



SATO ANNUAL REPORT 2023

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SATO IN BRIEF

SATO is one of Finland's largest rental housing providers and an expert in Finnish housing with more than 80 years of experience. There are roughly 25,000 SATOhomes in Finland's largest growth centres, in the Helsinki metropolitan area, Tampere and Turku.

We offer our residents homes in cities, along good public transport routes. Our homes are pleasant, and we provide our residents with personal and digital services that make their daily lives easier, ensuring that everything works as it should.

We build pleasant homes and diverse living environments. We ensure that the buildings stand the test of time and that our shared urban environment thrives. We enable sustainable housing alternatives for our residents and encourage them to make sustainable living choices.

Profitable business is the basis that enables our work for the benefit of our residents and the promotion of responsible operating methods. The foundation for our business is shared rules, careful and preventive maintenance of our buildings, long-term ownership and high customer satisfaction.



SATO is an expert in Finnish housing with more than 80 years of experience. We offer pleasant homes in Finland's largest growth centres.

OUR STRATEGY



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

43,000

residents at the end of the year

323

SATO employees at the end of the year

over

25,000

SATOhomes

FINANCIAL KEY FIGURES

94.9%

Economic occupancy rate

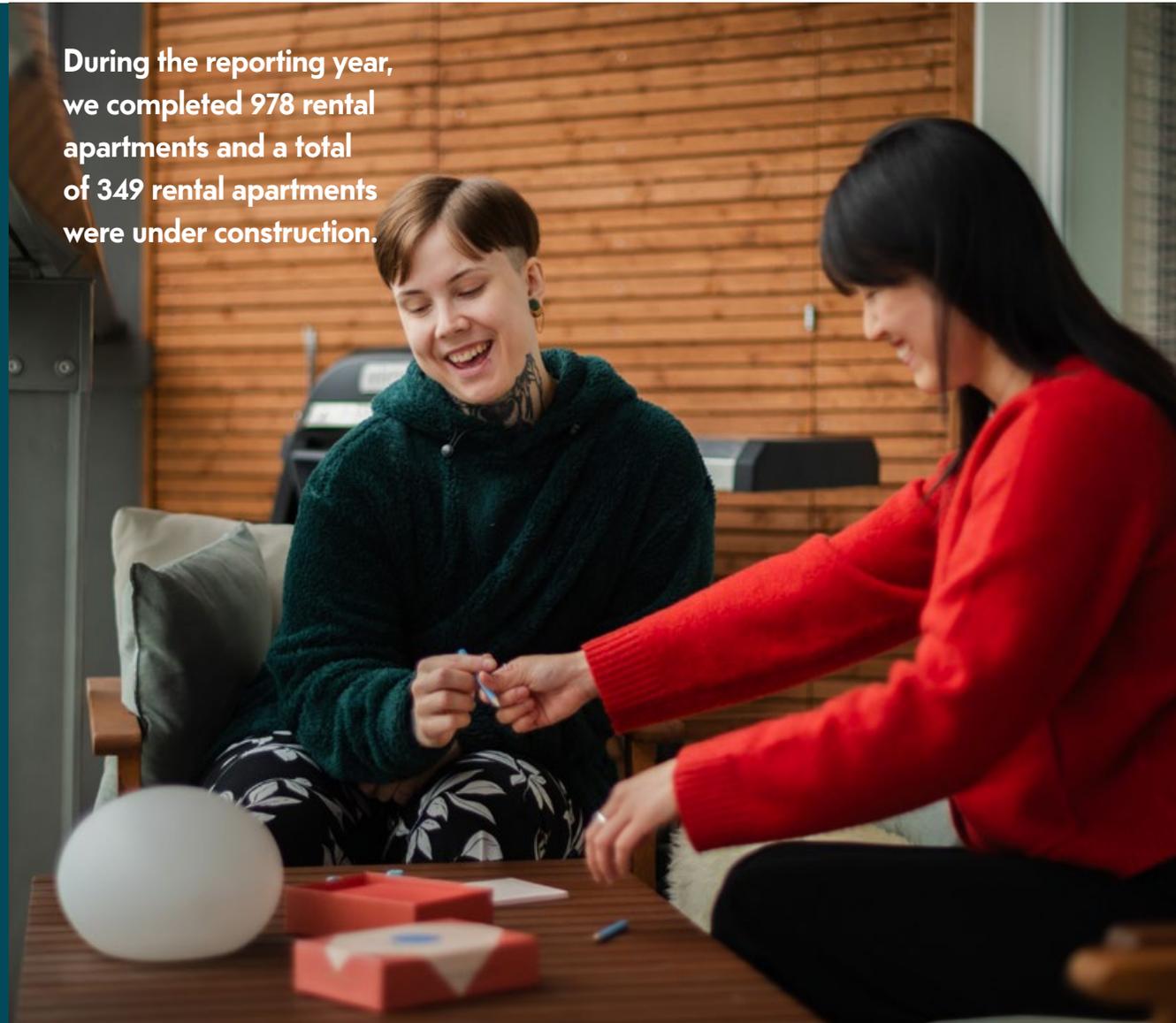
42.4%

Solvency ratio

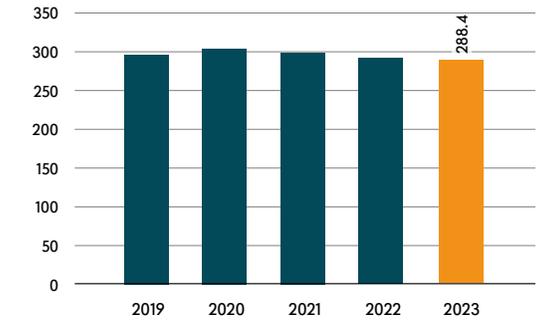
2,435.0
EUR million

Shareholders' equity strengthened

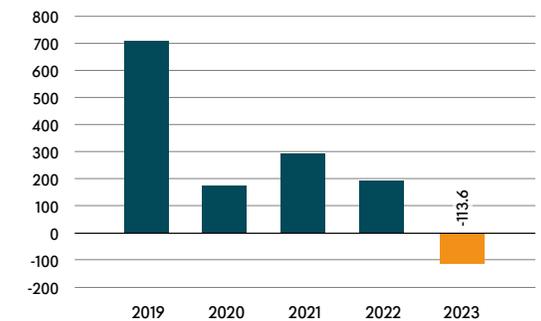
During the reporting year, we completed 978 rental apartments and a total of 349 rental apartments were under construction.



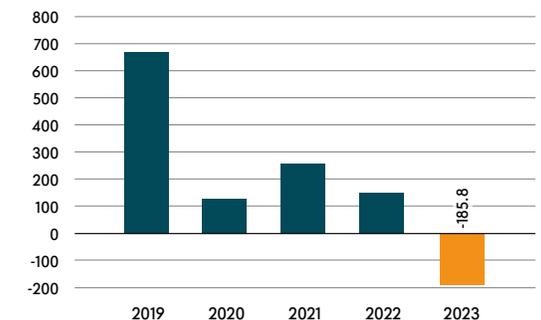
Net sales, EUR million



Operating profit, EUR million



Profit before taxes, EUR million



PRESIDENT & CEO: ANTTI AARNIO

The reporting year 2023 will be remembered by property and apartment rental operators as a year of challenges. The problems faced by the sector during the reporting year also affected SATO and had an impact on the company's business. The high interest rates and high inflation that continued until the end of the year raised costs and impacted consumers' purchasing power. Competition continued to be tough on the rental markets and new construction of rental apartments remained brisk, especially in the Helsinki metropolitan area. Despite this, SATO's financial position remained strong and SATO's customer experience continued its positive development.

As proof of its owners' confidence in SATO, a share issue of up to EUR 200 million started up in December, the goal of which is to bolster the company's equity ratio and balance sheet and to reduce interest-bearing liabilities. The share issue offers us more extensive financing options and strengthens our financial position. The company's majority shareholder, Balder Finska Ots AB (Fastighets AB Balder), has announced that it will support the issue ending on 14 February 2024.

Economic uncertainty continued in Finland in 2023. The high inflation finally turned downward at the end of the year, especially once energy prices fell. However, underlying inflation remained persistently high and exceeded the central banks' goal of 2%. The European Central Bank continued to raise the key interest rate during the reporting year, as a result of which inflation gradually slowed down throughout Europe. The markets forecasted after all that the peak would be reached in late 2023.

Urbanisation continues, and dense urban living is becoming increasingly popular in Finland. There will continue to be demand for rental apartments in growth centres near good public transport connections and services also in the future. Of the major cities, the Helsinki metropolitan area and Tampere and Turku

continue to enjoy robust growth. 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.

Despite the downturn, plenty of new apartments were under construction, particularly in the Helsinki metropolitan area. A record number (7,000–8,000) of apartments intended solely for rent were completed in the Helsinki metropolitan area during the reporting year. In 2024, approximately another 4,000 rental apartments will be completed.

SATO has focussed its operations on the Helsinki metropolitan area and its surrounding municipalities, and Tampere and Turku. During the reporting year, an era came to an end when we finalised the sale of our Russian business in April. Since the sale, SATO no longer has any business operations in Russia.

During the reporting year, close to a thousand new and about 500 renovated rental apartments were completed for SATO in Espoo, Helsinki, Tampere, Turku and Vantaa. As a result of dramatically increased costs and higher financing prices, we decided in October 2022 that we would not initiate new investments for the time being. In 2024, only just over 400 new and renovated rental homes will be completed for SATO.

High inflation has also impacted consumers' purchasing power, which, together with a high cost of living, affects the rental apartment markets. The employment situation became weaker in Finland during the reporting year, and the situation is expected to weaken further in 2024. Finns have less and less income to spend, which means that they have to primarily focus on their necessary expenses, such as housing, as their extra leisure spending decreases.

Since the Covid years, competition between housing providers has been tight with the extensive offering of apartments exceeding demand. Housing providers have competed over good tenants and, as a result, rent increases have fallen behind real costs. Inflation and rising costs of financing may show up in higher rents when the housing supply decreases.

Regardless of the real estate sector's challenges, SATO has continued to focus on development work to increase and improve our presence near customers. We have received good feedback on our house experts and service managers who work in our buildings. We have developed and modernised our digital operating environment and operational information systems that enable us to work more efficiently and serve our customers better at all times of the day and night. As a result of our development efforts, our Net Promote Score (NPS) measuring customer satisfaction improved and was 23, and the NPS measuring different customer interactions was 53. Our tenant turnover fell during the reporting year and our economic occupancy rate was 94.9% (95.2).

Sustainability is at the core of our operations. Our task is to meet, in particular, the needs of our residents and personnel. We have also discussed how we could collaborate with cities to improve development work around housing. With regard to our building portfolio, our focus is on achieving carbon neutrality in in-use energy consumption by the end of 2030. We continue to increase the use of geothermal heat and we completed the installation of solar power plants in 24 residential buildings around the Helsinki metropolitan area, Tampere and Turku. The calculated solar power output generated locally at our properties in 2023 corresponds to the annual power consumption of roughly 250 apartments.

We will report in more detail on our sustainability work in our Sustainability Report, which will be published on 16 February.

In January 2023, SATO was awarded the Great Place To Work® certificate and ranked tenth in the list of Finland's Best Workplaces in the large company category. I am extremely proud and grateful for this recognition as the entire organisation has worked long and hard to develop SATO's culture. A total of 85% of SATO employees feel that SATO as a whole is a great place to work. Diversity, equality and inclusion are key factors through which we will continue to strengthen our understanding and competence among both our personnel and residents.

This year has taught us a lot. Despite the sector's challenges, SATO's objective is to reinforce its foothold in the markets and achieve sustainable growth.

I would like to thank all SATO employees, our partners and the residents living in SATOhomes for our successful co-operation during the past year.

Antti Aarnio
President and CEO



REPORT OF THE BOARD OF DIRECTORS

The company's strategic priorities are customer experience, sustainability and sustainable housing, and SATO employees.

REPORT OF THE BOARD OF DIRECTORS 1 JANUARY–31 DECEMBER 2023

Operating environment

For SATO, 2023 was marked by a tightened situation in the sector, Russia's war of aggression in Ukraine, higher interest rate costs, an inflation-driven rise in costs and the continued high supply of rental housing in relation to housing demand. The sharp rise in energy prices resulting from the war in Ukraine was reflected in the Finnish economy. Although an energy crisis was avoided, economic momentum remained weak throughout the reporting year as a result of prolonged inflation and high interest rates. The Finnish economy remained in a downturn in 2023, and according to the Bank of Finland's December projection, the gross domestic product contracted by 0.5% in 2023.

In 2023, headline inflation was at a high level, at around 4.4%. Core inflation persistently remained above the two per cent mark, which is why central banks continued their policy to tighten interest rates throughout the year. In late 2023, energy prices fell to a seasonally normal level and inflation began to fall. Consumers' confidence in their own finances remained low, which translated into cautious spending. The employment rate stopped rising and declined as economic growth stalled. The employment situation is expected to weaken further in 2024. On the other hand, inflation has slowed, interest rate costs are expected to fall and households' purchasing power is expected to increase. These developments are anticipated to have a positive impact on Finland's economy.

The housing sector was impacted by economic uncertainty, a high interest rate level and a rise in living costs. The outlook for housing construction darkened to an exceptional degree in 2023 as a result of rising costs and weaker demand. The record-low demand for housing also had a significant impact on housing starts for both owner-occupied and rental apartments. According to the Confederation of Finnish Construction Industries, housing starts contracted dramatically in 2023, although previously started projects kept the supply high in the Helsinki metropolitan area during 2023.

Strong demographic growth is expected to continue in the Helsinki metropolitan area, Tampere and Turku, while growth in the whole country will likely start to decline in 2031. The population of 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. Ageing populations typically move closer to growth centres and the services they offer, and they also increasingly expect housing-related services. The change in the population structure and development in the prices of owner-occupied apartments create a stable foundation for demand for rental housing especially in the capital area and in Tampere and Turku.

Despite positive internal migration, competition for good tenants remained tight during the reporting year, and rent increases remained moderate. Housing providers have not been able to pass the actual cost rises on to rents. The increased cost level creates pressure to increase rents in the upcoming years.

Economic uncertainty may have a positive impact on the demand for rental apartments. Some of those looking for an owner-occupied apartment may also consider rental housing as an option.

Recovery from the downturn is expected to happen slowly. Prices have risen and consumers' confidence is weak. The Bank of Finland projected, already in December 2023, that economic growth in 2024 would be negative 0.2%. The employment situation is expected to weaken slightly further in 2024. Economic growth is forecast to improve in 2025, as a result of which the employment situation will also take an upward turn.

Strong demographic growth is expected to continue in the Helsinki metropolitan area, Tampere and Turku.



Strategy

SATO is a housing investment company operating in the Helsinki metropolitan area, Tampere and Turku. Our operations are based on our values – Human to human, Be bold, aim high, and Joy of succeeding together.

The company's strategic priorities are customer experience, sustainability and sustainable housing, and SATO employees. We want to be present in our customers' daily lives so that we can offer a successful customer experience. We build sustainable homes and take care of them in accordance with the life-cycle principles. SATO is committed to maintaining and constructing the buildings in a financially sound manner. Our employees make these goals possible. Well-being at work, an inspiring employee experience and a coaching management style encourage SATO employees to develop and build the SATO of the future.

We measure our success using strategic indicators. We strive to improve our residents' net promoter score (NPS), maintain our Investment Grade credit rating and achieve a return on equity in line with the set target.

In the reporting year, our strategy focussed on improving a seamless customer experience, we advanced the realisation of the targets laid down in the sustainability programme for 2023–2026 and took measures to maintain profitability in a challenging market situation.

Strategic goals

Continuously improving NPS during living

We aim for a continuously improving Net Promoter Score (NPS) from our residents. Active presence serving residents in SATO buildings help us reach our goal.

Maintaining credit rating

Our strategic goal is to maintain the credit rating. In the reporting year we maintained our credit rating (BBB) with a negative outlook. The credit rating helps us to further expand our financing base and lower our financing costs.

Return on equity target

Our third strategic target is our return on equity target, which was 8% during the strategy period.

Net sales and profit

In 2023, consolidated net sales were EUR 288.4 million (291.2).

Operating profit was EUR -113.6 million (198.9). The operating profit without the fair value change of investment properties was EUR 135.7 million (213.8). The change in fair value was EUR -249.3 million (-14.9).

Net financing costs totalled EUR -72.2 million (-47.0).

Profit before taxes was EUR -185.8 million (151.9). Cash flow from operations (free cash flow after taxes excluding changes in fair value) amounted to EUR 32.9 million (141.3).

Earnings per share were EUR -2.72 (2.13).

Financial position and financing

The consolidated balance sheet totalled EUR 5,085.0 million (5,184.7) at the end of December. Equity was EUR 2,435.0 million (2,480.9). Equity per share was EUR 43.01 (43.82).

The Group's equity ratio was 47.9% (47.8) at the end of the year. EUR 255.0 million in new long-term financing was withdrawn (137.3) and the solvency ratio was 42.4% (40.7) at the end of December.

The Group's return on equity was -6.3% (5.0). Return on invested capital was -2.5% (4.3).

Realisation in 2023

Fulfilled

Fulfilled

Unfulfilled

Cash and cash equivalents at the end of December totalled EUR 7.0 million (60.5). Interest-bearing liabilities at the end of December totalled EUR 2,159.2 million (2,145.7), of which loans subject to market terms accounted for EUR 2,044.0 million (1,991.3). The loan itemisation is in note 25 of the financial statements. At the end of the reporting year, the average loan interest rate was 3.4% (2.3). Net financing costs totalled EUR -72.2 million (-47.0). The average maturity of loans was 2.8 years (3.3).

The calculated impact of changes in the market value of interest hedging on equity was EUR -13.4 million (48.1). The proportion of unsecured loans to all loans was 85.4%. At the end of the year, the proportion of unencumbered assets was 87.7% of the balance sheet.

Issue of shares

Maintenance costs have increased due to persistently high inflation, and the dramatically risen interest rate level has simultaneously led to a significant rise in financing costs. In the current market situation, it has not been possible to pass the costs on to apartment rents in full. Supply has exceeded demand in the Finnish housing market as a result of intense construction activity in recent years.

In an effort to improve the company's financial position, the company's Board of Directors launched, based on the authorisation granted by the General Meeting in December 2023, a share issue of up to EUR 200.0 million. The share issue is aimed at strengthening the company's equity ratio and balance sheet and at reducing interest-bearing liabilities. The company's largest shareholder, Balder Finska Oṫas AB (Fastighets AB Balder), has announced that it will support the issue ending on 14 February 2024.

Group structure

SATO Corporation is the parent company of SATO Group. At the end of the reporting year, the parent company had a total of 13 subsidiaries (21) engaged in business operations. Mergers were completed during the year in order to clarify the Group structure.

Net sales

288.4
EUR million

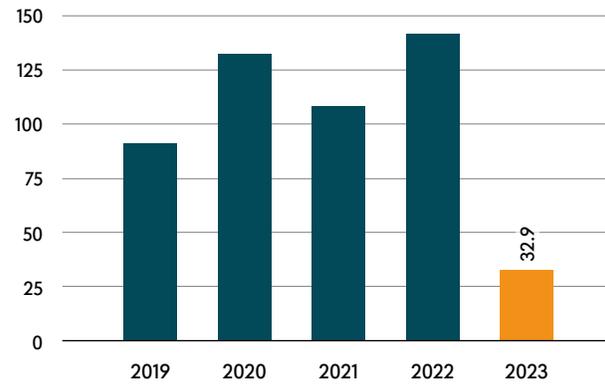
Balance sheet

5,085.0
EUR million

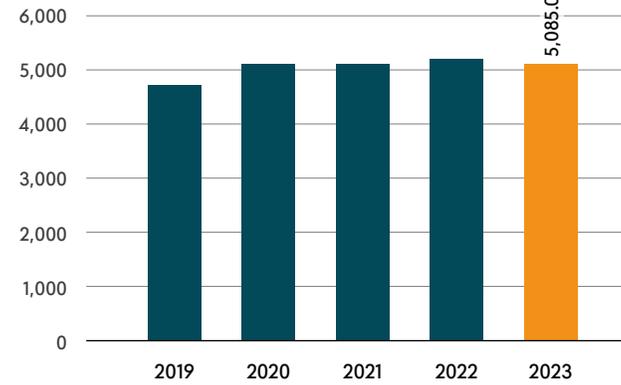
Equity ratio

47.9%

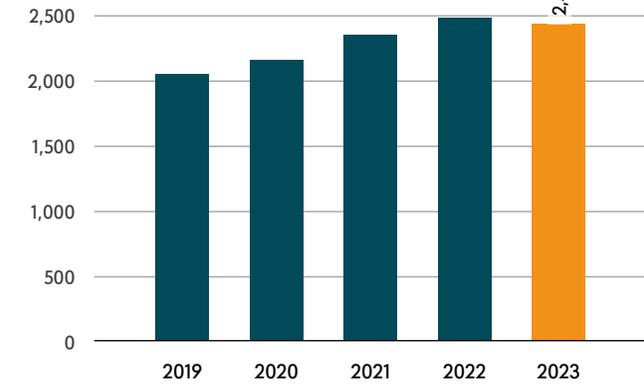
Cash earnings, EUR million



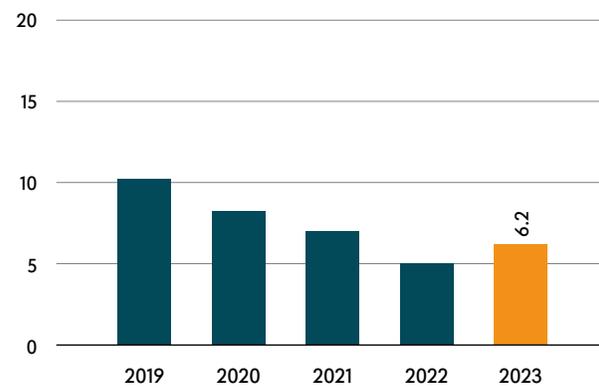
Balance sheet, EUR million



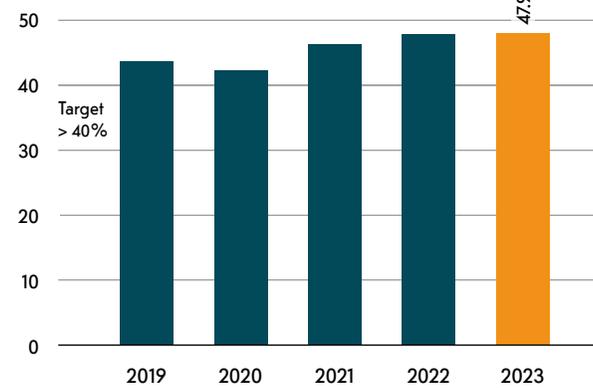
Shareholders' equity, EUR million



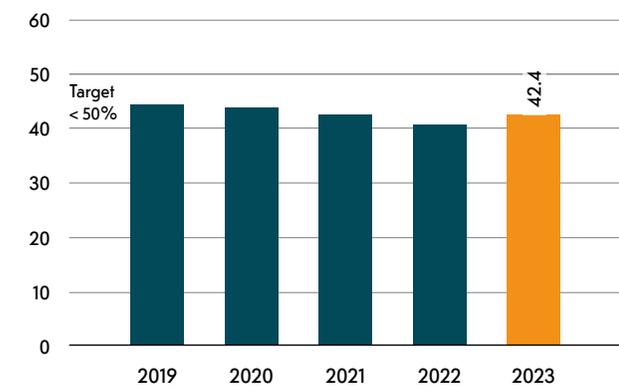
Secured solvency ratio, %



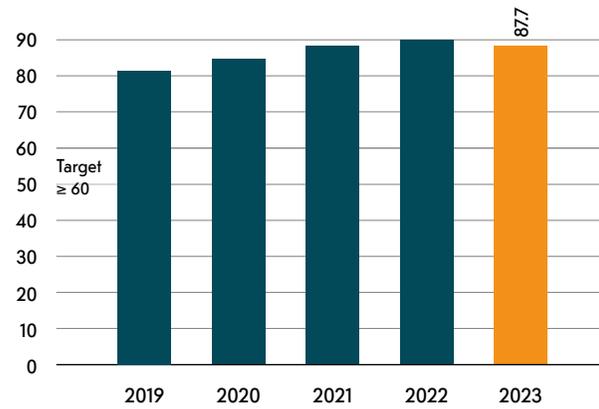
Equity ratio, %



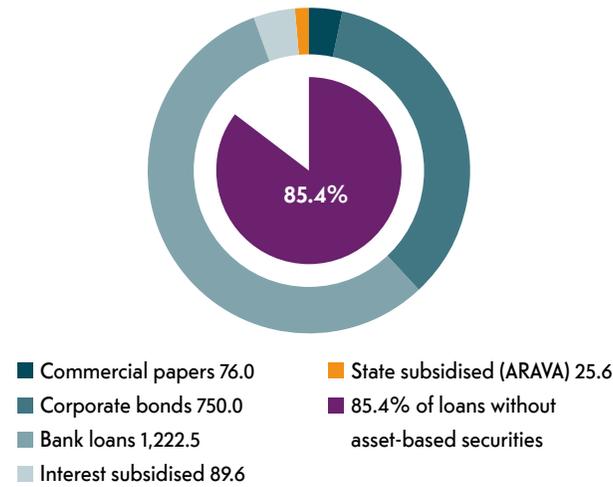
Solvency ratio, %



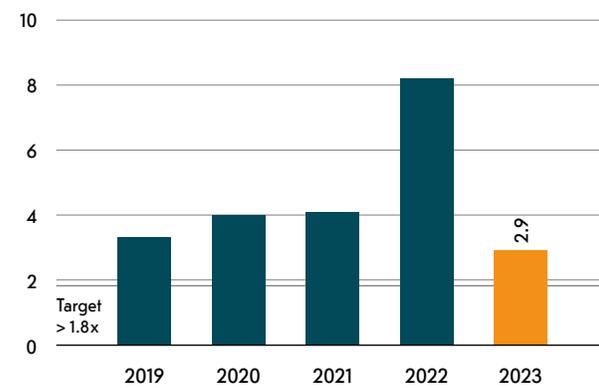
Unencumbered assets, %



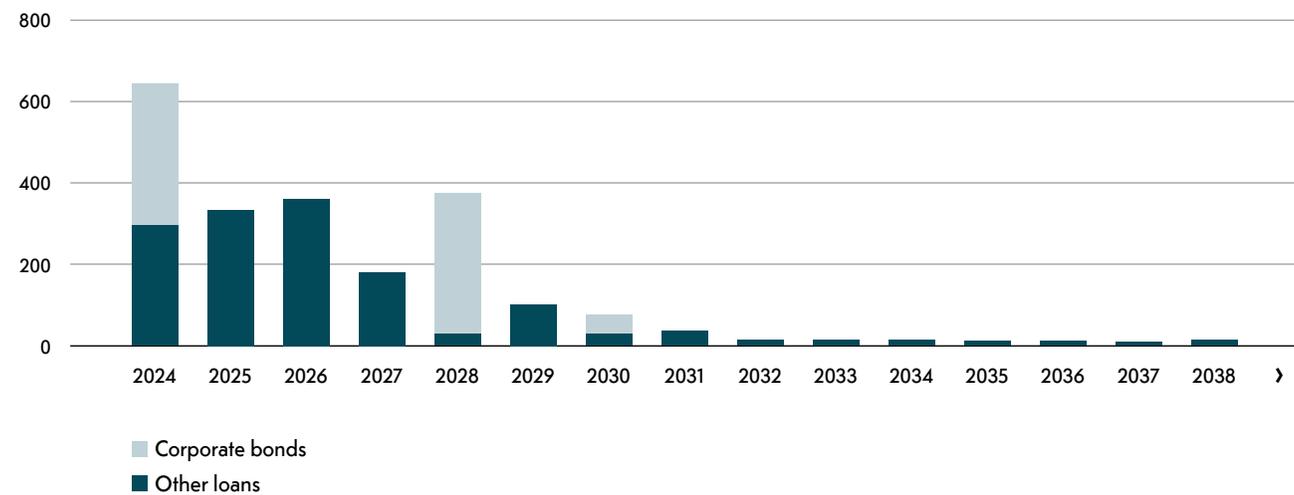
Debt portfolio, Nominal values 31 Dec 2023, total EUR 2,163.7 million



Interest coverage ratio



Maturity profile of long term debt, EUR million



SATO Corporation's majority shareholder is Balder Finska Otas AB, whose parent company is Fastighets AB Balder, which is quoted on the Stockholm Stock Exchange.

Housing business

Our housing business consists of rental activities, customer service, life-cycle management and maintenance. We strive to provide home-seekers with a quick access to a home, a steady cash flow for the Group through effective rental activities and smooth digital services. High-quality property maintenance ensures the comfort of residents and that the apartments stay in good condition and retain their value. Customer focus and good service are the foundation for our interactions with our customers.

During the year under review, apartment rental activities slowed and competition among housing providers tightened especially in growth centres. A large number of new rental apartments were completed in Espoo, Helsinki, Tampere and Turku, giving residents a wider choice.

SATO had approximately 43,000 customers at the end of the year under review. The economic occupancy rate decreased compared to the previous year. Our occupancy rate was 94.9%. We boosted the organisation's activities by improving the service processes, among other things. We also developed customer experience measurement and reporting. Our goal going forward is to further reinforce our presence in our customers' daily lives and to offer them the best possible service.

At the end of the year, 67 house experts and 7 team leaders worked in SATO's house expert organisation. Their primary task is to ensure, together with the maintenance company, that SATO's buildings are comfortable and well-maintained. The house expert model is now in use to its full extent in the properties wholly owned by SATO in the Helsinki metropolitan area, Tampere and Turku.

We serve our customers through various channels, also during the weekend. In addition to personal service, our customer

service can be reached via the chat service at sato.fi/en, where our customers receive help from our service experts and the SATObot, which is on duty 24/7. Multiculturalism is part of our daily life, and we can serve our customers in about 20 languages. We constantly work on improving our digital services together with our customers.

Improved customer service and development measures carried out in different service processes improved the customer experience in many respects. In the beginning of the reporting year, we launched the concept of good encounters for all SATO employees, describing the way we interact with one another, our customers, partners and stakeholders. We want to interact with our customers with the same warmth in both digital channels and face-to-face service situations and settings. We ask our customers for their feedback on how we have succeeded in our interactions through various transactional surveys, and we monitor customer feedback using an indicator measuring interaction.

