



Financial Statement 2022

Presentation material 10th Feb 2023 | Antti Aarnio, President and CEO

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- SATO's year 2022
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SATO IN BRIEF

With some
25,000 homes
we are
one of Finland's
leading housing
providers.

We have nearly
45,000 residents in
Helsinki Metropolitan Area,
Tampere, and Turku.

We have over
300 housing specialists
working in SATO.

We invest in rental
apartments located near
good public transport
and various services.

We grow profitably.
In 2022 we invested
190.5 MEUR to strengthen
our housing portfolio.

Our net sales in
2022 were
291.2 MEUR.

The fair value of
our investment
properties is
€**5** billion.

OUR STRATEGY

#1

**CUSTOMER
EXPERIENCE**

Close to
customer

#2

SUSTAINABILITY

Homes to stand
the test of time

#3

PERSONNEL

Forerunners
now and tomorrow

VALUES: HUMAN TO HUMAN | BE BOLD, AIM HIGH | JOY OF SUCCEEDING TOGETHER



sato

SATO'S YEAR 2022

Improved customer satisfaction strengthened customer retention

OPERATING ENVIRONMENT

The year 2022 began with strong economic growth. Russia's invasion of Ukraine in February of the reporting year brought uncertainty to the economic outlook, dramatically raising the price of energy and accelerating inflation. The exceptionally high inflation forced the central banks to react by rapidly hiking interest rates. During the reporting year, the ECB raised its key interest rate four times after the summer and it was 2.50% at the end of 2022. Due to the high inflation, interest rate hikes are expected to continue in early 2023. Inflation is anticipated to stabilise during 2023.

Employment development was strong in early 2022, but slowed down towards year-end due to economic challenges. During the reporting year, consumers' confidence weakened to a historically low level after the start of the year, which showed in private consumption. According to the projection made by the Bank of Finland on 16 December 2022, Finland's economic growth in 2022 will be 1.9 % due to the good start to the year. In 2023, the increase in energy prices and the cost of living is predicted to cause the economy to slide into a slight downturn and shrink by 0.5%.

Uncertainty and rising interest rates are slowing housing sales. According to the statistics released by the Central Federation of Finnish Real Estate Agencies in December 2022, sales volumes of new and old apartments clearly fell in November compared to the five-year average. According to Statistics Finland's preliminary data in December, the prices of old owner-occupied apartments fell in November 2022 in the whole of Finland by 3.4% compared to November of the previous year.

The economic situation will decelerate the historically high rate of construction. The number of issued building permits began to fall already in 2021, but plenty of new apartments were and will be completed in 2022 and 2023, which is maintaining tight competition for good tenants and keeping rent increases moderate. The increased cost level resulting from inflation does, however, create pressure to increase rents in the future.

The lifting of COVID-19 restrictions and improving employment resulted in a positive turnaround in internal migration to large growth centres in 2022 and demand for rental apartments has begun to grow. This, and SATO's investments in making renting more efficient and improving customer service, were visible as an increase in SATO's occupancy rate. Also, economic uncertainty, upward pressure on interest rates and increasing consumer prices contributed to the increase in the demand for rental apartments.

Despite the economic uncertainty, there is demand for rental apartments, and the urbanisation trend continues. Dense urban living near services and along good public transport connections is becoming increasingly popular in Finland. The Helsinki metropolitan area, Tampere and Turku continue to enjoy strong growth, while according to Statistics Finland's population projection, Finland's population will start declining in 2031. The Helsinki metropolitan area is expected to grow by over 200,000 new residents by 2040. Close to 80% of the area's residents already live in one- to two-person households, and the number of small households continues to rise. The proportion of immigrants living in the capital area is predicted to grow from the current 17% to 25% by 2030. Aging populations typically move closer to growth centres and the services they offer, and they increasingly expect housing-related services.

The change in the population structure and urbanisation create a stable foundation for demand for rental housing especially in the capital area and in Tampere and Turku. Outside of growth centres, the real prices of homes are declining, which makes acquiring an owner-occupied apartment in growth centres even more challenging for people coming from those areas.

SUCCESSSES

- We clarified and simplified the operating models related to the customer experience, and in addition to digital services, we invested in our presence in our customers' everyday life
 - Our external residents' turnover decreased, and SATO's financial occupancy rate improved
- To be consistent with our strategy we sold some 2,000 rental apartments i.a. in Oulu and Jyväskylä
 - SATOhomes are now located in Helsinki MA and its commuting area as well as in Tampere, and Turku
- In constructions and renovations we invested in sustainability
 - Six of our home buildings were chosen to ostavastuullisesti.fi* service, and 1,100 SATOhomes are included in Rakli's Green Homes operation

* 'Buy sustainably'



