervisory Board's contingency fund, and that EUR 10,568,638.84 be left in the surplus account for the previous financial years.

No significant changes have occurred in SOK's financial position since the end of the financial period.

Helsinki, 13 February 2024

SOK CORPORATION  
Executive Board



# CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## Consolidated income statement, IFRS

EUR million	1 Jan – 31 Dec 2023	1 Jan – 31 Dec 2022
Revenue	9,022.1	8,434.0
Other operating income	2.5	8.6
Materials and services	-8,124.0	-7,593.2
Employee benefit expenses	-339.4	-318.9
Depreciation and impairment losses	-166.8	-177.4
Other operating expenses	-353.2	-348.5
Share of results of associated companies and joint ventures (+/-)	61.3	20.2
<b>Operating profit / loss</b>	<b>102.5</b>	<b>24.8</b>
Financial income and expenses (+/-)	-26.2	-30.3
Share of results of associated companies and joint ventures (+/-)	-3.2	10.4
<b>Profit / loss before taxes</b>	<b>73.1</b>	<b>4.9</b>
Income taxes (+/-)	-3.9	-5.5
<b>Result for the period</b>	<b>69.2</b>	<b>-0.6</b>
Attributable to:		
Owners of the parent	69.2	-0.6
Share of non-controlling interests	0.0	0.0
	<b>69.2</b>	<b>-0.6</b>

## Statement of other comprehensive income

EUR million	1 Jan – 31 Dec 2023	1 Jan – 31 Dec 2022
Result for the period	69.2	-0.6
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translating foreign operations	-4.0	1.0
Exchange differences on translating foreign operations, transfer to income statement		5.4
Cashflow hedges	0.8	-2.2
Comprehensive income items of associated companies and joint ventures	6.1	-10.6
Other comprehensive income for the period, net of tax	2.9	-6.4
<b>Total comprehensive income for the financial year</b>	<b>72.1</b>	<b>-6.9</b>
Total comprehensive income for the financial year attributable to:		
Owners of the parent	72.1	-6.9
Share of non-controlling interests	0.0	0.0
	<b>72.1</b>	<b>-6.9</b>

## Consolidated statement of financial position, IFRS

EUR million	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,205.8	1,279.1
Investment properties	23.9	26.0
Intangible assets	96.9	99.9
Interests in associated companies and joint ventures	368.4	304.9
Non-current financial assets	42.7	43.0
Deferred tax assets	26.2	25.1
<b>Non-current assets, total</b>	<b>1,764.0</b>	<b>1,778.0</b>
<b>Current assets</b>		
Inventories	231.0	252.1
Trade receivables and other current non-interest-bearing receivables	668.1	689.0
Current interest-bearing receivables	0.0	0.0
Cash and cash equivalents	221.0	78.2
<b>Current assets, total</b>	<b>1,120.1</b>	<b>1,019.4</b>
<b>Assets of non-current assets held for sale</b>	<b>14.2</b>	<b>21.6</b>
<b>Assets, total</b>	<b>2,898.3</b>	<b>2,818.9</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Cooperative capital	172.0	172.0
Restricted reserves	11.4	4.5
Invested non-restricted equity reserve	66.0	45.0
Retained earnings	444.9	375.1
<b>Equity attributable to the the owners of the parent</b>	<b>694.3</b>	<b>596.6</b>
<b>Non-controlling interests</b>	<b>0.0</b>	<b>0.9</b>
<b>Equity, total</b>	<b>694.3</b>	<b>597.5</b>
<b>Non-current liabilities</b>		
Non-current interest-bearing liabilities	906.8	984.3
Non-current non-interest-bearing liabilities	11.9	13.4
Provisions	0.0	4.7
Deferred tax liabilities	4.8	5.4
<b>Non-current liabilities, total</b>	<b>923.5</b>	<b>1,007.8</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	197.3	163.8
Current non-interest-bearing liabilities	194.5	219.3
Trade payables	873.6	823.4
Provisions	5.4	1.3
Tax liabilities for the financial year	5.1	0.7
<b>Current liabilities, total</b>	<b>1,276.0</b>	<b>1,208.5</b>
<b>Liabilities of non-current assets held for sale</b>	<b>4.5</b>	<b>5.1</b>
<b>Equity and liabilities, total</b>	<b>2,898.3</b>	<b>2,818.9</b>