SATO's customer experience is made up of multiple factors, such as how well the customer's home meets their needs, home removal situations and digital and face-to-face interaction with SATO employees. The concept of good encounters serves as a tool for all SATO employees and helps us ensure a familiar and consistent service experience. In 2023, we measured the company's customer satisfaction using the Net Promoter Score (NPS) index. Our NPS during residency was 23 and the NPS for various transactional situations was 53. The latter is based on feedback from customers in various encounters, such as customer service phone calls, maintenance services provided by house experts, apartment offers and apartment viewings.

Economic occupancy rate was 94.9% on average (95.2). The external tenant turnover rate for rental apartments was 26.8% (28.4). Rental income decreased 1.0% and was EUR 288.4 million (291.2). The average monthly rent of SATO's rental apartments at the end of the reporting year was EUR 18.07 (17.84) per m². Net rental income for apartments was EUR 198.7 million (200.4).

Investment properties

On 31 December 2023, SATO owned a total of 25,468 apartments (24,999). During the reporting year, 978 rental apartments (191) were completed for SATO, and a total of 349 rental apartments (1,327) were under construction. The number of divested rental apartments was 530.

EUR 99.1 million (93.9) was spent on repairing and upgrading apartments. During the reporting year, renovation was completed for 545 apartments and renovation was underway in 56 apartments.

On 14 April 2023, we completed the divestment of our Russian business. SATO operated in St. Petersburg as of 2007, and the company owned 522 rental apartments there. After the sale, SATO has no business operations in Russia.



We boosted the organisation's activities. We also developed customer experience measurement and reporting.

Key financial indicators	Target	2023	2022
Average loan maturity, years	2.5–6	2.8	3.3
Average interest fixing period, years*	3–5	1.9	2.4
Average interest rate, at the end of period, %	-	3.4	2.3
Proportion of fixed rate debt, %	> 60	66.3	72.7

* SATO aims to optimize the interest risk by maintaining the average interest fixing period between 3 to 5 years when market interest rates (ECB key rate) are above 1%, and between 3 to 10 years when market interest rates are equal to or below 1%

Rental activities in Finland	2023	2022
Average rent of rental apartments, EUR/m ² /month, at the end of review period	18.08	17.84
Economic occupancy rate, %	94.9	95.2
Turnover of rental apartments, %	26.8	28.4

SATOhomes	2023	2022
Number of properties	672	683
Total number of apartments	25,468	24,999
Average size of apartment, m ²	53.1	54.0
Fair value of investment property EUR million	4,885.7	5,044.2
Net rental income EUR million	198.7	200.4

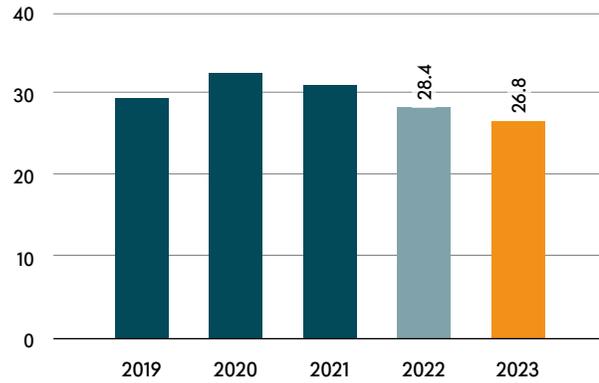
SATOhomes in St. Petersburg	2023	2022
Number of properties	-	13
Total number of apartments	-	522
Average size of apartment, m ²	-	69.0
Fair value of investment property, EUR million	-	60.4
Net rental income, EUR million	0.7	2.9

Plot reserves	2023	2022
Plot reserves, EUR million	44.3	40.8
Plot purchased, EUR million	0.8	18.4
Total permitted building volume in the plot reserve, floor-m ²	100,884	108,755
Owned plots transferred to production or sold, EUR million	2.6	13.5

New production	2023	2022
Completed in Finland, units	978	243
Rental apartments	978	191
FlexHomes	-	52
Under Construction on 31 December, units	349	1,327
Rental apartments	349	1,327
Unsold owner-occupied apartments by 31 December, units	46	48

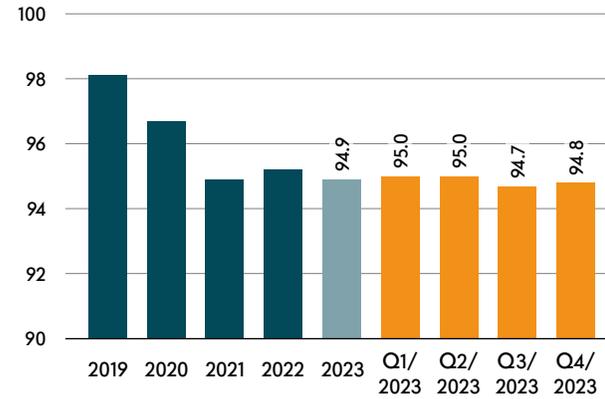
Repairs	2023	2022
Apartments and property repairs, EUR million	99.1	93.9
Repair investments, EUR million	77.9	71.7
Repair subsidies received, EUR million	0.1	0.0

External tenant turnover, %*



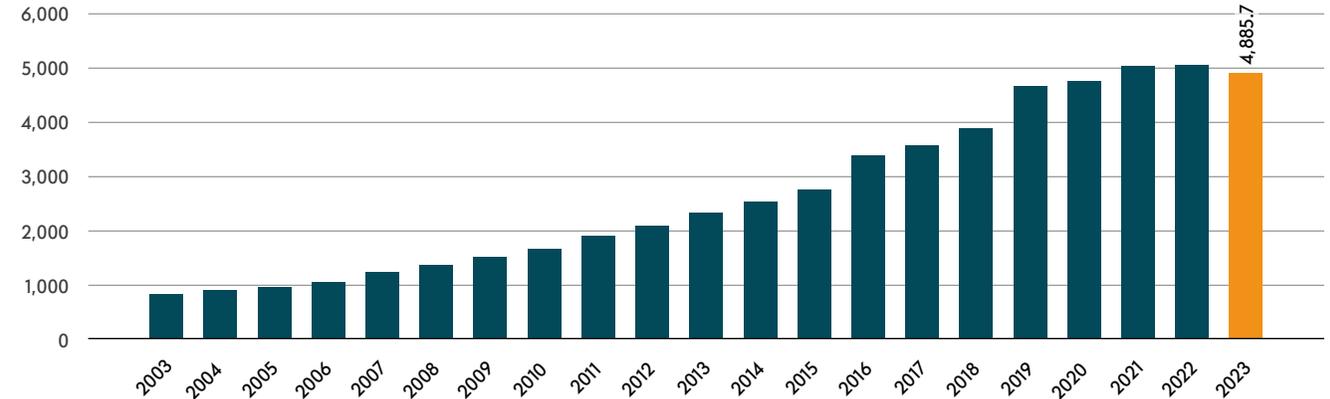
* Housing business in Finland

Economic occupancy rate of rental housing, %*

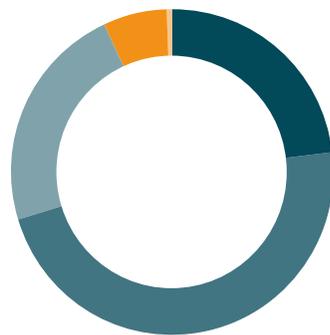


* Housing business in Finland

Trend in the investment property portfolio value, EUR million



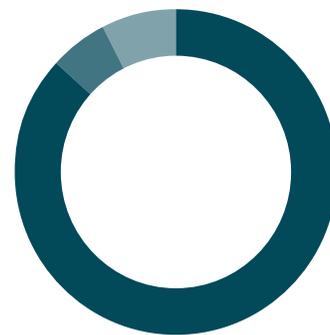
SATO's owned rental homes 31 Dec 2023, %



- 1h 23.1%
- 2h 47.2%
- 3h 22.8%
- 4h 6.5%
- 5h 0.4%

On 31 December 2023, SATO had 349 rental apartments under construction. During the year, 978 rental apartments and 0 Flex Homes were completed for the SATO Group in Finland.

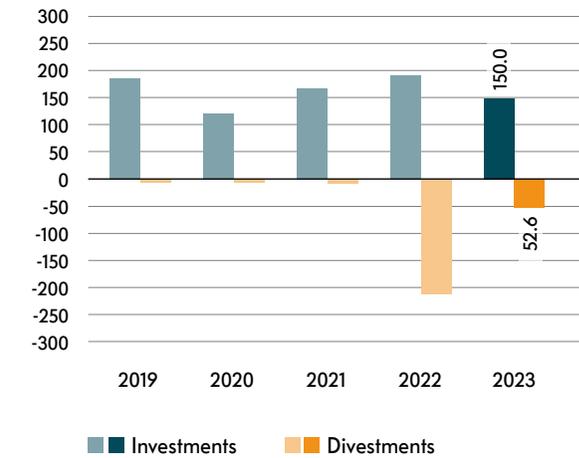
Regional distribution of the housing portfolio 31 Dec 2023, %



- Helsinki metropolitan area 86.9%
- Turku region 5.6%
- Tampere region 7.5%

Total housing portfolio EUR 4,740.0 million

Housing investments and divestments, EUR million



Fair value

The development of the value of rental apartments is a key factor for SATO. The housing stock is focussed on areas and apartment sizes that are expected to grow in demand in the long term. The allocation of building repairs is based on life-cycle plans and repair need specifications.

The fair value of investment properties on 31 December 2023 totalled EUR 4,885.7 million (5,044.2). The change in the value of investment properties, including investments and divestments in the financial year, was EUR -158.5 million (11.4).

The value of properties funded with ARAVA loans or interest-subsidised loans would be EUR 260 million higher when valued with income value method.

The external expert JLL Finland Oy (JLL) issues a biannual statement on the valuation methods applied by SATO, the appropriateness of sources of information used and the quality and credibility of the valuation for Finnish investment properties. JLL's latest statement was issued on the valuation carried out on 31 December 2023. The criteria for the determination of the fair value are presented in the notes to the consolidated financial statements.

The change in value was mainly influenced by the increase in yield requirements.

At the end of the year, the Helsinki metropolitan area's commuting area accounted for some 86.9%, Tampere for some 7.5% and Turku for 5.6% 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. SATO's investments in the 2000s in non-subsidised rental apartments total more than EUR 3 billion. SATO acquires and builds entire rental buildings and single rental apartments. Property development allows for new investments in rental apartments. The rental

potential and value of rental apartments owned by SATO are developed through repair activities, which help increase comfort and improve energy efficiency.

In response to continued strong urbanisation, SATO invests, in addition to Helsinki, Espoo and Vantaa, also in their surrounding municipalities and in Tampere, Turku and their surrounding municipalities. Investments in rental apartments were EUR 150.0 million (190.5). Investments in the Helsinki metropolitan area represented 89.1% of all investments in the reporting year. Investments in new apartments represented 46.1% of the investments. In addition, SATO's binding purchase agreements in Finland on 31 December 2023 totalled EUR 17.4 million (114.3). During the reporting year, 530 rental apartments (2,021) were divested. These totalled EUR 52.6 million (210.6).

The book value of plot reserves totalled EUR 44.3 million (40.8) at the end of the reporting year. The value of new plots acquired by SATO by the end of December 2023 totalled EUR 0.8 million (18.4).

The permitted building volume for approximately 1,200 apartments is being developed for the plots in the company's housing portfolio. The aim is to utilise the existing infrastructure, create a denser urban structure and bring more residents close to services and good public transport connections.

We engage in urban development together with cities and other operators in the sector. Developing urban districts benefits not only the future residents of new apartments, but also the existing residents, as services improve and the urban environment develops. As a long-term property owner, housing investor and housing provider, SATO has the will to build nice homes, residential areas and pleasant urban areas for decades to come.

During the reporting year, we continued the development of, among other areas, Itäkeskus in Helsinki, Soukka in Espoo and in Tohloppi Tampere. In Helsinki, we are involved in developing the Puotila metro station area and the Puhos and Stoa area into

a new centre for East Helsinki. In Espoo's Soukka, we are developing, together with the city, the Soukka centre area through complementary construction of SATO's residential buildings located in the immediate vicinity of the metro station.

In the spring, we launched a complementary planning project in Tohloppi, Tampere, aimed at building two new residential buildings owned by SATO in West Tampere. SATO also has several development projects underway in Espoo, Helsinki, Järvenpää, Kirkkonummi, Tampere, Turku and Vantaa.

During the reporting year, plots in areas developed by SATO were sold to construction companies and other partners. This enables the construction of approximately 120 owner-occupied apartments and one grocery store, thus promoting the diverse development of the residential areas.

During the reporting year, close to a thousand new rental apartments were completed for SATO. In the Helsinki metropolitan area, apartments were completed in Espoo (Vermonniitty and Karakallio), in Helsinki (Veräjämäki) and in Vantaa (Hakunila and Keimolanmäki). New rental apartments were also completed in Tampere (Hervantajärvi) and Turku (Skanssi).

We renovate the rental homes and properties we own according to the life-cycle principle. Renovations were completed in more than 500 apartments in Helsinki (Etelä-Haaga, Pitäjänmäki, Kallio, Etu-Töölö and Pohjois-Haaga). In Vantaa, renovations were completed at the property located in Martinlaakso.

Housing starts have been at an all-time low in the entire sector. The supply of new rental apartments will strongly decrease over the next few years. In autumn 2022, we decided not to initiate any new investments for the time being. Behind the decision were higher financing costs and the rise in construction and maintenance costs driven by dramatically increased inflation. In 2024, SATO will see the completion of a total of 349 new rental apartments in Tuusula (Hyrylä) and Espoo (Finnoo). Renovations will be completed in a 56-apartment property located in Kallio, Helsinki.

Housing investments

150.0
EUR million

Net rental income

198.7
EUR million

Fair value of investment properties

4,885.7
EUR million

We are committed to improving the energy efficiency of our properties and we are increasing local production of renewable energy at our properties. More information about our energy efficiency work can be found in the sustainability section.

Sustainability

During the reporting year, our sustainability work was governed by SATO's strategy and our sustainability programme for 2023–2026, according to which our goal is to be a forerunner in sustainable rental housing. The themes of our sustainability programme are sustainable housing (environmental responsibility), the well-being of communities (social responsibility) and profitable business sustainably (financial and administrative responsibility). Our programme's policies are linked to the UN Sustainable Development Goals (SDG). During the year, we advanced sustainability work in line with the targets in all areas.

In line with our sustainability programme, we focussed on the following themes in the area of environmental responsibility: carbon neutrality and energy efficiency, circular economy and biodiversity. SATO's goal is to be carbon neutral by the end of 2030 when it comes to in-use energy consumption. During the reporting year, we drew up a carbon roadmap, which specifies our interim targets and actions to achieve our carbon neutrality goal. In addition to continuous measures to improve energy efficiency, we invest in locally produced renewable energy. For example, by the end of 2030, we will switch over to geothermal heat in all our homes located in Helsinki wherever possible and where it also makes financial sense. We continuously collaborate with energy suppliers in order to save energy and increase carbon neutral energy solutions, among other things.

SATO's goal is to promote material efficiency and the circular economy both during building use and in new building construction and renovation projects. We participated in the circular economy project of the City of Helsinki, aimed at bringing together construction sector parties to discuss ways to promote circular economy.

During the reporting year, we prepared SATO's first biodiversity roadmap for 2024–2026, which is based on charting the current state and a materiality analysis. Our goal is to slow down biodiversity loss and improve biodiversity in housing development and in the areas where our existing buildings are located. We take biodiversity into consideration in everything we do, initiate actions to improve biodiversity in our properties and develop our competence in biodiversity issues.

An external, independent sustainability panel consisting of experts in sustainable production and consumption selected eight of SATO's renovated buildings for the [Ostavastuullisesti.fi](https://ostavastuullisesti.fi) website in autumn 2023: Ansaritie 1A and 2–4 (Etelä-Haaga, Helsinki), Graniittitie 8 and 13 (Pihlajamäki, Helsinki), Kannelkuja 6 (Itä-Hakkila, Helsinki), Piispantie 3 and 5 as well as Rikhard Nymanintie 3 (Pitäjänmäki, Helsinki) and Porttikuja 11 (Kontula, Helsinki). For the time being, SATO is the only rental housing provider in the [Ostavastuullisesti.fi](https://ostavastuullisesti.fi) service. The products or services selected for the website are more sustainable than other available options.

We participated for the ninth time in the Global Real Estate Sustainability Benchmark (GRESB) assessment. SATO received three stars on a scale of one to five. SATO's score in the Standing Investments Benchmark (existing properties) rose to 76 from the 73 points received in the previous year and in the Development Benchmark (construction projects), SATO's score rose to 79 points from 75 points in the previous year. In its peer group, SATO's result represents the average of northern European housing investors. SATO's strengths in the GRESB assessment were, for example, sustainability management, risk management, diverse stakeholder co-operation, a comprehensive health and well-being programme and measures for personnel, and issues related to tenants' health and safety. Furthermore, based on the GRESB assessment, SATO's improvement areas are describing processes and documentation related to material selection and monitoring in construction projects in more detail.

Some of our sustainable housing measures are described below under "Impacts on the environment and society".

In the area of social responsibility, we focussed not only on supporting our employees' well-being at work and competence development, but also on improving the comfort and well-being of our residents and promoting diversity and equality. In spring 2023, we launched the concept of good encounters, describing how we interact with other people. The concept creates a consistent approach to all interactions and serves as a tool for SATO employees. Its objective is to ensure that our customers can enjoy a consistent service experience regardless of the situation and the SATO employee and to improve the customer experience, which is a key element of our strategy. The concept was cascaded among SATO employees during spring and early summer, and the related work will continue as an integral part of our daily activities.

During the reporting year, we initiated diversity, equity and inclusion work (DEI) at SATO. Our goal is to increase and reinforce SATO employees' understanding of the topic to even better understand our diverse customer base, promote our personnel's well-being and achieve better results together. We started the work by conducting a self-evaluation of diversity management and by providing coaching to the Corporate Management Group, supervisors and SATO employees with a interest in DEI work. We launched the DEI plan in a diversity coaching session for the entire personnel in November 2023, conducted theme discussions during the rest of the year in each team and started in-depth supervisor coaching. We will continue building understanding through coaching sessions and discussions also in 2024. We will also, among other things, look into our HR practices, renew our recruitment process to increase diversity and develop indicators for assessing and monitoring the DEI work.

In the area of administrative and financial responsibility, we continued to develop consistent and transparent ways of working during the reporting year. In the reporting year, we started the identification and description of our core processes.



During the reporting year, we prepared SATO's first biodiversity roadmap for 2024–2026. Our goal is to slow down biodiversity loss and improve biodiversity in housing development and in the areas where our existing buildings are located.

We completed a compliance charting and renewed our Code of Ethics for employees and co-operation partners. We updated the framework for green financing, which is focussed on energy-efficient properties and improving their energy efficiency. We expanded the remuneration criteria to cover, in addition to customer experience and economic occupancy rate, also sustainability by making the realisation of the annual targets specified in the sustainability programme part of the remuneration paid to all SATO employees.

SATO has a **First Whistle channel** in place, through which SATO employees and external stakeholders can confidentially report detected or suspected misconduct or other inappropriate conduct.

We report on our sustainability annually in accordance with the Global Reporting Initiative's (GRI) reporting guidelines, and the environmental sustainability and procurement figures presented in the report have been verified by an independent third party, i.e. KPMG Oy Ab.

During the reporting year, we continued collaboration with the non-profit organisation No Fixed Abode and the Rehabilitation Foundation in their project to help participants in the project find the two essentials of life – a home and a job. By the end of 2023, 10 people who had participated in the project were living in a SATOhome.

In 2020, we committed to reporting in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) framework. In the framework, the risks are divided into four main categories: transition risks, acute and chronic physical risks and social risks. During the reporting year, risks caused by climate change were part of SATO's general risk assessment that is conducted internally each year. Climate-related risks and opportunities and their impact on the company's operations were addressed in the Corporate Management Group and reported to the Board of Directors twice during the reporting year.

The Corporate Governance Statement, SATO's Code of Ethics and the Group's sustainability programme are available at sato.fi/en.

Impacts on the environment and society

According to the Ministry of the Environment, construction and buildings cause approximately one third of Finland's greenhouse gas emissions. Our most significant climate impacts arise from energy consumption during residency and the construction and repair of our homes. Mitigating climate change and responding to it are at the core of our sustainability work. We aim to reduce the emissions caused by our operations, and our goal is to reach carbon neutrality for in-use energy consumption by the end of 2030.

Our objective is to systematically reduce the negative impacts of our operations on the environment. We reduce the load on the environment by regularly and proactively taking care of and repairing homes and properties according to the life-cycle principle, and by building properties primarily in existing urban environments and near good public transport connections.

The design of SATO's new rental apartments always takes into account energy efficiency and solutions that will last for decades. In new properties, SATO's goal is energy class A (energy performance indicator 75 or below), which is significantly better than that required by the building code (energy performance indicator 90). All of the buildings that were completed during the reporting year were energy class A. In 2023, we did not start any new construction projects.

During the reporting year, we continued to invest in energy efficiency improvements in SATOhomes in connection with renovations. In renovations, our goal is to improve energy efficiency by some 30% compared to earlier. A total of 545 homes were renovated in 2023.

We are committed to the Energy Efficiency Agreement targets for the property sector, aiming for a reduction in the total consumption of electricity and heat of 10.5% from the 2015 baseline by 2025. The use of renewable energy in heating significantly reduces the in-use emissions of homes. Our goal is for 80% of our energy consumption to be renewable or carbon neutral by the end of 2026. We increase local energy production and always

look into the possibility of using geothermal heat and other locally produced energy and heat recovery. We implement these wherever possible and where it also makes financial sense. In 2023, we added a solar power plant to 24 properties located in the Helsinki metropolitan area, Tampere and Turku. At the end of the reporting year, among the properties fully owned by SATO, 1,820 homes had geothermal heat and 247 homes had hybrid heating with district heat and heat pumps. Thirty properties housing 2,999 SATOhomes had a solar power plant. In 2023, building electricity consisted entirely of emission-free electricity.

During the reporting year, specific energy consumption fell by 2.0%, specific electricity consumption rose 8.2% and specific water consumption fell by 1.0% compared to 2022. Specific emissions from SATO's apartments fell by 10.6% compared to 2022 and were 25.2 carbon dioxide equivalent kilograms per square metre (28.2). Emissions are calculated according to the absolute consumption of district heating. Due to the rise in heating and electricity prices, energy costs rose overall.

In addition to the climate, the built environment also has a significant impact on nature, and the construction supply chains also have identified nature impacts. Biodiversity is one of the environmental themes of SATO's sustainability programme, and our goal is to slow down biodiversity loss and improve biodiversity in housing development and in the areas where our existing buildings are located. The measures to promote biodiversity are described in the biodiversity roadmap 2024–2026 in our Sustainability Report 2023. We are continuously improving our actions to promote biodiversity as our understanding, competence and resources increase.

Our business is long-term, transparent and sustainable. For us, sustainability means concrete actions that can be seen in everything we do. We regularly assess and predict the social, economic and environmental risks related to our operations. We strive to systematically reduce the identified negative impacts, for example by following our Code of Ethics, by combating the grey economy, by approving only companies registered with the

Reliable Partner service as our co-operation partners, conducting audits and internal control, and by continuously developing our operations.

We generate a steady financial benefit for our stakeholders, including shareholders, employees, customers, municipalities, the state, and goods suppliers and service providers and their employees. We support growth opportunities in business and industry by offering rental apartments in Finland's largest growth centres, in the Helsinki metropolitan area, Tampere and Turku.

We enable sustainable housing for our residents and encourage them to make sustainable choices in their daily lives. We are a long-term and responsible housing provider for our residents.

Development activities

Our operating model is based on the idea that any needs for improvement and change in the organisation are best identified by the employees whose daily work involves the matters in question. One of the spearheads of SATO's strategy are SATO employees, and our intent is for each SATO employee to develop and build the SATO of the future.

SATO has in place a continuous improvement model for business. We develop our operations as smaller components rather than large units, which speeds up development work and allows processes to be improved effectively. In connection with development work, we identify, prioritise and carry out strategically important actions.

SATO's development activities in 2023 focussed on several aspects that improve the key businesses. Solutions that harmonise business information management were deployed in the property data system KoTi. In KoTi, we are able to manage the key areas of property management centrally and based on consistent data, which makes it easier, for example, to make long-term plans. As a result of the development work, KoTi can be used for identifying and evaluating different repair needs, targeting repairs, as well as for identifying divestment needs.

In rental housing, we will continue the harmonisation of processes also during the next reporting year. We invested in developing digital services, as well as our presence near to the customers, and in building a uniform and seamless service experience. Our goal is to serve our customers in the best way possible, regardless of time or place. Customers can, for example, book an apartment viewing digitally whenever they want.

During the year under review, we moved the majority of our digital services to cloud service platforms. This has made service maintenance more effective and brought the company savings. This has also saved us time, which we have been able to allocate to developing our core businesses. By making effective use of cloud services, we have also improved the company's information security, scalability and operational flexibility. An increasing number of business areas can now be managed directly on the property together with the resident.

We have improved our collaboration by developing our partner channel in terms of, for example, key management for the properties. In addition, we have developed a parking spot rental process, which improves the overall management of rental activities and enables better service for our customers.

OmaSATO, the digital service targeted at residents, turned five during the reporting year. Our goal is to make OmaSATO a better digital rental housing service that makes life easier for residents and encourages them to make more sustainable choices. In 2023, a customer survey was conducted among OmaSATO users, based on which we identified new development areas. We made the user interface more customer friendly using service design. The renewed OmaSATO will be released in early 2024, and its development will be continued.

Modern systems make it easier to automate processes and respond to the different needs of the businesses. As part of the work to develop financial administration, SATO introduced a new accounts ledger system in April 2023. In this connection,

we outsourced customer invoicing in its entirety to our external partner as of 1 April 2023.

A total of EUR 2.3 million (3.2) was spent on development, corresponding to approximately 0.8% of net sales.

Risk management

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 are related to prolonged inflation and the resulting rise in interest rates. As a result of the war in Ukraine, the prices of energy, food, materials and commodities have increased dramatically and interest rates have risen. Higher cost of living can have a negative impact on consumers' purchasing power and ability to meet 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 can have a negative impact on the fair value of investment assets and the company's ability to meet its obligations and to finance investments, which means that new investments and renovations will have to be postponed.

The most significant risks in the renting of apartments are related to economic cycles and fluctuations in demand and supply. High new housing construction activity can increase the supply of rental housing to a point that it exceeds demand. This leads to rental housing vacancies and pressure to even out or lower the rent level, especially for the old housing portfolio.

A weakening in the housing market and a higher interest rate level could have a negative impact on the market value of SATO's housing portfolio. In accordance with its strategy, SATO focusses its investments on growth centres and on renovating and repairing its existing housing portfolio, thus ensuring the rental potential of its apartments and the development of their value.

Changes in official regulations and legislation, as well as the uncertainty stemming from them, may have a significant impact on the reliability of the investment environment and thus on SATO's business. SATO monitors and anticipates these changes and also 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, which has been approved by SATO's Board of Directors. Our financial risk management principles are defined in the treasury policy. 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 a valid EUR 2.0 billion Euro Medium Term Note (EMTN) programme.

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

Floating rate loans form an interest rate risk which we manage by balancing the share of fixed and floating rate loans either by issuing fixed rate loans or by interest rate hedges. According to our treasury policy, our objective is to keep the ratio of fixed rate loans at over 60% of debt portfolio after interest hedging. At the end of the review period, the fixed rate portion of the loan portfolio after hedging was 66.3% (excluding short-term loans).

A more detailed description of risks and risk management is available on the Group's website www.sato.fi/en.

Pending legal actions

SATO has no official procedures, legal actions or arbitration proceedings pending that would have a significant impact on the company's financial standing or profitability, and SATO is not aware of any threat of such proceedings.

Shares

On 31 December 2023, the share capital of SATO Corporation was EUR 4,442,192.00 and there were 56,783,067 shares. The company has one series of shares. The shares are included in the book-entry system maintained by Euroclear Finland Oy.

SATO Corporation holds 166,000 treasury shares. This represents 0.3% of all shares and the votes they confer.

On 11 December 2023, the General Meeting authorised the Board of Directors to decide on the issuance of up to 56,700,000 shares by one or several tranches to raise gross proceeds of up to EUR 200 million. Based on the authorisation, the Board of Directors decided, in December, on a share issue in which the company will offer up to 28,308,533 new shares in the company for subscription to the company's existing shareholders in proportion to the number of shares they hold in the company. The subscription period began on 20 December 2023 and will expire on 14 February 2024.

On 31 December 2023, the Board members or the CEO of SATO Corporation did not directly hold any shares in the company. A more detailed description of the shareholdings of the members of the Board is given in the Corporate Governance Statement 2023.

Personnel

At the end of December, the Group employed 323 people (325), of whom 295 (299) had a permanent employment contract. The average number of personnel was 333 people (328) during the reporting year. The Group's salaries and remunerations in 2023 totalled EUR 22.1 million (21.6).

Shareholders' Nomination Committee

The Shareholders' Nomination Committee consists of representatives of SATO's four largest shareholders registered in the book-entry system on 1 October. If a shareholder chooses not to exercise their nomination right, the right will pass on to the next largest shareholder. The State Pension Fund, the company's fourth largest shareholder on 1 October 2023, did not exercise its nomination right, and the right was passed to Erkka Valkila, the fifth largest shareholder. The Committee consisted of representatives of the following shareholders: Balder Finska Otas AB (Erik Selin), Stichting Depository APG Strategic Real Estate Pool (Johannus (Hans) Spikker), Elo Mutual Pension Insurance Company (Niko Syrjänen) and Erkka Valkila.

Board of Directors, President and CEO, and auditors

The Annual General Meeting held on 23 March 2023 confirmed that the Board of Directors consists of six members.

In 2023, the members of SATO's Board of Directors were chair Erik Selin and ordinary members Esa Lager, Tarja Pääkkönen, Sharam Rahi, Johannus (Hans) Spikker and Timo Stenius.

The Board of Directors convened 16 times in 2023. The Board's work is supported by the Personnel and Remuneration Committee.

In 2023, Antti Aarnio, M.Sc. (Tech.), was SATO's President and CEO.

As the company's auditor, the Annual General Meeting selected the audit firm Deloitte Oy, which appointed APA Aleksi Martamo as the auditor in charge. The auditor's term in office is the financial year, and the auditor's duties end at the closing of the next Annual General Meeting.