SUMMARY 1 JAN - 31 DEC 2022

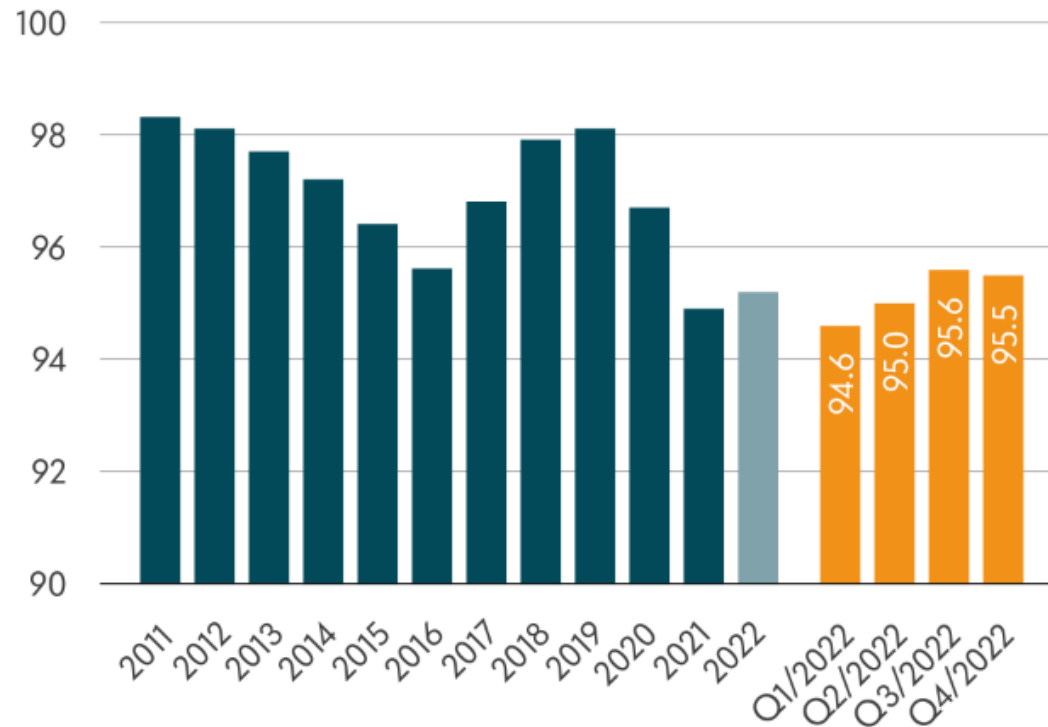
- The economic occupancy rate improved in Finland and was 95.2% (94.9).
- Net sales stood at EUR 291.2 million (298.3).
- Net rental income decreased and was EUR 200.4 million (210.6).
- Profit before taxes decreased and was EUR 151.9 million (259.4).
- The unrealised change in the fair value of investment properties included in the result was EUR -14.9 million (129.1).
- Housing investments amounted to EUR 190.5 million (167.1).
- Invested capital was EUR 4,626.5 million (4,520.8).
- Return on invested capital was 4.3% (6.7).
- Earnings per share were EUR 2.13 (3.64).
- The Board of Directors proposes to the Annual General Meeting that dividends shall not be distributed (EUR 0.50).

SUMMARY 1 OCT - 31 DEC 2022

- The economic occupancy rate in Finland was 95.5% (95.4).
- Net sales were EUR 71.4 million (75.1).
- Profit before taxes was EUR -31.0 million (47.7).
- The unrealised change in the fair value of investment properties included in the result was EUR -58.1 million (14.6).
- Investments in rental apartments amounted to EUR 68.4 million (50.2).
- Earnings per share were EUR -0.45 (0.65).

