

Q1 INTERIM REPORT 1 JANUARY–31 MARCH 2024



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KEY FIGURES



Key figure	1-3/2024	1-3/2023	1-12/2023
Net sales	€ 74.7 million	€ 70.9 million	€ 288.4 million
Number of rental apartments	25,560 homes	25,389 homes	25,468 homes
Investment properties	€ 4,914.5 million	€ 5,044.8 million	€ 4,885.7 million
Housing investments	€ 12.8 million	€ 46.2 million	€ 150.5 million
Under construction	257 pcs	1,192 pcs	349 pcs
Average rent at the end of review period	€ 18.21 m ² /month	€ 17.99 m ² /month	€ 18.07 m ² /month
Cash earnings	€ 25.5 million	€ 1.7 million	€ 32.9 million
Shareholders' equity	€ 2,538.7 million	€ 2,453.6 million	€ 2,435.0 million

SATO CORPORATION INTERIM REPORT I JANUARY–31 MARCH 2024: WAITING MODE IN RENTAL HOUSING MARKET

SUMMARY FOR I JANUARY–31 MARCH 2024 (I JANUARY–31 MARCH 2023)

- The economic occupancy rate was 94.9% (95.0).
- Net sales totalled EUR 74.7 million (70.9).
- Net rental income was EUR 43.7 million (40.8).
- Profit before taxes was EUR 19.6 million (-32.1).
- The unrealised change in the fair value of investment properties included in the result was EUR 1.7 million (-46.9).
- Housing investments amounted to EUR 12.8 million (46.2).
- Invested capital at the end of the review period was EUR 4,807.5 million (4,822.4).
- Return on invested capital was 3.0% (-1.4).
- Equity was EUR 2,538.7 million (2,453.6), or EUR 29.91 per share (43.34).
- Earnings per share were EUR 0.23 (-0.46).
- A total of 92 rental apartments (135) were completed.
Renovation of 56 rental homes (72) was completed.
- A total of 257 rental homes (1,192) are under construction.
- The rental housing market is in a waiting mode due to housing allowance changes and a major decline in new construction.

PRESIDENT AND CEO ANTTI AARNIO:

– Inflation has continued to slow in Finland and the entire euro area. The European Central Bank is expected to cut key interest rates later this year. The high interest rate level is still keeping consumers in a waiting mode, resulting in a persistently very low number of both old and new homes sold.

– During the period under review, SATO's occupancy rate was 94.9% (95.0). The slight decline is due to the intense competition still prevailing in the market.

– Due to the competitive situation, it has not been possible to transfer the higher maintenance and interest costs in full to apartment rents. Going forward, rents may be pushed up by the continuous strong migration boosting demand for housing, the high living costs and the major decline in the volume of new housing construction. Housing allowance changes effective from 1 April 2024 may increase demand for rental apartments with lower rents.

– There has been a major decrease in the number of new housing construction commenced in Finland, but there will still be a large number of new apartments completed this year.

– In February, the construction of 92 new SATO rental homes in Pataljoonantie, Rykmentinpuisto, Tuusula and the renovation of 56 SATO rental homes in Hämeentie, Kallio, Helsinki, was completed.

– In March, we released an extensive upgrade of our digital OmaSATO service where residents can manage housing-related matters online. The revamp aims to make it easier for residents to take care of as many things as possible directly on OmaSATO.

– Based on a precontract concluded on 30 November 2020, SATO Corporation and Senate Properties signed the final contract on a property transaction concerning an upcoming block area of residential buildings in the Viikki district of Helsinki on 7 March 2024. The local detailed plan concerning the block area was confirmed on 1 February 2024. Located at Maakaarenkuja 2, the plot has residential building rights for around 300–350 new apartments.

– In line with our decision made in October 2022, we will still not be launching any construction projects of new apartments.

– We at SATO will be investing in clean energy and installing solar power systems in more and more of our home buildings. Solar power systems will be installed in three new properties completed this year, which will contribute towards our target of being carbon neutral in terms of energy used by our properties by the end of 2030. Use of clean energy will also be promoted by adding electric car charging points to our new and newly

renovated buildings. At year-end 2023, SATO buildings had more than 1,200 charging points.

– SATO was ranked sixth in Finland's Best Workplaces 2024 listing published by Great Place to Work Finland in March. Being ranked higher than the year before is proof of the sustained efforts made at SATO to develop aspects such as the employee experience and managerial work as well as to promote the wellbeing of employees.

– The subscription period of SATO Corporation's rights offering expired on 14 February 2024. In the offering, a total of 28,279,377 new shares were subscribed for, which corresponds to approximately 99.90% of the new shares offered. The offering generated gross proceeds of around EUR 200 million for the company.

– On 28 February, we signed a EUR 150 million sustainability linked loan facility with LGIM. The secured facility has a tenor of 12 years.

– On 6 March, SATO Corporation repurchased notes amounting to EUR 50 million of its outstanding EUR 350 million notes due in February 2028.

– I would like to thank SATO personnel for an excellent workplace atmosphere and for their contributions to the continuous development of our residents' comfort and housing.

OPERATING ENVIRONMENT

During the period under review, the substantial supply of rental housing and the economic uncertainty still remained key factors affecting SATO's operating environment. Uncertainty is increased by the recession, the worsened employment situation and the tight interest rate policy of the European Central Bank (ECB). Geopolitical challenges, such as the war in Ukraine, global tensions and trade policy decisions and sanctions imposed, affect our operating environment. Headline inflation has continued to decline, but core inflation has still remained above the ECB target. Price increases have slowed, except for services, which are still showing higher prices accelerating inflation.

In Finland, economic confidence figures have declined, despite a clear slowdown in inflation. Business confidence has declined in all main industries. The confidence of construction enterprises in particular has declined further, and construction volumes concerning new construction have fallen to the lowest level ever recorded by Statistics Finland, which may lead from the current oversupply to a future housing shortage in growth centres.

Consumer confidence in the economy has remained low, and this is reflected in consumer caution. The employment situation has worsened and the number of unemployed persons increased year on year.

According to the Bank of Finland interim forecast of 15 March 2024, Finland's gross domestic product (GDP) will decrease by 0.5% this year. The economy is projected to begin to gradually bounce back from the recession towards the end of the year, with GDP growth at 1.7% expected for 2025.

The urbanisation trend continues, and dense urban housing is becoming increasingly popular. There is demand for rental homes in growth centres close to good public transport connections and services. The Helsinki Metropolitan Area (HMA), Tampere and Turku are large urban regions continuing to enjoy strong growth, while at the same time Statistics Finland forecasts a downturn in the nationwide population trend in 2031. The HMA is projected to grow by more than 200,000 new residents by 2040. Almost 80% of HMA residents already live in households with one to two members, and the number of small households continues to grow. The proportion of immigrants is projected to increase in the HMA from the current 17% to 25% by 2030. The ageing population is moving to growth centres providing access to services and expects more and more housing-related services.

The demographic change coupled with the price development create a stable foundation for rental housing demand, especially in the HMA, Tampere and Turku. Migration to large growth centres has continued and the HMA's migration gain in 2023 was the highest in the 2000s: 23,500 persons. This is reflected in the demand for rental homes in growth centres.

The development of wage earners' incomes, pent-up housing demand of households and lower interest rates together with the decrease in new housing production will increase housing demand towards the end of the year. The housing allowance policy changes may, however, steer consumers towards looking for more affordable housing. Some of those looking for an owner-occupied apartment may be considering a rental apartment as a housing option.

Rental housing providers are, however, still competing for good tenants, which results in rent revisions remaining moderate. Higher maintenance and finance costs will be reflected in higher rent costs while at the same time the supply of rental housing decreases.

REVIEW PERIOD I JANUARY–31 MARCH 2024 (I JANUARY–31 MARCH 2023)

NET SALES AND PROFIT

In January–March 2024, SATO Corporation's consolidated net sales totalled EUR 74.7 million (70.9).

Operating profit was EUR 34.9 million (-17.1).

Operating profit without the change in the fair value of investment properties was EUR 33.1 million (29.8). The unrealised change in fair value through profit or loss was EUR 1.7 million (-46.9).