Members of the Corporate Management Group

During the financial year 2023, the Corporate Management Group consisted of Antti Aarnio, President and CEO, Arto Aalto, EVP, Investments, Markku Honkasalo, CFO, Janne Ojalehto,

CCO (until 27 January 2023), Laura Laamanen, CCO (as of 11 May 2023) and Elina Vaurasalo, EVP, Housing Business.

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.

Finland's economic growth was negative in 2023. According to the Bank of Finland's December projection, increased prices, higher interest rates and the consumers' weak confidence in the economy will slow economic growth also in 2024.

Inflation slowed strongly in late 2023 as a result of lower energy prices, tightened monetary policy and easing of supply bottlenecks. Core inflation has remained above the European Central Bank's (ECB) target, but the markets expect the ECB to start interest rate cuts during 2024. The slowing inflation and falling interest rates, coupled with households' decent income development, will increase households' purchasing power. Employment is expected to weaken slightly in 2024 but to improve as of 2025.

The continued high level of new housing production has kept competition for good tenants tight and rent increases moderate, and it has not been possible to pass the higher maintenance and financing costs on to rents in full. Higher material costs and interest rates have led to housing starts decreasing almost without interruption since early 2022. The construction of new housing has been in a steep fall in 2023 and the fall will continue in 2024.

There is demand for housing in growth centres thanks to immigration and internal migration. According to Statistics Finland, the net positive migration rate of the Helsinki metropolitan area in 2023 was clearly higher than in the previous year, whereas the number of people moving out was smaller. Of the municipalities in the area, Helsinki and Espoo experienced the highest net positive migration rates.

Decreasing new housing production and population growth in growth centres will reduce supply and increase demand for rental apartments, which will likely translate into higher rents in the future.

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 2024 earnings. The parent company of Balder Finska Otas AB is Fastighets AB Balder, which is quoted on the Stockholm Stock Exchange.

Proposal of the Board of Directors for the distribution of profit

On 31 December 2023, the parent company's distributable equity was EUR 605,177,719.26, of which profit for the period was EUR -20,428,203.12. The company had 56,617,067 outstanding shares entitling to dividends for 2023.

The Board of Directors proposes to the Annual General Meeting that no dividends be paid for the 2023 financial year (EUR 0/share for 2022), and that EUR -20,428,203.12 be transferred to earnings.

There have been no material changes in the financial position of the company since the end of the financial year.

Shareholders

Largest shareholders 31 December 2023	no. of shares	%
Balder Finska Otas AB (Fastighets AB Balder)	31,971,535	56.3%
Stichting Depository APG Strategic Real Estate Pool	12,811,647	22.6%
Elo Mutual Pension Insurance Company	7,233,081	12.7%
The State Pension Fund	2,796,200	4.9%
Valkila Erkka	385,000	0.7%
SATO Corporation	166,000	0.3%
Entelä Tuula	149,000	0.3%
Heinonen Erkki	146,684	0.3%
Tradeka-invest Ltd	126,500	0.2%
Research Foundation of the Pulmonary Diseases	120,000	0.2%
Others (119 shareholders)	877,420	1.5%

On 29 December 2023, the Group had 129 shareholders entered in the book-entry register. The turnover of SATO Corporation's shares was 0.02% during the reporting year.

Annual General Meeting 2024

The Annual General Meeting of SATO Corporation will be held on Thursday, 21 March.

Helsinki, 8 February 2024.

SATO Corporation
Board of Directors

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS, IFRS

CONSOLIDATED INCOME STATEMENT, IFRS

EUR million	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Net sales	3	288.4	291.2
Property maintenance expenses		-89.7	-90.8
Net rental income		198.7	200.4
Fair value change of investment properties, realised	4, 13	-18.7	53.1
Fair value change of investment properties, unrealised	13	-249.3	-14.9
Sales, marketing and administrative expenses	6, 7, 8, 9	-41.4	-40.7
Other operating income	5	0.0	2.7
Other operating expenses	5	-3.0	-1.6
Share of profit of associated companies and joint ventures		0.0	0.0
Operating profit		-113.6	198.9
Financial income	10	17.7	0.6
Financial expenses	10	-89.8	-47.6
Net financing expenses		-72.2	-47.0
Profit before tax		-185.8	151.9
Income tax expenses	11	31.9	-31.3
Profit for the period		-153.9	120.6
Profit for the period attributable to			
Equity holders of the parent		-153.9	120.6
Non-controlling interests		0.0	0.0
Total		-153.9	120.6
Earnings per share attributable to equity holders of the parent	12		
Basic, EUR		-2.72	2.13
Diluted, EUR		-2.72	2.13
Average number of shares, million pcs		56.6	56.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR million	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Other comprehensive income			
Items that may be reclassified to income statement			
Cash flow hedges	26	-16.7	60.2
Translation differences		8.3	-10.9
Related tax		3.3	-12.0
Items that may be reclassified to income statement total		-5.1	37.2
Other comprehensive income, net of tax		-5.1	37.2
Total comprehensive income		-159.0	157.9
Comprehensive income attributable to			
Equity holders of the parent		-159.0	157.9
Non-controlling interest		0.0	0.0
Total		-159.0	157.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR million	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Investment property	13	4,885.7	5,044.2
Tangible assets	14	3.3	3.3
Intangible assets	9, 15	7.2	7.1
Investments in associated companies and joint ventures	17	0.1	0.1
Other non-current investments	18, 19	1.0	1.0
Other right-of-use assets	16	4.2	4.9
Derivative receivables	26	23.0	38.7
Non-current receivables	20	3.1	3.4
Deferred tax assets	21	10.5	6.0
Total		4,938.1	5,108.6
Current assets			
Account and other receivables	22	129.1	13.6
Current tax assets		10.8	2.0
Cash and cash equivalents	18, 23	7.0	60.5
Total		146.9	76.1
TOTAL ASSETS		5,085.0	5,184.7
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		4.4	4.4
Fair value and other reserves		18.1	31.5
Reserve fund		43.7	43.7
Reserve for invested non-restricted equity		227.9	114.8
Retained earnings		2,141.0	2,286.6
Total	24	2,435.2	2,481.1
Non-controlling interests		-0.2	-0.2
TOTAL SHAREHOLDERS' EQUITY		2,435.0	2,480.9

EUR million	Note	31 Dec 2023	31 Dec 2022
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	21	366.1	413.1
Provisions	27	1.5	1.5
Lease liabilities	16	54.2	53.0
Derivative liabilities	18, 26	0.1	0.0
Long-term interest-bearing liabilities	18, 25	1,516.3	1,721.4
Total		1,938.2	2,189.1
Current liabilities			
Accounts payable and other liabilities	28	58.6	69.3
Provisions	27	0.5	0.5
Lease liabilities	16	5.3	4.9
Current tax liabilities		4.4	15.8
Short-term interest-bearing liabilities	18, 25	642.9	424.2
Total		711.8	514.8
TOTAL LIABILITIES		2,650.1	2,703.9
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		5,085.0	5,184.7

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS

EUR million	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flow from operating activities			
Profit for the period		-153.9	120.6
Adjustments:			
Non-cash items included in the profit	30	253.3	18.7
Gains and losses on sales of investment properties and fixed assets		18.5	-53.1
Other adjustments		0.1	-0.3
Interest expenses and other financial expenses	10	89.8	47.6
Interest income	10	-17.6	-0.6
Dividend income		0.0	0.0
Income taxes	11	-31.9	31.3
Cash flow before change in net working capital		158.3	164.2
Change in net working capital:			
Changes in accounts receivable and other receivables		1.1	1.6
Change in accounts payable and other liabilities		-7.5	6.2
Interest paid		-91.0	-45.5
Interest received		13.5	-0.8
Taxes paid		-35.7	-30.0
Net cash flow from operating activities		38.8	95.8
Cash flow from investing activities			
Investments in investment properties		-152.1	-209.8
Net investment in tangible and intangible assets		-3.8	-3.9
Cash receipts from loans receivable and debt securities		0.0	37.4
Loans granted and investments in debt securities		0.0	-35.4
Disposals of investment property		52.6	225.4
Net cash flow from investing activities		-103.3	13.8

EUR million	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flow from financing activities			
Repayments (-) / withdrawals (+) of current loans		230.1	9.8
Withdrawals of non-current loans		255.0	137.3
Repayments of non-current loans		-472.3	-174.3
Repayments of lease liabilities		-1.8	-1.6
Repayment of capital and dividends paid	24	0.0	-28.3
Net cash flow from financing activities		11.0	-57.1
Change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		60.5	8.5
Effect of exchange rate fluctuations on cash held		0.1	-0.5
Cash and cash equivalents at the end of the period		7.0	60.5

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

EUR million	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Fair value and other reserves	Reserve fund	Reserve for invested non-restricted equity	Retained earnings			
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	-	-13.4	-	-	-	-13.4	-	-13.4
Translation differences	-	-	-	-	8.3	8.3	-	8.3
Profit for the period	-	-	-	-	-153.9	-153.9	0.0	-153.9
Total comprehensive income	-	-13.4	-	-	-145.6	-159.0	0.0	-159.0
Transactions with shareholders:								
Share issue	-	-	-	113.0	-	113.0	-	113.0
Dividend	-	-	-	-	-	-	-	-
Transaction with shareholders, total	-	-	-	113.0	-	113.0	-	113.0
Other adjustments	-	-	-	-	-	-	-	-
Total of equity movements	-	-13.4	-	113.0	-145.6	-45.9	0.0	-45.9
Shareholders' equity 31 Dec 2023	4.4	18.1	43.7	227.9	2,141.0	2,435.1	-0.2	2,435.0

EUR million	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Fair value and other reserves	Reserve fund	Reserve for invested non-restricted equity	Retained earnings			
Shareholders' equity 1 Jan 2022	4.4	-16.6	43.7	114.8	2,205.1	2,351.5	-0.2	2,351.3
Comprehensive income:								
Cash flow hedges, net of tax	-	48.1	-	-	-	48.1	-	48.1
Translation differences	-	-	-	-	-10.9	-10.9	-	-10.9
Profit for the period	-	-	-	-	120.6	120.6	0.0	120.6
Total comprehensive income	-	48.1	-	-	109.7	157.9	0.0	157.9
Transactions with shareholders:								
Share issue	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-28.3	-28.3	-	-28.3
Transaction with shareholders, total	-	-	-	-	-28.3	-28.3	-	-28.3
Other adjustments	-	-	-	-	-	-	-	-
Total of equity movements	-	48.1	-	-	81.4	129.6	0.0	129.6
Shareholders' equity 31 Dec 2022	4.4	31.5	43.7	114.8	2,286.6	2,481.1	-0.2	2,480.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

I. MATERIAL ACCOUNTING PRINCIPLES

General company information

SATO Corporation is a Finnish public limited company domiciled in Helsinki, Finland. SATO's registered address is Panuntie 4, 00600 Helsinki, Finland. SATO Corporation and its subsidiaries together form the consolidated SATO Group ("SATO" or "the Group"). SATO Corporation's majority shareholder is Balder Finska Otas AB, whose parent company is Fastighets AB Balder, which is quoted on the Stockholm Stock Exchange.

The Board of Directors approved the consolidated financial statements on 8 February 2024. A copy of the consolidated financial statements may be obtained at the aforementioned address and at www.sato.fi/en.

SATO provides housing solutions and its operations primarily consist of investment in housing properties. The focus of the Group's operations is on the largest growth centres, and approximately 86.9% of its investment properties are in the Helsinki region. The rest of the operations are located in Tampere and Turku.

SATO's housing investments include both privately financed and state-subsidised housing assets. In respect of the latter, SATO's business is affected by special characteristics of non-profit operations which are the result of restrictions set on the company's business by state-subsidised housing construction. The non-profit restrictions affect owner organisations through, among others, restrictions on distribution of profits, divestment and risk-taking as well as through the prohibition on lending and providing

collateral. Housing is also affected by property-specific, fixed-term restrictions, which apply to matters such as the use and handover of apartments, the selection of the residents, and the setting of rent. In the exercise of non-profit activities, SATO is supervised by the following authorities: the Housing Fund of Finland (ARA), the State Treasury, the Ministry of the Environment, and, concerning the selection of residents, local authorities.

General accounting principles

SATO's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union with observation of the standards and interpretations effective on 31 December 2023. The notes to the consolidated financial statements are also in compliance with the Finnish accounting principles and corporate legislation.

The information in the financial statements is stated in millions of euros. Figures presented in these financial statements have been rounded from exact figures and, therefore, the sum of figures presented individually can deviate from the presented sum figure.

The preparation of IFRS financial statements requires judgement by the management in applying the accounting principles and making certain estimates and assumptions that are subject to uncertainty.

In note 2, information is given on key areas where management judgements or uncertainty factors in estimates and assumptions may cause the most material effects on the figures presented.

Principles of consolidation

The consolidated financial statements are a consolidation of the financial statements of the parent company and the subsidiaries. Subsidiaries are companies over which the parent company has control. Control over a subsidiary is presumed to exist when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Acquired subsidiaries are included in the consolidated financial statements from the date of acquisitions until the control ends. Acquired companies are included in the financial statements using the acquisition cost method. The net assets of the acquired company at the acquisition date are booked at the fair value of the land areas and buildings. Acquisitions of real property are generally treated as acquisitions of asset items.

All intra-group transactions, internal receivables and payables, in addition to profit on internal transactions and the distribution of profit between Group companies are eliminated as part of the consolidation process.

Mutual property companies and housing companies, in which the rights of control over specified apartments are determined by shareholdings, are treated as joint operations in the consolidated financial statements. In a joint operation, SATO has rights to the assets and obligations for the liabilities of the arrangement. Joint operations are accounted for in the consolidated financial statements in the manner prescribed in the IFRS 11 *Joint Arrangements* standard, by recognising SATO's assets and liabilities in the arrangement, including its share of joint assets

and liabilities, and its revenue and expenses, including its share of joint revenue and expenses. Joint ventures, in which the Group and another party have joint control in the arrangement and which give the Group rights to the net assets of the arrangement, are consolidated in SATO's consolidated financial statements in accordance with IFRS 11, i.e., by the equity method.

Transactions denominated in foreign currencies

The financial statements of the Group entities are based on their primary functional currencies of the economic environment where the companies are operating. The presentation currency of the financial statements is the euro, which is also the functional currency of the parent company.

Transactions in foreign currencies are translated into the functional currency using the exchange rate of the date of transactions. At the end of the accounting period, all open balances of assets and liabilities denominated in foreign currencies are translated into euros at the closing date exchange rate. Foreign exchange gains and losses related to the primary business are treated as adjustments to income or expenses. Investment-related foreign exchange gains and losses are treated as adjustments to investments. Financial foreign exchange gains and losses are reported under financial income and expenses. Foreign exchange gains and losses from the translation of other assets and liabilities are reported in the income statement. Unrealised gains and losses related to cash flow hedges are reported in other comprehensive income.

The statements of income of foreign subsidiaries whose functional currency is not the euro are translated into euros based

on the average exchange rate of the accounting period. Items in the statement of financial position, with the exception of income for the accounting period, are translated into euros at the closing-date exchange rate.

Translation differences from acquisition cost eliminations and post-acquisition profits and losses of foreign operations outside the euro area are recognised in the statement of comprehensive income. The cumulative translation differences related to foreign operations are reclassified from equity to statement of income upon the disposal of the foreign operation.

SATO completed the divestment of its business in Russia on 14 April 2023. Until the date of sale the EUR/RUB exchange rate used in profit and loss was 89.1737, which is based on the sale and purchase agreement.

Investment property

As defined in the IAS 40 *Investment Property* standard, investment properties are properties of which the Group retains possession to obtain rental income or appreciation in value and which are not occupied for use by the Group or for its operations, nor for sale in the ordinary course of business. Investment properties also include right-of-use assets that are classified as investment property based on their nature (right-of-use investment property), such as land leases.

At initial recognition, owned investment properties are measured at acquisition value, which includes transaction costs. Subsequently, investment properties are valued at fair value in accordance with IAS 40 and IFRS 13 *Fair value measurement*. Gains and losses from changes in fair value are recorded through profit and loss in the period when they are incurred. The fair value of an investment property represents the price that 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.

Some of SATO's 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 rent and divestment of apartments, and they are fixed-term.

Investment properties financed with ARAVA loans and interest-subsidised loans are initially measured at acquisition cost, including the transaction costs. Subsequently, they are valued at the acquisition cost, plus accumulated investments and less accumulated depreciation and impairments. 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.

Right-of-use investment properties are measured at cost upon their recognition, and, subsequently, at fair value in accordance with IFRS 16 and IAS 40 standards. The valuation is based on the present value of future contractual lease payments, which is deemed to represent the fair value of the right-of-use assets arising from the lease agreements.

The fair values of owned investment properties are based on the following:

- the income value method, used for investment properties that are currently let to tenants and can be sold without restrictions or that can be sold as entire properties and to a restricted group of buyers; and
- the remaining acquisition cost, used in properties funded with ARAVA loans or interest-subsidised loans, as well as unbuilt land and development projects, whose realisation is uncertain.

See further information on investment property valuation methods and related assumptions in notes 2 and 13.

An investment property is derecognised from the balance sheet when it is handed over or when the investment property is permanently removed from use and no future economic use can be expected from the handover. The profits and losses from divestments or removals from the use of investment properties are presented on separate lines in the profit and loss account.

Tangible assets

Tangible assets are valued at the original acquisition cost less accumulated depreciation and impairments. Other tangible assets are depreciated with the straight-line method over their estimated economic lives, which are as follows:

Machinery and equipment	5–10 years
Other tangible assets	3–6 years

The economic life and residual value of assets are reassessed at each year-end. Changes in the future economic benefits found in the assessment are taken into account by adjusting the economic life and residual value of the assets. Profits and losses arising from sales and divestments of tangible assets are booked in the profit and loss account and presented as other income and expenses of business operations.

Intangible assets

An intangible asset is recognised in the balance sheet only if the asset is identifiable, its cost can be measured reliably, and it is likely that an expected economic benefit attributable to the asset will flow to the Group.

An intangible asset is valued at the original acquisition cost less amortisation and any impairment. Intangible assets consist largely of computer software, which is subjected to straight-line amortisation over 3–6 years.

Lease agreements (SATO as a lessee)

SATO applies IFRS 16 *Leases* in its accounting for lease agreements. The Group makes an assessment of whether an agreement is a lease agreement in the scope of the standard and recognises, at the commencement date of the lease, a right-of-use asset and a lease liability (except for short-term leases and leases of low-value assets).

Based on their purpose, right-of-use assets are recognised either in investment properties, to the extent that they are classified as investment property, or in other leased assets.

Other right-of-use assets than those classified as investment property are recognised in the statement of financial position at the amount of the lease liability, including any initial direct costs and excluding any lease incentives received, and they are depreciated over their expected economic lives. The economic life is estimated separately for each asset, based on the duration of the lease and other key terms of the contract, such as extension or purchase options, if applicable. The right-of-use assets classified as investment property are subsequently measured at fair value (see section "Investment property" above). The lease liability is recognised in the statement of financial position at an amount equal to the discounted present value of future lease payments.

If any extension or purchase options are included in the contract, the Group assesses whether such an option is reasonably certain to be exercised and considers its effect on the economic life and cost of the asset.

The Group applies the recognition exemptions allowed by IFRS 16 and does not recognise short-term lease agreements and lease agreements of low-value assets in the statement of financial position. Leases with a duration of 12 months or less are considered short-term. The lease payments from these agreements are expensed in profit and loss over the lease term.

Lease agreements (SATO as a lessor)

Rental income from investment properties is recognised in profit and loss over the lease period and presented in net sales in the income statement. As a lessor, SATO has no agreements classified as financial lease agreements.

Impairment

At the end of each reporting period, an assessment of whether there is any indication that an asset may be impaired is made. If any such indication exists, the recoverable amount from the asset item is estimated. An asset is impaired if the carrying value exceeds the recoverable amount. An impairment loss is recognised in profit or loss.

When an impairment loss is booked, the economic life of the asset item subject to depreciation is reassessed. The impairment loss booked against the asset item is cancelled if there is an increase in the value of the assessment used to determine the recoverable amount from the asset item. However, the reversal of an impairment loss shall not exceed the carrying value of the asset item had no impairment loss been recognised.

Financial instruments

SATO's financial assets are classified, in accordance with IFRS 9 Financial Instruments, into the following categories: financial assets at fair value through profit and loss (FVTPL), financial assets at fair value through other comprehensive income (FVTOCI) and financial assets at amortised cost. The classification is made at the time of the initial recognition and is based on the contractual terms of the instrument and the Group's business model for the type of financial instruments.

Financial liabilities are classified as financial liabilities at amortised cost and financial liabilities at fair value through profit and loss under IFRS 9. The instruments are classified at the time of the initial recognition, based on the purpose of the instrument. Sales and purchases of financial instruments, other than those associated with derivatives, are booked on the clearance date. All derivatives are booked on the balance sheet on the trade date.

Financial assets and liabilities at fair value through profit and loss

The category includes derivative instruments which do not meet the conditions of hedge accounting in accordance with IFRS 9 and are hence classified in the trading portfolio. These instruments are valued at fair value, and gains and losses arising from changes in the fair value, both realised and unrealised, are recognised in the income statement for the period.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are principally stocks and shares, and they are presented in the statement of financial position in other non-current investments. Investments in listed securities are valued in the financial statements at the prices quoted in an active market at the closing date of the reporting period. Unlisted shares, the fair value of which cannot be determined reliably, are valued at

acquisition cost. Unrealised changes in the value of the assets in this class are booked in other comprehensive income, with allowance for the deferred tax. Accumulated changes in fair value are not booked from the fair value reserve to profit and loss until the investment is sold.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative assets for which the cash flows consist of payments of principal and interest, as applicable, and which are not held for trading purposes. On the statement of financial position, they are included in non-current receivables, accounts receivable and other receivables or cash and cash equivalents, according to their terms.

At initial recognition, loan receivables are measured at fair value including any transaction costs, and they are subsequently measured at amortised cost, using the effective interest rate method. Short-term accounts receivables are initially measured at the transaction value. For impairment of accounts receivable, the Group applies the simplified approach allowed by IFRS 9, whereby it makes an assessment of the lifetime expected credit losses for its accounts receivable at each reporting date, and based on this assessment, recognises the impairment through profit and loss.

Cash and cash equivalents are comprised of cash in hand, bank accounts and liquid investments with maturities of three months or less at the date of initial recognition. Any credit balances of bank accounts with an overdraft facility are included in current liabilities. The cash and cash equivalents of non-profit companies are kept separate from those of companies not subject to non-profit restrictions.

Financial liabilities at amortised cost

Financial liabilities are initially recognised at fair value of the proceeds less transaction expenses. Subsequently, interest-

bearing liabilities are valued at amortised cost using the effective interest method. Financial liabilities are included in non-current and current liabilities, and they may be interest-bearing or non-interest-bearing. Interest is accrued in the income statement for the accounting period by the effective interest method.

Derivatives and hedge accounting

All derivatives are originally booked at fair value at the trade date and are subsequently measured at fair value. The accounting treatment of profits and losses depends on the intended use of the derivatives. The Group documents the designation of hedging instruments to hedged items and makes its assessment as to whether the derivatives used for hedging are highly effective in negating the changes in the cash flows of the hedged items. The effectiveness is reviewed both when starting the hedging and at each reporting date. The fair value of derivatives is calculated by discounting the contractual cash flows. The fair value of interest-rate options is calculated by using the market prices at the balance sheet date and option valuation models. The Group treats derivatives either as cash flow hedges for floating-rate loans or as derivatives which do not meet the conditions of hedge accounting under IFRS 9. Changes in the value of derivatives subject to hedge accounting are recorded in other comprehensive income. Gains and losses are transferred to the interest expenses in the income statement at the same time as the interest expenses on the hedged item. Any ineffective part of a hedging relationship is booked immediately in financial expenses. Changes in value of derivatives, for which hedge accounting is not applied, are recorded in profit and loss.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that settling the obligation will require payment or cause an economic loss, and the amount can be reliably estimated.

The Group recognises a provision for statutory 10-year guarantees related to new apartments sold. The 10-year provision is measured based on prior experience of the realisation of these obligations. In addition, a warranty provision is recognised upon the recognition of revenue from the project. The amount of the warranty provision is based on prior experience of the actual warranty costs and the specific risks related to the project.

A provision for onerous contracts is recognised when the unavoidable costs of settling the obligations exceed the benefits received from the contract.

Principles of income recognition

SATO recognises those income items that are not in the scope of any other standard according to the revenue recognition principles of IFRS 15 *Revenue from Contracts with Customers*. In addition, the rules in IAS 40 regarding disposals are applied to the sale of investment properties. Under IFRS 15, a five-step model is applied to determine when, and at which amount, revenue is recognised. SATO makes an assessment of the performance obligations included in the contract, after which income is recognised when (or as) control is transferred, either over time or at a point in time.

Principles of income recognition for sales of investment property

Sales of the Group's investment property normally consist of a single performance obligation, for which income is recognised at a point in time when control of the asset is transferred to the buyer. SATO assesses for each transaction whether the contract includes other performance obligations, such as a material financing component, and determines the expected income from them. Income from any additional performance obligations is recognised over time or at a point in time, depending on their nature.

Principles of income recognition for sales of new homes

Income from sales of new homes is recognised at a point in time when control of the sold asset is transferred to the buyer. The sale of an apartment is considered to form a single performance obligation. In respect of the homes sold during construction, the risks and benefits are deemed to be transferred on the completion date of the property, whereas for completed homes, they are transferred on the sale date.

Income from services

Income from services, such as property management, is recognised as the service is performed.

Borrowing costs

Borrowing costs are capitalised as part of an asset's acquisition cost when they are due to acquisition, construction or manufacture of a qualifying asset. A qualifying asset is one of which the completion for its intended use or sale will necessarily take a substantial period of time. Other borrowing costs are expensed in the financial year when they have been incurred. Direct transaction costs from the raising of loans, which can be attributed to a particular loan, are included in the cost of the loan and amortised as an interest expense using the effective interest rate method.

Public grants

For SATO, the main form of public support is state-supported interest-subsidised loans and ARAVA loans, in which state-backed housing is funded by low-interest debt subsidised by the government. The real interest on these loans is lower than the interest expenses would be on loans with market terms. The interest benefit obtained through public support is therefore netted into interest expenses in accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* and is not separately presented as interest income.

Other direct public grants, such as investment grants, are recorded as reductions in the book values of the subsidised assets. The grants received therefore reduce the original acquisition cost of those assets.

Pension arrangements

SATO's current pension arrangements are classified as defined contribution arrangements. Contributions to defined contribution pension arrangements are recorded as expenses in profit and loss for the period when they are incurred. The Group has no legal or actual obligation to make further payments if the recipient of the payments is unable to perform the payment of these pension benefits.

Income taxes

Income taxes include taxes based on the taxable profit for the current year, adjustments to previous years' taxes, and changes in deferred taxes. Deferred tax assets and liabilities are calculated from the differences between the taxational values of assets and liabilities and their carrying values under IFRS. The tax rate approved by the financial statement date is used to determine the deferred taxes. For SATO, the largest temporary differences arise from investment properties measured at fair value through profit and loss and from financial instruments measured at fair value through other comprehensive income. Deferred tax assets are recorded up to the amount for which it is likely that there will be taxable income in the future, against which the temporary difference can be used.

Net rental income

Net rental income is the sum of net sales less property maintenance expenses.

Operating profit

Operating profit is the net sum obtained from net rental income, by adding gains from divestments of investment properties, the

share of the profit of joint ventures and associated companies, and other operating income, and deducting the sales, marketing and administrative expenses, losses from divestments of investment properties and other operating expenses. Also, it includes the gain or loss from unrealised fair value changes of investment properties. Exchange gains and losses are included in operating profit when they arise from items related to ordinary business operations. Exchange gains and losses attributable to financing are recorded in financial income and expenses.

New and amended standards applied in the financial year ended

New IFRS standards, amendments to standards and IFRIC interpretations entered into force on 1 January 2023 have not had any material impact on the Group.

Adoption of new and amended standards and interpretations applicable in upcoming financial years

New IFRS standards, amendments to standards and IFRIC interpretations effective on or after January 1, 2024, are not expected to have any material impact on the Group.

2. MANAGEMENT JUDGEMENTS AND KEY ESTIMATES AND ASSUMPTIONS UNDERLYING THE CONSOLIDATED FINANCIAL STATEMENTS

Preparing financial statements requires judgements, estimates and assumptions to be made in certain matters, affecting the amounts of assets, liabilities and conditional liabilities on the consolidated statements of financial position as well as the amount of income and expenses in the income statement. The judgements, estimates and assumptions that have the most material effects on the preparation of the financial statements, are presented in the following.

Management judgements

In the process of applying the Group's accounting principles, management has made the following judgements, which have a material effect on the amounts recognised in the consolidated financial statements.

- Classification of acquisitions. The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of assets. The Group considers whether the acquisition represents a business as defined in IFRS 3 *Business combinations*, i.e., whether an integrated set of activities and processes is acquired in addition to the property. When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based on their relative fair values, and no goodwill or deferred tax is recognised.
- Classification of properties. The Group determines whether a property is classified as an investment property or a tangible asset. Investment property comprises land and buildings (primarily housing units) that are not occupied for use by the Group or for its operations, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented

to tenants. Property in tangible assets comprises other than investment properties, and they are occupied for use by the Group or for its operations.

Key estimates and assumptions

Estimates and assumptions underlying the financial statements are based on the management's historical experience, the best available information about the events at the reporting date, and other factors, such as expectations concerning the future that are considered reasonable under current circumstances. Due to the uncertainty involved, actual amounts may differ materially from the estimates used in the financial statements. The changes in estimates, assumptions and the factors affecting them are followed in the Group by using both internal and external sources of information.

Revisions of accounting estimates are recorded for the period in which the estimate is revised if the change in the estimate only affects that period. If the change in the estimate affects both the period in which it is made and subsequent periods, the effect arising from the change in the estimate is correspondingly recorded in current and subsequent periods.

The key estimates and assumptions, which are considered to involve a material risk of causing a material adjustment in future periods, are described below.

- The fair value of investment property is determined using recognised valuation techniques and the principles of IFRS 13 Fair Value Measurement. Due to the fact that market prices for properties are not observable on a quoted market, the fair value measurement for investment property is performed using indirect valuation techniques that require the use of several assumptions by the Group management. For the majority of the Group's investment property, the fair value measurement is done with the income value method, whereby the expected future cash flows of the assets are discounted

to their present value. The cash flow forecasts require making estimates and assumptions concerning the future rental income, vacancy, operating expenses and renovation needs of the properties. The discount rate is comprised of the estimated yield and the inflation assumption. More information on the methods and assumptions used by the Group in fair value measurement of investment property are presented in note 13.