OCCUPANCY RATE

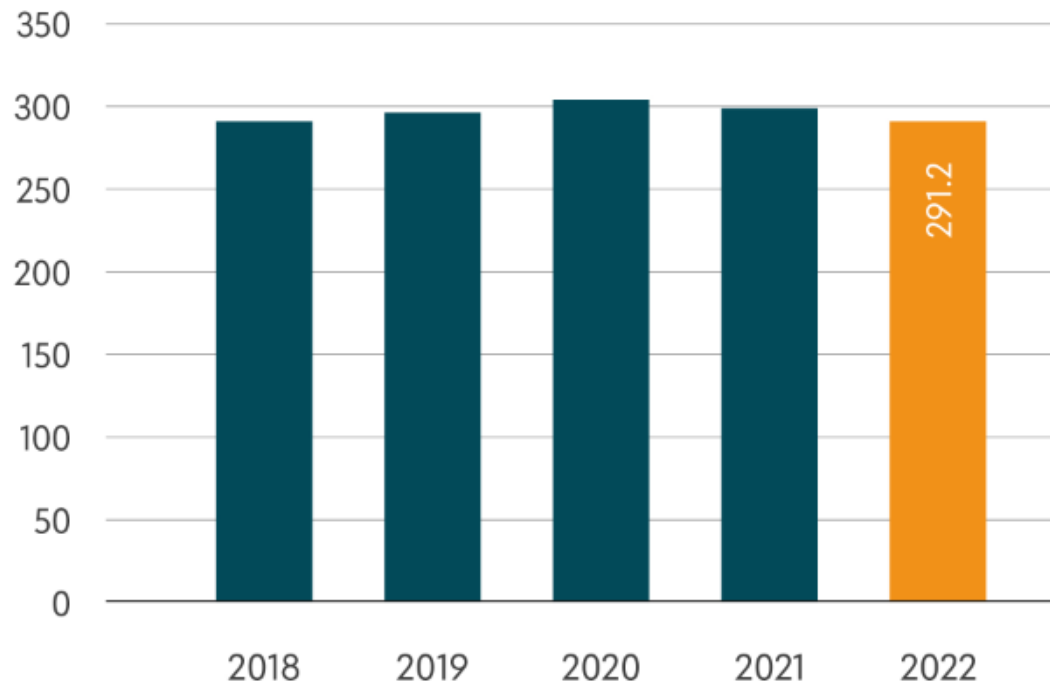
ECONOMIC OCCUPANCY RATE OF RENTAL HOUSING, %*



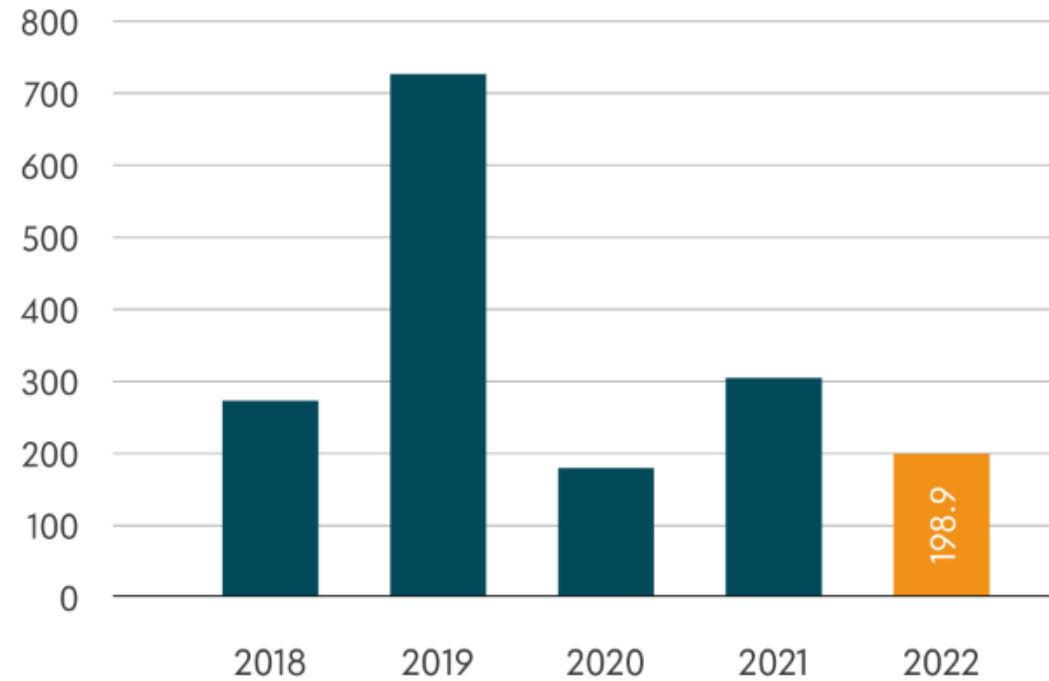
* Housing business in Finland

NET SALES AND OPERATING PROFIT

NET SALES, MEUR

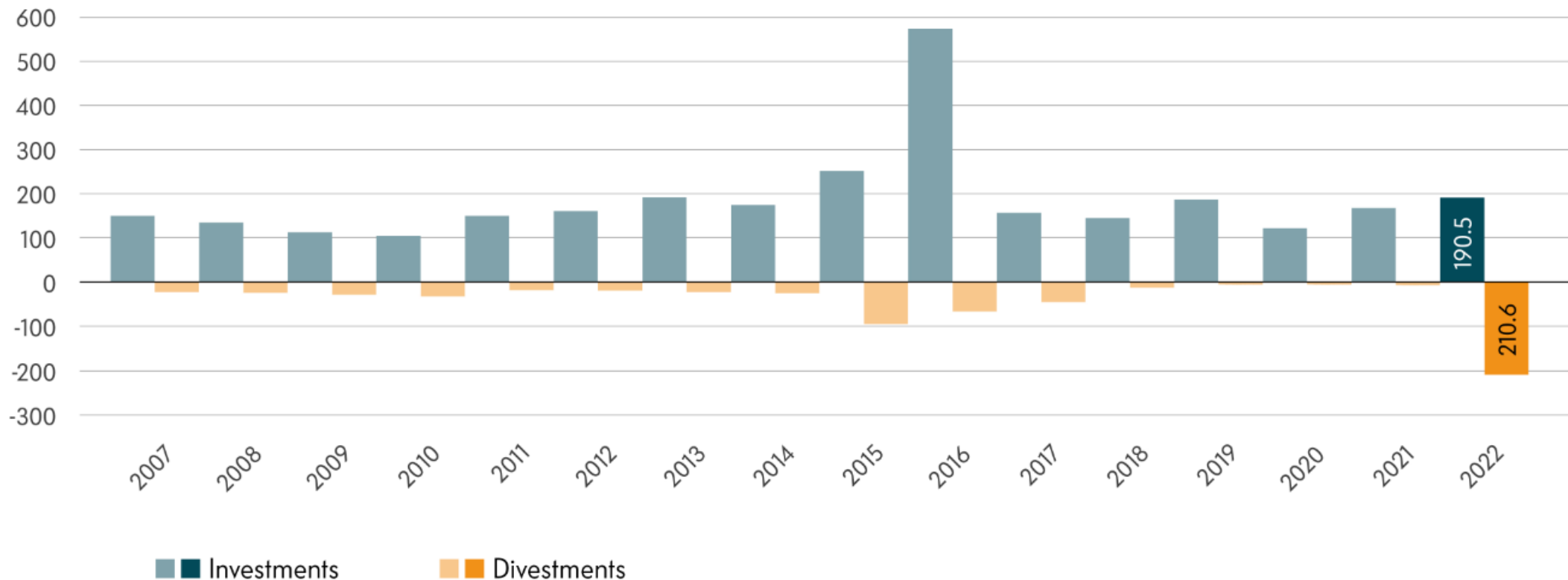


OPERATING PROFIT, MEUR