Net financing expenses totalled EUR -15.3 million (-15.0).

Profit before taxes was EUR 19.6 million (-32.1). Cash flow from operations (free cash flow after taxes excluding changes in fair value) in January–March amounted to EUR 25.5 million (1.7).

Earnings per share were EUR 0.23 (-0.46).

FINANCIAL POSITION AND FINANCING

The consolidated balance sheet total at the end of March was EUR 5,304.9 million (5,369.5). Equity totalled EUR 2,538.7 million (2,453.6). Equity per share was EUR 29.91 (43.34).

The Group's equity ratio at the end of March was 47.9% (45.7). EUR 325.0 million in new long-term financing was drawn and the solvency ratio at the end of March was 39.4% (41.6).

The Group's annualised return on equity was 2.5% (-4.2). Return on invested capital was 3.0% (-1.4).

Interest-bearing liabilities at the end of March totalled EUR 2,268.7 million (2,368.8), of which loans on market terms amounted to EUR 2,158.0 million (2,233.3). The average loan interest rate was 3.6% (2.6). Net financing expenses totalled EUR -15.3 million (-15.0).

The calculated impact of changes in the market value of interest hedging on equity was EUR 1.2 million (-3.1).

The proportion of loans without asset-based securities was 72.2% (90.0) of all loans. At the end of March, unencumbered assets accounted for 75.4% (89.7) of total assets.

HOUSING BUSINESS

Our housing business includes rental activities, customer service, lifecycle management and maintenance. Effective rental activities and digital services provide home-seekers with quick access to a home, and the Group with a steadily increasing cash flow. High-quality maintenance operations ensure the comfort of residents and that the apartments stay in good condition and maintain their value. We serve our customers in daily housing issues through our customer-oriented service organisation.

Rental income was EUR 74.7 million (70.9). On average, the economic occupancy rate of apartments was 94.9% (95.0) and the external tenant turnover 28.9% (25.3).

At the end of the reporting period, the average monthly rent of SATO rental homes was EUR 18.21 per m² (17.99).

Net rental income from apartments totalled EUR 43.7 million (40.8).

INVESTMENT PROPERTIES

On 31 March 2024, SATO owned a total of 25,560 homes (25,389). The reporting period saw the completion of 92 (135) rental homes. The number of divested rental apartments was 0 (3).

Fair value

The development of the value of rental apartments is a key factor for SATO. Its housing stock is concentrated in areas and apartment sizes which are expected to be the focus, in the long term, of increasing rental apartment demand. The allocation of building repairs is based on life-cycle plans and repair need specifications.

At the end of March, the fair value of investment properties came to a total of EUR 4,914.5 million (5,044.8). The change in the value of investment properties, including investments and divestments during the reporting period, was EUR 28.9 million (0.7).

The value of properties funded with ARAVA loans or interest-subsidised loans would be EUR 250 million higher when valued with the income value method.

At the end of March, the commuting zone of the Helsinki Metropolitan Area accounted for around 86.9% and Tampere and Turku together made up around 13.1% of the value of apartments.

Investments, divestments and property development

Investment activities are used to manage the housing portfolio and prepare the ground for growth. Since 2000, SATO has invested more than EUR 3 billion in non-subsidised rental apartments. SATO acquires and builds entire rental buildings and single rental apartments. Property development allows for new investments in rental apartments in Finland. The rental potential and value of rental apartments owned by SATO are developed through renovation activities.

Investments in apartments totalled EUR 12.8 million (46.2). The Helsinki Metropolitan Area represented 96.6% of all investments during the period under review. New apartments accounted for 48.5% of the total. On 31 March 2024, there were binding purchase agreements to a total of EUR 10.2 million (86.2).

During the reporting period, 0 rental homes (3) were divested. Their total value amounted to EUR 0.0 million (0.5).

The book value of the plot reserve owned at the end of March totalled EUR 62.1 million (48.1). The value of new plots acquired by the end of March totalled EUR 18.4 million (0.0).

Permitted building volume for around 1,200 homes is being developed for plots in the company's housing portfolio. This allows SATO to utilise existing infrastructure, create a denser urban structure and thus bring more customers closer to services and public transport connections.

A total of 92 rental homes (135) were completed for SATO. A total of 257 rental homes (1,192), were under construction on 31 March 2024.

A total of EUR 5.0 million (7.0) was spent on repairing apartments and improving their quality.

PERSONNEL

At the end of March, the Group had 319 employees (329), of whom 289 had a permanent employment contract (301). The average number of personnel in January–March was 319 (324).

ANNUAL GENERAL MEETING ON 21 MARCH 2024

The number of members of the Board of Directors of SATO Corporation was confirmed to be six. The Annual General Meeting re-elected Erik Selin as Chair of the Board. Esa Lager, Tarja Pääkkönen, Sharam Rahi and Timo Stenius will also continue as Board members. Ming Eng was elected to the Board as a new member.

KHT audit firm Deloitte Ltd was elected as the auditor. Deloitte Ltd has announced that the Key Audit Partner will be Aleksi Martamo, Authorised Public Accountant (KHT).

The Annual General Meeting adopted the financial statements of 31 December 2023. The Annual General Meeting decided that no dividends be distributed by SATO Corporation for the financial period ended on 31 December 2023.

The Annual General Meeting authorised the Board of Directors to decide on the issuance of shares in one or several tranches as specified in the notice of the Annual General Meeting.

The number of shares issued under the authorisation may be a maximum of 8,517,460 shares. The maximum number of shares corresponds to approximately 10% of all registered shares in the company after the completion of the share issue carried out in early 2024.

The Board of Directors decides on all the conditions of the share issue. The authorization concerns both the issuance of new shares as well as the transfer of own shares held by the company. The issuance of shares may be carried out in deviation from the shareholders' pre-emptive right by way of a directed issue.

The authorisation is valid until the end of the next Annual General Meeting but, but in any case, no later than 30 June 2025, and revokes the authorization granted by the Extraordinary General Meeting on 11 December 2023.

ORGANISATION OF THE BOARD OF DIRECTORS

At its organisational meeting on 21 March 2024, the company's Board of Directors elected from among its number Esa Lager to serve as Deputy Chair.

Erik Selin was appointed by the Board to chair the HR and Remuneration Committee and Tarja Pääkkönen and Ming Eng to serve as Committee members.

EVENTS AFTER THE REVIEW PERIOD

Due to reduction in work and in order to achieve savings in a challenging operating environment, the company has initiated change negotiations concerning a large part of the company's organization.

SHORT-TERM RISKS AND UNCERTAINTIES

Risk management is used to ensure that risks impacting the company's business are identified, managed and monitored. The main risks of SATO's business are risks related to the business environment and financial risks.

SATO's most significant risks relate to prolonged inflation and the resulting rise in interest rate level. The war in Ukraine has resulted in a surge in the prices of energy, food, materials and commodities and an elevated interest rate level. Higher living costs may have a negative effect on the purchasing power of consumers as well as on their capacity to perform their obligations. If the strong growth in the cost of financing and maintenance costs continues and the market situation does not provide an opportunity to transfer the higher costs into rents in full, this may have a negative impact on the fair value of investment assets and the company's ability to perform its obligations or to finance its investments. This means new investments and major renovations may have to be postponed.

The highest risks in apartment rental are to do with cyclical movements and changes in supply and demand. The market risk may push the supply of rental

homes higher than their demand. This would result in idle rental housing stock and pressure for rents to level off or fall, especially as regards old housing stock.

A decline in the housing market may have a negative effect on the market value of SATO's housing stock. In line with its strategy, SATO has been focusing in its investments on growth centres and on renovating and repairing existing housing stock and, consequently, ensuring the rentability and value development of the apartments.

Changes in regulation by the authorities and in legislation and related uncertainty may have a significant impact on the reliability of the investment environment and, consequently, on SATO's business. SATO monitors and anticipates these changes and calls attention to what it considers to be negative impacts of regulation.