- The amount of provisions recognised on property development projects requires estimates of the obligations arising from the projects. The amounts recorded as provisions are based on the management's assessment of the specific risks in each project. Key considerations in the management's assessment include technical, contractual and legal aspects related to the project, as well as the Group's prior experience on similar projects.

3. SEGMENT INFORMATION

SATO has one operating segment. Significant operational decisions at SATO are made by the 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.

EUR million	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Net sales by geographical region		
Finland	287.1	286.5
Russia	1.3	4.7
Total	288.4	291.2

Non-current assets by geographical region

31 Dec 2023

EUR million	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

31 Dec 2022

EUR million	Finland	Russia	Total
Investment property	4,983.8	60.4	5,044.2
Tangible assets	3.2	0.0	3.3
Intangible assets	7.1	0.0	7.1
Other right-of-use assets	4.9	-	4.9
Investments in associated companies	0.1	-	0.1
Total	4,999.1	60.4	5,059.5

4. RESULT ON DISPOSAL OF INVESTMENT PROPERTIES

EUR million	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Gains and losses on sales of investment properties		
Gains on sales of investment properties	0.4	53.2
Losses on sales of investment properties	-19.0	-0.1
Total	-18.7	53.1

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 on the prior period statement of financial position and any capitalised expenses for the period.

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

Specification of significant investments and disposals are presented in note 13.

EUR million	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Sale of residential investment properties		
Proceeds from disposal of residential investment properties	58.9	211.7
Carrying value of investment properties sold	-69.7	-163.8
Translation differences	-6.3	-
Total	-17.1	47.8

EUR million	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Sale of land plots		
Sales income, land plots	0.5	9.5
Carrying value of land plots sold	-2.1	-4.3
Total	-1.6	5.2

5. OTHER OPERATING INCOME AND EXPENSES

EUR million	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Other operating income		
Sales income, new production	0.4	10.1
New production expenses	-1.4	-8.1
Other income	1.1	0.7
Total	0.0	2.7

EUR million	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Other operating expenses		
Bad debts expensed in the period	-2.8	-3.0
Post-collection income	1.5	1.5
Other expenses	-1.7	-0.1
Total	-3.0	-1.6

6. PERSONNEL EXPENSES

EUR million	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Personnel expenses		
Salaries and wages	18.0	17.8
Defined contribution pension plans	3.4	3.1
Other personnel expenses	0.7	0.7
Total	22.1	21.6

Management employee benefits are presented in note 32. Related party transactions. Average number of personnel during the period has been 333 (328).

7. AUDITORS' FEES

EUR million	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Auditors' fees		
Audit	0.2	0.3
Other audit-related assignments	0.0	0.1
Total	0.2	0.3

Deloitte Oy, Authorised Public Accountants, have acted as SATO's auditors.

The audit fees include fees relating to audits of SATO, its subsidiaries and the consolidated financial statements of the Group. Other audit-related assignment fees include assurance and other services related to audit.

8. DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES

EUR million	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Depreciation, amortisation and impairment charges by asset class			
Tangible assets	14	1.1	1.1
Intangible assets	15	1.8	1.5
Other right-of-use assets	16	1.1	1.3
Total		4.1	3.9

9. RESEARCH AND DEVELOPMENT

Research and development expenses during 2023 were EUR 0.5 million (0.6) and capitalised development costs were EUR 1.9 million (2.6).

10. FINANCIAL INCOME AND EXPENSES

EUR million	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Financial income		
Interest income on loans and other receivables	3.7	0.5
Interest income on effective cash flow hedges	12.7	0.1
Dividend income on other non-current investments	0.0	0.0
Foreign exchange gains	0.0	0.0
Fair value gains, financial instruments	1.2	-
Total	17.7	0.6
Financial expenses		
Interest expense on financial liabilities measured at amortised cost and other liabilities	-74.7	-32.0
Interest expense on effective cash flow hedges	-4.2	-5.9
Foreign exchange losses	-0.1	-0.2
Interest expense on lease liabilities*	-3.3	-3.3
Other financial expenses	-7.5	-6.2
Total	-89.8	-47.6
Financial income and expenses, net	-72.2	-47.0

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

II. INCOME TAXES

EUR million	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Income taxes recognised in income statement			
Current tax from accounting period		15.5	40.2
Current tax from previous period		0.1	1.2
Changes in deferred tax assets and liabilities	21	-47.5	-10.2
Total		-31.9	31.3

Reconciliation between the income tax expense recognised in income statement and tax expense calculated with domestic corporate tax rate (20%) of the parent company:

EUR million	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Profit before taxes	-185.8	151.9
Income tax calculated with domestic corporate tax rate of the parent	-37.2	30.4
Non-deductible expenses and tax-exempt income	1.3	-0.1
Effect of different tax rates in foreign operations	0.0	0.6
Valuation of deferred tax assets	3.0	-
Taxes from prior periods	0.1	0.2
Other items	0.9	0.2
Total adjustments	5.2	0.9
Income tax expense in income statement	-31.9	31.3
Effective tax rate, %	17.2	20.6

12. EARNINGS PER SHARE

Undiluted earnings per share is calculated by dividing parent company profit attributable to equity holders with weighted average number of shares outstanding. The total number of SATO's shares at 31 December 2023 was 56,783,067. At the end of the reporting period, SATO held 166,000 of its own shares.

	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Profit attributable to equity holders of the parent, EUR million	-153.9	120.6
Weighted average of shares, million pcs	56.6	56.6
Earnings per share, EUR		
Basic	-2.72	2.13
Diluted	-2.72	2.13

13. INVESTMENT PROPERTIES

EUR million	Note	2023	2022
Fair value of investment properties, 1 Jan		5,044.2	5,032.8
Acquisitions of properties		0.0	12.9
New construction and other investments in properties		151.7	194.1
Disposals of investment properties		-70.2	-169.9
Capitalised borrowing costs	33	1.8	1.9
Reclassified from other items		2.9	-2.9
Gains and losses from changes in fair value*		-249.3	-14.9
Exchange rate differences, no P/L effect		1.7	-10.9
Remeasurement of right-of-use investment properties, no P/L effect	16	2.9	1.1
Fair value of investment properties, 31 Dec		4,885.7	5,044.2

* Gains and losses from changes in fair value include foreign exchange gains and losses of EUR 0.1 million (-0.3).

Significant acquisitions of investment properties during the period:

SATO boosted the land use planning for the largest ongoing regional development projects in Espoo (Kauklahti) and Helsinki (Viikki and Itäkeskus). The acquisitions of these land properties are estimated to be realized during the next five years. In addition, SATO signed a preliminary agreement for the purchase of a development property in Tampere (Lentävänniemi), where a total of approximately 100 new apartments will be built and located near the end station of Tampere tram second phase. SATO did not make any significant acquisitions of completed investment properties during the period.

Significant disposals of investment properties during the period:

On 14 April 2023, SATO completed the divestment of the Russian business. SATO owned 522 rental apartments there. After the sale, SATO has no business operations in Russia. In Finland, the most significant disposal during the period was the sale of an unbuilt land plot in Vantaa (Hakunila). Approximately 110–120 new owner-occupied apartments will be built there in the future.

Valuation methods

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, and the change in valuation method (see below section "Income value method").

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 valuation process all the periodical changes are analysed. The result of the valuation and the periodic change in fair value recorded through profit and loss 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. Unbuilt land and development projects whose realization is uncertain are valued at cost or probable value, whichever is lower, if their fair value cannot be determined reliably. The valuation methods for SATO's owned investment properties are income value method and acquisition cost method.

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. Further details about the Group's lease portfolio are presented in note 16.

Income value method

Most of the Group's investment properties that are currently let to tenants are valued using the income value method. The method is based on a cash flow analysis, whereby forecasted 10-year cash flows are discounted to their present value. The cash flows are based on forecasts on rent levels, vacancy, operating expenses and renovation needs of the properties. The discount rate is comprised of the yield and the inflation assumption. The yields are determined based on location, age and technical condition of the properties.

An external expert (JLL) has issued a statement regarding the SATO's valuation method, and the statement is consistent with the valuation of investment properties in the consolidated financial statements.

The following table presents the key inputs used in valuation of investment properties by income value method, as of 31 December 2023.

	Average
Yield requirement, %	4.3
Long-term economic occupancy rate, %	98.0
Operating expenses, EUR/m ² /month	4.8
Growth assumption of operating expenses, %	2.3
Growth assumption of market rents, %	2.3
Inflation assumption, %	1.8

Acquisition cost

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 realization is uncertain are valued at cost or probable value, whichever is lower, if their fair value cannot be determined reliably.

EUR million	Note	31 Dec 2023	31 Dec 2022
Investment property classified by valuation method			
Income value method		4,563.9	4,664.2
Sales comparison method		-	60.4
Acquisition cost		267.1	267.0
Owned investment property, total		4,831.0	4,991.6
Right-of-use investment properties	16	54.7	52.6
Total		4,885.7	5,044.2

Sensitivity analysis of investment property fair values, income value method

The following table illustrates how changes in key parameters used in fair value measurement by the income value method would affect the fair value of the property portfolio, when one parameter at a time is changed. In practice, changes in real estate markets are often reflected in more than one parameter simultaneously.

Change %	-10%	-5%	0%	5%	10%
Yield requirement, EUR million	456.9	216.4		-195.8	-373.7
Gross rental income, EUR million	-583.4	-291.7		291.7	583.4
Change %-points					
Economic occupancy rate, EUR million		-1%	0%	1%	
		-58.6		58.6	

All SATO's investment properties are classified in 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.

14. TANGIBLE ASSETS

2023				
EUR million	Note	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan		8.4	1.6	10.0
Additions		1.2	0.1	1.3
Disposals		-0.4	0.0	-0.4
Transfers between items		0.0	0.0	0.0
Acquisition cost, 31 Dec		9.2	1.7	10.9
Accumulated depreciation, 1 Jan		5.6	1.1	6.7
Disposals		-0.3	-	-0.3
Depreciation and impairments for the period	8	1.0	0.0	1.1
Transfers between items		0.0	0.0	0.0
Accumulated depreciation, 31 Dec		6.3	1.2	7.5
Carrying value, 1 Jan		2.8	0.5	3.3
Carrying value, 31 Dec		2.8	0.5	3.3

2022				
EUR million	Note	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan		7.4	1.6	9.0
Additions		0.9	0.0	1.0
Disposals		-0.2	-	-0.2
Transfers between items		0.3	-	0.3
Acquisition cost, 31 Dec		8.4	1.7	10.1
Accumulated depreciation, 1 Jan		4.8	1.0	5.8
Disposals		-0.1	-	-0.1
Depreciation and impairments for the period	8	1.0	0.1	1.1
Transfers between items		0.0	-	0.0
Accumulated depreciation, 31 Dec		5.6	1.2	6.8
Carrying value, 1 Jan		2.6	0.6	3.2
Carrying value, 31 Dec		2.8	0.5	3.3

15. INTANGIBLE ASSETS

2023				
EUR million	Note	Intangible rights	Other intangible assets	Total
Acquisition cost, 1 Jan		0.0	17.2	17.2
Additions		-	1.9	1.9
Disposals		-	-0.1	-0.1
Transfers between items		-	0.0	0.0
Acquisition cost, 31 Dec		0.0	19.0	19.0
Accumulated amortisation, 1 Jan		0.0	10.1	10.1
Disposals		-	-	-
Amortisation for the period	8	-	1.8	1.8
Transfers between items		-	-0.1	-0.1
Accumulated amortisation, 31 Dec		0.0	11.8	11.8
Carrying value, 1 Jan		0.0	7.1	7.1
Carrying value, 31 Dec		0.0	7.2	7.2

2022				
EUR million	Note	Intangible rights	Other intangible assets	Total
Acquisition cost, 1 Jan		0.0	14.2	14.2
Additions		-	3.2	3.2
Disposals		-	-0.2	-0.2
Transfers between items		-	0.0	0.0
Acquisition cost, 31 Dec		0.0	17.2	17.2
Accumulated amortisation, 1 Jan		0.0	8.5	8.5
Disposals		-	-	-
Amortisation for the period	8	-	1.5	1.5
Transfers between items		-	0.0	0.0
Accumulated amortisation, 31 Dec		0.0	10.1	10.1
Carrying value, 1 Jan		0.0	5.7	5.7
Carrying value, 31 Dec		0.0	7.1	7.1

16. LEASES

Right-of-use assets

2023				
EUR million	Note	Right-of-use investment properties*	Other right-of-use assets	Total
Carrying value, 1 Jan		52.6	4.9	57.5
Additions		-	-	-
Disposals		-	-	-
Remeasurement of lease agreements		2.9	0.5	3.4
Changes of fair value in profit and loss	13	-0.8	-	-0.8
Depreciation for the period	8	-	-1.1	-1.1
Carrying value, 31 Dec		54.7	4.2	58.9

2022				
EUR million	Note	Right-of-use investment properties*	Other right-of-use assets	Total
Carrying value, 1 Jan		52.9	5.8	58.7
Additions		0.6	-	0.6
Disposals		-1.4	-	-1.4
Remeasurement of lease agreements		1.1	0.3	1.5
Changes of fair value in profit and loss	13	-0.6	-	-0.6
Depreciation for the period	8	-	-1.3	-1.3
Carrying value, 31 Dec		52.6	4.9	57.5

* Right-of-use investment properties are measured at fair value and presented under investment properties in the statement of financial position. See further details in note 13.

SATO recognises leases in accordance with the IFRS 16 *Leases* standard. SATO has recognised right-of-use assets in scope of the standard under investment properties, to the extent that they are classified as investment property (right-of-use investment properties, see note 13), and otherwise under a new balance sheet item "Other right-of-use assets".

The right-of-use investment properties include land lease agreements, which are related to residential investment properties. At the end of the reporting period, the average remaining lease term of the Group's land leases was 16.9 years (17.9). Their lease payments are index dependent. Other right-of-use assets include leases for premises for SATO's own use. All lease agreements for SATO's own premises mature is less than ten years and their lease payments are index-based.

In the current period, the Group has recorded EUR 0.1 million (0.2) of lease expenses from short-term lease agreements in the sales, marketing and administrative expenses. Total cash outflows for the Group's leases during the period amounted to EUR 5.4 million (5.3).

Lease liabilities

EUR million	31 Dec 2023	31 Dec 2022
Non-current		
From land lease agreements	50.9	49.0
From other lease agreements	3.3	4.0
Total	54.2	53.0
Current		
From land lease agreements	4.0	3.8
From other lease agreements	1.2	1.1
Total	5.3	4.9
Total	59.5	57.9

17. INTERESTS IN OTHER ENTITIES

Group composition

SATO has 13 subsidiaries (21) that are individually material to the Group. Subsidiaries are entities over which SATO has control, and they are consolidated to the Group. There are no material non-controlling interests in any of the Group's subsidiaries.

Mutual property companies and housing companies, in which the rights of control over specified apartments are determined by shareholdings, are treated as joint operations in the consolidated financial statements. None of these entities is individually material to the Group. Joint operations are accounted for in the consolidated financial statements in the manner prescribed in the IFRS 11 *Joint Arrangements* standard by recognising SATO's assets and liabilities in the arrangement, including its share of joint assets and liabilities, and its revenue and expenses, including its share of joint revenue and expenses.

A list of all entities owned by the Group or the parent company is presented in note 35.

Significant restrictions

The non-profit subsidiaries are subject to regulatory restrictions limiting distribution of profit from those entities. More information of the restrictions are presented in note 24: Shareholders' equity.

Joint ventures and associated companies

SATO did not have joint ventures or associated companies material to the Group in 2023 or 2022.

18. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

31 Dec 2023		Fair value through other comprehensive income	Fair value through profit and loss	Assets and liabilities at amortised cost	Carrying amount total	Fair value hierarchy		
EUR million	Note					Level 1	Level 2	Level 3
Non-current financial assets								
Other non-current investments	19	1.0	-	-	1.0	-	1.0	-
Derivative assets	26	21.8	1.2	-	23.0	-	23.0	-
Total		22.8	1.2	-	24.1			
Current financial assets								
Accounts receivable	22	-	-	6.3	6.3	-	6.3	-
Derivative assets	26	0.4	-	-	0.4	-	0.4	-
Cash and cash equivalents	23	-	-	7.0	7.0	-	7.0	-
Total		0.4	-	13.3	13.7			
Non-current financial liabilities								
Corporate bonds	25	-	-	398.6	398.6	341.2	-	-
Other loans	25	-	-	1,117.7	1,117.7	-	1,119.6	-
Derivative liabilities	26	0.1	-	-	0.1	-	0.1	-
Total		0.1	-	1,516.3	1,516.4			
Current financial liabilities								
Corporate bonds	25	-	-	350.0	350.0	343.0	-	-
Other loans	25	-	-	292.9	292.9	-	292.9	-
Derivative liabilities	26	-	-	-	-	-	0.0	-
Accounts payable	28	-	-	4.4	4.4	-	4.4	-
Total		-	-	647.4	647.4			

31 Dec 2022		Fair value through other comprehensive income	Fair value through profit and loss	Assets and liabilities at amortised cost	Carrying amount total	Fair value hierarchy		
EUR million	Note					Level 1	Level 2	Level 3
Non-current financial assets								
Other non-current investments	19	1.0	-	-	1.0	-	1.0	-
Derivative assets	26	38.7	-	-	38.7	-	38.7	-
Total		39.7	-	-	39.7			
Current financial assets								
Accounts receivable	22	-	-	5.4	5.4	-	5.4	-
Derivative assets	26	0.2	-	-	0.2	-	0.2	-
Cash and cash equivalents	23	-	-	60.5	60.5	-	60.5	-
Total		0.2	-	65.8	66.0			
Non-current financial liabilities								
Corporate bonds	25	-	-	747.7	747.7	620.9	-	-
Other loans	25	-	-	973.8	973.8	-	953.3	-
Derivative liabilities	26	-	-	-	-	-	-	-
Total		-	-	1,721.4	1,721.4			
Current financial liabilities								
Corporate bonds	25	-	-	324.0	324.0	299.4	24.0	-
Other loans	25	-	-	100.2	100.2	-	100.2	-
Derivative liabilities	26	0.0	-	-	0.0	-	0.0	-
Accounts payable	28	-	-	12.2	12.2	-	12.2	-
Total		0.0	-	436.4	436.4			

The cash flow hedging derivatives are valued at fair value through other comprehensive income.

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

19. OTHER NON-CURRENT INVESTMENTS

EUR million	31 Dec 2023	31 Dec 2022
Other non-current investments		
Other holdings	1.0	1.0
Total	1.0	1.0

SATO presents its other non-current investments categorised into quoted shares and other holdings. Unrealised valuation gains and losses from other non-current investments are recognised in other comprehensive income and in fair value reserve, after accounting for tax effects. Other holdings include shares in unlisted companies and are valued at acquisition cost if their fair value cannot be reliably determined.

20. NON-CURRENT RECEIVABLES

EUR million	Note	31 Dec 2023	31 Dec 2022
Non-current receivables			
Loans receivable	18	-	-
Other non-current receivables		3.1	3.4
Total		3.1	3.4

21. CHANGES IN DEFERRED TAX ASSETS AND LIABILITIES

2023	1 Jan	Other adjustments	Recognised through profit or loss	Recognised through other comprehensive income	Purchased/sold subsidiaries	31 Dec
EUR million						
Deferred tax assets						
Valuation of financial instruments at fair value	0.4	-	0.1	0.0	-	0.4
Periodisation and temporary differences	5.6	0.0	4.5	-	-	10.1
Total	6.0	0.0	4.6	0.0	-	10.5
Deferred tax liabilities						
Valuation of investment properties at fair value	366.1	-0.8	-41.6	-0.2	3.2	326.8
Valuation of financial instruments at fair value	8.8	-	0.0	-3.3	-	5.5
Reclassification of housing provisions and depreciation differences	36.6	-	-4.3	-	-	32.3
Periodisation and temporary differences	0.0	-	-	-	-	0.0
Allocated acquisition costs	1.6	-	-	-	-	1.6
Total	413.1	-0.8	-46.0	-3.5	3.2	366.1

2022	1 Jan	Other adjustments	Recognised through profit or loss	Recognised through other comprehensive income	Purchased/sold subsidiaries	31 Dec
EUR million						
Deferred tax assets						
Valuation of financial instruments at fair value	4.6	-	0.1	-4.3	-	0.4
Periodisation and temporary differences	5.8	-	-0.2	-	-	5.6
Total	10.4	-	-0.1	-4.3	-	6.0
Deferred tax liabilities						
Valuation of investment properties at fair value	372.8	-	-5.6	-1.1	-	366.1
Valuation of financial instruments at fair value	1.2	-	-0.3	7.8	-	8.8
Reclassification of housing provisions and depreciation differences	41.1	-	-4.5	-	-	36.6
Periodisation and temporary differences	0.0	-	-	-	-	0.0
Allocated acquisition costs	1.6	-	-	-	-	1.6
Total	416.8	-	-10.3	6.6	-	413.1

22. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

EUR million	Note	31 Dec 2023	31 Dec 2022
Accounts receivable and other receivables			
Accounts receivable	18	6.3	5.4
Prepaid expenses and accrued income		119.8	4.0
Other receivables		3.0	4.3
Total		129.1	13.6

31 Dec 2023

EUR million	Gross amount	Expected credit loss	Carrying amount
Aging structure of accounts receivable			
Not due and less than one month overdue	4.6	-0.7	3.9
1 to 6 months overdue	2.1	-0.6	1.5
More than 6 months overdue	2.1	-1.2	0.9
Total	8.8	-2.5	6.3

31 Dec 2022

EUR million	Gross amount	Expected credit loss	Carrying amount
Aging structure of accounts receivable			
Not due and less than one month overdue	3.6	-0.6	3.0
1 to 6 months overdue	2.1	-0.6	1.5
More than 6 months overdue	1.9	-1.1	0.9
Total	7.6	-2.2	5.4

SATO recognises the allowance for bad debts for accounts receivable according to IFRS 9. For measurement of the impairment of accounts receivable, the Group applies the simplified approach allowed by the standard, whereby it makes an assessment of the lifetime expected credit losses for its accounts receivable at each reporting date, and based on this assessment, recognises the impairment through profit and loss. The recorded allowance for bad debts amounted to EUR 2.5 million (2.2) at the end of the period.

EUR million	Note	31 Dec 2023	31 Dec 2022
Specification of prepaid expenses and accrued income			
Share issue receivables	24	113.0	0.0
Prepaid expenses and accrued income related to rental services		1.0	0.0
Prepaid expenses and accrued income related to new constructions		0.0	0.0
Prepayments		0.7	0.9
Purchase price receivables		-	0.8
Interest receivables		4.7	1.8
Derivative assets	26	0.4	0.2
Other		0.0	0.2
Total		119.8	4.0

23. CASH AND CASH EQUIVALENTS

EUR million	Note	31 Dec 2023	31 Dec 2022
Cash and cash equivalents	18	7.0	60.5
Total		7.0	60.5

The cash assets of group companies subject to non-profit restrictions are kept separately from other companies' cash assets. At the reporting date, such restricted companies' cash assets totalled EUR 1.6 million (2.7).

24. SHAREHOLDERS' EQUITY

EUR million	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
The following dividend and repayment of capital were declared and paid during the period:		
Dividends, EUR 0.00 (0.50) per share	0.0	-28.3
Total	0.0	-28.3

No capital repayments were made by SATO in 2023 or 2022.

Description of items in shareholders' equity:

Shares and share capital

As at 31 December 2023, the share capital of SATO Corporation totalled EUR 4,442,192, fully paid and divided to 56,783,067 shares. The number of own shares held by the company at the reporting date was 166,000. SATO has one class of shares, each of which entitles to one vote at the Annual General Meeting. The shares do not have a nominal value.

During the period, there were no changes in the number of the company's shares. On 11 December 2023, the General Meeting authorised the Board of Directors to decide on the issuance of up to 56,700,000 shares by one or several tranches to raise gross proceeds of up to EUR 200 million. Based on the authorisation, the Board of Directors decided, in December, on a share issue in which the company will offer up to 28,308,533 new shares in the company for subscription to the company's existing shareholders in proportion to the number of shares they hold in the company. The subscription period began on 20 December 2023 and will expire on 14 February 2024.

Reserve fund

Reserve fund includes share premium fund.

Fair value reserves

Fair value reserves include change in fair value of financial instruments used in cash flow hedge accounting and fair valuation of available-for-sale financial assets.

Reserve for invested non-restricted equity

Reserve for invested non-restricted equity includes other equity investments and the subscription price of shares, to the extent that it is not recorded in share capital.

The subscription price for the above mentioned share issue is EUR 7.07 per offer share, and it is recognised in reserve for invested non-restricted equity. Shares subscribed in total was 15,989,926 shares on 31 December 2023.

Dividends

After the balance sheet date 31 December 2023, the Board of Directors has proposed dividend distribution of EUR 0.00 per share (0.00).

Restrictions concerning SATO's shareholders' equity

SATO's retained earnings at the end of period, EUR 2,141.0 million (2,286.6), included distribution-restricted capital totalling EUR 134.4 million (179.4) attributable to subsidised, non-profit businesses. The figure includes the share of the change in the fair value reported in the income statement. Part of the Group companies are under statutory, non-profit restrictions according to which a company is allowed to distribute only a regulated amount of capital.

Management of capital structure

The aim of SATO's management of capital structure is to support the growth targets and to secure the ability to pay dividend. Another aim is to ensure SATO's prospects of operating in the equity market. SATO's targeted equity ratio measured at fair value is at least 40%. At the end of period, SATO's equity ratio measured at fair value was 47.9% (47.8). The Board of Directors reviews and assesses SATO's capital structure regularly.

Some of SATO's interest-bearing financial agreements include covenants relating to capital structure and profitability (see note 29). SATO complied with the capital structure and profitability covenants during the reporting period.

25. FINANCIAL LIABILITIES

EUR million	31 Dec 2023	31 Dec 2022
Non-current		
Corporate bonds	398.6	747.7
Bank loans	1,013.2	844.2
Interest-subsidised loans	83.4	103.8
State-subsidised ARAVA loans	21.2	25.9
Total	1,516.3	1,721.4
Current		
Corporate bonds	350.0	324.0
Bank loans	207.4	60.7
Interest-subsidised loans	6.2	20.0
State-subsidised ARAVA loans	4.4	4.8
Commercial papers	74.9	14.8
Total	642.9	424.2
Total	2,159.2	2,145.7

During the reporting period, a total of EUR 255.0 million (137.3) of new long-term debt was drawn. At the reporting date, the average interest on the SATO debt portfolio was 3.4% (2.3) and the average maturity was 2.8 years (3.3).

For purposes of short-term financing, SATO has a commercial paper programme of EUR 400.0 million (400.0), of which EUR 324.0 million (385.0) were unused, committed credit limits of EUR 600.0 million (700.0), of which EUR 430.0 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. Additionally SATO's liquidity was secured by EUR 100.0 million unused and committed long-term loan facility.

Corporate bonds include the following bonds issued by SATO Corporation: EUR 350.0 million unsecured bond maturing on 31 May 2024 and carrying a fixed annual coupon of 1.375%, EUR 350.0 million unsecured bond maturing on 24 February 2028 and carrying a fixed annual coupon of 1.375% and EUR 50.0 million unsecured bond maturing on 12 June 2030 and carrying a fixed annual coupon of 2.450%. The bonds are listed on the Irish Stock Exchange and have a public BBB credit rating from Standard & Poor's.

26. DERIVATIVES

Fair values of derivative instruments

EUR million	31 Dec 2023			31 Dec 2022		
	Positive	Negative	Net	Positive	Negative	Net
Non-current						
Interest rate swaps, cash flow hedge	21.8	-0.1	21.7	38.7	-	38.7
Interest rate swaps, not in hedge accounting	1.2	-	1.2	-	-	-
Non-current derivatives, total	23.0	-0.1	22.9	38.7	-	38.7
Current						
Interest rate swaps, cash flow hedge	0.4	-	0.4	0.2	0.0	0.2
Interest rate swaps, not in hedge accounting	-	-	-	-	-	-
Current derivatives, total	0.4	-	0.4	0.2	0.0	0.2
Derivatives, total	23.4	-0.1	23.3	38.9	0.0	38.8

EUR million	31 Dec 2023	31 Dec 2022
Nominal values of derivative instruments		
Interest rate swaps, cash flow hedge	430.3	447.5
Interest rate swaps, not in hedge accounting	50.0	-
Total	480.3	447.5

Change in fair value of designated interest rate hedges, booked to hedge reserve in other comprehensive income, totalled EUR -13.4 million (48.1). Interest rate swaps are used to hedge interest cash flows against fluctuation in market interest rates. SATO also hedges the interest rate risk with forward start swaps. On the reporting date, the forward start swaps amounted to EUR 0.0 million (0.0) in nominal value. 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 period.

27. PROVISIONS

EUR million	2023	2022
Provision for refund claims, 1 Jan	2.0	2.2
Increases	0.2	0.5
Provisions used	-0.2	-0.5
Reversals	-0.1	-0.2
Provision for refund claims, 31 Dec	2.0	2.0

EUR million	31 Dec 2023	31 Dec 2022
Non-current provisions	1.5	1.5
Current provisions	0.5	0.5
Total	2.0	2.0

The provision for refund claims includes guarantees related to new construction business and a 10-year warranty period after completion of the work. The provision for refund claims is measured based on previous claims and an assessment of previous experience. The provision for refund claims will be used, if applicable, within 10 years from the reporting date. SATO has no other provisions on 31 December 2023.

28. ACCOUNTS PAYABLE AND OTHER LIABILITIES

EUR million	Note	31 Dec 2023	31 Dec 2022
Accounts payable and other liabilities			
Advances received		8.9	9.1
Accounts payable	18	4.4	12.2
Other liabilities		1.6	3.9
Accrued expenses and prepaid income		43.7	44.1
Total		58.6	69.3

EUR million	Note	31 Dec 2023	31 Dec 2022
Accrued expenses and prepaid income			
Personnel expenses		5.2	5.3
Interest expenses		16.4	17.6
Derivative instruments	26	-	0.0
Accrued expenses and prepaid income related to new constructions		2.8	2.5
Accrued expenses and prepaid income related to rental services		13.2	16.5
Other accrued expenses		5.6	2.2
Other		0.4	0.0
Total		43.7	44.1

29. FINANCIAL RISK MANAGEMENT

The goal of SATO's financial risk management is to protect the company from unfavourable changes occurring in the financial markets. The main principles of financing and financial risk management are set out in the Treasury Policy, approved by the Board of Directors. SATO Treasury is responsible for the management of financial risks in accordance with the Treasury Policy. SATO Treasury reports to the CFO, who is responsible for organising and managing the duties associated with the financing and financial risk management, as well as ensuring compliance with the principles set in the Treasury Policy.