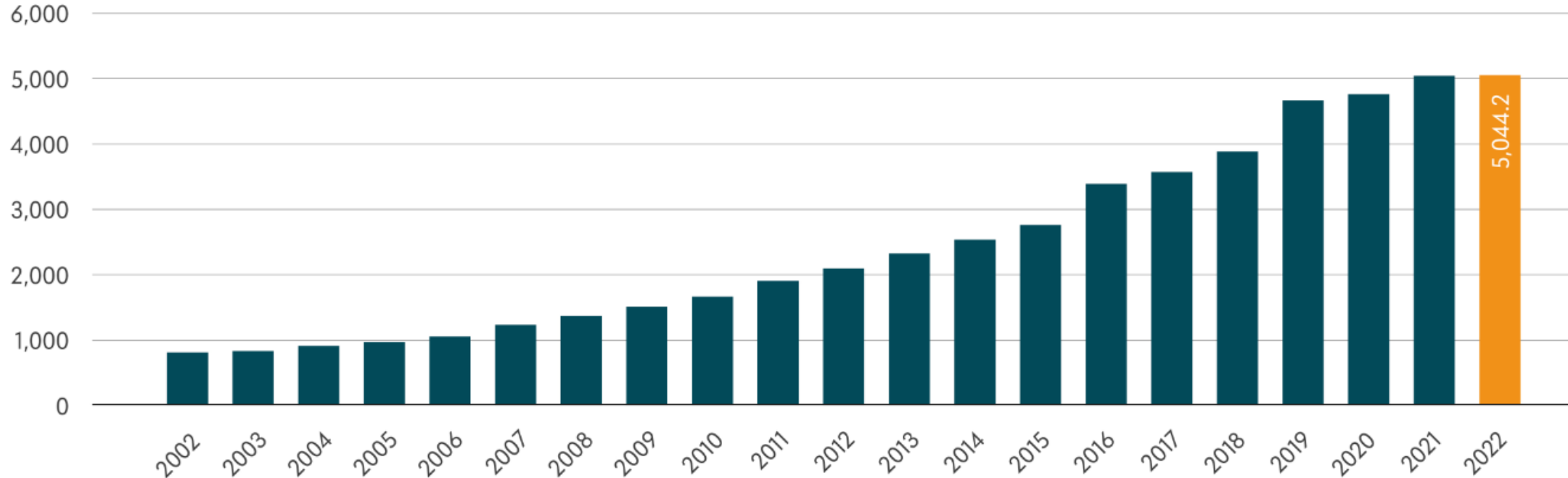
DEVELOPMENT OF HOUSING ASSETS

HOUSING INVESTMENTS AND DIVESTMENTS, MEUR



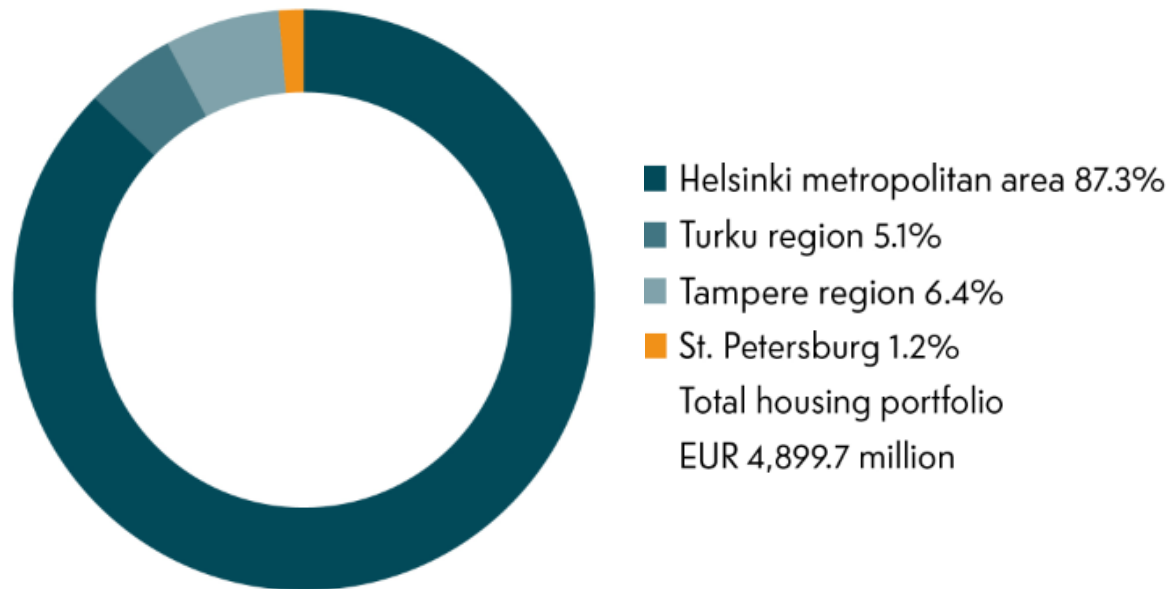
DEVELOPMENT OF HOUSING ASSETS

TREND IN THE INVESTMENT PROPERTY PORTFOLIO VALUE, MEUR

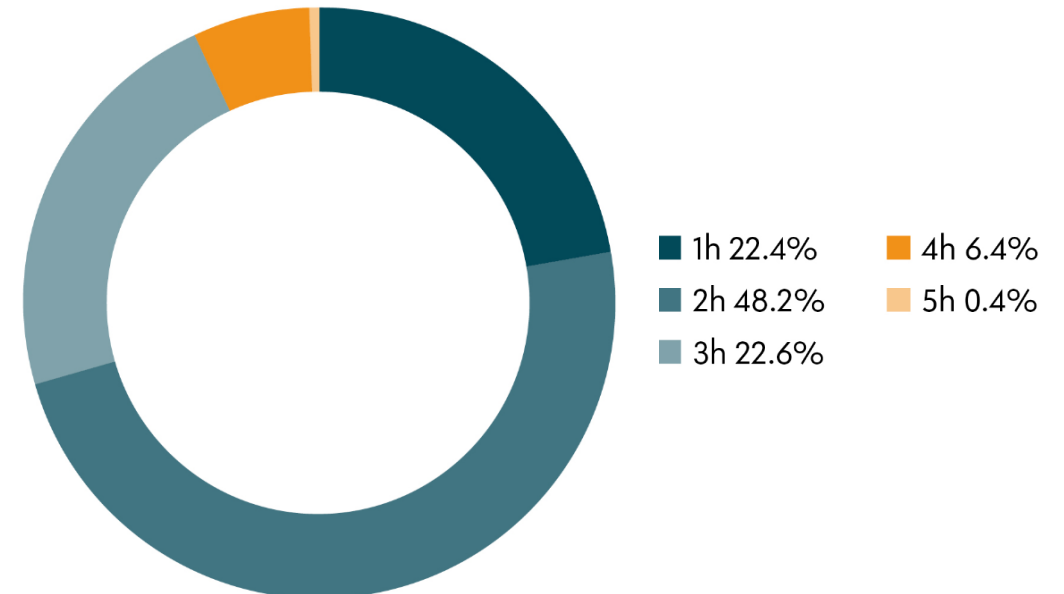


DEVELOPMENT OF HOUSING ASSETS