The management of financial risks is steered by the Group's treasury policy. Our risk management principles are defined in the treasury policy adopted by SATO's Board of Directors. Our most significant financial risks relate to liquidity, refinancing and interest rates. We manage our liquidity and refinancing risks by diversifying the financing sources and maturity of our loan portfolio, and by holding sufficient liquidity reserves in the form of committed credit facilities and other long-term financing commitments. The company has in place an EUR 2.0 billion Euro Medium Term Notes (EMTN) Programme, under which SATO has issued bonds in the total amount of EUR 700 million.

The means for managing liquidity risk at SATO include cash assets, a bank account limit, EUR 600 million in committed credit facilities and a EUR 400 million commercial paper programme. We increase the amount of reserves as the funding requirements grow. Our objective is to keep the liquidity requirements of the next 12 months covered by committed agreements.

Floating-rate loans represent an interest rate risk which we manage by balancing the share of fixed- and floating-rate loans either by fixed-rate debt arrangements or interest rate derivatives. In accordance with our treasury policy, our aim is for fixed-rate loans, including interest rate derivatives, to account for more than 60% of our debt portfolio. At the end of the review period, the fixed rate portion of the loan portfolio after hedging was 60.3% (68.6) excluding short-term loans.

For a broader description of risks and risk management, see the Group's website and Annual Report for 2023 at www.sato.fi/en.

OUTLOOK

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

In Finland, economic confidence figures have declined, despite a significant slowdown in inflation. Business confidence has declined in all main industries. The confidence of construction enterprises in particular has declined further, and construction volumes concerning new construction have fallen to the lowest level ever recorded by Statistics Finland, which may lead from the current oversupply to a future housing shortage in growth centres.

The Statistics Finland report published in March shows that construction costs in the first months of the year have remained at the same level year on year. In line with the decision made in October 2022, SATO will still refrain from launching any newbuild construction projects.

Consumer confidence in the economy has remained low, and this is reflected in consumer caution. The employment situation has worsened and the number of unemployed persons increased year on year.

According to the Bank of Finland interim forecast of 15 March 2024, Finland's gross domestic product (GDP) will decrease by 0.5% this year. The economy is

projected to begin to gradually bounce back from the recession towards the end of the year, with GDP growth at 1.7% expected for 2025.

Urbanisation, income development, increasing housing needs of households and lower interest rates as well as the decrease in new housing production will increase housing demand from late 2024 onwards. The housing allowance policy changes may steer consumers towards looking for more affordable housing. Some of those looking for an owner-occupied apartment may now also consider a rental apartment as an option.

Rental housing providers are competing for good tenants, which results in rent increases remaining moderate. Going forward, higher maintenance and finance costs will be reflected in higher rent costs while at the same time the supply of rental housing decreases.

Migration to large growth centres has continued and the HMA's migration gain in 2023 was the highest in the 2000s: 23,500 persons. This is reflected in the demand for rental homes in growth centres.

In line with its majority shareholder's operating model, SATO Corporation will not publish guidance on its 2024 earnings. The parent company of Balder Finska Otas AB is Fastighets AB Balder, which is quoted on the Stockholm Stock Exchange.

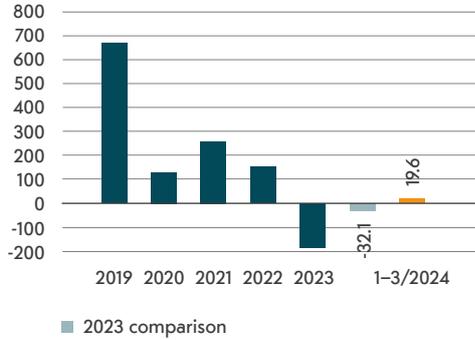
SATO CORPORATION'S SHAREHOLDERS ON 31 MARCH 2024

Largest shareholders and their holdings	Number of shares	%
Balder Finska Otas AB (Fastighets AB Balder)	48,483,564	57.0%
Stichting Depository APG Strategic Real Estate Pool	19,217,470	22.6%
Elo Mutual Pension Insurance Company	10,849,621	12.8%
State Pension Fund of Finland	4,194,300	4.9%
Valkila Erkka	385,000	0.5%
Tradeka Invest Ltd	189,750	0.2%
Research Foundation of the Pulmonary Diseases	180,000	0.2%
SATO Corporation	166,000	0.2%
Komulainen Pekka	159,825	0.2%
Entelä Tuula	151,500	0.2%
Others (119 shareholders)	1,085,414	1.3%

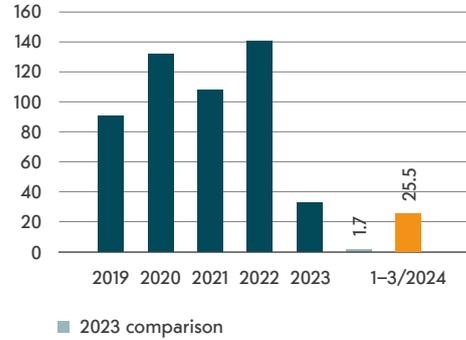
On 28 March 2024, SATO had 85,062,444 shares and 129 shareholders registered in the book-entry system. The share turnover rate was 0.0% for the period from 1 January to 31 March 2024.

FINANCIAL TREND

Profit before taxes, EUR million



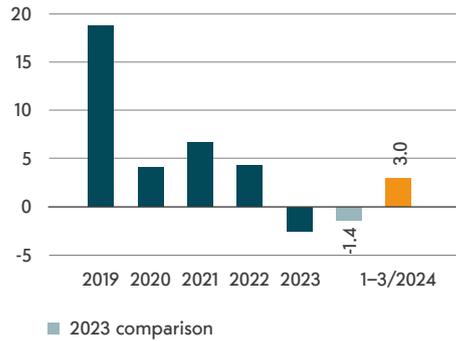
Cash earnings, EUR million



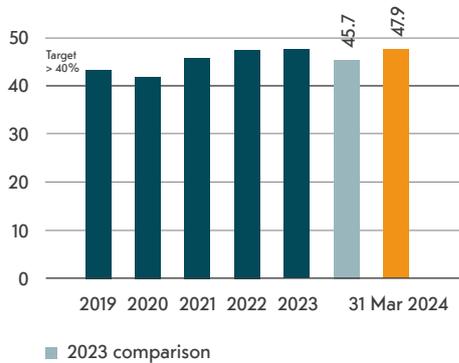
Shareholders' equity, EUR million



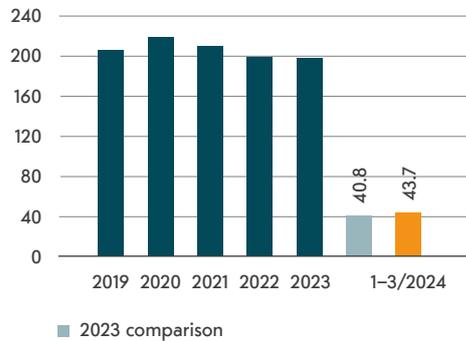
Return on invested capital, %



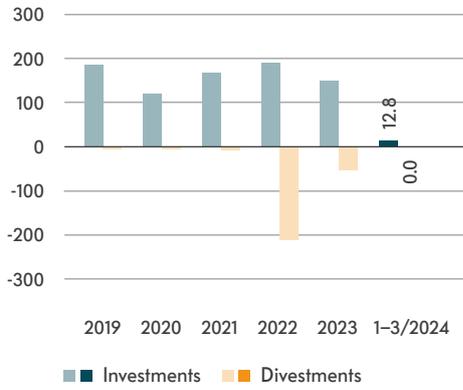
Equity ratio, %



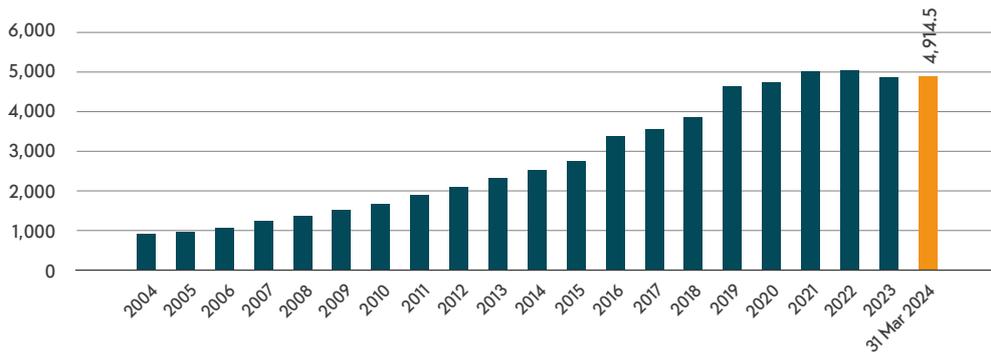
Net rental income, EUR million



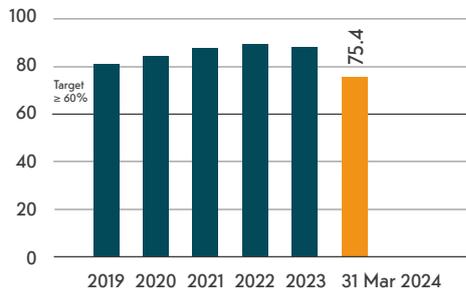
Housing investments and divestments, EUR million