## Consolidated statement of cash flows, IFRS

EUR million	Reference	1 Jan – 31 Dec 2023	1 Jan – 31 Dec 2022
<b>BUSINESS OPERATIONS</b>			
Operating profit/ -loss		102.5	24.8
Adjustments to operating profit/loss	(A)	107.7	176.6
Change in working capital	(B)	70.6	-11.4
<b>Cash flow from business operations before financing and taxes</b>		<b>280.8</b>	<b>190.0</b>
Increase (-) / decrease (+) in current receivables		0.3	0.4
Other financial expenses		-0.1	-0.5
Other financial income		0.3	0.2
Income taxes paid		-1.4	-1.4
<b>Cash flow from business operations</b>		<b>280.0</b>	<b>188.8</b>
<b>INVESTMENTS</b>			
Divested shares in subsidiaries net of cash held by subsidiary		0.6	0.5
Investments in shares		0.0	-1.4
Investments in tangible assets		-38.6	-54.8
Investments in intangible assets		-13.0	-24.3
Sale of other fixed assets		1.7	1.9
Dividends received from investments		6.8	6.3
<b>Cash flow from investments</b>		<b>-42.4</b>	<b>-71.9</b>
<b>FINANCING</b>			
Increase (+) / decrease (-) in short-term liabilities		31.7	25.8
Payments of lease liabilities		-141.5	-155.0
Interest paid		-9.3	-3.8
Interest received		3.8	4.0
Other decrease in equity		21.0	8.6
<b>Cash flow from financing</b>		<b>-94.3</b>	<b>-120.4</b>
<b>Change in cash and cash equivalents</b>		<b>143.3</b>	<b>-3.5</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>81.3</b>	<b>84.8</b>
<b>Change in cash and cash equivalents</b>		<b>143.3</b>	<b>-3.5</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>224.6</b>	<b>81.3</b>
Adjustments to operating profit/loss (A)			
Profits (-) and losses (+) from the sale of fixed assets		-1.3	23.0
Depreciation and impairment losses		166.8	177.4
Other non-cash income and expenses		-57.9	-23.8
		<b>107.7</b>	<b>176.6</b>
Change in working capital (B)			
Change in trade and other receivables		20.8	-36.2
Change in inventories		21.1	-41.9
Change in non-interest-bearing liabilities		28.7	66.8
		<b>70.6</b>	<b>-11.4</b>

## 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
<b>Equity</b>									
<b>1 Jan 2022</b>	172.0	-1.2	18.5	36.4	-20.2	389.5	<b>595.0</b>	0.8	<b>595.8</b>
Total comprehensive income		-12.8			6.4	-0.6	<b>-6.9</b>		<b>-6.9</b>
Interest on cooperative contributions							<b>0.0</b>		<b>0.0</b>
Other changes			0.0	8.5		0.0	<b>8.5</b>	0.1	<b>8.6</b>
<b>31 Dec 2022</b>	<b>172.0</b>	<b>-14.0</b>	<b>18.5</b>	<b>45.0</b>	<b>-13.8</b>	<b>388.9</b>	<b>596.6</b>	<b>0.9</b>	<b>597.5</b>
<b>1 Jan 2023</b>	172.0	-14.0	18.5	45.0	-13.8	388.9	<b>596.6</b>	0.9	<b>597.5</b>
Total comprehensive income		6.9			-4.0	69.2	<b>72.1</b>		<b>72.1</b>
Interest on cooperative contributions							<b>0.0</b>		<b>0.0</b>
Other changes*			0.0	21.0		4.7	<b>25.7</b>	-0.9	<b>24.8</b>
<b>31 Dec 2023</b>	<b>172.0</b>	<b>-7.1</b>	<b>18.5</b>	<b>66.0</b>	<b>-17.8</b>	<b>462.7</b>	<b>694.3</b>	<b>0.0</b>	<b>694.3</b>

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

## Accounting policies applied to the 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 2022 Financial Statements, and, furthermore, the IAS/IFRS standard and interpretation amendments that came into effect in the financial year 2023 were also adhered to.