REGIONAL DISTRIBUTION OF HOUSING PORTFOLIO 31 DEC 2022



SATO'S OWNED RENTAL HOMES 31 DEC 2022, %*

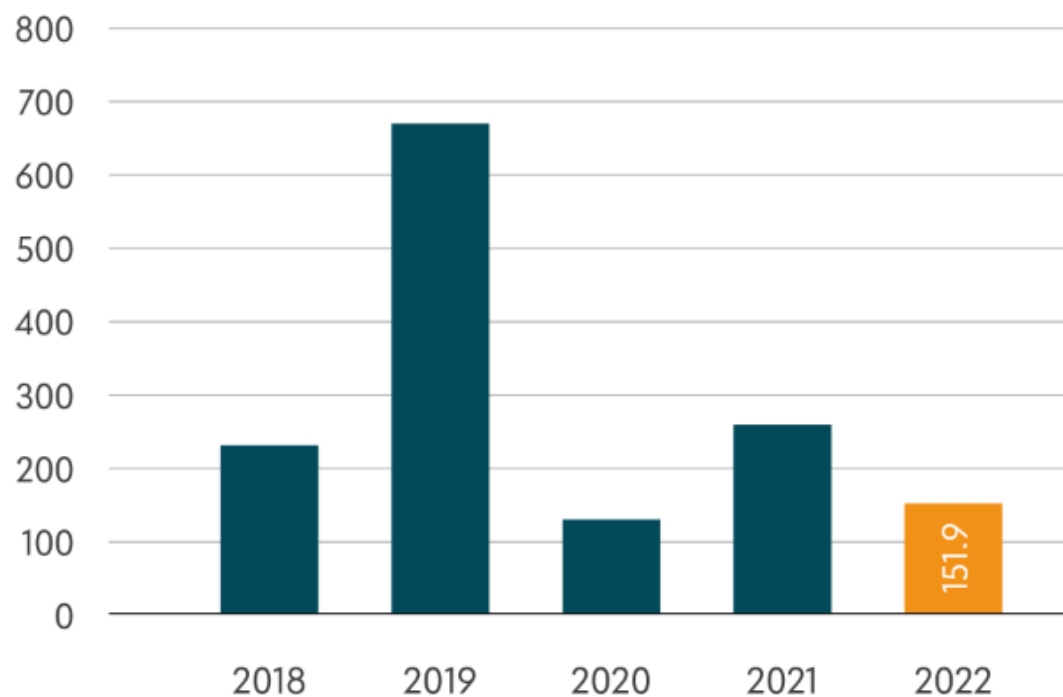


On 31 December 2022, SATO had 1,418 rental apartments under construction in Finland. During the year, 191 RentHomes and 52 FlexHomes were completed for the SATO Group in Finland.