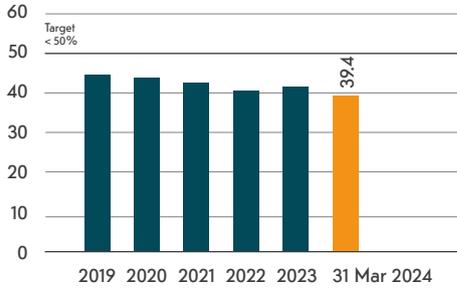
Trend in the investment property portfolio, EUR million



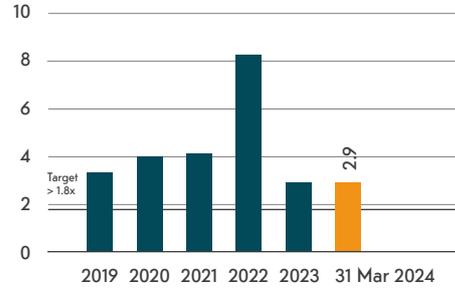
Unencumbered assets, %



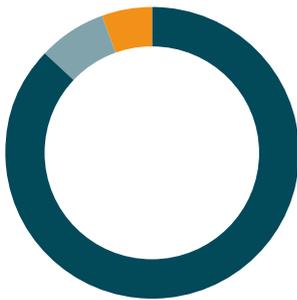
Solvency ratio, %



Interest coverage ratio



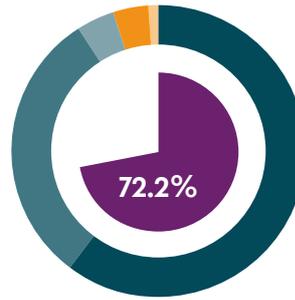
Regional distribution of the housing portfolio 31 March 2024, %



- Helsinki Metropolitan Area 86.9%
- Tampere region 7.5%
- Turku region 5.6%

Total housing portfolio EUR 4,754.7 million

Debt portfolio, Nominal values 31 March 2024, total EUR 2,278.1 million



- Bank loans 1,375.3
- Corporate bonds 700.0
- Commercial papers 92.0
- Interest subsidised 87.4
- State subsidised (ARAVA) 23.4

CONSOLIDATED INCOME STATEMENT, IFRS

EUR million	1 Jan–31 Mar 2024	1 Jan–31 Mar 2023	1 Jan–31 Dec 2023
Net sales	74.7	70.9	288.4
Property maintenance expenses	-31.0	-30.1	-89.7
Net rental income	43.7	40.8	198.7
Fair value change of investment properties, realised	-0.1	0.0	-18.7
Fair value change of investment properties, unrealised	1.7	-46.9	-249.3
Sales, marketing and administrative expenses	-9.5	-10.5	-41.4
Other operating income	0.6	0.0	0.0
Other operating expenses	-1.6	-0.6	-3.0
Share of profit of associated companies and joint ventures	0.0	0.0	0.0
Operating profit	34.9	-171	-113.6
Financial income	12.0	1.7	17.7
Financial expenses	-27.3	-16.7	-89.8
Net financing expenses	-15.3	-15.0	-72.2
Profit before tax	19.6	-32.1	-185.8
Income tax expenses	-3.9	5.9	31.9
Profit for the period	15.7	-26.2	-153.9
Profit for the period attributable to			
Equity holders of the parent	15.7	-26.2	-153.9
Non-controlling interests	0.0	0.0	0.0
Total	15.7	-26.2	-153.9
Earnings per share attributable to equity holders of the parent			
Basic, EUR	0.23	-0.46	-2.72
Diluted, EUR	0.23	-0.46	-2.72
Average number of shares, million pcs	69.7	56.6	56.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR million	1 Jan–31 Mar 2024	1 Jan–31 Mar 2023	1 Jan–31 Dec 2023
Other comprehensive income			
Items that may be reclassified to income statement			
Cash flow hedges	1.5	-3.9	-16.7
Translation differences	-	-	8.3
Non-current assets held for sale	-	2.0	-
Related tax	-0.3	0.8	3.3
Items that may be reclassified to income statement total	1.2	-1.1	-5.1
Other comprehensive income, net of tax	1.2	-1.1	-5.1
Total comprehensive income	16.9	-27.3	-159.0
Comprehensive income attributable to			
Equity holders of the parent	16.9	-27.3	-159.0
Non-controlling interest	0.0	0.0	0.0
Total	16.9	-27.3	-159.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR million	31 Mar 2024	31 Mar 2023	31 Dec 2023
ASSETS			
Non-current assets			
Investment property	4,914.5	4,993.7	4,885.7
Tangible assets	3.1	3.4	3.3
Intangible assets	6.9	7.1	7.2
Investments in associated companies and joint ventures	0.1	0.1	0.1
Other non-current investments	1.0	1.0	1.0
Other right-of-use assets	3.9	4.6	4.2
Derivative receivables	24.5	34.0	23.0
Non-current receivables	2.9	3.3	3.1
Deferred tax assets	10.6	6.0	10.5
Total	4,967.6	5,053.1	4,938.1
Current assets			
Account and other receivables	42.5	28.7	129.1
Current tax assets	1.5	3.8	10.8
Cash and cash equivalents	293.3	232.6	7.0
Total	337.3	265.2	146.9
Non-current assets held for sale	-	51.2	-
TOTAL ASSETS	5,304.9	5,369.5	5,085.0
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	4.4	4.4	4.4
Fair value and other reserves	19.3	28.4	18.1
Reserve fund	43.7	43.7	43.7
Reserve for invested non-restricted equity	314.8	114.8	227.9
Retained earnings	2,156.7	2,262.4	2,141.0
Total	2,538.9	2,453.7	2,435.2
Non-controlling interests	-0.2	-0.2	-0.2
TOTAL SHAREHOLDERS' EQUITY	2,538.7	2,453.6	2,435.0
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	368.8	403.7	366.1
Provisions	1.4	1.5	1.5
Lease liabilities	53.8	52.6	54.2
Derivative liabilities	0.0	0.2	0.1
Long-term interest bearing liabilities	1,667.4	1,845.9	1,516.3
Total	2,091.4	2,304.0	1,938.2
Current liabilities			
Accounts payable and other liabilities	68.4	83.6	58.6
Provisions	0.5	0.5	0.5
Lease liabilities	5.3	4.9	5.3
Current tax liabilities	-0.8	0.0	4.4
Short-term interest-bearing liabilities	601.4	522.9	642.9
Total	674.7	611.9	711.8
TOTAL LIABILITIES	2,766.2	2,915.9	2,650.1
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5,304.9	5,369.5	5,085.0