On 1 January 2023, the Group adopted an amendment to IAS 12 Income Taxes concerning the recognition of deferred taxes. As a result of the change, the notes to the Group's financial statements present deferred tax assets separately from leasing liabilities, and deferred tax liabilities separately from right-of-use assets.

In addition, the Group has applied the amendment to IAS 12 Income Taxes that entered into force on 23 May 2023: International Tax Reform – Pillar Two Model Rules.

The amendment immediately brought a mandatory exception into force under which deferred taxes should not be calculated from supplementary taxes. The amendment also brought new requirements concerning notes to the financial statements into force in terms of the impacts of the Pillar 2 regulation.

The mandatory exception applies retroactively. However, as no regulation concerning supplementary taxes had been prepared or adopted in practice in any of the Group's countries of operation by 31 December 2022, and no deferred taxes had thus been recognised, the retroactive application of the regulation has no impact on the Group's financial statements.

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

This Financial Statements Bulletin is unaudited.

## Assets held for sale

SOK has decided in 2022 to divest all its business operations in Russia. FSTP Real Estate Oy and its subsidiaries in Russia, OOO Otel plus, OOO Itis 2 and OOO Karelia are classified as assets held for sale. Statements related to the sale of the real-estate companies are ongoing. The real estate companies assets are valued at book value, which according to our best estimate at the moment corresponds to the market value of the assets. The companies in question are included in the real estate business segment.

### The effect of sale on the Group's financial position

EUR million	31 Dec 2023	31 Dec 2022
Tangible assets*	10.5	18.5
Deferred tax assets	0.0	
Trade receivables and other current non-interest-bearing receivables	0.1	0.0
Cash and cash equivalents	3.6	3.1
Deferred tax liabilities	-0.1	-0.2
Current interest-bearing liabilities		-0.3
Current non-interest-bearing liabilities	-4.3	-4.7
<b>Assets and liabilities, total</b>	<b>9.7</b>	<b>16.4</b>
Cash payment		
Net cash disposed of with the discontinued operation	3.6	3.1
<b>Cash flow effect</b>	<b>3.6</b>	<b>3.1</b>

\*Includes EUR 3.3 million euro writedowns of fixed assets.

## Segment information

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

	Supermarket trade	Travel industry and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting, total
<b>31 Dec 2023 EUR million</b>							
Revenue	221.3	226.2	8,614.5	85.3		-125.1	<b>9,022.1</b>
Group internal sales to other segments	0.0	0.8	138.8	19.7		1.5	<b>160.8</b>
Operating result	-3.1	-6.0	21.2	19.7	59.0	-3.4	<b>87.5</b>
Depreciation	-4.5	-11.2	-15.2	-12.0		-1.0	<b>-43.9</b>
Investments	4.5	5.7	17.0	24.4			<b>51.5</b>
Divestments	0.2	0.5	0.9	0.8			<b>2.4</b>
<b>31 Dec 2022 EUR million</b>							
Revenue	232.0	212.5	8,040.4	78.3		-129.3	<b>8,434.0</b>
Group internal sales to other segments	0.0	0.7	130.4	17.3		3.1	<b>151.5</b>
Operating result	-12.3	-15.7	19.1	18.4	17.9	-2.4	<b>24.9</b>
Depreciation	-4.6	-11.4	-17.5	-12.4		-2.6	<b>-48.5</b>
Investments	10.6	12.4	27.9	29.6		0.0	<b>80.5</b>
Divestments	0.0	1.5	0.5			0.3	<b>2.4</b>