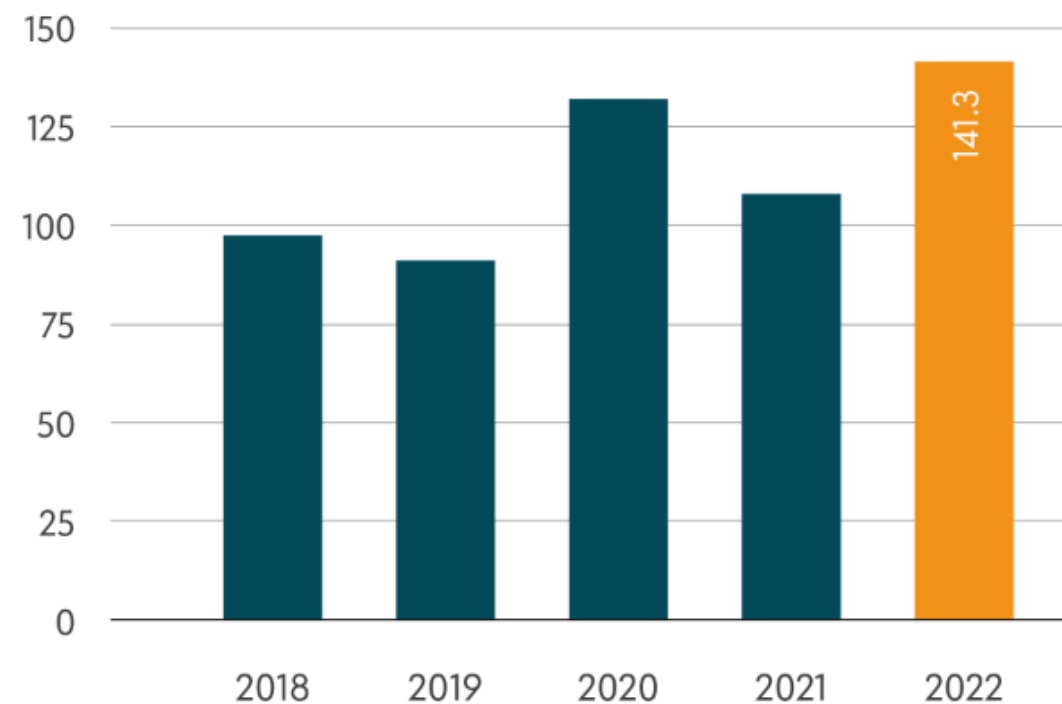
*Housing business in Finland

PROFIT AND CASH EARNINGS

PROFIT BEFORE TAXES, MEUR

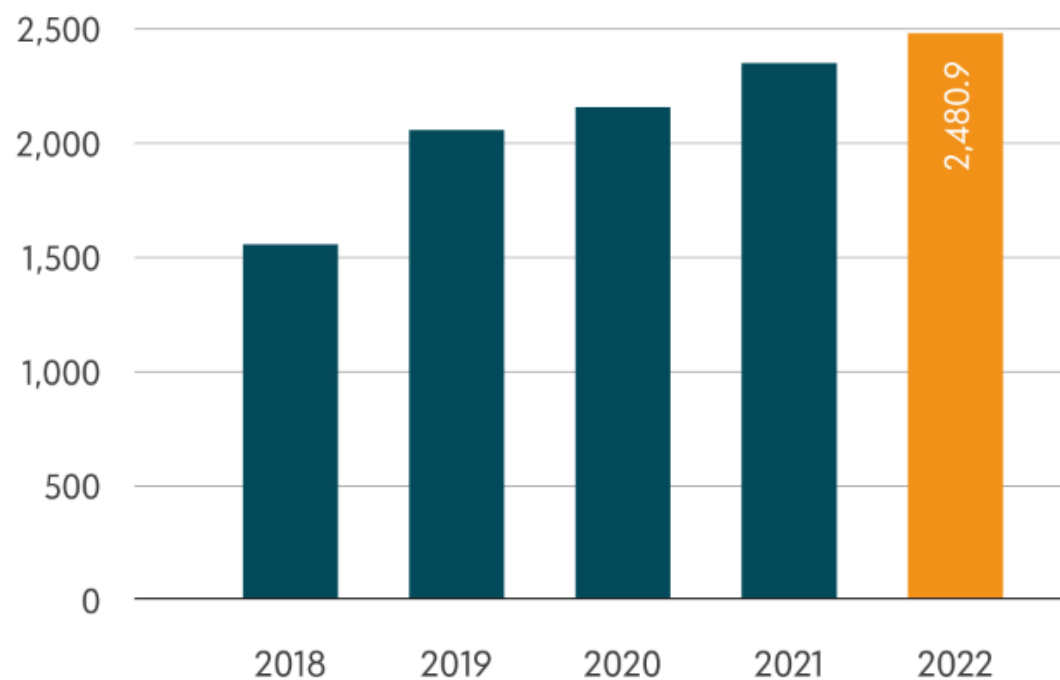


CASH EARNINGS (CE), MEUR

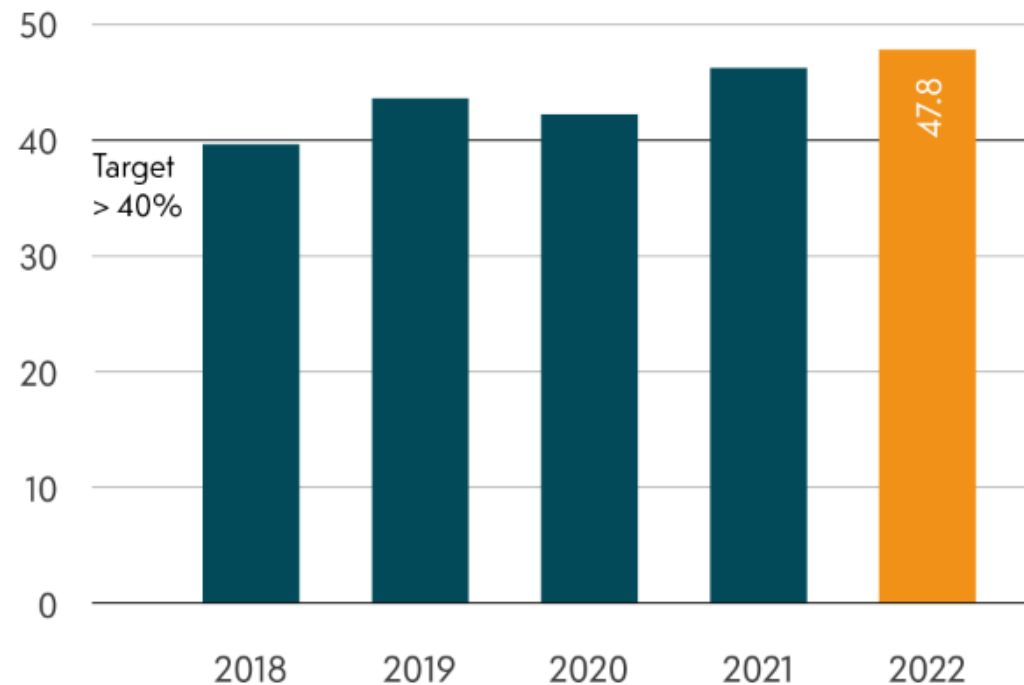


FINANCIAL POSITION

SHAREHOLDERS' EQUITY, MEUR

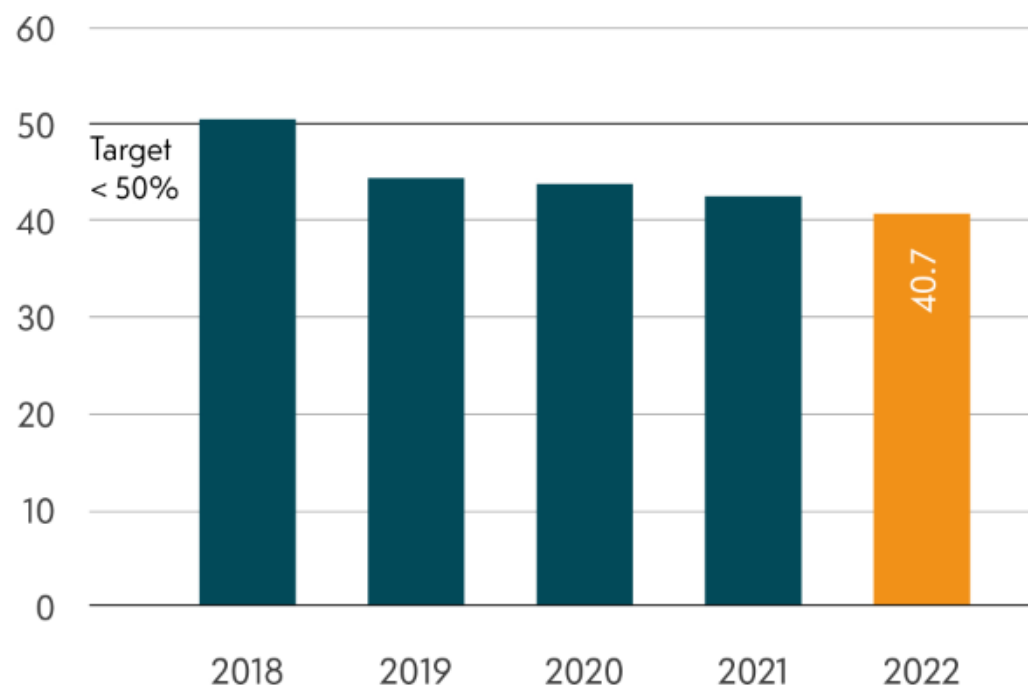


EQUITY RATIO, %



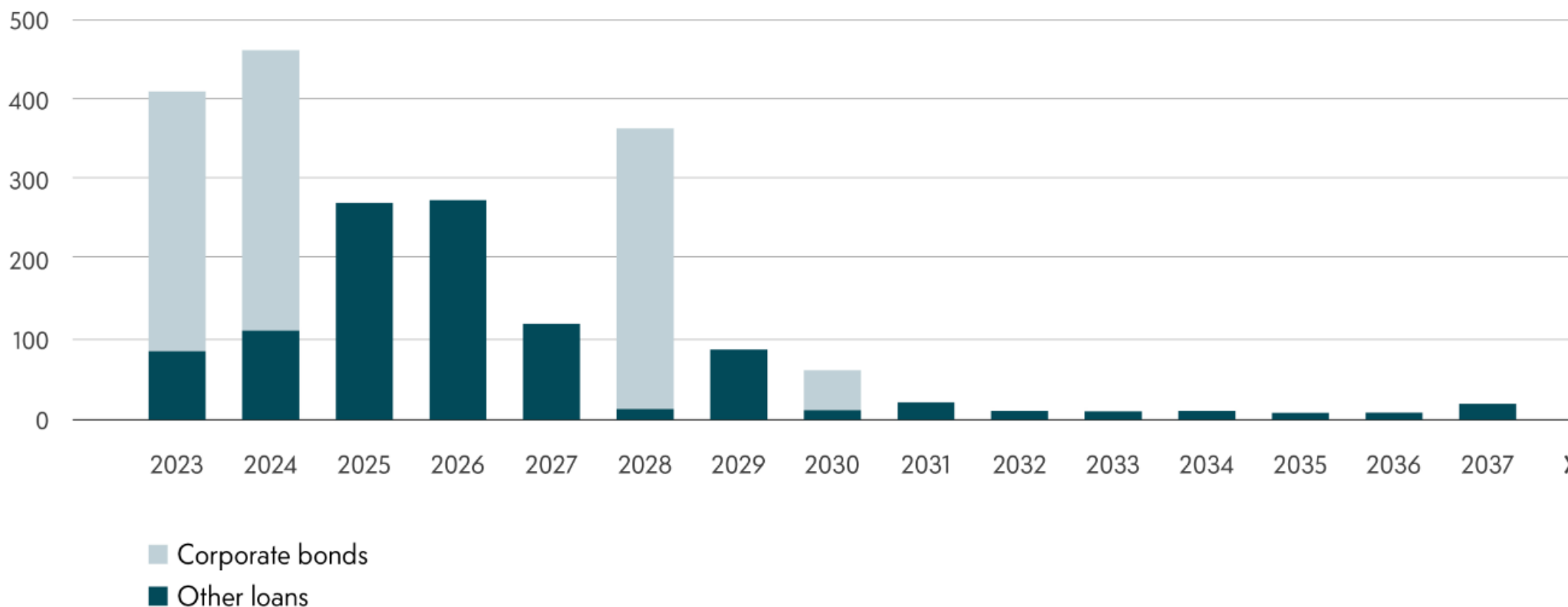
SOLVENCY RATIO

SOLVENCY RATIO, %



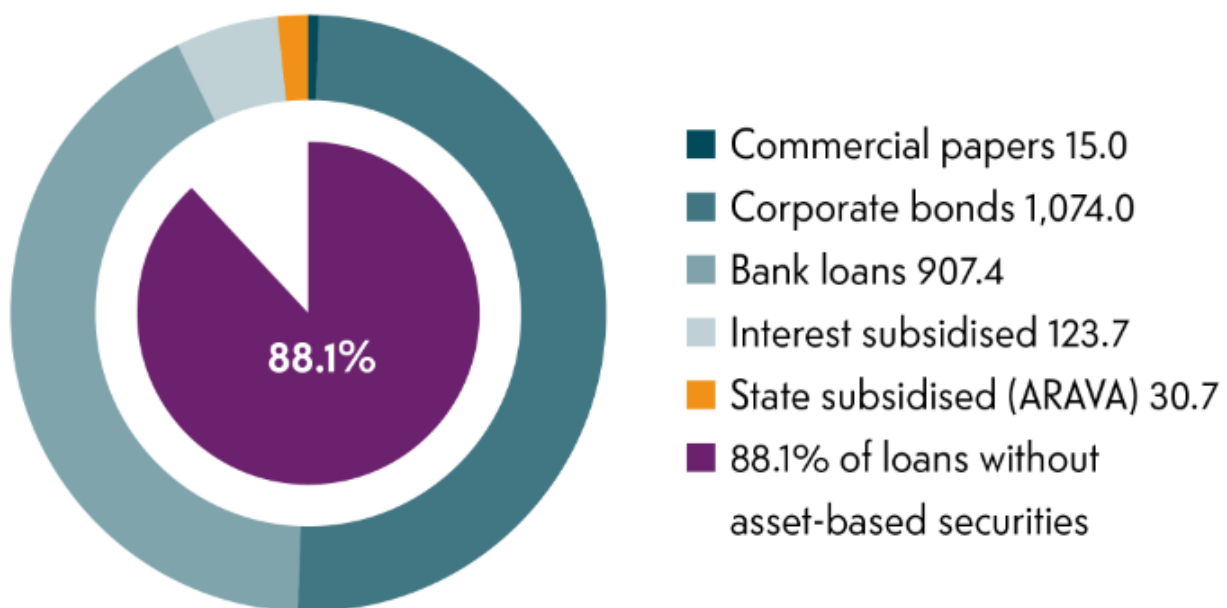
BROAD FINANCING BASE

MATURITY PROFILE OF LONG TERM DEBT, MEUR



BROAD FINANCING BASE

DEBT PORTFOLIO, nominal values 31 Dec 2022
TOTAL MEUR 2,150.8



MAIN SHAREHOLDERS

Balder Finska Ota AB (Fastighets AB Balder)	56,3 %
Stichting Depositary APG Strategic Real Estate Pool	22,6 %
Elo Mutual Pension Insurance Company	12,7 %
The State Pension Fund	4,9 %
Valkila Erkka	0,7 %