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS

EUR million	1 Jan–31 Mar 2024	1 Jan–31 Mar 2023	1 Jan–31 Dec 2023
Cash flow from operating activities			
Profit for the period	15.7	-26.2	-153.9
Adjustments:			
Non-cash items included in the profit	-0.6	47.9	253.3
Profit and loss on sales of investment properties and fixed assets	0.0	-0.1	18.5
Other adjustments	-0.1	0.0	0.1
Interest expenses and other financial expenses	27.3	16.7	89.8
Interest income	-12.0	-1.7	-17.6
Dividend income	0.0	0.0	0.0
Income taxes	3.9	-5.9	-31.9
Cash flow before change in net working capital	34.2	30.8	158.3
Change in net working capital:			
Changes in accounts receivable and other receivables	8.9	-9.5	1.1
Change in accounts payable and other liabilities	-3.1	9.5	-7.5
Interest paid	-20.5	-11.2	-91.0
Interest received	3.8	-2.8	13.5
Taxes paid	2.4	-20.1	-35.7
Net cash flow from operating activities	25.6	-3.4	38.8
Cash flow from investing activities			
Investments in investment properties	-30.7	-46.4	-152.1
Net investment in tangible and intangible assets	-0.3	-0.7	-3.8
Cash receipts from loans receivable and debt securities	0.2	0.0	0.0
Loans granted and investments in debt securities	-19.8	0.0	0.0
Disposals of investment property	3.7	0.6	52.6
Net cash flow from investing activities	-46.9	-46.5	-103.3
Cash flow from financing activities			
Share issue	199.9	-	-
Repayments (-) / withdrawals (+) of current loans	-154.8	98.4	230.1
Withdrawals of non-current loans	325.0	130.0	255.0
Repayments of non-current loans	-62.1	-5.9	-472.3
Repayments of lease liabilities	-0.4	-0.4	-1.8
Net cash flow from financing activities	307.6	222.0	11.0
Change in cash and cash equivalents	286.3	172.1	-53.6
Cash and cash equivalents at the beginning of the period	7.0	60.5	60.5
Effect of exchange rate fluctuations on cash held	-	0.1	0.1
Cash and cash equivalents at the end of the period	293.3	232.6	7.0

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

EUR million	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Fair value and other reserves	Reserve fund	Reserve for invested non-restricted equity	Retained earnings	Total		
Shareholders' equity 1 Jan 2024	4.4	18.1	43.7	227.9	2,141.0	2,435.2	-0.2	2,435.0
Comprehensive income:								
Cash flow hedges, net of tax	-	1.2	-	-	-	1.2	-	1.2
Translation differences	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	15.7	15.7	0.0	15.7
Total comprehensive income	-	1.2	-	-	15.7	16.9	0.0	16.9
Transactions with shareholders:								
Share issue	-	-	-	86.9	-	86.9	-	86.9
Dividend	-	-	-	-	-	-	-	-
Transaction with shareholders, total	-	-	-	86.9	-	86.9	-	86.9
Other adjustments	-	-	-	-	-	-	-	-
Total of equity movements	-	1.2	-	86.9	15.7	103.8	0.0	103.8
Shareholders' equity 31 Mar 2024	4.4	19.3	43.7	314.8	2,156.7	2,538.9	-0.2	2,538.7

EUR million	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Fair value and other reserves	Reserve fund	Reserve for invested non-restricted equity	Retained earnings	Total		
Shareholders' equity 1 Jan 2023	4.4	31.5	43.7	114.8	2,286.6	2,481.1	-0.2	2,480.9
Comprehensive income:								
Cash flow hedges, net of tax	-	-3.1	-	-	-	-3.1	-	-3.1
Translation differences	-	-	-	-	-	-	-	-
Non-current assets held for sale*	-	-	-	-	2.0	2.0	-	2.0
Profit for the period	-	-	-	-	-26.2	-26.2	0.0	-26.2
Total comprehensive income	-	-3.1	-	-	-24.2	-27.3	0.0	-27.3
Transactions with shareholders:								
Share issue	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-
Transaction with shareholders, total	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-
Total of equity movements	-	-3.1	-	-	-24.2	-27.3	0.0	-27.3
Shareholders' equity 31 Mar 2023	4.4	28.4	43.7	114.8	2,262.4	2,453.8	-0.2	2,453.6

* includes translation differences

NOTES TO THE INTERIM REPORT

I. GENERAL INFORMATION

SATO Corporation is a Finnish public limited company domiciled in Helsinki, Finland. The registered address of the company is Panuntie 4, 00600 Helsinki. SATO Corporation and its subsidiaries together form the consolidated SATO Group ("SATO" or "the Group"). SATO provides housing solutions and its operations consists of investments in housing properties. The focus of the Group's operations is on the largest growth centers, and approximately 86.9% of the investment property is located in the Helsinki region. The rest of the operations are located in Tampere and Turku.

2. BASIS OF PREPARATION AND NEW ACCOUNTING STANDARDS

SATO's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting standard. Figures presented in this interim report have been rounded from exact figures and therefore the sum of figures presented individually may deviate from the presented sum figure. The preparation of the interim report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The figures in the interim report are unaudited.

The interim report has been prepared according to the same accounting principles as the consolidated financial statements for the year ended 31 December 2023 with the exception of new and amended standards applied to the annual periods beginning on 1 January 2024. New IFRS standards, amendments to standards and IFRIC interpretations which have entered into force at the beginning of the year 2024 has not had any significant impact on the Group.

3. SEGMENT INFORMATION

SATO has one operating segment. Significant operational decisions are made by SATO's Board of Directors, which reviews the operating results and profitability as a single operating segment. SATO completed the divestment of the business in Russia on 14 April 2023. After the transaction, the Group operates in one geographic region, Finland. SATO does not have any single external customers that would account for 10% or more of SATO's revenues.

Net sales by geographical region

EUR million	1-3/2024	1-3/2023	1-12/2023
Finland	74.7	69.8	287.1
Russia	-	1.2	1.3
Total	74.7	70.9	288.4

Non-current assets by geographical region

EUR million	31 Mar 2024			31 Mar 2023		
	Finland	Russia	Total	Finland	Russia	Total
Investment property	4,914.5	-	4,914.5	4,993.7	51.2	5,044.8
Tangible assets	3.1	-	3.1	3.3	0.0	3.4
Intangible assets	6.9	-	6.9	7.1	0.0	7.1
Other right-of-use assets	3.9	-	3.9	4.6	-	4.6
Investments in associated companies	0.1	-	0.1	0.1	-	0.1
Total	4,928.5	-	4,928.5	5,008.7	51.2	5,059.9

EUR million	31 Dec 2023		
	Finland	Russia	Total
Investment property	4,885.7	-	4,885.7
Tangible assets	3.3	-	3.3
Intangible assets	7.2	-	7.2
Other right-of-use assets	4.2	-	4.2
Investments in associated companies	0.1	-	0.1
Total	4,900.5	-	4,900.5

4. GAINS AND LOSSES ON DISPOSAL OF INVESTMENT PROPERTIES

EUR million	1-3/2024	1-3/2023	1-12/2023
Sale of residential investment properties			
Proceeds from disposal of residential investment properties	0.0	0.6	58.9
Carrying value of investment properties sold	0.0	-0.5	-69.7
Translation differences	-	-	-6.3
Total	0.0	0.0	-17.1
Sale of land plots			
Proceeds from disposal of land plots	3.7	-	0.5
Carrying value of land plots sold	-3.7	-	-2.1
Total	-0.1	-	-1.6
Total	-0.1	0.0	-18.7

Proceeds from the disposal of investment properties include the disposal price received net of disposal costs. The carrying value of disposed-of assets includes the fair value recognised in the statement of financial position at the end of the previous year end, plus any further investments made thereafter.

SATO completed the divestment of the business in Russia on 14 April 2023. Translation differences related to the Russian business operations are presented separately.