Interest rate risk

The most significant of SATO market risks is the impact of market interest rate fluctuation on interest cash flows. To manage interest rate risk, the proportions of fixed and floating rate instruments are balanced in such a way that the risk of a rise in interest expenses is on an acceptable level and liquidity is secured. Interest rate risk is primarily attributable to market-based loans, but the interest rate risk of other types of financial liabilities is also monitored.

Market-based loans are primarily drawn at floating rates. In accordance with the Treasury Policy, the interest rate risk arising from these contracts is hedged using derivative instruments, mainly interest rate swaps and options, so that when hedging is applied, the fixed rate portion exceeds 60.0% of the nominal value of the total loan portfolio. At 31 December 2023, the fixed rate portion of the loan portfolio after hedging was 66.3% (72.7) excluding short-term loans and the average maturity was 2.8 years (3.3).

SATO uses interest rate derivatives to hedge against changes in the future interest payment cash flows of long-term loans. Cash flow hedge accounting according to the IFRS 9 standard is applied to the majority of derivatives. No ineffectiveness has occurred, as the hedged items and the hedging instruments have the same interest periods. The effect of changes in market interest rates on net financial expenses is examined in the "sensitivity analysis" table below. Derivative instruments for which the conditions for applying hedge accounting are not met, or SATO has decided not to apply hedge accounting, are included in financial assets or liabilities measured at fair value through profit and loss.

Changes in market interest rates affect interest expense on interest-subsidised loans. However, in interest-subsidised loans, a subsidy is received for the part exceeding the deductible rate, so the risk of increases in interest rates for interest-subsidised loans are considerably lower than for market-based loans. The deductible rate on interest-subsidised loans varies between 2.75% to 3.50% and on the so-called interim model interest-subsidy loans, funded in years 2009 to 2011, is 3.40%. A major part of the interest-subsidised loans is tied to long reference rates, ranging from 3 to 10 years. Due to the subsidies and long reference rates, the interest rate risk on these loans is not material.

In operations financed with state subsidies, rents are based on absorption cost, and hence any interest risk can be transferred to the rents. The interest on state-subsidised ARAVA loans is pegged to changes in Finnish consumer prices. The ARAVA rate is fixed in advance for the following financial period and hence there is no uncertainty of the following period interest expense. Some state-subsidised loans have an interest rate cap, the level of which is based on the interest rate of government 10-year bonds. A risk in state-subsidised ARAVA loans is a substantial increase in interest, which would be difficult to transfer in its entirety to rents without delay.

Currency risk

At present, SATO has no business-related currency risks or currency loans.

Price risk

At present, SATO has no items which might be subject to a significant price risk.

Credit risk

SATO is not exposed to significant concentrations of credit risk. The majority of SATO's accounts receivable consists of rent receivables. SATO has over 25,000 rental agreements, so the risk entailed in a single receivable is insignificant. The use of security deposit decreases the credit risk associated with rent receivables. SATO's actual credit losses have averaged the equivalent of 0.9% (0.9) of rental income. In addition, treasury functions, such as liquidity investments and derivative instruments, involve a counterparty risk, which is reduced by careful selection of counterparties and by diversification of contracts among a number of counterparties.

Liquidity risk

The Group constantly monitors the amount of financing demanded for business operations so that the adequacy of financing will be assured in all circumstances. The cash flow of operative business is steady and fluctuation mainly arise from investment activities.

Liquidity is managed with the commercial paper programme of EUR 400.0 million (400.0), committed credit limits EUR 600.0 million (700.0), and non-committed credit limits, EUR 5.0 million (5.0). Additionally SATO's liquidity was secured by EUR 100.0 million unused and committed long-term loan facility. At 31 December 2023, the commercial papers issued amounted to EUR 76.0 million (15.0) in nominal value. The credit facilities in use were EUR 170.0 million (0.0). In liquidity management, it is taken into account that the assets of Group companies subject to non-profit restrictions due to interest subsidies or state-subsidised ARAVA loans, are kept separately and allocated to those non-profit operations.

Standard & Poor's has assigned SATO with BBB credit rating with a negative outlook. With the investment grade credit rating, SATO aims to widen the investor base and to further limit dependency on any single financing counterparties.

SATO's funding agreements contain covenant clauses relating to the Group's capital structure and interest payment capacity. These clauses set a ratio of unencumbered assets to total assets at least 42.5%, a solvency ratio maximum of 65.0%, a secured solvency ratio maximum of 45.0%, an interest coverage ratio of at least 1.8 and unencumbered assets to unsecured debt at least 150.0%. At the reporting date, the ratio of unencumbered assets was 87.7% (89.2), the solvency ratio was 42.4% (40.7), the secured solvency ratio was 6.2% (5.0), the interest coverage ratio was 2.9 (8.2) and the ratio of unencumbered assets to unsecured debt was 241.2% (244.3).

Sensitivity analysis, interest rate risk

EUR million	31 Dec 2023				31 Dec 2022			
	Profit and Loss		Equity		Profit and Loss		Equity	
	1.0%	-1.0%	1.0%	-1.0%	1.0%	-1.0%	1.0%	-1.0%
Floating rate loans	-9.5	9.5	-	-	-9.6	9.6	-	-
Interest rate swaps	2.6	-2.6	13.0	-14.1	3.6	-3.6	15.3	-15.5
Total impact	-6.9	7.0	13.0	-14.1	-6.0	6.0	15.3	-15.5

Maturity analysis on financial instruments
31 Dec 2023

EUR million	Within 1 year	2–5 years	6–10 years	11–15 years	After 15 years	Total
Financial liabilities						
Market-based loans	-702.3	-1,306.7	-197.7	-23.1	-8.3	-2,238.1
Interest-subsidised loans	-10.2	-33.4	-47.3	-18.1	-1.1	-110.0
State-subsidised ARAVA loans	-4.6	-17.0	-3.3	-0.1	-	-25.0
Accounts payable	-4.4	-	-	-	-	-4.4
Total	-721.5	-1,357.1	-248.3	-41.3	-9.4	-2,377.5
Derivative contracts						
Interest rate derivatives	11.4	20.9	8.1	4.2	1.7	46.3
Total	11.4	20.9	8.1	4.2	1.7	46.3
Lease liabilities						
From land lease agreements	-4.2	-16.6	-20.5	-19.7	-68.7	-129.7
From other lease agreements	-1.3	-3.5	-	-	-	-4.8
Lease liabilities total	-5.4	-20.1	-20.5	-19.7	-68.7	-134.5
Total	-715.5	-1,356.3	-260.6	-56.8	-76.4	-2,465.7

31 Dec 2022

EUR million	Within 1 year	2–5 years	6–10 years	11–15 years	After 15 years	Total
Financial liabilities						
Market-based loans	-457.6	-1,211.8	-523.1	-27.6	-12.7	-2,232.8
Interest-subsidised loans	-23.3	-37.7	-50.6	-23.1	-2.9	-137.6
State-subsidised ARAVA loans	-4.9	-19.5	-4.7	-0.1	-	-29.2
Accounts payable	-12.2	-	-	-	-	-12.2
Total	-497.9	-1,269.0	-578.4	-50.8	-15.7	-2,411.8
Derivative contracts						
Interest rate derivatives	-4.2	-15.5	-4.5	-1.9	-1.1	-27.2
Total	-4.2	-15.5	-4.5	-1.9	-1.1	-27.2
Lease liabilities						
From land lease agreements	-3.9	-15.7	-19.4	-19.0	-69.0	-127.1
From other lease agreements	-1.1	-4.2	-0.1	-	-	-5.4
Lease liabilities total	-5.1	-19.9	-19.5	-19.0	-69.0	-132.5
Total	-507.1	-1,304.4	-602.4	-71.7	-85.8	-2,571.5

The above figures represent contractual, non-discounted cash flows, including interest payments.

30. NOTES TO THE CASH FLOW STATEMENT

EUR million	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Non-cash items included in the profit			
Depreciation and amortisation	8	4.1	3.9
Gains and losses from changes in fair value of investment properties	13	249.3	14.9
Change in provisions	27	0.0	-0.2
Share of profit of associated companies and joint ventures		0.0	0.0
Total		253.3	18.7
EUR million			
Changes in interest-bearing debt during the period		2023	2022
Interest-bearing debt, 1 Jan		2,145.7	2,169.5
Cash changes in interest-bearing debt during the period, total		12.9	-27.1
Non-cash changes:			
Change in foreign exchange rates		-	-
Interest accrued by the effective interest rate method		2.3	2.7
Transfers of debt to buyers upon disposals of investment property and other adjustments		-1.6	0.6
Interest-bearing debt, 31 Dec		2,159.2	2,145.7

31. COLLATERAL, COMMITMENTS AND CONTINGENCIES

EUR million	31 Dec 2023	31 Dec 2022
Mortgages and pledges for secured borrowings		
Secured borrowings	313.1	254.0
Pledges and mortgages provided, fair value	625.8	557.5
Guarantees for others		
Rs-guarantees	1.9	1.9
Other collateral provided		
Mortgages provided to secure payment of rent and street maintenance	7.1	7.1
Guarantees and mortgages provided to secure payments of land use contracts	1.1	1.9
Binding purchase agreements		
For acquisitions of investment properties	16.2	114.3
Pledges for land use payments on zoned plots	0.6	0.6
Letters of intent on properties under development for which there is a zoning or other condition	74.7	70.5

32. 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 2023 are Balder Finska Ota AB, other Balder-group companies (parent company: Fastighets AB Balder), Erik Selin Fastigheter AB, Stichting Depositary 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 parties. 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.

On 30 March 2022, 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 March 2025. No withdrawals from the facility were made during the period.

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

EUR million	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Extended Management Group employee benefits		
Salaries and other short-term employee benefits	2.1	1.7
Total	2.1	1.7

EUR thousands	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Compensation paid to the members of the Board of Directors and the President & CEO		
Managing Director	369.1	375.5
Erik Selin	44.8	41.5
Esa Lager	29.7	27.0
Tarja Pääkkönen	26.7	24.0
Timo Stenius	25.7	23.0
Johannus (Hans) Spikker	25.7	22.5
Sharam Rahi	24.7	24.5
Total	546.3	538.0

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 the 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 SATOs profit and fulfilment of the targets for their respective area of responsibility.

In addition to the members of the Corporate Management Group, the incentive scheme covers around 25 SATO employees in executive, managerial and expert roles. The terms and conditions of the incentive scheme and the payment of performance bonuses are approved by the Board of Directors. The aim of the incentive scheme is to harmonize the objectives of shareholders, management and key persons, bolster the commitment of key persons, improve competitiveness and promote long-term financial success.

33. BORROWING COSTS

	Note	31 Dec 2023	31 Dec 2022
Capitalised expenses of borrowing costs during the period, EUR million	13	1.8	1.9
Financial expense index, %		2.0	2.0

34. SUBSEQUENT EVENTS

No significant events after the end of the reporting period.

35. SUBSIDIARIES OWNED BY THE GROUP AND PARENT COMPANY

31 Dec 2023	Group's holding, %	Parent company's holding, %
Holding percentages are the same as voting rights.		
Subsidiaries held by SATO Corporation		
Sato-Asunnot Oy	100.0	100.0
Sato-Rakennuttajat Oy	100.0	100.0
Sato-JoustoKoti Oy	100.0	100.0
Sato-Hallintopalvelut Oy	100.0	100.0
Sato-Palvelut Oy	100.0	100.0
Sato-Pysäköinti Oy	100.0	100.0
SATOkoti Oy	100.0	100.0
SATOkoti 23 Oy	100.0	100.0
SATOkoti 24 Oy	100.0	100.0
Suomen Satokodit 22 Oy	100.0	100.0
Suomen Satokodit 24 Oy	100.0	100.0
SATO VK 22 Oy	100.0	100.0
Vatrotalot 5 Oy	100.0	100.0
Uusi Sarfvik Oy	60.0	18.3
Sarfvikin Vesialue Oy	60.0	18.3
Joint ventures and associated companies		
SV-Asunnot Oy	50.0	50.0
Other shares		
Asunto Oy Kirkkonummen Metsätähdenkuja 5	60.0	18.3
Asunto Oy Kirkkonummen Sarvikintie 4	100.0	18.3
Asunto Oy Kirkkonummen Sinikellontie 5	60.0	18.3
Asunto Oy Kirkkonummen Ukonkellonkuja 3	60.0	18.3
Keskus-Sato Oy	100.0	100.0
Kiinteistö Oy Espoon Aallonrivi	100.0	100.0
Kiinteistö Oy Kirkkonummen Sarvikinportti	60.0	6.8
Kiinteistö Oy Kunnankero	100.0	100.0
Kiinteistö Oy Outakessa	100.0	100.0
Kiinteistö Oy Vantaan Sato-Kartano	100.0	100.0

31 Dec 2023	Group's holding, %	Parent company's holding, %
Companies held by subsidiaries		
Sato-Asunnot Oy		
As Oy Espoon Suvikäytävä	29.9	29.9
As Oy Kuhakartano	0.7	0.7
As Oy Tampereen Kuikankatu 2	9.7	9.7
As. Oy Kotipiennar	2.8	2.8
As. Oy Matinraitti 14	1.0	1.0
As. Oy Näkinkuja 2	2.5	2.5
As. Oy Näsinlaine	1.0	1.0
As. Oy Peltohuhta	1.2	1.2
As. Oy Turun Tallgreninkartano	23.7	23.7
As. Oy Urheilukatu 38	56.0	56.0
As. Oy Valtapolku	1.2	1.2
Asunto - Oy 4 linja 24	33.6	33.6
Asunto O.Y. Kasarmikatu 14 - Bostads A.B. Kasärngatan 14	12.2	12.2
Asunto O.Y. Linjala 14	4.2	4.2
Asunto O/Y Pihlajatie N:o 23	3.0	3.0
Asunto Oy Agricolankuja 3	3.0	3.0
Asunto Oy Agricolankuja 8	82.3	82.3
Asunto Oy Agricolankulma	0.8	0.8
Asunto Oy Albertus	1.1	1.1
Asunto Oy Erkintalo	1.1	1.1
Asunto Oy Espoon Hassel	4.4	4.4
Asunto Oy Espoon Honkavaarantie 5	10.3	10.3
Asunto Oy Espoon Interior	11.4	11.4
Asunto Oy Espoon Kaupinkalliontie 5	47.8	47.8
Asunto Oy Espoon Kivenhakkaajankuja 3	2.3	2.3
Asunto Oy Espoon Kuunkierros 2	9.3	9.3
Asunto Oy Espoon Myötätuulenmäki	8.5	8.5
Asunto Oy Espoon Niittyhuippu	28.1	28.1
Asunto Oy Espoon Nostoväenkuja 1	3.8	3.8
Asunto Oy Espoon Numersinkatu 11	18.8	18.8

31 Dec 2023	Group's holding, %	Parent company's holding, %
Asunto Oy Espoon Numersinkatu 6	15.2	6.0
Asunto Oy Espoon Omenapuu	16.0	16.0
Asunto Oy Espoon Paratiisiomena	18.3	18.3
Asunto Oy Espoon Puropuisto	58.4	58.4
Asunto Oy Espoon Rastaspuiistonpolku	22.6	22.6
Asunto Oy Espoon Rastaspuiستontie 8	7.3	7.3
Asunto Oy Espoon Ristiniementie 22	8.2	8.2
Asunto Oy Espoon Ruorikuja 4	3.8	3.8
Asunto Oy Espoon Satokallio	11.6	11.6
Asunto Oy Espoon Saunalyhty	6.8	6.8
Asunto Oy Espoon Sokerilinnantie 1	5.8	5.8
Asunto Oy Espoon Säterinkatu 10	19.1	19.1
Asunto Oy Espoon Vanharaide	90.1	90.1
Asunto Oy Espoon Vasaratörmä	5.2	5.2
Asunto Oy Espoon Yläkartanonpiha	10.9	10.9
Asunto Oy Espoon Zanseninkuja 4	29.9	29.9
Asunto Oy Haagan Pappilantie 13	2.6	2.6
Asunto Oy Hakaniemenranta	2.5	2.5
Asunto Oy Hannanpiha	19.1	19.1
Asunto Oy Harjulehmus	7.1	7.1
Asunto Oy Helkalax	1.3	1.3
Asunto Oy Helsingin Akaasia	13.9	13.9
Asunto Oy Helsingin Apollonkatu 19	38.2	38.2
Asunto Oy Helsingin Arabian Kotiranta	4.2	4.2
Asunto Oy Helsingin Arabiankatu 3	13.4	13.4
Asunto Oy Helsingin Casa Canal	13.3	13.3
Asunto Oy Helsingin Cirrus	1.7	1.7
Asunto Oy Helsingin Corona	17.0	17.0
Asunto Oy Helsingin Eiranrannan Estella	30.8	30.8
Asunto Oy Helsingin Eliel Saarisen Tie 10	96.1	96.1
Asunto Oy Helsingin Fenniläntalo	80.2	80.2
Asunto Oy Helsingin Follow	0.0	0.0
Asunto Oy Helsingin Gerbera	12.7	12.7
Asunto Oy Helsingin Happiness	22.2	22.2

31 Dec 2023	Group's holding, %	Parent company's holding, %
Asunto Oy Helsingin Hildankulma	80.1	80.1
Asunto Oy Helsingin Isopurje	3.2	3.2
Asunto Oy Helsingin Kaivonkatsojantie 2	16.4	16.4
Asunto Oy Helsingin Kalevankatu 53	6.6	6.6
Asunto Oy Helsingin Kalliolinna	0.8	0.8
Asunto Oy Helsingin Kanavaranta	8.8	8.8
Asunto Oy Helsingin Kerttulinkuja 1	7.5	7.5
Asunto Oy Helsingin Kokkosaarenkatu 4	20.8	20.8
Asunto Oy Helsingin Koralli	4.1	4.1
Asunto Oy Helsingin Koroistentie	9.4	9.4
Asunto Oy Helsingin Kultareuna 1	39.0	39.0
Asunto Oy Helsingin Kuusihovi	25.4	25.4
Asunto Oy Helsingin Kyläkirkontie 13	68.5	68.5
Asunto Oy Helsingin Köysikuja 2	9.5	9.5
Asunto Oy Helsingin Laivalahdenkaari 1	85.4	85.4
Asunto Oy Helsingin Leikopiha	9.6	9.6
Asunto Oy Helsingin Leikosaarentie 31	18.7	18.7
Asunto Oy Helsingin Leikovuori	9.1	9.1
Asunto Oy Helsingin Lönnrotinkatu 32	55.1	55.1
Asunto Oy Helsingin Mariankatu 19	1.0	1.0
Asunto Oy Helsingin Merenkävijä	5.1	5.1
Asunto Oy Helsingin Minna Canthinkatu 24	1.1	1.1
Asunto Oy Helsingin Mustankivenraitti 5	94.6	94.6
Asunto Oy Helsingin Myllypellonpolku 4	2.2	2.2
Asunto Oy Helsingin Mylläri	2.3	2.3
Asunto Oy Helsingin Nautilus	26.0	26.0
Asunto Oy Helsingin Nukkeruusunkuja 3	15.5	15.5
Asunto Oy Helsingin Pasilantornit	52.1	52.1
Asunto Oy Helsingin Pasuunatie 8	2.2	2.2
Asunto Oy Helsingin Perustie 16	56.1	56.1
Asunto Oy Helsingin Pirta	17.1	17.1
Asunto Oy Helsingin Porthaninkatu 4	0.7	0.7
Asunto Oy Helsingin Pumpputehdas	0.5	0.5
Asunto Oy Helsingin Puuskarinne 1	98.2	98.2

31 Dec 2023	Group's holding, %	Parent company's holding, %
Asunto Oy Helsingin Päivöläntie 72	7.7	7.7
Asunto Oy Helsingin Rautahepo	100.0	100.0
Asunto Oy Helsingin Reginankuja 4	11.8	11.8
Asunto Oy Helsingin Rosas	9.6	9.6
Asunto Oy Helsingin Ruusutarhantie 2-4	30.7	30.7
Asunto Oy Helsingin Satoaalto	8.6	8.6
Asunto Oy Helsingin Satorinne	8.5	8.5
Asunto Oy Helsingin Serica	3.8	3.8
Asunto Oy Helsingin Solarus	5.9	5.9
Asunto Oy Helsingin Solnantie 22	98.0	98.0
Asunto Oy Helsingin Ståhlbergintie 4	93.5	93.5
Asunto Oy Helsingin Tapaninkulo	4.7	4.7
Asunto Oy Helsingin Tila	24.5	24.5
Asunto Oy Helsingin Topeliuksenkatu 29	4.6	4.6
Asunto Oy Helsingin Tunturinlinna	9.5	9.5
Asunto Oy Helsingin Töölön Oscar	25.3	25.3
Asunto Oy Helsingin Vanha Viertotie 16	68.8	68.8
Asunto Oy Helsingin Vanha Viertotie 18	42.8	42.8
Asunto Oy Helsingin Vanhanlinnantie 10	6.4	6.4
Asunto Oy Helsingin Villa Kuohu	25.6	25.6
Asunto Oy Hervannan Juhani	14.9	14.9
Asunto Oy Hiihtomäentie 34	3.7	3.7
Asunto Oy Humalniementie 3-5	1.1	1.1
Asunto Oy Iidesranta 42 Tampere	9.9	9.9
Asunto Oy Jukolanniitty	7.7	7.7
Asunto Oy Jussinohvi	3.5	3.5
Asunto Oy Järvenpään Alhonrinne	18.4	18.4
Asunto Oy Kaarinan Katariinankallio	35.8	35.8
Asunto Oy Kaarinan Kiurunpuisto	48.1	18.4
Asunto Oy Kaarinan Kultarinta	39.8	39.8
Asunto Oy Kaarinan Mattelpiha	49.5	49.5
Asunto Oy Kaarinan Verkapatruuna	3.7	3.7
Asunto Oy Kalasataman Fregatti, Helsinki	25.3	25.3
Asunto Oy Kasarminkatu 10	26.7	26.7

31 Dec 2023	Group's holding, %	Parent company's holding, %
Asunto Oy Kaukotie 10-12	3.1	3.1
Asunto Oy Kauniaisten Ersintie 9-11	5.5	5.5
Asunto Oy Kauniaisten Konsuli Bostads Ab	7.4	7.4
Asunto Oy Ketturinne	1.3	1.3
Asunto Oy Kirkkosalmentie 3	0.9	0.9
Asunto Oy Kivisaarentie	2.7	2.7
Asunto Oy Kolehmaisentori	5.5	5.5
Asunto Oy Kulmavuorenrinne	1.0	1.0
Asunto Oy Kupittaaan Kotka, Turku	10.9	10.9
Asunto Oy Kupittaaan Kurki, Turku	6.1	6.1
Asunto Oy Kupittaaan Peippo, Turku	34.6	34.6
Asunto Oy Kupittaaan Satakieli, Turku	6.1	6.1
Asunto Oy Kuuselanpuisto	23.0	23.0
Asunto Oy Kuusihalme	2.3	2.3
Asunto Oy Kuusitie 15	1.5	1.5
Asunto Oy Kuusitie 3	1.8	1.8
Asunto Oy Lapinniemen Pallopurje	1.9	1.9
Asunto Oy Lapintalo	1.0	1.0
Asunto Oy Lappeenrannan Kanavansato 2	5.7	5.7
Asunto Oy Lauttasaarentie 11	1.6	1.6
Asunto Oy Lielahdentie 10	9.1	9.1
Asunto Oy Läntinen Brahenkatu 8	0.8	0.8
Asunto Oy Mannerheimintie 108	3.0	3.0
Asunto Oy Mannerheimintie 148	2.5	2.5
Asunto Oy Mannerheimintie 77	1.2	1.2
Asunto Oy Mannerheimintie 83-85	0.7	0.7
Asunto Oy Mannerheimintie 93	0.3	0.3
Asunto Oy Mellunsusi	1.5	1.5
Asunto Oy Messeniuksenkatu 8	2.0	2.0
Asunto Oy Messilä	70.0	70.0
Asunto Oy Muotialantie 31	7.0	7.0
Asunto Oy Myllysalama	59.8	59.8
Asunto Oy Naantalın Kastovuorenrinne	16.7	16.7
Asunto Oy Neulapadontie 4	1.2	1.2

31 Dec 2023	Group's holding, %	Parent company's holding, %
Asunto Oy Nokian Miharintie 38-40	13.1	13.1
Asunto Oy Nordenskiöldinkatu 8	2.5	2.5
Asunto Oy Näyttelijäntien Pistetalot	1.4	1.4
Asunto Oy Oskelantie 5	4.1	4.1
Asunto Oy Oskelantie 8	2.1	2.1
Asunto Oy Otavantie 4	1.8	1.8
Asunto Oy Pengerkatu 27	2.6	2.6
Asunto Oy Pohjanpoika	8.0	8.0
Asunto Oy Poutuntie 2	3.7	3.7
Asunto Oy Puistokaari 13	1.9	1.9
Asunto Oy Raikurinne 1	1.3	1.3
Asunto Oy Raison Tasontorni	39.3	39.3
Asunto Oy Raison Toripuisto	56.9	56.9
Asunto Oy Rantasentteri	1.5	1.5
Asunto Oy Risto Rytin Tie 28 Bostads Ab	1.5	1.5
Asunto Oy Ristolantie 7	2.5	2.5
Asunto Oy Riviuhkola	4.4	4.4
Asunto Oy Ryytikuja 5	0.8	0.8
Asunto Oy Saarenkeskus	0.4	0.4
Asunto Oy Salpakolmio	31.3	31.3
Asunto Oy Satakallio	0.2	0.2
Asunto Oy Satosorsa	19.9	19.9
Asunto Oy Savilankatu 1 b	33.3	33.3
Asunto Oy Solnantie 32	0.9	0.9
Asunto Oy Sompasaaren Priki	69.4	69.4
Asunto Oy Sulkapolku 6	0.4	0.4
Asunto Oy Säästökartano	0.3	0.3
Asunto Oy Taapuri	2.5	2.5
Asunto Oy Tallbergin Puistotie 1	2.0	2.0
Asunto Oy Tammitie 21	0.9	0.9
Asunto Oy Tampereen Charlotta	2.0	2.0
Asunto Oy Tampereen Haapalinnan Antintalo	66.7	66.7
Asunto Oy Tampereen Kanjoninkatu 15	56.3	56.3
Asunto Oy Tampereen Kokinpellonrinne 2	86.9	86.9

31 Dec 2023	Group's holding, %	Parent company's holding, %
Asunto Oy Tampereen Kristiina	19.1	19.1
Asunto Oy Tampereen Kyläleni	93.2	22.5
Asunto Oy Tampereen Kyyhky	11.1	11.1
Asunto Oy Tampereen Rantatie 13 E-G	44.9	44.9
Asunto Oy Tampereen Rotkonraitti 6	48.2	48.2
Asunto Oy Tampereen Siirtolapuutarhankatu 12	5.6	5.6
Asunto Oy Tampereen Strada	46.6	46.6
Asunto Oy Tampereen Walteri	23.9	23.9
Asunto Oy Tapiolan Itäkartano, Espoo	53.6	53.6
Asunto Oy Tapiolan Tuuliniitty Espoo	6.8	6.8
Asunto Oy Tarkkampujankatu 14	44.1	44.1
Asunto Oy Tasatuomo	1.3	1.3
Asunto Oy Terhokuja 6	11.3	11.3
Asunto Oy Turun Asemanlinna	20.9	20.9
Asunto Oy Turun Eteläranta II	3.2	3.2
Asunto Oy Turun Eteläranta III	2.9	2.9
Asunto Oy Turun Eteläranta IV	3.0	3.0
Asunto Oy Turun Fregatinranta	4.7	4.7
Asunto Oy Turun Förinranta II	1.0	1.0
Asunto Oy Turun Ipnoksenrinne	6.7	6.7
Asunto Oy Turun Kivimaanrivi	6.5	6.5
Asunto Oy Turun Linnanhuippu	1.1	1.1
Asunto Oy Turun Linnanpuisto	8.8	8.8
Asunto Oy Turun Merenneito	24.7	24.7
Asunto Oy Turun Meripoika	40.8	40.8
Asunto Oy Turun Mietoistenkuja	9.4	9.4
Asunto Oy Turun Pernon Kartanonlaakso	14.5	14.5
Asunto Oy Turun Puutarhankatu 50	13.1	13.1
Asunto Oy Turun Sipimetsä	8.5	8.5
Asunto Oy Turun Unikkoniitty	39.9	39.9
Asunto Oy Turuntie 112	1.4	1.4
Asunto Oy Turuntie 63	1.6	1.6
Asunto Oy Tuusulan Naavankierto 10	11.2	11.2
Asunto Oy Töölön Estradi, Helsinki	63.0	63.0

31 Dec 2023	Group's holding, %	Parent company's holding, %
Asunto Oy Töölön Gaala	50.3	50.3
Asunto Oy Ulpukkaniemi	25.4	25.4
Asunto Oy Vaasankatu 15	0.8	0.8
Asunto Oy Vallinkyyhky	6.0	6.0
Asunto Oy Vantaan Albert Petreliuksen Katu 8	7.7	7.7
Asunto Oy Vantaan Kilterinpuisto	51.5	51.5
Asunto Oy Vantaan Käräjäkuja 3	19.8	19.8
Asunto Oy Vantaan Maarinrinne	12.0	12.0
Asunto Oy Vantaan Maarukanrinne 6	14.6	14.6
Asunto Oy Vantaan Minkkikuja	49.0	49.0
Asunto Oy Vantaan Orvokitie 17	14.3	14.3
Asunto Oy Vantaan Pakkalanrinne 3	41.8	41.8
Asunto Oy Vantaan Pakkalanruusu	3.1	3.1
Asunto Oy Vantaan Raiviosuonmäki 7b	100.0	100.0
Asunto Oy Vantaan Ravurinmäki	33.2	33.2
Asunto Oy Vantaan Talvikkitie 38	96.1	96.1
Asunto Oy Vantaan Tammiston Tringa	8.3	8.3
Asunto Oy Vantaan Tammistonkatu 29	29.1	29.1
Asunto Oy Vantaan Tuurakuja 4	34.1	34.1
Asunto Oy Vantaan Tähtiö	33.2	33.2
Asunto Oy Vantaan Varikonaarre	3.3	3.3
Asunto Oy Vantaan Virtakuja 4	66.2	66.2
Asunto Oy Vaskivuorentie 12 Senioritalo Vantaa	1.2	1.2
Asunto Oy Viides Linja 16	1.1	1.1
Asunto Oy Viikinkisankari	31.1	31.1
Asunto Oy Vilhonvuorenkatu 8 - Bostads Ab Vilhelmsbergsgatan 8	1.1	1.1
Asunto Oy Vuomerens-Salpa	2.7	2.7
Asunto Oy Vuorastila	99.0	99.0
Asunto Oy Vuoreksen Vega, Tampere	83.8	83.8
Asunto Oy Vuosaaren Meripihka Helsinki	42.7	42.7
Asunto Oy Välkynkallio	0.8	0.8
Asunto-Osakeyhtiö Amos	0.5	0.5
Asunto-Osakeyhtiö Arabian Valo, Helsinki	52.2	52.2
Asunto-Osakeyhtiö Fredrikinkatu 38	2.7	2.7