SATO Oyj	0,3 %
Entelä Tuula	0,3 %
Heinonen Erkki	0,3 %
Tradeka Invest Ltd	0,2 %
Research Foundation of the Pulmonary Diseases	0,2 %
Others (117 shareholders)	1,5 %

On 30 December 2022, the Group had 127 shareholders entered in the book-entry register. The turnover of SATO Corporation's shares was 1.7% during the reporting year.

OUTLOOK

In the operating environment, SATO's business activities are mainly affected by consumer confidence, the development of purchasing power, rent and price development for apartments, the general competitive situation and interest rates.

Employment development was strong in early 2022, but slowed down towards year-end due to economic challenges. During the reporting year, consumers' confidence weakened to a historically low level after the start of the year, which showed in private consumption. According to the projection made by the Bank of Finland on 16 December 2022, Finland's economic growth in 2022 will be 1.9% due to the good start to the year. In 2023, the increase in energy prices and the cost of living is predicted to cause the economy to slide into a slight downturn and shrink by 0.5%.

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As tenants have a wider array of choices, a successful customer experience is more important than ever. SATO is investing strongly in increasing its customer presence and developing digital services.

In line with its majority shareholder's operating model, SATO Corporation will not publish guidance on its 2023 earnings. The parent company of Balder Finska Otas AB is Fastighets AB Balder, which is quoted on the Stockholm Stock Exchange.



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