5. OTHER OPERATING INCOME

EUR million	1-3/2024	1-3/2023	1-12/2023
Other operating income			
Sales income, new production	0.7	-	0.4
New production expenses	-0.7	0.0	-1.4
Other income	0.6	0.0	1.1
Total	0.6	0.0	0.0

6. FINANCIAL INCOME AND EXPENSES

EUR million	1-3/2024	1-3/2023	1-12/2023
Financial income			
Interest income on loans	1.6	0.6	2.3
Interest income on derivatives	4.6	1.1	14.2
Dividend income from other non-current investments	-	-	0.0
Foreign exchange gains	-	0.0	0.0
Fair value gains, financial instruments	-	-	1.2
Other financial income	5.8	-	-
Total	12.0	1.7	17.7

EUR million	1-3/2024	1-3/2023	1-12/2023
Financial expenses			
Interest expense on financial liabilities measured at amortised cost	-22.3	-13.7	-73.7
Interest expense on derivatives	-1.5	-	-5.2
Interest expense on lease liabilities*	-0.9	-0.8	-3.3
Foreign exchange losses	0.0	-0.2	-0.1
Fair value losses, financial instruments	-0.2	-	-
Other financial expenses	-2.4	-2.0	-7.5
Total	-27.3	-16.7	-89.8
Financial income and expenses, net	-15.3	-15.0	-72.2

* Includes the financial expense component from lease agreements recognised in accordance with IFRS 16 Leases. See note 10 for further information.

7. INVESTMENT PROPERTIES

EUR million	1-3/2024	1-3/2023	1-12/2023
Fair value of investment properties at start of period	4,885.7	5,044.2	5,044.2
Acquisitions of properties	18.9	-	0.0
New construction and other investments in properties	14.5	46.1	151.7
Disposals of investment properties	-4.3	-0.5	-70.2
Capitalised borrowing costs	0.2	0.7	1.8
Reclassified from other items	-2.2	-0.3	2.9
Gains and losses in profit and loss from changes in fair value*	1.7	-46.9	-249.3
Exchange rate differences, no P/L effect	-	1.7	1.7
Remeasurement of right-of-use investment properties, no P/L effect	-	-	2.9
Fair value of investment properties at end of period	4,914.5	5,044.8	4,885.7

* Gains and losses from changes in fair value include foreign exchange gains and losses of EUR 0.0 million (0.1).

The fair values for 1-3/2023 include the investment properties classified into Non-current assets held for sale, totalling EUR 51.2 million.

Significant acquisitions and disposals during the period

Based on a precontract concluded on 30 November 2020, SATO Corporation and Senate Properties signed the final contract on a property transaction concerning an upcoming block area of residential buildings in the Viikki district of Helsinki on 7 March 2024. The local detailed plan concerning the block area was confirmed on 1 February 2024. Located at Maakaarenkuja 2, the plot has residential building rights for around 300–350 new apartments. SATO did not make significant divestments of completed investment properties or land plots during the period.

Investment property valuation principles

SATO's investment properties mainly comprise of residential properties. In addition, the investment properties include commercial premises, parking spaces, unbuilt land and development projects, as well as right-of-use investment properties.

The housing properties are located in the largest growth centres, with approximately 86.9% of them located in the Helsinki region. The quality of investment properties is maintained by renovation and repair activities based on their lifecycle and repair plans. The change in the fair value of SATO's investment property was mainly due to market price levels, reclassifications from measurement group to another when legal restrictions ended and changes in parameters used in valuation.

Some of the residential investment properties are subject to legislative and usage restrictions. The so-called non-profit restrictions apply to the owning company and the so-called property-specific restrictions apply to the investment owned. The non-profit restrictions include permanent limitations on the company's operations, distribution of profit, lending and provision of collateral, and the divestment of investments. The property-specific restrictions include the use of apartments, the selection of residents, the setting of rents and divestment of apartments, and they are fixed-term.

The valuation of investment properties in SATO's ownership is based on a method which has been prepared by SATO in co-operation with a third-party expert (currently: JLL). The external expert semi-annually issues a statement on the applicability of SATO's valuation methods, the appropriateness of sources of information used and the credibility of the valuation. As part of the valuation process, the external expert also reviews each SATO's property on site every three years. The principles and methods used in the fair value measurement are approved by the Corporate Management Group. During the quarterly valuation process, all the periodical changes are analysed. The result of the valuation and the changes in fair value are reported to the Corporate Management Group and Board of Directors.

At inception, owned investment properties are recognised at acquisition value, which includes transaction costs. Thereafter, they are recorded at fair value. Gains and losses from changes in fair value are recorded through profit and loss in the period when they are incurred. Fair value of an investment property represents the price that, according to the Group's estimate, would be received for the property in an orderly transaction taking place in the local (principal) market at the reporting date, considering the condition and location of the property. The valuation methods for SATO's owned investment properties are income value method and acquisition cost

method. The valuation is prepared with income value method for investment properties that can be sold without restrictions, or can be sold as entire properties and to a restricted group of buyers. The method is based on a cash flow analysis, whereby the estimated cash flows for 10 years and the terminal value are discounted to their present value. The cash flows are based on property-specific estimates of rental income, vacancy, operating expenses and renovation. The discount rate includes yield requirement and an inflation estimate. The yield requirements are determined based on the location, age and technical condition of the assets. Properties funded with ARAVA loans or interest-subsidised loans are valued at cost less any impairments, which is estimated to represent their fair value. Unbuilt land and development projects whose realisation is uncertain are valued at cost or probable value, whichever is lower, if their fair value cannot be determined reliably.

SATO's right-of-use investment properties include land plots leased for residential construction. The land lease agreements are accounted for as right-of-use assets classified as investment property and measured at fair value in accordance with the IFRS 16 *Leases* and IAS 40 *Investment property* standards. They are valued at the present value of future lease payments of the underlying agreements, which is considered to be equivalent to their fair value.

EUR million	31 Mar 2024	31 Mar 2023	31 Dec 2023
Investment property classified by valuation method			
Income value	4,571.8	4,673.9	4,563.9
Sales comparison value	-	51.2	-
Acquisition cost	288.3	267.3	267.1
Owned investment property, total	4,860.0	4,992.4	4,831.0
Right-of-use investment properties	54.5	52.4	54.7
Total	4,914.5	5,044.8	4,885.7

The sales comparison value on 31 March 2023 includes the investment properties classified into Non-current assets held for sale.

Sensitivity analysis of investment properties

Sensitivity analysis of investment properties has been presented in the 2023 consolidated financial statements. Quarterly changes are not significant. All SATOs investment properties are classified to hierarchy level 3 under IFRS 13. Items which are included in the hierarchy level 3 are measured using input data which is not based on observable market data.

8. TANGIBLE ASSETS

EUR million	1-3/2024	1-3/2023	1-12/2023
Carrying value, beginning of period	3.3	3.3	3.3
Additions	0.1	0.4	1.3
Disposals	-0.1	-0.1	-0.4
Accumulated depreciation of disposals	0.0	0.1	0.3
Transfers between items	0.0	0.0	0.0
Depreciations and impairments	-0.3	-0.3	-1.1
Carrying value, end of period	3.1	3.4	3.3

9. INTANGIBLE ASSETS

EUR million	1-3/2024	1-3/2023	1-12/2023
Carrying value, beginning of period	7.2	7.1	7.1
Additions	0.2	0.4	1.9
Disposals	0.0	-	-0.1
Accumulated depreciation of disposals	-	-	-
Transfers between items	-	0.0	0.1
Depreciation	-0.5	-0.5	-1.8
Carrying value, end of period	6.9	7.1	7.2

10. LEASES

Right-of-use assets

EUR million	1-3/2024	1-3/2023	1-12/2023
Right-of-use investment properties			
Carrying value, beginning of period	54.7	52.6	52.6
Remeasurement of lease agreements	-	0.0	2.9
Changes of fair value in profit and loss	-0.2	-0.2	-0.8
Carrying value, end of period	54.5	52.4	54.7
Other right-of-use assets			
Carrying value, beginning of period	4.2	4.9	4.9
Remeasurement of lease agreements	-	-	0.5
Depreciation for the period	-0.3	-0.3	-1.1
Carrying value, end of period	3.9	4.6	4.2
Total carrying value, beginning of period	58.9	57.5	57.5
Total carrying value, end of period	58.4	57.0	58.9

The right-of-use investment properties include land lease agreements, which are related to residential investment properties. They are measured at fair value and presented under investment properties in the statement of financial position (see note 7). Other right-of-use assets include leases for premises in SATO's own use.