EUR million	31 Dec 2023	31 Dec 2022
<b>Reconciliation of the revenue</b>		
Management reporting revenue to be reported	9,022.1	8,434.0
Eliminations		
<b>Revenue IFRS</b>	<b>9,022.1</b>	<b>8,434.0</b>
<b>Reconciliation of the result</b>		
Operating result of the segments to be reported	87.5	24.9
Items excluded from the operating result within SOK Corporation:		
Financial income and expenses (FAS)	-1.0	13.7
Gains and losses on the sale of property, plant and equipment*	0.7	-11.7
Other operating income and expenses* **	-5.9	-3.6
Changes in provisions	0.0	0.6
Valuation gains and losses on derivatives	0.2	-1.0
Compensation for damages received	0.8	
Impairment losses on tangible and intangible assets	-3.5	-2.4
IFRS adjustments*	-5.6	-15.5
<b>Profit before taxes for the period IFRS</b>	<b>73.1</b>	<b>4.9</b>
*Year 2022 includes one-off items from divestment of business operations in Russia.		
**Year 2023 includes the closing costs of the store location and write-downs of unfinished project.		
<b>Additional data at SOK Corporation level, external income</b>		
Sales to S Group	8,068.8	7,517.9
Other sales in Finland	712.8	653.9
Foreign	240.6	262.2
<b>Total</b>	<b>9,022.1</b>	<b>8,434.0</b>
<b>Additional data at SOK Corporation level, external income by segment</b>		
Supermarket trade	221.3	232.0
Travel industry and hospitality business	226.2	212.5
Procurement and services business	8,489.4	7,911.1
Real estate business	85.3	78.3
<b>Total</b>	<b>9,022.1</b>	<b>8,434.0</b>
<b>Additional information at SOK Corporation level, fixed assets</b>		
Finland	1,289.0	1,366.2
Foreign	37.6	38.8
<b>Total</b>	<b>1,326.7</b>	<b>1,405.0</b>



## Fair values of financial assets and liabilities

FINANCIAL ASSETS	2023				2022			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 2	Level 3	Total		Level 2	Level 3	Total
EUR million								
<b>Financial assets measured at fair value through profit and loss</b>								
Shares and participations	2.0		2.0	2.0	2.3		2.3	2.3
Trade receivables and other current non-interest-bearing receivables								
Derivative assets	0.1	0.1		0.1	0.0	0.0		0.0
<b>Hedge accounting derivatives</b>								
Trade receivables and other current non-interest-bearing receivables								
Derivative assets	0.0	0.0		0.0	0.0	0.0		0.0
<b>Financial assets to be measured at amortised cost</b>								
Non-current loan and other receivables	2.2	2.1		2.1	2.2	2.1		2.1
Trade receivables and other current non-interest-bearing receivables								
Trade receivables	614.4	614.4		614.4	600.9	600.9		600.9
Non-interest-bearing loan and other receivables	22.3	22.2		22.2	57.5	57.4		57.4
Prepayments and accrued income in financial items	0.7	0.7		0.7	0.1	0.1		0.1
Current interest-bearing receivables								
Cash and liquid assets	224.2	224.6		224.6	81.3	81.3		81.3
<b>Financial assets, total</b>	<b>865.9</b>	<b>864.0</b>	<b>2.0</b>	<b>866.1</b>	<b>744.3</b>	<b>741.8</b>	<b>2.3</b>	<b>744.1</b>

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

EUR million	2023	2022
Opening balance, 1 Jan	2.3	2.6
Purchases	0.0	0.1
Sales	0.0	-0.3
Fair value changes recognised in the income statement	-0.3	0.0
<b>Closing balance</b>	<b>2.0</b>	<b>2.3</b>

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

Fair values on hierarchy level 1 are based on the quoted prices of completely identical asset items or liabilities in an active market. In 2022 and 2023, there were no Level 1 financial instruments.

The fair values of level 2 instruments are to a significant extent based on inputs other than quoted prices included in level 1. However they are based on information that is observable for the said asset item either directly or indirectly. In determining the fair value of these instruments, the Group uses generally accepted valuation models in which the input is to a significant extent based on verifiable market information.

The fair values of level 3 instruments are based on inputs concerning the asset item or liability which are not based on verifiable market information. Level 3 includes EUR 2.0 million of unquoted shares (2.3 million), for which the fair value equals the carrying amount.

FINANCIAL LIABILITIES	2023				2022			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 2	Level 3	Total		Level 2	Level 3	Total
EUR million								
<b>Financial liabilities measured at fair value through profit and loss</b>								
Current non-interest-bearing liabilities								
Derivative liabilities	0.5	0.5		0.5	1.1	1.1		1.1
<b>Hedge accounting derivatives</b>								
Current non-interest-bearing liabilities								
Derivative liabilities	0.5	0.5		0.5	1.4	1.4		1.4
<b>Financial liabilities to be measured at amortised cost</b>								
Non-current non-interest-bearing liabilities								
Other non-interest-bearing liabilities	0.3	0.3		0.3	0.4	0.4		0.4
Current interest-bearing liabilities	79.0	79.0		79.0	47.3	47.3		47.3
Current non-interest-bearing liabilities								
Accruals and deferred expenses	0.2	0.2		0.2	0.1	0.1		0.1
Trade payables	873.6	873.6		873.6	823.5	823.5		823.5
Other non-interest-bearing liabilities	0.0	0.0		0.0	23.9	23.9		23.9
<b>Financial liabilities, total</b>	<b>954.2</b>	<b>954.2</b>	<b>0.0</b>	<b>954.2</b>	<b>897.8</b>	<b>897.8</b>	<b>0.0</b>	<b>897.8</b>