31 Dec 2023	Group's holding, %	Parent company's holding, %
Asunto-Osakeyhtiö Haagan Talontie 4	3.1	3.1
Asunto-Osakeyhtiö Kristianinkatu 2	1.7	1.7
Asunto-Osakeyhtiö Kulmakatu 12	2.1	2.1
Asunto-Osakeyhtiö Kuusitie 9	2.3	2.3
Asunto-Osakeyhtiö Merimiehenkatu 41 Bostadsaktiebolag	1.6	1.6
Asunto-Osakeyhtiö Minna Canthin Katu 22	2.4	2.4
Asunto-Osakeyhtiö Mursu	0.5	0.5
Asunto-Osakeyhtiö Nervanderinkatu 9	2.6	2.6
Asunto-Osakeyhtiö Otavantie 3	0.6	0.6
Asunto-Oy Laajalahdentie 26	6.5	6.5
Asunto-Oy Mannerheimintie 100	0.9	0.9
Asunto-Oy Mariankatu 21	1.3	1.3
Asunto-oy Turun Linnankatu 37 a	1.7	1.7
Asunto-Oy Ulvilantie 11 b	0.6	0.6
Asunto-Oy Vantaan Herttuantie 3	35.2	35.2
Bostads Ab Björneborgsvägen 5	0.5	0.5
Bostads Ab Kajaneborg	7.3	7.3
Bostads Ab Kvarnhyddan	1.8	1.8
Bostads Ab Munksnäs N:o 25 Asunto Oy	14.1	14.1
Bostads Ab Spargäddan Asunto Oy	1.3	1.3
Bostadsaktiebolaget Lönegropen, Skidbacksvägen 18	1.6	1.6
Kiinteistö Oy Espoon Anna Sahlsténin katu 14	100.0	100.0
Kiinteistö Oy Espoon Anna Sahlsténin katu 7A	100.0	100.0
Kiinteistö Oy Espoon Elosalama	100.0	100.0
Kiinteistö Oy Espoon Heinjoenpolku	100.0	100.0
Kiinteistö Oy Espoon Henttaan puistokatu 6	100.0	100.0
Kiinteistö Oy Espoon Henttaan puistokatu 8	100.0	100.0
Kiinteistö Oy Espoon Hopeavillakko	100.0	100.0
Kiinteistö Oy Espoon Jousenkaari 5	100.0	100.0
Kiinteistö Oy Espoon Jousenkaari 7	100.0	100.0
Kiinteistö Oy Espoon Kala-Maija 4	100.0	100.0
Kiinteistö Oy Espoon Kappelirinne 4	100.0	100.0
Kiinteistö Oy Espoon Kaskenkaatantatie 5	100.0	100.0
Kiinteistö Oy Espoon Kastevuoren Palvelutalo	100.0	100.0

31 Dec 2023	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Espoon Kilonkallionkuja 5	100.0	100.0
Kiinteistö Oy Espoon Kilvoituksentie 1	100.0	100.0
Kiinteistö Oy Espoon Kiskottajankuja 4	100.0	100.0
Kiinteistö Oy Espoon Kuunsirppi	100.0	100.0
Kiinteistö Oy Espoon Kyyhkysmäki 16	100.0	100.0
Kiinteistö Oy Espoon Kyyhkysmäki 9	100.0	100.0
Kiinteistö Oy Espoon Lansantie 3	100.0	100.0
Kiinteistö Oy Espoon Likusterikatu 1 D	100.0	100.0
Kiinteistö Oy Espoon Linnustajantie 17	100.0	100.0
Kiinteistö Oy Espoon Lounaismeri	100.0	100.0
Kiinteistö Oy Espoon Magneettikatu 8	100.0	100.0
Kiinteistö Oy Espoon Majurinkatu 3	100.0	100.0
Kiinteistö Oy Espoon Mafinkylän Poutapilvi	100.0	100.0
Kiinteistö Oy Espoon Mafinniitynkuja 8	100.0	100.0
Kiinteistö Oy Espoon Merituulentie 38	100.0	100.0
Kiinteistö Oy Espoon Nihtisillankuja 2 E-G	100.0	100.0
Kiinteistö Oy Espoon Niittymaantie 1	100.0	100.0
Kiinteistö Oy Espoon Niittymaantie 3	100.0	100.0
Kiinteistö Oy Espoon Niittysillankulma 2 C-D	100.0	100.0
Kiinteistö Oy Espoon Perkkaankuja 3	100.0	100.0
Kiinteistö Oy Espoon Porarinkatu 2 D - E	100.0	100.0
Kiinteistö Oy Espoon Porarinkatu 2 F	100.0	100.0
Kiinteistö Oy Espoon Puikkarinmäki	100.0	100.0
Kiinteistö Oy Espoon Pyhäjärventie 1	100.0	100.0
Kiinteistö Oy Espoon Rummunlyöjänkatu 11 D - E	100.0	100.0
Kiinteistö Oy Espoon Runoratsunkatu 15	100.0	100.0
Kiinteistö Oy Espoon Runoratsunkatu 5	100.0	100.0
Kiinteistö Oy Espoon Ruusulinna	100.0	100.0
Kiinteistö Oy Espoon Sepetlahdentie 6	100.0	100.0
Kiinteistö Oy Espoon Siniheinä	100.0	100.0
Kiinteistö Oy Espoon Soukanniementie 1	100.0	100.0
Kiinteistö Oy Espoon Taivalmäki 5	100.0	100.0
Kiinteistö Oy Espoon Taivalrinne	100.0	100.0
Kiinteistö Oy Espoon Tähtimötie	100.0	100.0

31 Dec 2023	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Espoon Viherlaaksonranta 3-5	100.0	100.0
Kiinteistö Oy Espoon Viherlaaksonranta 7	100.0	100.0
Kiinteistö Oy Espoon Zanseninkuja 6	100.0	100.0
Kiinteistö Oy Helsingin Amiraalinkatu 2	100.0	100.0
Kiinteistö Oy Helsingin Ansaritie 1	100.0	100.0
Kiinteistö Oy Helsingin Ansaritie 2-4	100.0	100.0
Kiinteistö Oy Helsingin Ansaritie 3	100.0	100.0
Kiinteistö Oy Helsingin Arhotie 22	100.0	100.0
Kiinteistö Oy Helsingin Atlantinkatu 12	100.0	100.0
Kiinteistö Oy Helsingin Aurinkotuulenkatu 6	100.0	100.0
Kiinteistö Oy Helsingin Capellan puistotie 21	100.0	100.0
Kiinteistö Oy Helsingin Castreninkatu 3	100.0	100.0
Kiinteistö Oy Helsingin Eura III	100.0	100.0
Kiinteistö Oy Helsingin Gadolininkatu 1	100.0	100.0
Kiinteistö Oy Helsingin Graniittitie 8 ja 13	100.0	100.0
Kiinteistö Oy Helsingin Hakaniemenkatu 9	100.0	100.0
Kiinteistö Oy Helsingin Heikkiläntie 10	100.0	100.0
Kiinteistö Oy Helsingin Hämeenpenger	100.0	100.0
Kiinteistö Oy Helsingin Ida Aalbergin Tie 3 A	100.0	100.0
Kiinteistö Oy Helsingin Ida Aalbergintie 1b	100.0	100.0
Kiinteistö Oy Helsingin Jokiniementie 46	100.0	100.0
Kiinteistö Oy Helsingin Jokiniementie 48	100.0	100.0
Kiinteistö Oy Helsingin Juhani Ahon Tie 12-14	100.0	100.0
Kiinteistö Oy Helsingin Junonkatu 4	100.0	100.0
Kiinteistö Oy Helsingin Kaarenjalka 5	100.0	100.0
Kiinteistö Oy Helsingin Kaarenjalka 5a	100.0	100.0
Kiinteistö Oy Helsingin Kangaspellontie 1-5	100.0	100.0
Kiinteistö Oy Helsingin Kaustisenpolku 1	100.0	100.0
Kiinteistö Oy Helsingin Keinulaudantie 7	100.0	100.0
Kiinteistö Oy Helsingin Keinulaudantie 7a	100.0	100.0
Kiinteistö Oy Helsingin Kiillekuja 4	100.0	100.0
Kiinteistö Oy Helsingin Kirjala	100.0	100.0
Kiinteistö Oy Helsingin Klaavuntie 8-10	100.0	100.0
Kiinteistö Oy Helsingin Koirasaarentie 45	100.0	100.0

31 Dec 2023	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Helsingin Koirasaarentie 47	100.0	100.0
Kiinteistö Oy Helsingin Korppaanmäentie 17	100.0	100.0
Kiinteistö Oy Helsingin Korppaanmäentie 21	100.0	100.0
Kiinteistö Oy Helsingin Kristianinkatu 11-13	100.0	100.0
Kiinteistö Oy Helsingin Kulmavuorenpiha	100.0	100.0
Kiinteistö Oy Helsingin Kutomotie 10a	75.5	75.5
Kiinteistö Oy Helsingin Kutomotie 12a	100.0	100.0
Kiinteistö Oy Helsingin Kutomotie 14 A	100.0	100.0
Kiinteistö Oy Helsingin Kutomotie 8a	100.0	100.0
Kiinteistö Oy Helsingin Lapponia	100.0	100.0
Kiinteistö Oy Helsingin Lauttasaarentie 19	58.3	58.3
Kiinteistö Oy Helsingin Leirikuja 3	100.0	100.0
Kiinteistö Oy Helsingin Lintulahdenpuisto	100.0	100.0
Kiinteistö Oy Helsingin Lontoonkatu 9	100.0	100.0
Kiinteistö Oy Helsingin Malagankatu 7	100.0	100.0
Kiinteistö Oy Helsingin Mechelininkatu 12-14	100.0	100.0
Kiinteistö Oy Helsingin Meripellonhovi	98.3	98.3
Kiinteistö Oy Helsingin Mestari	100.0	100.0
Kiinteistö Oy Helsingin Myllymatkantie 1	100.0	100.0
Kiinteistö Oy Helsingin Navigatortalo	44.7	44.7
Kiinteistö Oy Helsingin Niittaajankadun Klaava	100.0	100.0
Kiinteistö Oy Helsingin Nils Westermarckin kuja 18	100.0	100.0
Kiinteistö Oy Helsingin Näkinkuja 6	100.0	100.0
Kiinteistö Oy Helsingin Näyttelijäntie 24	100.0	100.0
Kiinteistö Oy Helsingin Pajamäentie 6	100.0	100.0
Kiinteistö Oy Helsingin Pajamäentie 7	100.0	100.0
Kiinteistö Oy Helsingin Pakilantie 17	100.0	100.0
Kiinteistö Oy Helsingin Piispantie 3	100.0	100.0
Kiinteistö Oy Helsingin Piispantie 5	100.0	100.0
Kiinteistö Oy Helsingin Piispantie 7	100.0	100.0
Kiinteistö Oy Helsingin Piispantie 8	100.0	100.0
Kiinteistö Oy Helsingin Pääskylänrinne	100.0	100.0
Kiinteistö Oy Helsingin Rikhard Nymanin tie 3	100.0	100.0
Kiinteistö Oy Helsingin Riontähti	100.0	100.0

31 Dec 2023	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Helsingin Rusthollarinkuja 2	100.0	100.0
Kiinteistö Oy Helsingin Sateenkaari	100.0	100.0
Kiinteistö Oy Helsingin Siltavoudintie 20	100.0	100.0
Kiinteistö Oy Helsingin Snellmaninkatu 23	100.0	100.0
Kiinteistö Oy Helsingin Stenbäckinkatu 5	60.0	60.0
Kiinteistö Oy Helsingin Sähköttäjänkatu 6	100.0	100.0
Kiinteistö Oy Helsingin Tilkankatu 15	100.0	100.0
Kiinteistö Oy Helsingin Tilkankatu 2	100.0	100.0
Kiinteistö Oy Helsingin Tilkankatu 6	100.0	100.0
Kiinteistö Oy Helsingin Tulisuoontie 20	100.0	100.0
Kiinteistö Oy Helsingin Vanha Viertotie 6	100.0	100.0
Kiinteistö Oy Helsingin Vanha Viertotie 8	100.0	100.0
Kiinteistö Oy Helsingin Venemestarintie 4	100.0	100.0
Kiinteistö Oy Helsingin Vervi	100.0	100.0
Kiinteistö Oy Helsingin Vetelintie 5	100.0	100.0
Kiinteistö Oy Helsingin Viulutie 1	100.0	100.0
Kiinteistö Oy Helsingin Vuosaaren Helmi	100.0	100.0
Kiinteistö Oy Helsingin Välskärinkatu 4	100.0	100.0
Kiinteistö Oy Järvenpään Kotokartano	100.0	100.0
Kiinteistö Oy Kaarinan Auranpihat	100.0	100.0
Kiinteistö Oy Kangasalan Unikkoniitty	100.0	100.0
Kiinteistö Oy Kapellimestarinparkki	9.1	9.1
Kiinteistö Oy Kauniaisten Ratapolku 6	100.0	100.0
Kiinteistö Oy Keravan Papintie 1	100.0	100.0
Kiinteistö Oy Kirkkonummen Sarvvikinportti	60.0	6.4
Kiinteistö Oy Kirkkonummen Sarvvikinrinne 4	100.0	100.0
Kiinteistö Oy Lempäälän Moisionaukea 25	100.0	100.0
Kiinteistö Oy Mannerheimintie 170	63.3	63.3
Kiinteistö Oy Mellunpuiston Pysäköinti Holding	24.0	24.0
Kiinteistö Oy Mellunpuiston Tontti S 13	100.0	100.0
Kiinteistö Oy Mellunpuiston Tontti S 13 Holding	100.0	100.0
Kiinteistö Oy Mellunpuiston Tontti S 4	100.0	100.0
Kiinteistö Oy Mellunpuiston Tontti S 4 Holding	100.0	100.0
Kiinteistö Oy Nekalanpuisto	2.9	2.9

31 Dec 2023	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Niittykummun Huippuparkki	38.2	38.2
Kiinteistö Oy Niittykumuntie 2 C	100.0	100.0
Kiinteistö Oy Nokian Virran Ritari	100.0	100.0
Kiinteistö Oy Pellervon Pysäköinti	16.0	16.0
Kiinteistö Oy Raikukuja II	100.0	100.0
Kiinteistö Oy Sammon Parkki	21.2	21.2
Kiinteistö Oy Tampereen Aitolahdentie 22	100.0	100.0
Kiinteistö Oy Tampereen Aitolahdentie 24	100.0	100.0
Kiinteistö Oy Tampereen Alapeusonkatu 6	100.0	100.0
Kiinteistö Oy Tampereen Atanväylä 4A	100.0	100.0
Kiinteistö Oy Tampereen Atanväylä 4B	100.0	100.0
Kiinteistö Oy Tampereen Hannulanpolku 10	100.0	100.0
Kiinteistö Oy Tampereen Heittoniitynkuja 5	100.0	100.0
Kiinteistö Oy Tampereen Hervannan Puistokallio	100.0	100.0
Kiinteistö Oy Tampereen Härmälänrannan Aurinkokallio	100.0	100.0
Kiinteistö Oy Tampereen Härmälänrannan Sisu	100.0	100.0
Kiinteistö Oy Tampereen lidesranta 18	100.0	100.0
Kiinteistö Oy Tampereen Jankanpuisto	100.0	100.0
Kiinteistö Oy Tampereen Kaidanpääty	100.0	100.0
Kiinteistö Oy Tampereen Kauppa-aukio	100.0	100.0
Kiinteistö Oy Tampereen Linnanherra	100.0	100.0
Kiinteistö Oy Tampereen Pappilan Herra	100.0	100.0
Kiinteistö Oy Tampereen Puistofasaani	100.0	100.0
Kiinteistö Oy Tampereen Ruovedenkatu 11	100.0	100.0
Kiinteistö Oy Tampereen Sammon Kalervo	100.0	100.0
Kiinteistö Oy Tampereen Tarmonkatu 6	100.0	100.0
Kiinteistö Oy Tampereen Tieteenkatu 14	100.0	100.0
Kiinteistö Oy Tampereen Tuiskunkatu 7	100.0	100.0
Kiinteistö Oy Tohlopinkontu	100.0	60.0
Kiinteistö Oy Turun Gränsbackankuja 3	100.0	100.0
Kiinteistö Oy Turun Joutsenpuisto 7	100.0	100.0
Kiinteistö Oy Turun Kaivokatu 10	100.0	100.0
Kiinteistö Oy Turun Kuovi	100.0	100.0
Kiinteistö Oy Turun Kupittaaan Kyyhky	100.0	100.0

31 Dec 2023	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Turun Marmoririnne 2	100.0	100.0
Kiinteistö Oy Turun Metallikatu	100.0	100.0
Kiinteistö Oy Turun Pryssinkatu 13	100.0	100.0
Kiinteistö Oy Turun Ratavahdinrinne	100.0	100.0
Kiinteistö Oy Turun Rauhankatu 8	100.0	100.0
Kiinteistö Oy Turun Sato-Koto	100.0	100.0
Kiinteistö Oy Turun Sorakatu 9	100.0	100.0
Kiinteistö Oy Turun Sukkulakofi	100.0	100.0
Kiinteistö Oy Turun Tervaporvari	100.0	100.0
Kiinteistö Oy Turun Uudenmaanlinna	100.0	100.0
Kiinteistö Oy Turun Veistämöntori	100.0	100.0
Kiinteistö Oy Turun Westparkin Eeben	100.0	100.0
Kiinteistö Oy Turun Westparkin Tuija	100.0	100.0
Kiinteistö Oy Tuusulan Pataljoonantie 3-5	100.0	100.0
Kiinteistö Oy Uudenmaantulli	24.3	24.3
Kiinteistö Oy Vallikallionpolku	100.0	100.0
Kiinteistö Oy Vantaan Aapramintie 4	100.0	100.0
Kiinteistö Oy Vantaan Havukoskenkatu 20	100.0	100.0
Kiinteistö Oy Vantaan Heporinne 4	100.0	100.0
Kiinteistö Oy Vantaan Hiekkaharjuntie 16	100.0	100.0
Kiinteistö Oy Vantaan Horsmakuja 4a	100.0	100.0
Kiinteistö Oy Vantaan Kaarenkunnas	100.0	100.0
Kiinteistö Oy Vantaan Kaarenlehmus	100.0	100.0
Kiinteistö Oy Vantaan Kesäniitty	100.0	100.0
Kiinteistö Oy Vantaan Kevätpuro	100.0	100.0
Kiinteistö Oy Vantaan Kivivuorentie 8 A-B	100.0	100.0
Kiinteistö Oy Vantaan Kivivuorentie 8 C	100.0	100.0
Kiinteistö Oy Vantaan Krassipuisto	100.0	100.0
Kiinteistö Oy Vantaan Kukinkuja 2	100.0	100.0
Kiinteistö Oy Vantaan Kärry	100.0	100.0
Kiinteistö Oy Vantaan Leksankuja 3	100.0	100.0
Kiinteistö Oy Vantaan Lincolninaukio 4	100.0	100.0
Kiinteistö Oy Vantaan Lummepiha	100.0	100.0
Kiinteistö Oy Vantaan Martinpääsky	100.0	100.0

31 Dec 2023	Group's holding, %	Parent company's holding, %
Kiinteistö Oy Vantaan Myyrinhaukka	100.0	100.0
Kiinteistö Oy Vantaan Myyrinmutka	100.0	100.0
Kiinteistö Oy Vantaan Oritie 1	100.0	100.0
Kiinteistö Oy Vantaan Orvokkikuja 1a	100.0	100.0
Kiinteistö Oy Vantaan Orvokkikuja 1b	100.0	100.0
Kiinteistö Oy Vantaan Pakkalanportti	100.0	100.0
Kiinteistö Oy Vantaan Pakkalanrinne 5-7	100.0	100.0
Kiinteistö Oy Vantaan Peltolantie 14	100.0	100.0
Kiinteistö Oy Vantaan Piparminttu	100.0	100.0
Kiinteistö Oy Vantaan Pronssikuja 1	100.0	100.0
Kiinteistö Oy Vantaan Raikukuja 4B	100.0	100.0
Kiinteistö Oy Vantaan Kaara	100.0	100.0
Kiinteistö Oy Vantaan Rubiinikehä 1B	100.0	100.0
Kiinteistö Oy Vantaan Ruostekuja 3	100.0	100.0
Kiinteistö Oy Vantaan Solkikuja 2	100.0	100.0
Kiinteistö Oy Vantaan Solkikuja 5	100.0	100.0
Kiinteistö Oy Vantaan Sompakuja 2-4	100.0	100.0
Kiinteistö Oy Vantaan Tempo	100.0	100.0
Kiinteistö Oy Vantaan Teodora	100.0	100.0
Kiinteistö Oy Vantaan Terhokuja 3	100.0	100.0
Kiinteistö Oy Vantaan Tykkikuja 11	100.0	100.0
Kiinteistö Oy Vantaan Tykkikuja 7	100.0	100.0
Kiinteistö Oy Vantaan Uomarinne 5	100.0	100.0
Kiinteistö Oy Vantaan Varikkokaarre 2	100.0	100.0
Kiinteistö Oy Vantaan Vihvilätie 3	100.0	100.0
Kiinteistö Oy Vantaan Virtakuja 6	100.0	100.0
Kiinteistö Oy Ylöjärven Viljavainio	100.0	100.0
Kiinteistö Oy Tampereen Heittoniityn Parkki	50.9	50.9
Työväen Asunto-osakeyhtiö Rauha	10.2	10.2
Ömsesidiga Fastighets Ab Malmeken	13.0	13.0

31 Dec 2023	Group's holding, %	Parent company's holding, %
Sato-Pysäköinti Oy		
Kiinteistö Oy Espoon Kotkatien Pysäköinti	89.1	89.1
Kiinteistö Oy Espoon Nihtiparkki	50.0	50.0
Kiinteistö Oy Espoon Niittykummuntien 2 BC Pysäköinti	100.0	100.0
Kiinteistö Oy Espoon Pegasos Pysäköinti	25.1	25.1
Kiinteistö Oy Espoon Peijinkujan Pysäköinti	100.0	100.0
Kiinteistö Oy Finnoosillan Parkki	12.0	12.0
Kiinteistö Oy Helsingin Jokiniementien Pysäköinti	78.1	78.1
Kiinteistö Oy Helsingin Käskynhaltijantien Pysäköinti	80.0	80.0
Kiinteistö Oy Puutorin Pysäköinti	51.6	51.6
Kiinteistö Oy Runoratsun Pysäköinti	33.3	33.3
Kiinteistö Oy Skanssin Autoparkki	24.7	24.7
Kiinteistö Oy Vantaan Lincolnin aukion Pysäköinti	100.0	100.0
Sato-JoustoKoti Oy		
Asunto Oy Helsingin Käskynhaltija	100.0	100.0
Asunto Oy Helsingin Myllyrinne	100.0	100.0
Asunto Oy Hervantajärven Helmi, Tampere	89.0	89.0
Asunto-osakeyhtiö Talin Estelle, Helsinki	86.3	86.3
Kiinteistö Oy Espoon Humisevanportti 2	100.0	100.0
SATOkoti Oy		
Kiinteistö Oy Ida Aalbergintie 1	100.0	100.0
Kiinteistö Oy Tohlopinkontu	100.0	40.0
SATOkoti 24 Oy		
Asunto Oy Vantaan Neulansilmä	2.2	2.2
Suomen Satokodit 22 Oy		
Asunto Oy Vantaan Kortteeri	6.4	6.4

31 Dec 2023	Group's holding, %	Parent company's holding, %
Sato YK 22 Oy		
Asunto Oy Espoon Numersinkatu 6	15.2	9.2
Asunto Oy Kaarinan Kiurunpuisto	48.1	29.6
Asunto Oy Tampereen Kyläleni	93.2	70.7
Kiinteistö Oy Turun Maarianportti	100.0	100.0
Vatrotalot 5 Oy		
Asunto Oy Helsingin Laivalahdenportti 5	75.5	75.5
Asunto Oy Helsingin Toini Muonan Katu 8	10.6	10.6
Asunto Oy Kirkkonummen Riihipolku	100.0	100.0
Asunto Oy Kylänpäänpelto	43.8	43.8
Asunto Oy Laakavuorentie 4	39.1	39.1
Asunto Oy Meriramsi	25.6	25.6
Asunto Oy Meri-Rastilan Tie 5	23.5	23.5
Asunto Oy Meri-Rastilan Tie 9	9.1	9.1
Asunto Oy Nurmijärven Kylänpäänkaari	45.0	45.0
Asunto Oy Nurmijärven Kylänpäänniitty	31.2	31.2
Asunto Oy Vantaan Ravurinpuisto	61.1	61.1
Sato-Rakennuttajat Oy		
Asunto Oy Kirkkonummen Helmi	100.0	100.0
Asunto Oy Kirkkonummen Metsätähdenkuja 5	60.0	41.7
Asunto Oy Kirkkonummen Sarvikintie 4	100.0	81.7
Asunto Oy Kirkkonummen Sinikellontie 5	60.0	41.7
Asunto Oy Kirkkonummen Ukonkellonkuja 3	60.0	41.7
Kiinteistö Oy Kirkkonummen Sarvikinportti	60.0	46.8
Sarvikin Yesialue Oy	60.0	41.7
Uusi Sarvik Oy	60.0	41.7

FINANCIAL STATEMENTS OF THE PARENT COMPANY, FAS

PARENT COMPANY INCOME STATEMENT, FAS

EUR	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Net sales	2	14,449,201.24	12,708,756.75
Other operating income	3	363,062.14	174,733.22
Materials and services	4	-58,813.60	-137,037.21
Personnel expenses	5, 6, 7	-2,084,097.60	-2,580,172.95
Depreciation, amortisation and impairment charges	8	-2,806,604.51	-2,554,276.33
Other operating expenses	9	-22,451,282.67	-11,279,327.22
Operating profit/loss		-12,588,535.00	-3,667,323.74
Financial income and expenses	10	-7,826,552.28	364,597.06
Profit/loss before appropriations and taxes		-20,415,087.28	-3,302,726.68
Group contribution	11	0.00	160,000,000.00
Income taxes	12	-13,115.84	-27,052,660.16
Profit for the period		-20,428,203.12	129,644,613.16

PARENT COMPANY BALANCE SHEET, FAS

EUR	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	13	7,870,593.51	6,936,033.12
Tangible assets	14	2,345,204.60	3,140,291.11
Holdings in Group companies	15	978,131,291.95	1,066,817,533.39
Holdings in associated companies	16	1,250.00	1,250.00
Other holdings and shares	17	958,404.35	958,404.35
Total		989,306,744.41	1,077,853,511.97

EUR	Note	31 Dec 2023	31 Dec 2022
Current assets			
Inventories	18	495,759.00	539,846.60
Long-term receivables, group	19	1,299,744,746.72	1,080,359,138.78
Long-term receivables, external	19	410,259.90	775,006.00
Short-term receivables, group	20	393,731,404.72	550,979,169.07
Short-term receivables, external	20	127,065,708.60	2,296,688.94
Cash and cash equivalents		4,302,542.85	53,441,412.33
Total		1,825,750,421.79	1,688,391,261.72
TOTAL ASSETS		2,815,057,166.20	2,766,244,773.69

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity	21, 22		
Share capital	23	4,442,192.00	4,442,192.00
Reserve fund		43,683,500.96	43,683,500.96
Other funds		229,026,813.17	115,978,036.35
Retained earnings		396,579,109.21	266,934,496.05
Profit for the period		-20,428,203.12	129,644,613.16
Total		653,303,412.22	560,682,838.52
Liabilities			
Non-current liabilities, external	24	1,345,005,554.02	1,535,131,111.15
Current liabilities, group	25	167,483,695.98	242,026,737.59
Current liabilities, external	25	649,264,503.98	428,404,086.43
Total		2,161,753,753.98	2,205,561,935.17
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		2,815,057,166.20	2,766,244,773.69

PARENT COMPANY'S CASH FLOW STATEMENT, FAS

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the financial year	-20,428,203.12	129,644,613.16
Adjustments:		
Depreciation	2,806,604.51	2,554,276.33
Financial income (-) and expenses (+)	7,826,552.28	-364,597.06
Income tax	13,115.84	27,052,660.16
Proceeds (-) and losses (+) on sales of non-current assets	11,211,349.29	16,136.28
Group contribution	0.00	-160,000,000.00
Other adjustments	-20,480.19	133,595.51
Cash flow before change in working capital	1,408,938.61	-963,315.62
Change in working capital		
Decrease (+)/increase(-) in current non-interest bearing receivables	1,297,608.58	-1,724,335.44
Decrease (+)/increase(-) in inventories	44,087.60	336,419.43
Decrease (-)/increase(+) in current loans	2,146,047.95	-8,104,945.84
Cash flow before financial items and taxes	4,896,682.74	-10,456,177.47
Interest paid	-74,590,615.00	-35,776,722.52
Dividends received	193,187.69	192,119.83
Interest received	73,827,385.71	25,464,156.96
Other financial expenses	-12,804,539.97	-11,203,692.08
Direct taxes paid	-20,651,232.45	-17,167,947.11
Cash flow from incidental operating activities	-1,082,275.43	0.00
Cash flow from operating activities (A)	-30,211,406.71	-48,948,262.39

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-2,915,586.66	-3,985,021.54
Income from disposals of tangible assets	169,229.00	128,229.39
Placements in other investments	-81,600.25	-144,882.09
Proceeds from other investments	55,196,047.10	173,676.98
Loans granted	-222,316,027.61	-70,705,045.85
Instalments on loan receivable	6,246,815.27	79,727,251.74
Return of capital	23,243,000.00	0.00
Cash flow from investing activities (B)	-140,458,123.15	5,194,208.63
CASH FLOW FROM FINANCING ACTIVITIES		
Loans taken	1,381,043,670.22	294,025,730.62
Payments on loans	-1,338,785,874.54	-294,495,833.43
Changes in short-term cash pool liabilities and receivables	-80,727,135.30	32,106,642.32
Group contributions (contribution-based)	160,000,000.00	90,500,000.00
Dividends paid and other distribution of profit	0.00	-28,308,533.50
Cash flow from financing activities (C)	121,530,660.38	93,828,006.01
Change in cash equivalents	-49,138,869.48	50,073,952.25
Cash and cash equivalents at the beginning of the year	53,441,412.33	3,367,460.08
Cash and cash equivalents at the end of the year	4,302,542.85	53,441,412.33

PARENT COMPANY ACCOUNTING PRINCIPLES, FAS

I. PARENT COMPANY ACCOUNTING PRINCIPLES

Basic information

SATO Corporation is a Finnish public limited company domiciled in Helsinki, Finland. SATO's registered address is Panuntie 4, 00600 Helsinki, Finland.