Lease liabilities

EUR million	31 Mar 2024	31 Mar 2023	31 Dec 2023
Non-current			
From land lease agreements	50.7	48.9	50.9
From other lease agreements	3.0	3.7	3.3
Total	53.8	52.6	54.2
Current			
From land lease agreements	4.1	3.8	4.0
From other lease agreements	1.2	1.1	1.2
Total	5.3	4.9	5.3
Total lease liabilities	59.1	57.5	59.5

II. SHAREHOLDERS' EQUITY

The total number of SATO's shares as of 31 March 2024 was 85,062,444 (56,783,067) and the number of own shares held was 166,000 (166,000). The following dividends were distributed by the company during the period:

EUR million	1-3/2024	1-3/2023	1-12/2023
The following dividend was declared by the company:			
Dividend 0.00 (0.00) per share, EUR	0.0	0.0	0.0
Total	0.0	0.0	0.0

The Annual General Meeting of SATO Corporation resolved on 21 March 2024 that dividends shall not be distributed for the 2023 financial period.

12. FINANCIAL LIABILITIES

EUR million	31 Mar 2024	31 Mar 2023	31 Dec 2023
Financial liabilities			
Commercial papers	90.1	113.1	74.9
Corporate bonds	698.9	1,072.0	748.6
Bank loans	1,369.0	1,048.2	1,220.5
Interest-subsidised loans	87.4	107.1	89.6
State-subsidised ARAVA loans	23.4	28.3	25.6
Total	2,268.7	2,368.8	2,159.2

On the reporting date, the average interest of SATO's debt portfolio was 3.6% (2.6) and the average maturity was 3.2 years (3.0).

For purposes of short-term financing, SATO has a commercial paper program of EUR 400.0 million (400.0) of which EUR 308.0 million (286.0) were unused, committed credit limits of EUR 600.0 million (700.0), of which EUR 600.0 million (700.0) were unused, and a non-committed current overdraft limit of EUR 5.0 million (5.0), of which EUR 5.0 million (5.0) were unused.

13. DERIVATIVES

EUR million	31 Mar 2024			31 Mar 2023	31 Dec 2023
	Positive	Negative	Net	Net	Net
Fair values of derivative instruments					
Interest rate swaps, cash flow hedging	23.6	-	23.6	35.0	22.1
Interest rate swaps, not in hedge accounting	1.0	0.0	1.0	-	1.2
Total	24.6	0.0	24.6	35.0	23.3

EUR million	31 Mar 2024	31 Mar 2023	31 Dec 2023
Nominal values of derivative instruments			
Interest rate swaps, cash flow hedging	381.2	457.4	430.3
Interest rate swaps, not in hedge accounting	50.0	-	50.0
Total	431.2	457.4	480.3

Change in fair value of designated interest rate hedges, booked to fair value reserve, totalled EUR 1.2 million (-3.1). Interest rate swaps are used to hedge interest cash flows against fluctuations in market interest rates. Interest rate hedges have maturities ranging mainly between 1–10 years. Typically netting agreements are applied to derivative contracts, however the contracts are represented in gross value in financial statements. The method of presentation has no significant impact on figures on reporting or comparative periods.

14. FAIR VALUES OF FINANCIAL INSTRUMENTS

EUR million	31 Mar 2024			31 Mar 2023		
	Level 1:	Level 2:	Level 3:	Level 1:	Level 2:	Level 3:
Assets						
Other non-current investments	-	1.0	-	-	1.0	-
Commercial paper	-	19.8	-	-	-	-
Derivative assets	-	24.6	-	-	35.1	-
Accounts receivable and other non-interest-bearing receivables	-	27.2	-	-	18.8	-
Cash and cash equivalents	-	293.3	-	-	232.6	-
Liabilities						
Corporate bonds	658.6	-	-	933.7	24.0	-
Other loans	-	1,576.2	-	-	1,299.0	-
Derivative liabilities	-	0.0	-	-	0.2	-
Accounts payable and other non-interest-bearing payables	-	20.1	-	-	14.7	-

EUR million	31 Dec 2023		
	Level 1:	Level 2:	Level 3:
Assets			
Other non-current investments	-	1.0	-
Commercial paper	-	-	-
Derivative assets	-	23.4	-
Accounts receivable and other non-interest-bearing receivables	-	9.3	-
Cash and cash equivalents	-	7.0	-
Liabilities			
Corporate bonds	684.2	-	-
Other loans	-	1,412.6	-
Derivative liabilities	-	0.1	-
Accounts payable and other non-interest-bearing payables	-	13.6	-

Fair values of assets and liabilities at fair value hierarchy level 1 are quoted on operational markets. Level 2 assets and liabilities fair values are based on verifiable input data and level 3 asset and liabilities are based on unverified input data.

SATO fair values of assets and liabilities level 1 are quoted market prices. Values on hierarchy level 2 are based on discounted cash flows, with market rates as calculation input. Loans are presented at acquisition cost.

15. PROVISIONS

EUR million	2024	2023
Provision for refund claim at the beginning of the period 1 Jan	2.0	2.0
Increases	-	0.2
Provisions used	0.0	-0.1
Reversals	0.0	0.0
Provision for refund claim at the end of the period 31 Mar	2.0	2.1

EUR million	31 Mar 2024	31 Mar 2023	31 Dec 2023
Non-current provisions	1.4	1.5	1.5
Current provisions	0.5	0.5	0.5
Total	2.0	2.1	2.0

The provision for refund claim includes guarantees related to new construction business and a 10-year warranty period after completion of the work. The provision for refund claim is measured based on previous claims and an assessment of previous experience. The provision for refund claim will be used, if applicable, within 10 years from the reporting date. SATO has no other provisions on 31 March 2024.

16. NOTES TO THE CASH FLOW STATEMENT

EUR million	1-3/2024	1-3/2023	1-12/2023
Non-cash items included in the profit			
Depreciation and amortization	1.1	1.0	4.1
Gains and losses from changes in fair value of investment properties	-1.7	46.9	249.3
Changes in provisions	0.0	0.0	0.0
Share of profit of associated companies and joint ventures	0.0	0.0	0.0
Total	-0.6	47.9	253.3

EUR million	1-3/2024	1-3/2023	1-12/2023
Changes in interest-bearing debt during the period			
Interest-bearing debt, beginning of period	2,159.2	2,145.7	2,145.7
Cash changes in interest-bearing debt during the period, total	108.1	222.4	12.9
Non-cash changes:			
Change in foreign exchange rates	-	0.0	-
Interest accrued by the effective interest rate method	0.7	0.7	2.3
Transfer of debt to buyers upon disposal of investment property and other adjustments	0.7	0.0	-1.6
Interest-bearing debt, end of period	2,268.7	2,368.8	2,159.2

17. COLLATERAL, COMMITMENTS AND CONTINGENCIES

EUR million	31 Mar 2024	31 Mar 2023	31 Dec 2023
Mortgages and pledges for secured borrowings			
Secured borrowings	627.1	236.2	313.1
Pledges and mortgages provided, fair value	1,306.4	552.0	625.8
Guarantees for others			
Rs-guarantees	1.9	1.9	1.9
Other collateral provided			
Mortgages provided to secure payment of rent and street maintenance	7.2	6.4	7.1
Guarantees and mortgages provided to secure payments of land use contracts	1.1	1.4	1.1
Binding purchase agreements			
For acquisitions of investment properties	10.2	86.2	16.2
Pledges for land use payments on zoned plots	0.6	0.6	0.6
Letters of intent on properties under development for which there is a zoning or other condition	56.8	70.5	74.7

18. RELATED PARTY TRANSACTIONS

SATO Group's related party consists of SATO Corporation, its parent company, sister companies, subsidiaries, joint ventures and associated companies. SATO's related party includes shareholders that have direct or indirect control or joint control or significant influence or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity or is a close family member of the key management personnel. Shareholders whose holding is 20% or more are automatically considered as a related party of SATO. When ownership is below 20% shareholders are considered as a related party when they have considerable influence of the reporting entity, for example through a position in the Board of Directors.