The table does not include lease liabilities of carrying amount EUR 1,034.2 million (1,112.1 million).

## Related party transactions

Transactions and balances with associated companies and joint ventures:  
EUR million

	31 Dec 2023	31 Dec 2022
Sales	27.0	24.4
Purchases	0.6	0.6
Trade and other receivables	1.9	1.1
Trade payables and other liabilities	0.0	0.0

## Securities and contingent liabilities

Contingent liabilities, EUR million	31 Dec 2023	31 Dec 2022	Change
<b>Other securities provided</b>			
Pledges	0.1	0.1	0.0
Mortgages	3.4	3.4	0.0
Guarantees	2.5	2.5	0.0
<b>Total</b>	<b>5.9</b>	<b>5.9</b>	<b>0.0</b>
<b>Securities given on behalf of others' debt</b>			
Guarantees for debt of joint ventures	139.7	163.7	-24.0
<b>Other securities given on behalf of others</b>			
Pledges for liabilities of joint ventures	0.5	0.5	0.0
Guarantees for liabilities of joint ventures	20.4	20.4	0.0
<b>Total</b>	<b>20.8</b>	<b>20.9</b>	<b>0.0</b>
<b>Other liabilities</b>			
Letter of credit liabilities	0.0	1.1	-1.1

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 114.4 million (137.0 million) and of the guarantees on behalf of joint venture Kauppakeskus Mylly Oy on a loan of EUR 46.1 million (47.6 million).

### Other financial liabilities:

The Group is obligated to audit valued added tax depreciations it has made on a property investment if the taxable use of the property decreases during the auditing period. The maximum amount of the responsibility is EUR 25.3 million (15.5 million).

### Other contingent liabilities:

#### Commitments in accordance with the shareholder agreement to be responsible for the S-Voima Oy's 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 power, 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 2023 are estimated to be EUR 1.4 million in total (2.1 million).

#### Subscription commitment regarding S-Pankki Oyj's share issue

SOK has made a subscription commitment regarding S-Pankki Oyj's share issue. The amount of the subscription is estimated to be a maximum of EUR 100.0 million (0.0 million).

#### Commitments related to the financing of North European Oil Trade Oy

Regarding North European Oil Trade Oy's syndicated revolving credit facility SOK has given an off-take commitment to the financing banks. In the off-take commitment, SOK has committed to purchase at market price 22 per cent of the liquid fuel stocks of NEOT Group pledged at any given time as collateral for the syndicated revolving credit facility.

Additionally SOK has pledged to provide loan funding. SOK has at 31 December 2023 the following open commitments: to provide EUR 5.0 million (EUR 5.0 million) conditional subordinated loan to North European Oil Trade Oy.

# SOK CORPORATION KEY RATIOS

## 1 JAN – 31 DEC 2023

	31 Dec 2023	31 Dec 2022	31 Dec 2021
<b>Revenue, EUR million</b>	<b>9,022.1</b>	8,434.0	7,796.6
<b>Operating profit, EUR million</b>	<b>102.5</b>	24.8	19.7
% of revenue	<b>1.1</b>	0.3	0.3
<b>Profit before taxes, EUR million</b>	<b>73.1</b>	4.9	-12.1
% of revenue	<b>0.8</b>	0.1	-0.2
<b>SOK Corporation:</b>			
Equity ratio, %	<b>24.1</b>	21.3	21.2
<b>Return on equity, %</b>	<b>10.0</b>	-0.1	-3.1
<b>Gearing, %</b>	<b>126.7</b>	178.6	191.1

## CALCULATION OF KEY RATIOS

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

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

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