SATO Corporation and its subsidiaries together form the consolidated SATO Group. SATO Corporation's majority shareholder with 56.3% shareholding is Balder Finska Otas AB, whose parent company is Fastighets AB Balder, which is quoted on the Stockholm Stock Exchange. SATO Group operations primarily consist of investment in housing properties and most of its investment property is located in the Helsinki region.

General principles

Sato Corporation's financial statements have been prepared in accordance with the provisions of the Finnish Accounting Act and the Finnish Limited Liability Companies Act.

Income related to rental operations and compensation for administration costs

Income related to rental operations and compensation for administration costs are recognised on an accrual basis during the agreement period.

Valuation of fixed assets

Tangible and intangible assets are recognised in the balance sheet at original acquisition cost less depreciation according to plan and possible impairment. Depreciations according to plan are calculated as straight-line depreciation on the basis of the estimated useful life of the assets.

Depreciation periods:

Other intangible long-term expenses	10 years
Buildings	67 years
Structures	15 years
Machinery and equipment	5–10 years
Other tangible assets	3–6 years
Shelters	40 years
Vehicles	4 years

Shares in subsidiaries are valued based on acquisition costs less possible impairments.

Pension costs

The pension cover of Group companies is handled by external pension insurance companies in all respects. Pension costs are recognised as costs in the income statement on an accrual basis.

Development expenditures

Development costs are recognised as expenses in the income statement in the financial year in which they have occurred.

Valuation of inventories

Inventories have been recognised at the lower of cost or probable sales price on the balance sheet date.

Derivatives

Interest rate derivatives are used for hedging against the interest rate risks of floating term loans. The interest income and expenses based on derivative instruments are allocated over the agreement period.

The company has recorded the negative fair values of the derivatives as a non-current and current liability in full in its balance sheet. No deferred tax assets have been recorded from the derivative liability.

Derivatives having positive fair values are not entered into the balance sheet and positive fair values are reported only in the notes to the financial statements.

Methods used in derivative fair valuations have been discussed under the Group Financial Statements note number 26.

2. NET SALES

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Rental income and compensation charges	2,066,088.67	2,045,928.24
Other income	454,710.40	842,325.71
Management service charges	11,928,402.17	9,820,502.80
Total	14,449,201.24	12,708,756.75

3. OTHER OPERATING INCOME

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Other operating income	244,941.66	106,800.09
Profit on sales of fixed assets	118,120.48	67,933.13
Total	363,062.14	174,733.22

4. MATERIALS AND SERVICES

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Materials and consumables		
Purchases	14,726.00	17,002.85
Change in inventories	44,087.60	120,034.36
Total	58,813.60	137,037.21

5. PERSONNEL EXPENSES

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Salaries and wages	1,743,662.79	2,147,903.55
Pension expenses	289,942.65	336,150.68
Other personnel expenses	50,492.16	96,118.72
Total	2,084,097.60	2,580,172.95

6. MANAGEMENT SALARIES AND COMPENSATIONS

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Presidents and members of the Board of Directors	546,259.09	538,035.09

7. AVERAGE NUMBER OF PERSONNEL

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Employees	12	14

8. DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Intangible assets	1,897,058.06	1,575,210.74
Tangible assets	909,546.45	979,065.59
Total	2,806,604.51	2,554,276.33

9. OTHER OPERATING EXPENSES

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Rents	238,778.94	267,849.80
Maintenance expenses	269,158.78	217,988.16
Other fixed expenses *	10,396,822.07	10,624,594.53
Other operating expenses	130,187.14	168,894.73
Losses on sales of residential investment properties	11,416,335.74	0.00
Total	22,451,282.67	11,279,327.22

*Audit fees were EUR 56,255.00 (81,830.00), and audit related assignment fees were EUR 39,500.00 (44,500.00).

10. FINANCIAL INCOME AND EXPENSES

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Interest income and other financial income on long-term investments		
From Group companies	62,772,907.25	26,935,522.83
From others	15,976,040.50	477,414.18
Total	78,748,947.75	27,412,937.01
EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Interest expenses and other financing expenses		
To Group companies	-7,389,104.24	-5,863,831.40
To others:		
Interest Income	-73,125,652.57	-37,606,600.87
Other financial expenses	-5,945,189.22	-4,902,354.68
Change of derivative fair values	-115,554.00	21,324,447.00
Total	-86,575,500.03	-27,048,339.95
Financial income and expenses, total	-7,826,552.28	364,597.06

11. GROUP CONTRIBUTIONS

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Group contributions received	0.00	160,000,000.00
Total	0.00	160,000,000.00

12. INCOME TAXES

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Income taxes, business operations	13,115.84	27,052,660.16
Total	13,115.84	27,052,660.16

13. INTANGIBLE ASSETS

EUR	2023	2022
Other long-term expenditure		
Acquisition cost, 1 Jan	16,824,498.99	14,088,440.57
Increases	2,783,208.43	2,736,058.42
Decreases	-2,576.00	0.00
Transfers	48,410.02	0.00
Acquisition cost, 31 Dec	19,653,541.44	16,824,498.99
Accumulated amortisation and impairment, 1 Jan	9,888,465.87	8,313,255.13
Accumulated amortisation of decreases	-1,949.23	0.00
Amortisation, current year	1,896,431.29	1,575,210.74
Accumulated amortisation and impairment, 31 Dec	11,782,947.93	9,888,465.87
Book value, 31 Dec	7,870,593.51	6,936,033.12
Intangible assets, total	7,870,593.51	6,936,033.12

14. TANGIBLE ASSETS

EUR	2023	2022
Land and water areas		
Acquisition cost, 1 Jan	19,595.69	19,595.69
Acquisition cost, 31 Dec	19,595.69	19,595.69
Book value, 31 Dec	19,595.69	19,595.69
Buildings and structures		
Acquisition cost, 1 Jan	58,685.64	10,275.62
Increases	0.00	48,410.02
Transfers	-48,410.02	0.00
Acquisition cost, 31 Dec	10,275.62	58,685.64
Accumulated depreciation and impairment, 1 Jan	10,274.62	10,274.62
Accumulated depreciation and impairment, 31 Dec	10,274.62	10,274.62
Book value, 31 Dec	1.00	48,411.02

EUR	2023	2022
Connection fees		
Acquisition cost, 1 Jan	3,139.28	3,139.28
Acquisition cost, 31 Dec	3,139.28	3,139.28
Machinery and equipment		
Acquisition cost, 1 Jan	6,765,690.95	6,028,000.51
Increases	1,010,445.91	939,080.84
Decreases	-330,663.48	-201,390.40
Acquisition cost, 31 Dec	7,445,473.38	6,765,690.95
Accumulated depreciation and impairment, 1 Jan	4,704,674.88	3,986,498.24
Accumulated depreciation of decreases	-279,554.96	-120,710.66
Depreciation, current year	867,477.56	838,887.30
Accumulated depreciation and impairment, 31 Dec	5,292,597.48	4,704,674.88
Book value, 31 Dec	2,152,875.89	2,061,016.06
Other tangible assets		
Acquisition cost, 1 Jan	1,553,686.53	1,553,686.53
Acquisition cost, 31 Dec	1,553,686.53	1,553,686.53
Accumulated depreciation and impairment, 1 Jan	1,381,354.70	1,241,176.41
Depreciation, current year	42,068.89	140,178.29
Accumulated depreciation and impairment, 31 Dec	1,423,423.59	1,381,354.70
Book value, 31 Dec	130,262.94	172,331.83
Assets in progress		
Acquisition cost, 1 Jan	835,797.23	483,795.39
Increases	39,329.80	636,481.85
Transfers	-835,797.23	-1,796,765.08
Acquisition cost, 31 Dec	39,329.80	835,797.23
Book value, 31 Dec	39,329.80	835,797.23
Tangible assets, total	2,345,204.60	3,140,291.11

15. HOLDINGS IN GROUP COMPANIES

EUR	2023	2022
Acquisition cost, 1 Jan	1,066,817,533.39	1,066,971,157.98
Transfers	0.00	83,738.32
Decreases	-88,686,241.44	-237,362.91
Acquisition cost, 31 Dec	978,131,291.95	1,066,817,533.39
Book value, 31 Dec	978,131,291.95	1,066,817,533.39

16. HOLDINGS IN ASSOCIATED COMPANIES

EUR	2023	2022
Acquisition cost, 1 Jan	1,250.00	1,250.00
Acquisition cost, 31 Dec	1,250.00	1,250.00
Book value, 31 Dec	1,250.00	1,250.00

17. OTHER STOCKS AND SHARES

EUR	2023	2022
Acquisition cost, 1 Jan	989,245.89	989,245.89
Acquisition cost, 31 Dec	989,245.89	989,245.89
Accumulated depreciation and impairment, 1 Jan	30,841.54	30,841.54
Accumulated depreciation and impairment, 31 Dec	30,841.54	30,841.54
Book value, 31 Dec	958,404.35	958,404.35
Investments, total	979,090,946.30	1,067,777,187.74

18. INVENTORIES

EUR	2023	2022
Land areas and land area companies	277,471.34	298,162.13
Other inventories	218,287.66	241,684.47
Book value, 31 Dec	495,759.00	539,846.60

19. NON-CURRENT RECEIVABLES

EUR	31 Dec 2023	31 Dec 2022
Receivables from Group companies		
Notes receivable	1,299,744,746.72	1,080,359,138.78
Total	1,299,744,746.72	1,080,359,138.78
EUR	31 Dec 2023	31 Dec 2022
Receivables from others		
Prepaid expenses and accrued income	410,259.90	775,006.00
Total	410,259.90	775,006.00
Non-current receivables, total	1,300,155,006.62	1,081,134,144.78

20. CURRENT RECEIVABLES

EUR	31 Dec 2023	31 Dec 2022
Receivables from Group companies		
Loans	0.00	3,316,395.60
Other receivables	390,104,421.73	546,386,894.36
Prepaid expenses and accrued income	3,626,982.99	1,275,879.11
Total	393,731,404.72	550,979,169.07
EUR	31 Dec 2023	31 Dec 2022
Receivables from others		
Accounts receivable	381,708.70	120,239.63
Prepaid expenses and accrued income	126,683,999.90	2,176,449.31
Total	127,065,708.60	2,296,688.94
Current receivables, total	520,797,113.32	553,275,858.01
Receivables total	1,820,952,119.94	1,634,410,002.79

EUR	31 Dec 2023	31 Dec 2022
Specification of prepaid expenses and accrued income		
Interest receivables	3,772,133.93	1,169,361.43
Current tax receivables	9,305,759.97	0.00
Share issue receivables	113,048,776.82	0.00
Other	557,329.18	1,007,087.88
Total	126,683,999.90	2,176,449.31

21. SHAREHOLDERS' EQUITY

EUR	2023	2022
Share capital, 1 Jan	4,442,192.00	4,442,192.00
Share capital, 31 Dec	4,442,192.00	4,442,192.00
Reserve fund, 1 Jan	43,683,500.96	43,683,500.96
Reserve fund, 31 Dec	43,683,500.96	43,683,500.96
Other funds, 1 Jan	1,132,319.33	1,132,319.33
Other funds, 31 Dec	1,132,319.33	1,132,319.33
Invested unrestricted equity fund, 1 Jan	114,845,717.02	114,845,717.02
Share issue	113,048,776.82	0.00
Invested unrestricted equity fund, 31 Dec	227,894,493.84	114,845,717.02
Retained earnings, 1 Jan	396,579,109.21	295,243,029.55
Dividend payment	0.00	-28,308,533.50
Retained earnings, 31 Dec	396,579,109.21	266,934,496.05
Profit for the period	-20,428,203.12	129,644,613.16
Shareholders' equity, total, 31 Dec	653,303,412.22	560,682,838.52

22. CALCULATION OF DISTRIBUTABLE FUNDS

EUR	31 Dec 2023	31 Dec 2022
Other funds	1,132,319.33	1,132,319.33
Invested unrestricted equity fund	227,894,493.84	114,845,717.02
Retained earnings	396,579,109.21	266,934,496.05
Profit for the period	-20,428,203.12	129,644,613.16
Distributable funds, 31 Dec	605,177,719.26	512,557,145.56

23. SHARE CAPITAL AND SHARES

EUR	31 Dec 2023	31 Dec 2022
Total number of shares, pcs	56,783,067	56,783,067

SATO Corporation has one class of shares, each of which entitles to one vote at the Annual General Meeting. The shares do not have a nominal value. The share capital of the company totalled EUR 4,442,192.00 at the financial statement date, and it was fully paid. The company held 166,000 of its own shares at the financial statement date.

During the period, there were no changes in the number of the company's shares. On 11 December 2023, the General Meeting authorised the Board of Directors to decide on the issuance of up to 56,700,000 shares by one or several tranches to raise gross proceeds of up to EUR 200 million. Based on the authorisation, the Board of Directors decided, in December, on a share issue in which the company will offer up to 28,308,533 new shares in the company for subscription to the company's existing shareholders in proportion to the number of shares they hold in the company. The subscription period began on 20 December 2023 and will expire on 14 February 2024.

The subscription price is EUR 7.07 per offer share, and it is recognised in reserve for invested non-restricted equity. Shares subscribed in total was 15,989,926 shares on 31 December 2023.

24. LONG-TERM LIABILITIES

EUR	31 Dec 2023	31 Dec 2022
Loans from financial institutions		
Bonds*	400,000,000.00	750,000,000.00
Loans from financial institutions	944,890,000.02	785,131,111.15
Derivative liabilities	115,554.00	0.00
Total	1,345,005,554.02	1,535,131,111.15
Long-term liabilities, total	1,345,005,554.02	1,535,131,111.15

* More information on Group financial statements note 25.

Sensitivity analysis, interest rate risk

Profit and Loss 2023

EUR million	1.0%	-1.0%
Interest rate swaps	15.6	-16.7
Total	15.6	-16.7

Profit and Loss 2022

EUR million	1.0%	-1.0%
Interest rate swaps	19.0	-19.1
Total	19.0	-19.1

Hedge accounting is not applied on SATO Corporation level, therefore the sensitivity analysis is presented only on the Profit and Loss.

EUR	31 Dec 2023	31 Dec 2022
Loans maturing in more than five years	159,285,714.29	475,000,000.00

Derivatives

EUR	31 Dec 2023	31 Dec 2022
Nominal values of derivative instruments		
Interest rate swaps	480,272,500.00	447,472,500.00
Net	480,272,500.00	447,472,500.00

EUR	31 Dec 2023	31 Dec 2022
Fair values of derivative instruments		
Interest rate swaps		
Positive	23,441,735.30	38,850,631.74
Negative	-115,554.43	-3,702.01
Net	23,326,180.87	38,846,929.73

Interest rate risk arising from floating rate loans of Group companies is hedged using derivative instruments in accordance with the Treasury Policy. The hedge ratio complies with the Treasury Policy, according to which the ratio of fixed-rate loans to the entire loan portfolio is kept above 60.0%. Treasury aims to optimize the interest risk by maintaining the average interest fixing period between 3 to 5 years when market interest rates (ECB key rate) are above 1%, and between 3 to 10 years when market interest rates are equal to or below 1%.

No deferred tax assets have been recorded in relation to derivative liabilities. The deferred tax asset would have been EUR 0,00 31 Dec 2023 and EUR 0.00 31 Dec 2022.

25. CURRENT LIABILITIES

EUR	31 Dec 2023	31 Dec 2022
Loans to Group companies		
Accounts payable	407,124.30	407,124.30
Other liabilities	167,036,730.76	241,584,543.93
Accrued expenses and prepaid income to 100% owned housing companies	39,840.92	35,069.36
Total	167,483,695.98	242,026,737.59
EUR	31 Dec 2023	31 Dec 2022
Loans to others		
Loans from financial institutions	277,653,718.27	71,154,811.46
Bonds	350,000,000.00	324,000,000.00
Advances received	19,725.84	23,525.28
Accounts payable	921,735.72	1,788,865.75
Other liabilities	169,168.91	92,981.01
Accrued expenses and prepaid income	20,500,155.24	31,343,902.93
Total	649,264,503.98	428,404,086.43
Current liabilities, total	816,748,199.96	670,430,824.02
Liabilities, total	2,161,753,753.98	2,205,561,935.17

For purposes of short-term financing, SATO has a commercial paper programme of EUR 400.0 million (400.0), of which EUR 324.0 million (385.0) were unused, committed credit limits of EUR 600.0 million (700.0), of which EUR 430.0 million (700.0) were unused, and a noncommitted current overdraft limit of EUR 5.0 million (5.0), of which EUR 5.0 million (5.0) were unused.

EUR	31 Dec 2023	31 Dec 2022
Specification of accrued expenses and prepaid income		
Wages and salaries including employee benefits	744,137.38	1,041,648.18
Interest payable	16,139,816.52	17,439,771.56
Others	3,656,042.26	1,545,418.67
Current tax liabilities	0.00	11,352,133.88
Total	20,539,996.16	31,378,972.29

26. COLLATERALS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

EUR	31 Dec 2023	31 Dec 2022
Guarantees		
Guarantees for debts and derivatives of Group companies	49,720,570.00	52,493,364.00
Bank guarantees for Group companies	14,569,562.34	3,887,408.34
Total	64,290,132.34	56,380,772.34
EUR	31 Dec 2023	31 Dec 2022
Other commitments		
Lease agreements for office premises, amounts due (incl. VAT)		
Within one year	1,252,790.52	1,141,676.57
Later than one year but within five years	3,546,411.15	4,206,755.52
Over five years	0.00	85,654.75
Utilities and other commitments	17,090,500.00	17,090,500.00
Pledges and contingent liabilities, total	21,889,701.67	22,524,586.84

SATO has granted a community guarantee included in bank guarantee for Sato-Asunnot Oy, SATOkoti Oy and Sato-Rakennuttajat Oy.

SATO's funding agreements contain covenant clauses relating to the Group's capital structure and interest payment capacity. These clauses set a ratio of unencumbered assets to total assets at least 42.5%, a solvency ratio maximum of 65.0%, a secured solvency ratio maximum 45.0%, interest coverage ratio of at least 1.8 and unencumbered assets to unsecured debt at least 150.0%. At the reporting date, the ratio of unencumbered assets was 87.7% (89.2), the solvency ratio was 42.4% (40.7), the secured solvency ratio was 6.2% (5.0), the interest coverage ratio was 2.9 (8.2) and the ratio of unencumbered assets to unsecured debt was 241.2% (244.3).

SIGNATURES TO THE FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

Helsinki, 8 February 2024

Erik Selin

Esa Lager

Tarja Pääkkönen

Sharam Rahi

Johannus (Hans) Spikker

Timo Stenius

Antti Aarnio
President and CEO

The auditors' note

Our report on the conducted audit has been issued today.

Helsinki, 8 February 2024

Deloitte Oy
Authorised Public Accountants

Aleksi Martamo
Authorised Public Accountant

AUDITOR'S REPORT

(Translation of the Finnish Original)
To the Annual General Meeting of SATO Oyj

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SATO Oyj (business identity code 0201470-5) for the year ended 31 December 2023. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 7 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key audit matter

How our audit addressed the key audit matter

Valuation of investment properties

Refer to note 13 to the consolidated financial statements.

Consolidated financial statements as of 31 December 2023 include investment properties amounting to EUR 4 885.7 million.

Investment properties, as defined in IAS 40, are measured at fair value in accordance with IFRS 13.

Fair value measurement of investment properties requires management judgment and assumptions, since market prices for investment properties are not available in publicly traded markets.

This matter is regarded as significant risk of material misstatement in accordance with EU Audit Regulation (537/2014) Article 10 paragraph 2 c.

We have assessed and challenged the principles and methods applied in the fair value measurement. Our audit procedures included the following, among others:

- assessment of the appropriateness of valuation methods and the reasonableness of management assumptions
- testing the applied valuation model for mathematical accuracy
- comparison of the valuation of investment properties against externally available market data sources
- evaluation of the appropriateness of the input data used in the valuation
- evaluation of the competence and objectivity of the external valuation expert used by the management
- testing the key controls for operating effectiveness.

We have assessed the appropriateness of the presentation in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Fair value measurement of derivative instruments and application of hedge accounting</p> <p>Refer to note 26 to consolidated financial statements.</p> <p>Derivative receivables as of 31 December 2023 in the consolidated financial statements amount to EUR 23.0 million.</p> <p>Management estimates are used in the fair value measurement of derivatives and in the application of hedge accounting. These estimates contain management assumptions.</p>	<p>Our audit procedures included an assessment of internal control environment and processes over the hedge accounting documentation, effectiveness testing, and fair value measurement.</p> <p>We have also assessed the procedures and assumptions used by the management in fair value measurement.</p> <ul style="list-style-type: none"> • We have assessed the appropriateness of valuation methods and accounting policies used against the requirements set in IFRS 9 and IFRS 13 for consolidated financial statements. • We have compared the assumptions used by management in valuation against externally available market data. • We have assessed the existence and completeness of outstanding derivative contracts by requesting confirmations from the counterparties. • We have assessed that financial instruments included in hedge relationships are accounted for in accordance with IFRS 9 in the consolidated financial statements. <p>We have assessed the appropriateness of the presentation for derivative financial instruments and hedge accounting applied in the consolidated financial statements.</p>

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 23 March 2018, and our appointment represents a total period of uninterrupted engagement of six years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 8 February 2024

Deloitte Oy
Audit Firm

Aleksi Martamo
Authorised Public Accountant (KHT)

FIVE YEAR INDICATORS

Five year indicators	2023	2022	2021	2020	2019
Net sales, EUR million	288.4	291.2	298.3	303.4	295.6
Net rental income, EUR million	198.7	200.4	210.6	220.3	207.1
Operating profit, EUR million	-113.6	198.9	304.5	179.6	725.6
Net financing expenses, EUR million	-72.2	-47.0	-45.1	-50.0	-55.1
Profit before taxes, EUR million	-185.8	151.9	259.4	129.5	670.5
Balance sheet total, EUR million	5,085.0	5,184.7	5,091.4	5,104.7	4,718.2
Shareholders' equity, EUR million	2,435.0	2,480.9	2,351.3	2,155.7	2,055.8
Interest-bearing liabilities, EUR million	2,159.2	2,145.7	2,169.5	2,381.5	2,098.4
Return on invested capital, % (ROIC)	-2.5%	4.3%	6.7%	4.1%	18.9%
Return on equity, % (ROE)	-6.3%	5.0%	9.1%	4.8%	29.6%
Equity ratio, %	47.9%	47.8%	46.2%	42.2%	43.6%
Personnel, average*	333	328	276	229	223
Personnel at the end of period	323	325	313	242	229
Key indicators per share					
Earnings per share, EUR	-2.72	2.13	3.64	1.80	9.45
Equity per share, EUR**	43.01	43.82	41.53	38.07	36.31
Number of shares outstanding, million pcs	56.6	56.6	56.6	56.6	56.6
Operational key figures and net asset value					
Operational earnings, EUR million	58.7	88.5	101.6	109.0	91.4
Operational earnings per share, EUR	1.04	1.56	1.79	1.92	1.61
Net asset value, EUR million	2,767.5	2,849.4	2,779.3	2,577.2	2,477.7
Net asset value per share, EUR	48.88	50.33	49.09	45.52	43.76
Cash earnings, EUR million	32.9	141.3	107.9	132.1	91.2
Cash earnings per share, EUR	0.58	2.50	1.91	2.33	1.61

* Including seasonal employees.

** Equity excluding non-controlling interests.

FORMULAS USED IN CALCULATION

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

GOVERNANCE

SATO's governance is based on Finnish legislation and SATO's articles of association. SATO also complies with the Corporate Governance Code 2020 issued by the Finnish Securities Market Association.

WE PREVENT RISKS

The purpose of risk management is to advance the fulfilment of SATO's strategic and business objectives. We assess opportunities and threats that arise in our operations in relation to our set objectives. We also ensure the continuity of our operations, produce information to support business decisions and maintain the organisation's understanding of the opportunities and uncertainties of our operating environment.

SATO's risk management is based on the risk assessment embodied in the strategic and annual planning process, and the assessment also covers the risks of the financial reporting process. The risk assessment includes measures for minimising risks. Business risks consist of strategic and operational risks as well as financing and market risks. In order to ensure that strategic and operational risks are handled comprehensively, key SATO employees take part in the risk identification process.

OUR APPROACH

We have laid down responsibilities for evaluating and monitoring the realisation of recognised risks. When required, we initiate risk management measures with the goal of preventing risks from being realised or to enhance the monitoring of a certain area. Management can also be strengthened by preparing operating models for various risk situations.

We continuously monitor changes in situations and the sufficiency of management on both the Group level and for the persons responsible for each risk area.

RISK MANAGEMENT SYSTEM

Risk evaluations and risk management

Key guidelines

- Decision-making model and authorisations
- Financial policy
- Control model for procurement and partner management (cooperation with suppliers, selection of suppliers, criteria for suppliers, selection of partners)
- Insurance management system, evaluation and responsibilities
- Internal control system

Process management model

- Ownership of key processes, monitoring and development model, and indicators

Financial and operational reporting

- Balance between preventive and monitoring indicators



When required, we initiate risk management measures with the goal of preventing risks from being realised or to enhance the monitoring of a certain area.

MANAGEMENT OF KEY RISKS

Risk	Description of risk	Control measures
Regulatory risk	A risk that the activities of the authorities, political guidelines or legal amendments disturb the development of towns and cities and SATO's operating conditions.	<ul style="list-style-type: none"> • Continuous contact with authorities • Impact on housing policies • Active monitoring of motions to change laws
Prolonged inflation	A risk that the dramatic growth in maintenance and financing costs will continue and that the market situation will not enable the transfer the higher costs into rents in full. Investments and renovations have to be postponed as a result of which the number of repairs grows and customer satisfaction weakens.	<ul style="list-style-type: none"> • Active pricing and strict cost monitoring • Careful review of new investments and postponing investment decisions until the market situation improves • Carrying out renovations in properties where it makes sense technically and financially. For other properties, building-specific assessment of follow-up measures, incl. selling.
The repair backlog becomes too large	The risk that SATO's housing assets are not repaired in a controlled, systematic and timely manner, causing negative impacts on residents' comfort and health, SATO's reputation, the rental potential of the apartments and rent prices, and thus, on the asset value development.	<ul style="list-style-type: none"> • Active updating of long-term repair plans • Dividing renovations into life cycle-based partial repairs • Divestment of individual properties
Market risk	A risk that the production of new housing increases supply to the extent that it exceeds demand. This leads to rental housing vacancies and pressure to even out or lower the rent level especially for the old housing portfolio.	<ul style="list-style-type: none"> • Close monitoring of the city planning development and construction projects of different areas • Paying special attention to the microlocation of new investments • Implementing repairs of the existing housing portfolio in accordance with the repair plans • Targeted marketing measures
The economic situation in Finland is weakening, and this will affect the housing markets	A risk that a weaker-than-expected market situation in Finland will be reflected in the housing markets as shrinking market demand, weakened solvency among the customer base, lower market rents, and thus a decrease in the value of SATO's housing stock.	<ul style="list-style-type: none"> • Sufficient financial reserves and liquidity buffers • Development of the housing portfolio, investments (procurement and repairs) and divestments • Sensitivity analyses • Allocation of new investments/microlocation strategy
Reputation risk	A risk that SATO's reputation is damaged, for example, due to non-compliance with personal data protection regulations, due to partners not operating in the manner required by SATO, or due to neglected repairs causing health problems among customers. A risk that SATO does not operate responsibly or that irresponsible activities in the real estate business ruin the reputation of the industry. A risk that a significant industrial operator faces financial difficulties that are also reflected in the value of housing assets of other operators.	<ul style="list-style-type: none"> • Compliance with the data protection policy in transactions carried out by the company and its partners • Expansion of SATO's service model to partner activity • Regular updating of the long-term repair plan and compliance with the plan • Operating in line with SATO's sustainability programme and investing in themes that have been assessed as material based on stakeholder dialogue • Thorough and close monitoring of the financial situation of partners • Regular communication with managers of partners • Back-up plans in the case of partners facing difficulties
Personnel risk	A risk that human resources are not managed efficiently or that SATO is unable to recruit, train and retain personnel with the right kind of experience and competence. A risk that competence is concentrated and the related key personnel risk.	<ul style="list-style-type: none"> • Reinforcing SATO's management culture and practices • Reinforcing SATO's brand • Internal training
Significant difficulties in the availability and price of financing	A risk that current sources of financing are unable to meet SATO's financing needs. A key risk is a weakening of the availability of financing and a dramatic surge in the cost of financing due to market development and the weakened financing capacity of banks and the lower demand in the Finnish and international bond markets.	<ul style="list-style-type: none"> • Diversified financing • Sufficient financial reserves • Maintaining the IG credit rating • Utilising collateral to obtain financing
Risks resulting from climate change	Risks resulting from climate change include physical risks, risks resulting from the transition to a low-carbon economy and social risks. Physical risks can be acute (e.g. extreme weather phenomena) or chronic (irreversible climate change). Transition risks result from changes in legislation, the markets, technology and reputation. Social risks result from changes in consumer expectations and lifestyle.	<ul style="list-style-type: none"> • Identifying and assessing climate change risks and opportunities and preparing scenario analyses regularly • Reporting under the TCFD framework • Taking into account risks and adaptation solutions in investments and maintenance • Operating in line with SATO's sustainability programme and communicating on it openly and transparently
More detailed descriptions of the risks are presented in SATO's TCFD reporting, as part of sustainability reporting.		More detailed measures for managing climate change risks are presented in SATO's TCFD reporting, as part of sustainability reporting.