Shareholders that are considered as SATO's related party in 2024 are Balder Finska Otas AB, other Balder-group companies (parent company: Fastighets AB Balder), Erik Selin Fastigheter AB, Stichting Depository APG Strategic Real Estate Pool together with its parent company and asset manager (parent company: Stichting Pensioenfonds ABP, >95%; asset manager: APG Asset Management NV) and Elo Mutual Pension Insurance Company.

The members of the Board of Directors of SATO Corporation, the CEO and other members of the Extended Corporate Management Group and their close family members and the entities controlled or jointly controlled by them and joint venture SV-Asunnot Oy are considered as SATO's related party. The Extended Corporate Management Group comprises of SATO Corporation's President and CEO; EVP, Investments; Commercial Director; Chief Financial Officer; EVP, Housing Business; Chief Digital Officer; VP, Human Resources; Director, Business Development; and VP, General Counsel.

The terms and conditions used in the related party transactions are equivalent to the terms used in transactions between independent parties.

On 28 March 2024, SATO Corporation has received an unsecured revolving credit facility from Fastighets AB Balder in the amount of EUR 350.0 million, with the maturity at 31.3.2027. No withdrawals from the facility were made during the period.

EUR million	1-3/2024	1-3/2023	1-12/2023
Extended Management Group employee benefits			
Salaries and other employee benefits	0.4	0.6	2.1
Total	0.4	0.6	2.1

Incentive schemes

Persons employed by SATO Group are not paid separate remuneration when serving as a member of the Board of Directors or as a President of a Group company. The members of SATO's Corporate Management Group and SATO's other management are covered by an annual incentive scheme based on the SATO's profit and fulfilment of the targets for their respective area of responsibility.

19. NON-CURRENT ASSETS HELD FOR SALE

The asset item in question consisted of the Russian business operations that was sold on 14 April 2023.

EUR million	31 Mar 2024	31 Mar 2023	31 Dec 2023
Investment property	-	51.2	-
Tangible assets	-	0.0	-
Intangible assets	-	0.0	-
Total	-	51.2	-

SATO's investment properties located in St. Petersburg have been measured at fair value net of costs to sell.

On 31 March 2023, the EUR/RUB exchange rate used was 89.1737 which is based on the sale and purchase agreement.

20. SUBSEQUENT EVENTS

Due to reduction in work and in order to achieve savings in a challenging operating environment, the company has initiated change negotiations concerning a large part of the company's organization.

No other significant events after the end of the reporting period.

KEY INDICATORS, GROUP

Key financial indicators	1-3/2024	1-3/2023	2023	2022	2021	2020	2019
Net sales, EUR million	74.7	70.9	288.4	291.2	298.3	303.4	295.6
Net rental income, EUR million	43.7	40.8	198.7	200.4	210.6	220.3	207.1
Operating profit, EUR million	34.9	-17.1	-113.6	198.9	304.5	179.6	725.6
Net financing expenses, EUR million	-15.3	-15.0	-72.2	-47.0	-45.1	-50.0	-55.1
Profit before taxes, EUR million	19.6	-32.1	-185.8	151.9	259.4	129.5	670.5
Balance sheet total, EUR million	5,304.9	5,369.5	5,085.0	5,184.7	5,091.4	5,104.7	4,718.2
Shareholders' equity, EUR million	2,538.7	2,453.6	2,435.0	2,480.9	2,351.3	2,155.7	2,055.8
Interest bearing liabilities, EUR million	2,268.7	2,368.8	2,159.2	2,145.7	2,169.5	2,381.5	2,098.4
Return on invested capital, % (ROIC)	3.0%	-1.4%	-2.5%	4.3%	6.7%	4.1%	18.9%
Return on equity, % (ROE)	2.5%	-4.2%	-6.3%	5.0%	9.1%	4.8%	29.6%
Equity ratio, %	47.9%	45.7%	47.9%	47.8%	46.2%	42.2%	43.6%
Personnel, average*	319	324	333	328	276	229	223
Personnel at the end of period	319	329	323	325	313	242	229
Key indicators per share							
Earnings per share, EUR	0.23	-0.46	-2.72	2.13	3.64	1.80	9.45
Equity per share, EUR**	29.91	43.34	43.01	43.82	41.53	38.07	36.31
Number of shares outstanding, million pcs	84.9	56.6	56.6	56.6	56.6	56.6	56.6
Operational key figures and net asset value							
Operational earnings, EUR million	14.6	11.3	58.7	88.5	101.6	109.0	91.4
Operational earnings per share, EUR	0.21	0.20	1.04	1.56	1.79	1.92	1.61
Net asset value, EUR million	2,872.4	2,816.5	2,767.5	2,849.4	2,779.3	2,577.2	2,477.7
Net asset value per share, EUR	33.83	49.75	48.88	50.33	49.09	45.52	43.76
Cash earnings, EUR million	25.5	1.7	32.9	141.3	107.9	132.1	91.2
Cash earnings per share, EUR	0.37	0.03	0.58	2.50	1.91	2.33	1.61
Quarterly key financial indicators							
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023		
Net sales, EUR million	74.7	73.5	72.5	71.5	70.9		
Net rental income, EUR million	43.7	50.2	55.1	52.5	40.8		
Operating profit, EUR million	34.9	-70.8	25.8	-51.5	-17.1		
Profit and losses from changes of fair value	1.7	-109.3	-18.0	-75.1	-46.9		
Net financing expenses, EUR million	-15.3	-20.8	-18.8	-17.6	-15.0		
Profit before taxes, EUR million	19.6	-91.6	7.0	-69.1	-32.1		
Earnings per share, EUR	0.23	-1.30	0.10	-1.05	-0.46		
Average number of shares outstanding, million pcs	69.7	56.6	56.6	56.6	56.6		
Housing investments, EUR million	12.8	27.5	29.8	46.5	46.2		
as percentage of net sales	17.1%	37.4%	41.1%	65.0%	65.2%		
Operational key figures							
Operational earnings, EUR million	14.6	13.4	19.7	14.3	11.3		
Operational earnings per share, EUR	0.21	0.24	0.35	0.25	0.20		
Cash earnings, EUR million	25.5	17.8	24.6	-11.3	1.7		
Cash earnings per share, EUR	0.37	0.31	0.44	-0.20	0.03		

* Including seasonal employees.

** Equity excluding non-controlling interests.

FORMULAS USED IN CALCULATION

Net rental income, EUR =	<p>Net Sales</p> <p>– Property maintenance expenses</p>
Return on investment, % =	$\frac{\text{Operating profit}}{\text{Balance sheet total (average during the period)} - \text{non-interest-bearing debt (average during the period)}} \times 100$
Return on equity, % =	$\frac{\text{Profit for the period}}{\text{Shareholders' equity (average during the period)}} \times 100$
Equity ratio, % =	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total}} \times 100$
Earnings per share, EUR =	$\frac{\text{Profit for the period attributable to owners of the parent}}{\text{Number of shares, Basic (average during the period)}}$
Equity per share, EUR =	$\frac{\text{Shareholders' equity attributable to owners of the parent}}{\text{Number of shares, Basic, at the end of the reporting period}}$
Operational earnings, EUR =	<p>Profit for the period, IFRS</p> <p>–/+ Gains and losses from valuation of investment properties</p> <p>– Profit on sales of investment properties</p> <p>+ Loss on sales of investment properties</p> <p>–/+ Profit on sales of new apartments adjusted with sales and marketing expenses</p> <p>–/+ Profit on sales of land areas</p> <p>–/+ Fair value change of financial instruments</p> <p>–/+ Deferred taxed of above items</p> <p>– Non-controlling interests</p>
Net asset value, EUR =	<p>Shareholders' equity attributable to owners of the parent</p> <p>–/+ Fair value of financial instruments (net), net of tax</p> <p>–/+ Deferred tax assets and liabilities (net)</p>
Cash earnings, EUR =	<p>Operating profit</p> <p>+/- Gains and losses from valuation of investment properties</p> <p>+ Depreciations</p> <p>+/- Change of provisions</p> <p>+/- Defined benefit plans</p> <p>– Cash based financial income and expenses</p> <p>– Cash based taxes</p> <p>+/- Other items</p>

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