SUSTAINABILITY MANAGEMENT AT SATO

Sustainability is one of the three pillars of our strategy. In addition to the strategy, our sustainability efforts are governed by our sustainability programme for 2023–2026. Sustainability is embedded in everything we do. Each SATO employee promotes sustainability in their own work.

We aim for long-term, sustainable and profitable business. We comply with laws, regulations and internal guidelines, the most important of which are **the sustainability programme, the Code of Ethics, guidelines on personal data processing and guidelines on data privacy**, guidelines on combating the grey economy, **guidelines on preventing money laundering, sanctions programme, insider guidelines, financing, risk management and disclosure policies**, communication, sponsorship and stakeholder policies, HR management principles, and the gender equality plan. We operate in an ethical and responsible manner in matters related to people, the economy, society and the environment.

We report on our operations comprehensively, in accordance with approved international accounting standards, the Finnish Corporate Governance Code and the Global Reporting Initiative' (GRI) standards as applicable to us. The information concerning environmental responsibility in our sustainability report is verified. We report on and address climate-related risks and opportunities in line with the TCFD framework. In our own sustainability goals, we have committed to the UN Sustainable Development Goals (SDG).

Sustainability management and implementation

SATO's Board of Directors makes the strategic policies and decisions concerning sustainability and approves the sustainability programme and the Sustainability Report. The Board of Directors discusses the organisation's impacts on the environment and society once a year, for the most part, when it approves the Report of the Board of Directors. In addition, once a year, the Board of Directors reviews the internal control and risk management principles, monitors their implementation and assesses the efficiency of the processes. Climate-related risks are addressed by the Board of Directors twice a year. The Board of Directors takes sustainability criteria into account when making investment decisions.

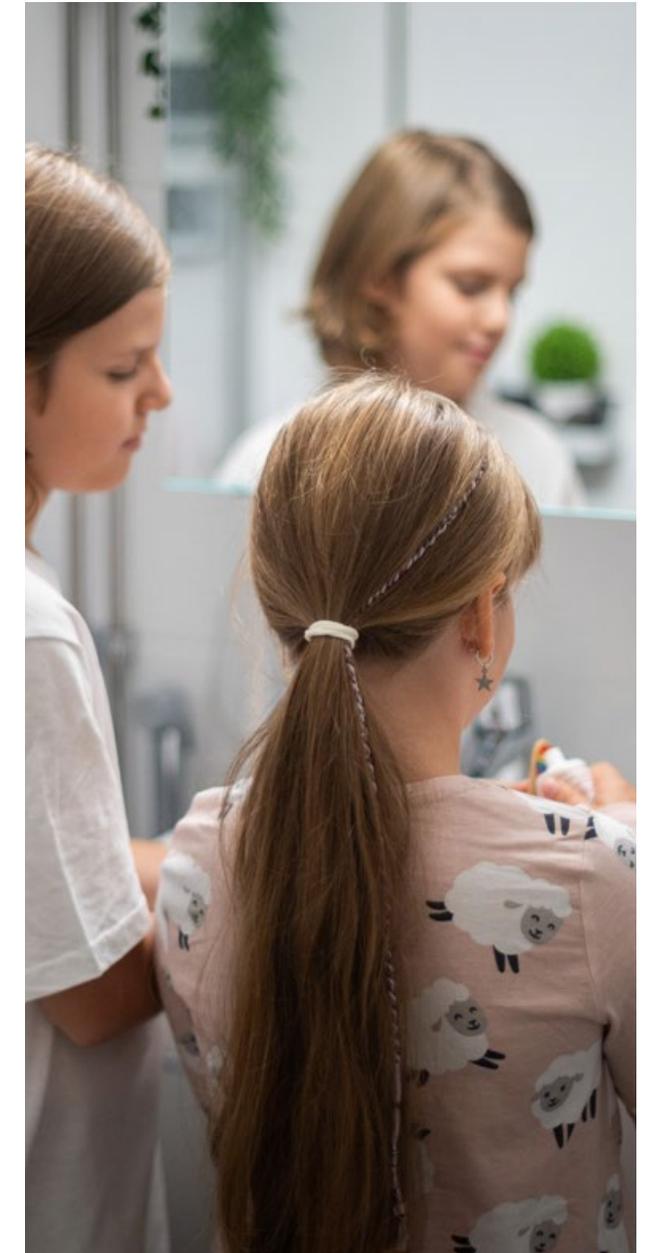
The Group's Corporate Management Group processes all key corporate management matters, such as those related to the Group's strategy, budget, investments, operational planning and financial reporting. The Corporate Management Group also executes the Board's decisions. SATO's organisational units have their own management teams, which are responsible for the preparation and execution of matters.

SATO's CEO is responsible for executing the Board of Director's policies and, with the assistance of the Corporate Management Group, monitors the implementation of sustainability as part of business in line with the Board of Directors' decisions. In the Corporate Management Group, the Chief Financial Officer is responsible for sustainability issues. Information on sustainability issues is distributed in the organisation through active communications.

The Sustainability Manager is responsible for the implementation and development of sustainability work. The Sustainability Manager coordinates the preparation and implementation of the sustainability work according to Sustainability programme, supports the units in sustainability issues and promotes the increasing of sustainability knowhow in the organisation. The Sustainability Manager reports at least quarterly to SATO's Corporate Management Group.

The sustainability steering group addresses sustainability development matters 4–6 times a year across organisational boundaries, monitors the achievement of targets and discusses sustainability topics raised by SATO employees. The sustainability steering group supports the units in sustainability issues and takes sustainability work forward in their own units and at SATO as a whole. The Sustainability Manager coordinates the activities of the steering group.

Practical measures and development goals related to sustainability are included in the units' action plans, which are monitored by the heads of the units and supervisors together with the sustainability steering group. In addition to the sustainability work performed in the units, SATO has teams that work across organisational boundaries, promoting sustainability work and reporting on their work and progress made in the targets to the sustainability steering group.



CORPORATE GOVERNANCE STATEMENT 2023

I. INTRODUCTION

The governance of SATO Corporation (hereinafter "SATO" or "Company") is based on legislation applicable in Finland and SATO's Articles of Association. The Company also complies with the recommendations of the Corporate Governance Code 2020 issued by the Finnish Securities Market Association (apart from the procedure concerning remuneration of the President and CEO mentioned in recommendation 22) as well as with SATO's internal instructions. The Corporate Governance Code is available on the Finnish Securities Market Association website at [Home – Arvopaperimarkkinayhdistys \(cgfinland.fi\)](https://www.cgfinland.fi).

Since SATO's shares are not publicly listed, legislation does not require SATO to have either the remuneration policy or the remuneration report referred to in the Corporate Governance Code 2020. While SATO does not prepare the said documents, it prepares a remuneration statement in accordance with the Corporate Governance Code 2015. The ultimate parent company of SATO, Fastighets AB Balder, is listed on the Stockholm Stock Exchange and it prepares the instructions, policies and reports regarding the remuneration of management as required by Sweden's legislation and Corporate Governance Code from time to time. These may also include information regarding the remuneration of SATO's management.

SATO has issued corporate bonds which are listed on the Helsinki Stock Exchange (until June 2023) or the Irish Stock Exchange, and the Company complies with the rules and regulations of these Exchanges for listed bonds as well as with the EU Market Abuse Regulation, securities markets legislation and the regulations of supervisory authorities.

SATO prepares its consolidated financial statements as well as its interim reports and half-year financial reports in accordance with the International Financial Reporting Standards (IFRS) approved

in the EU. The report of the Company's Board of Directors and the financial statements of the parent company of SATO Group are prepared in accordance with Finnish accounting legislation. An independent external appraiser is commissioned to issue a statement on the values of SATO's housing portfolio and the appropriateness of the methods used to assess the values.

This statement is published separate from the Report of the Company's Board of Directors, and it was considered by the Board of Directors at its meeting on 8 February 2024.

2. DESCRIPTIONS CONCERNING CORPORATE GOVERNANCE

Control and governance in the Company are divided between the Annual General Meeting, the Board of Directors, and the President and CEO. The President and CEO implements the operative business with the assistance of the Corporate Management Group. Internal audit, which reports to the Board of Directors, is responsible for internal auditing while auditors are responsible for the external audit.

General meeting of shareholders

The general meeting of the shareholders is SATO's highest governing body. The Annual General Meeting ("AGM") shall be held once a year, within six months of the end of the financial period. An extraordinary general meeting shall be held when considered necessary by Board of Directors or required under the Finnish Limited Liability Companies Act ("Companies Act").

The AGM decides on the matters that fall within its competence by virtue of the Companies Act and the Company's Articles of Association. These include adoption of the Company's financial statements and consolidated financial statements, the use of the profit shown on the balance sheet, the discharge of the members of the Board of Directors and the President and CEO from



liability, the remuneration and appointment of the members and Chair of the Board of Directors, and appointment of the auditor. The meeting may also deal with other matters which under the Companies Act are to be dealt with at a general meeting, such as share issue, acquisition of the Company's own shares and amendments to the Articles of Association. The meeting furthermore deals with matters which a shareholder has requested to be dealt with at a general meeting, as provided in the Companies Act. The resolutions of general meetings are published as a stock exchange release without delay following the meeting.

SATO has a single series of shares. Each share confers one vote at a general meeting. The right to attend general meetings is held by shareholders who are entered in the register of shareholders maintained by Euroclear Finland eight working days before the general meeting. The Companies Act also contains provisions concerning nominee-registered shareholders attending a general meeting.

In order to ensure dialogue between shareholders and Company bodies and to fulfil the shareholders' right to request information, the President and CEO, Chair of the Board of Directors and the Board members are present at the AGM. Persons nominated as Board members shall be present at the general meeting which decides on their appointment.

The Company's AGM was held on 23 March 2023. It was attended by a total of eight shareholders representing 69.35 % of the Company's shares and votes. The Company's extraordinary general meeting was held on 11 December 2023. It was attended by a total of 17 shareholders representing 75.34 % of the Company's shares and votes. The minutes of the AGM are available for review on the Company's website at [Governance | AGM](#).

Shareholders' Nomination Committee

The AGM resolved on 3 March 2015 to establish a Shareholders' Nomination Committee and approved its rules of procedure. The duties of the Committee are to prepare proposals for the AGM concerning the number and appointment of the members of the Board of Directors, appointment of the Chair of the Board of Directors, and the remuneration of Board members. The Committee's rules of procedure are available for review on SATO's website at [Governance | Rules of Procedure](#).

The Committee's term of office begins in October each year, once the largest shareholders have nominated their representatives, and ends at the closing of the next AGM. The individuals nominated to the Committee by shareholders must be independent of the Company.

The Shareholder's Nomination Committee consists of representatives of SATO's four largest shareholders registered in the book-entry system on 1 October and who accept the task. Where a shareholder declines to exercise its right of nomination, the right transfers to the next largest shareholder. The fourth largest shareholder of the Company on 1 October 2023, the State Pension Fund, did not exercise its nomination right and consequently, the right transferred to the fifth largest shareholder, Erkkä Valkila.

The Chair of the Company's Board of Directors serves on the Shareholders' Nomination Committee as an expert member. The Nomination Committee elects one of its members to serve as Chair.

The Shareholders' Nomination Committee consisted of the following representatives nominated by the following shareholders:

Balder Finska Otas AB (holding on 1 October 2023: 31,971,535 shares, 56.3%):

Erik Selin, Chair

For more information on Erik Selin, please see the section on the Board of Directors

Stichting Depository APG Strategic Real Estate Pool (holding on 1 October 2023: 12,811,647 shares, 22.6%)

Johannus (Hans) Spikker

For more information on Johannus (Hans) Spikker, please see the section on the Board of Directors

Elo Mutual Pension Insurance Company (holding on 1 October 2023: 7,233,081 shares, 12.7%)

Niko Syrjänen, (M.Soc.Sc.), b. 1974

Head of Equities, Elo Mutual Pension Insurance Company

No shareholdings in SATO Group companies

Erkkä Valkila

(holding at 1 October 2023: 385,000 shares, 0.7%)

Engineer, b. 1953

The Shareholders' Nomination Committee made its decisions in two meetings held during the term of office starting on 1 October 2023. All members of the Committee participated in the decision-making.

Board of Directors

The general meeting appoints no fewer than five and no more than nine members to the Board of Directors and appoints one member of the Board of Directors to serve as Chair of the Board. The general meeting also decides on the remuneration of the Chair, Vice Chair and members of the Board of Directors. The Board of Directors appoints one of its members to serve as Deputy Chair. The term of office of the members of the Board of Directors expires at the closing of the AGM first following their appointment.

The AGM of 23 March 2023 appointed six members to the Board of Directors. All appointed members also served as Board members prior to the AGM. The shareholdings of the Board members as at 31 December 2023 are presented below.

Appointed as Chair of the Board of Directors was Erik Selin, who holds a degree in business economics b. 1967, Managing Director, Fastighets AB Balder Swedish national

- no holdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities
 - Erik Selin holds 63,000 series B shares in Fastighets AB Balder. In addition, Erik Selin Fastigheter AB, an entity wholly owned by Erik Selin, holds 343,202,400 series B shares and 49,855,968 series A shares in Fastighets AB Balder, representing 34.1% of the share capital and 47.8% of the votes. Erik Selin is the CEO of Fastighets AB Balder and a member of its Board of Directors. Fastighets AB Balder is the ultimate parent company of SATO Corporation.

Appointed as members of the Board of Directors were Esa Lager LL.M., M.Sc. (Econ.) b. 1959, Board professional Finnish national

- no holdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

Tarja Pääkkönen D.Sc. (Corporate strategies), M.Sc. (Construction) b. 1962, Board professional Finnish national

- no holdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

Sharam Rahi
b. 1973, Deputy CEO, Fastighets AB Balder
Swedish national

- no holdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities
 - Sharam Rahi holds 3,616,932 series B shares in Fastighets AB Balder. In addition, a company wholly owned by Sharam Rahi holds 5,580,868 series B shares in Fastighets AB Balder. The holdings represent 0.8% of the share capital and 0.5% of the votes in Fastighets AB Balder. Sharam Rahi is the Deputy CEO of Fastighets AB Balder.

Johannus (Hans) Spikker,
Economic Geography, University of Amsterdam
b. 1959, Senior Portfolio Manager Real Estate Europe, APG Asset Management, The Netherlands
Dutch national

- no holdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

Timo Stenius M.Sc. (Constr. Eng.)
b. 1956, Board professional
Finnish national

- no holdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

The Board of Directors appointed Esa Lager as its Vice Chair.

The majority of the Board of Directors must be independent of the Company. At least two Board members who are independent of the Company must also be independent of the significant shareholders in the Company. The Board of Directors assesses the independence of its members and declares which of the members of the Board of Directors are considered independent of the Company, and which independent of the significant

shareholders. The Board of Directors conducted its assessment of the independence of the members of the Board of Directors at its meeting held following the AGM on 23 March 2023.

All members of the Board of Directors except Sharam Rahi are independent of the Company. Esa Lager and Tarja Pääkkönen are also independent of the significant shareholders. Sharam Rahi, Erik Selin, Johannus (Hans) Spikker and Timo Stenius are dependent of the significant shareholders.

The Company's Board of Directors shall see to the administration of the Company and the appropriate organisation of its operations. It is the duty of the Board of Directors to promote the interests of the Company and all its shareholders.

In 2023, the Board of Directors convened for 16 meetings. An average of 94.79% of Board members attended the meetings. Board members' attendance at meetings was as follows: Erik Selin 15/16, Esa Lager 16/16, Tarja Pääkkönen 16/16, Sharam Rahi 14/16, Johannus (Hans) Spikker 14/16 and Timo Stenius 16/16. A report of the CEO on current issues and a report on the financial position of the Company are presented to meetings of the Board of Directors for their consideration. In 2023, the focus in Board work was on the Russian business divestment that was completed in April 2023 and on monitoring the business performance, investments and financial position of the Company. The auditor's findings are presented to the Board of Directors in connection with the consideration of the financial statements, interim reports and half-year financial report.

SATO's Board of Directors has adopted rules of procedure covering the duties, meeting practices and decision-making procedures of the Board of Directors. These rules of procedure are available on the Company's website at [Governance | Rules of Procedure](#). In addition to matters for decision, the Board is also presented with up-to-date information on the Company's operations, financial position and risks at its meetings.

In addition to its duties under the Finnish Limited Liability Companies Act, the Board of Directors also decides on matters which, considering the extent and size of the Group's operations, have considerable importance for the Group's business. The duties of the Board of Directors include:

1. adopting the Group's business strategy and monitoring its implementation
2. adopting and monitoring the annual budget and the business plan
3. dealing with the Company's financial statements and report of the Board of Directors as well as the interim reports and half-year financial reports
4. adopting the Company's dividend policy and financial targets
5. organising and supervising risk management, internal control and internal audit
6. taking decisions regarding SATO Group's financing
7. taking decisions on significant investments and divestments.

The Board of Directors also appoints and dismisses the Company's President and CEO and, when necessary, his/her deputy, as well as the members of the Corporate Management Group, and determines the terms of their employment or service as well as their remuneration schemes.

The duty of the Board of Directors is to promote the best interests of the Company and all its shareholders. At the Company, the members of the Board of Directors do not represent the interests of the parties which nominated them for appointment to the Board. The Board of Directors performs an annual internal self-assessment of its activities and its ways of working. The purpose of the self-evaluation is to review the Board's performance during the year and to serve as a basis for evaluating the Board's procedures. The Board of Directors conducted its self-evaluation for 2023 in January 2024, and the summary of the assessment was considered at the meeting of the Board in February.

Diversity of the Board of Directors

Diversity of the Board of Directors supports the Company's business, its development and thus the success of the Company. Diversity strengthens the work of the Board of Directors by giving voice to the views of people of different ages, different educational backgrounds and different experience concerning the Company's development and the management of its business. Diversity increases open discussion and strengthens the decision-making of the Board members.

When preparing a proposal to the AGM concerning the number of Board members and the persons to be appointed as members and Chair, the Shareholders' Nomination Committee must take into account the requirement for diversity. The Committee must evaluate the requirements set for the number of Board members and their competence in the current situation, taking into account aspects such as the experience of the Board members, their knowledge of SATO's business, their education, and their age and gender distribution. A member of the Board of Directors must have the possibility to devote a sufficient amount of time to Board work. The number of Board members must be sufficient. Board members must have different skills to support the implementation of the Company's current strategic targets. A further key duty of the Board is to support and challenge SATO's management from various perspectives.

The requirements for diversity have been implemented in the composition of SATO's Board of Directors. The members of SATO's Board possess complementary and supportive experience and education relative to their colleagues. Each member of SATO's Board holds a degree in technology, business, economics or law. The Board members have experience in management functions and board memberships at major companies as well as companies operating internationally. Extensive experience in housing investment, financing and consumer business is represented on SATO's Board. Both genders (one woman and five men) are represented on the Board of Directors, and the age of Board members ranges from 56 to 67. The members have served on the Board for an average of eight years.

Committees of the Board of Directors

At the organisational meeting held after the AGM, the Board of Directors each year appoints from among its number three to five members to serve on the HR and Remuneration Committee (formerly the Nomination and Remuneration Committee). One of the Committee's members serves as its Chair.

The rules of procedure for the Committees at any given time are adopted by the Board of Directors. The Committees have no independent decision-making authority. Their duty is to prepare matters for decision by the Board of Directors and the AGM, and they report constantly on their actions to the Board of Directors. The rules of procedure are available on the SATO website at [Governance | Rules of Procedure](#).

In 2023, the HR and Remuneration Committee consisted of Chair Erik Selin, and members Tarja Pääkkönen and Johannes (Hans) Spikker. All Committee members are independent of the Company and Tarja Pääkkönen is also independent of the significant shareholders. All three members of the Committee attended both meetings held by the Committee in 2023.

President and CEO

The President and CEO is responsible for the management and planning of the Group's business operations and for the attainment of its goals. He/she is responsible for preparing matters for the Board of Directors' attention and for executing the decisions of the Board. The President and CEO sees to the executive management of the Company in accordance with the instructions and orders given by the Board of Directors and chairs the Corporate Management Group.

The Board of Directors appoints and dismisses the Company's President and CEO.

Since 1 January 2022, SATO's President and CEO has been Antti Aarnio (M.Sc. (Tech.), b. 1972).

Corporate Management Group

The Corporate Management Group assists the President and CEO in the planning and management of operations and in decision-making. The Corporate Management Group deals with all key issues for the management of SATO Group, such as matters related to the strategy, budgeting, investments, business planning, and financial reporting. The Corporate Management Group's duties include the implementation of the decisions of the Board of Directors under the leadership of the President and CEO. The Corporate Management Group has no authority under law or the Articles of Association; it serves as a body to assist the President and CEO. The shareholdings of the members of the Corporate Management Group are presented as at 31 December 2023.

At 31 December 2023 the Corporate Management Group consisted of

Antti Aarnio
President and CEO, Chair of the Corporate Management Group
b. 1972, M.Sc. (Tech.)
member of the Corporate Management Group since 2016

- no holdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

Arto Aalto
Executive Vice President, Investments
b. 1966, B.Eng.
member of the Corporate Management Group since 2022

- no holdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

Markku Honkasalo
Chief Financial Officer
b. 1964, LL.M., eMBA
member of the Corporate Management Group since 2016

- no holdings in SATO Group companies
- no controlled entities' holdings in SATO Group companies

Laura Laamanen
Chief Commercial Officer
b. 1972, M.A.
member of the Corporate Management Group since 11 May 2023

- no holdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

Elina Vaurasalo
Executive Vice President, Housing Business
b. 1974, M.Sc.
member of the Corporate Management Group since 2022

- no holdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

Janne Ojalehto
Chief Commercial Officer
b. 1982, MBA
member of the Corporate Management Group until 27 January 2023

- no holdings in SATO Group companies
- no holdings in SATO Group companies through controlled entities

In 2023, the Corporate Management Group convened weekly for a total of 48 meetings. Meetings were also attended by VP, General Counsel; VP, Human Resources; Director, Business Development; and Chief Digital Officer (CDO). The focus areas of the Corporate Management Group in 2023 were rents and occupancy rate, maintenance costs, repair investments, resourcing, sustainability matters and improvement of customer experience. In addition, there are management groups in the various areas of business and financing which focus on the monitoring, development and supervision of their respective areas of responsibility.

3. DESCRIPTIONS OF INTERNAL CONTROL PROCEDURES AND THE MAIN FEATURES OF THE RISK MANAGEMENT SYSTEMS

Group financial reporting

The financial reporting of the Company is based on its management model. The financial result of the Group is reported and analysed internally on a monthly basis. Public financial reporting includes interim reports, the half-year financial report and the financial statement release which the Board of Directors approves for publication.

Overview of the risk management systems

SATO's risk management is based on the risk assessment embedded in the strategic and annual planning process. This assessment also covers the risks of the financial reporting process. The risk assessment includes actions to mitigate the risks. Business risks include strategic and operative risks as well as financing and market risks. In 2023, particular attention was paid to monitoring and controlling risks related to investments and financing.

The organisation and supervision of risk management is the responsibility of the Company's Board of Directors and the President and CEO. Internal audit and internal control support the Board of Directors in performing its duty of supervision.

Internal control

Internal control aims to ensure the effective and profitable operations of the Group, the reliability of information, and compliance with the legislation and other rules and regulations. In its activities, SATO is moreover guided by its internal instructions, such as the Code of Conduct. SATO seeks to ensure that all SATO employees are familiar with the regulations and principles applicable to their work and comply with these. SATO organises regular training on internal instructions, and these are also an essential element in new employee onboarding.

The Group's internal control systems serve, among other things, to

verify that the financial reports disclosed by the Company provide in all material respects true and accurate information about the Group's financial position. Group-wide principles and policies which form the basis for internal control have been defined by the Group for its key areas of operations. Each of SATO's business units has its own controller function to ensure that financial reporting is in line with regulations and Group instructions.

The organisation of internal control is the responsibility of the Board of Directors and the President and CEO who implements the Board's decisions. Board members are provided with regular reports on the Group's financial position and operating environment. The Board oversees the effectiveness of internal control and the accuracy of financial reporting. Responsibility for the performance of internal control is held by the operational organisation of the entire Group in such a way that Group employees are responsible to their supervisor at all times for the supervision of their particular sphere of responsibility.

The content of the financial reporting process and compliance with regulations are the responsibility of the Group's financial administration. The Group's financial reporting process complies with the Group's operational guidelines and process descriptions. Control measures to ensure reporting quality are also taken. The controls on the reporting process have been determined on the basis of a control risk assessment matrix. The types of controls include system controls, reconciliations, and audits or actions carried out by management or another party. Responsible parties have been designated for controls and these are responsible for the implementation and effectiveness of the controls. The interpretation and application of accounting standards has been consolidated in the hands of the Group's financial administration, which maintains operating guidelines on financial reporting, process descriptions, calculation manuals and control mechanism descriptions, and which attends to the associated in-house communications. The Group's financial administration also oversees compliance with these instructions and procedures. The monitoring of the budgeting and reporting processes is based on the Group's reporting principles, which are defined

and centrally maintained by the Group's financial administration. The principles are applied uniformly throughout the Group, and a standardised Group reporting system is in use.

The Group's treasury policy, adopted by SATO's Board of Directors, is observed in the management of financial risks.

SATO's IT management, in cooperation with the business units, uses a cybersecurity governance model to monitor information security in the organisation. Information security at SATO is risk-based and it is overseen by a steering group. Information security audits are one of the ways used to monitor information system use.

4. OTHER INFORMATION TO BE PROVIDED IN THE CG STATEMENT

Internal audit

Internal audit enhances the Board of Directors' performance of its duty of supervision. Internal audit acts in accordance with the annual plan adopted by the Board of Directors. Audit objects are selected in accordance with the Group's strategic targets, estimated risks and focus areas. In 2023, internal audit carried out four extensive audits.

Internal audit independently and systematically assesses the effectiveness, efficiency and appropriateness of the Group's management and governance systems as well as the business processes and risk management. In its reports, internal audit makes recommendations for the improvement of systems and processes.

The objective of internal audit is to provide reasonable assurance in the accuracy of financial and business reporting, the appropriate management of the Company's assets and the lawfulness of the Company's activities. In addition, internal audit aims to promote the development of risk management. Administratively, the person in charge of internal audit reports to the Chief Financial Officer, while internal audit findings are reported to the President and CEO as well as the Board of Directors.

Related party transactions

The individuals specified in the SATO Corporation Related Party Instructions must report their related party transactions to the Company in writing.

The report must be submitted for approval prior to undertaking the related party transaction. In the case of major transactions, the Board of Directors will decide whether to accept the reported related party transaction. In the case of transactions that are a part of SATO's regular business, or minor transactions valued at less than EUR 10,000, approval can be decided by the Chair of the Board, the President and CEO or the CFO. The rules for conflicts of interest are observed in decision-making. However, no approval is required for ordinary contracts concerning lease of apartments.

When considering decisions, account is taken of the closeness of the related party relationship and the size of the transaction. Other aspects considered are any deviations from market conditions, whether the transaction is a part of SATO Group's daily business, whether there are financial grounds for the transaction and whether the transaction is acceptable from the viewpoint of SATO Group.

Insider administration

SATO's rules concerning insider trading are based on the EU's Market Abuse Regulation (596/2014, "MAR") and the Finnish Securities Markets Act. The rules comply with the standards of the Finnish Financial Supervisory Authority and the guidelines of the Helsinki and Irish Stock Exchanges where these apply to an issuer of listed bonds.

The insider guidelines include, among other things, guidelines concerning trading in SATO's financial instruments. SATO has no permanent insiders and it does not maintain a list of permanent insiders. A project-specific list of insiders is established by decision of the President and CEO or, when the President and CEO is absent or prevented, of the CFO. In particular, any information that concerns the ability of SATO and the SATO Group to fulfil

their commitments in respect of issued bonds constitutes insider information.

At SATO, persons discharging managerial responsibilities, within the meaning of MAR, comprise the members of the Board of Directors and the President and CEO. SATO maintains a list of them and persons closely associated as defined in MAR. SATO managers are prohibited from trading in SATO's financial instruments during the closed period starting 30 days prior to the publication of SATO's financial statements or interim report and ending at the closing of the publication day. Also persons who participate in the preparation or publication of the financial statements or interim reports are prohibited from trading in SATO's financial instruments during the closed period. A separate register of persons acting in the informative core is maintained of these persons. Managers and their closely associated persons must notify SATO and the Finnish Financial Supervision Authority of all transactions conducted with SATO's financial instruments within three working days of the transaction.

Audit

The AGM appoints for the Company a single auditor, which must be an audit firm approved by Auditor Oversight at the Finnish Patent and Registration Office. The auditor's term of office is the financial period and the duties of the auditor expire at the closing of the AGM first following their appointment.

The auditor for the financial period of 1 January – 31 December 2023 was Deloitte Oy with Aleksi Martamo, APA as principal auditor. The audit examines the accounts, financial statements and governance of the Company and Group.

In 2023, the auditor Deloitte Oy was paid EUR 175,995.00 in auditing fees, EUR 45,700 in fees for other services related to auditing, and EUR 0.00 in fees for other consulting services (including all companies belonging to the same Group or chain).

REMUNERATION STATEMENT 2023

I. MEMBERS OF SATO'S BOARD OF DIRECTORS

I.1 Decision-making procedure

The remuneration payable to the members, Deputy Chair and Chair of the Board of Directors of SATO Corporation (hereinafter "SATO") is decided by the SATO shareholders at the Annual General Meeting. The remuneration proposal, together with a proposal for the appointment of Board members and the Chair of the Board of Directors, is prepared by the Shareholders' Nomination Committee consisting of representatives of SATO's four largest shareholders registered in the book-entry system at 1 October, provided the said shareholders have accepted the assignment.

SATO's Annual General Meeting ("AGM") held on 23 March 2023 decided that the following annual remuneration be paid for the term of office starting at the close of the AGM and ending at the close of the AGM in 2024:

- Chair of the Board of Directors, EUR 38,000;
- Deputy Chair of the Board of Directors EUR 23,000; and
- other members of the Board of Directors, EUR 19,000 each.

In addition, the AGM resolved that a meeting fee of EUR 500 per meeting be paid to the Chair, Deputy Chair and members of the Board of Directors for meetings of the Board of Directors and its Committees. This remuneration is in line with the remuneration paid to Board members for the previous term of office.

I.2 Fees paid to the members of the Board of Directors in 2023

The following fees were paid to the members of SATO's Board of Directors in the financial period of 1 January – 31 December 2023:

Erik Selin, Chair of the Board of Directors	EUR 45,000
Esa Lager, Deputy Chair of the Board of Directors	EUR 29,500
Tarja Pääkkönen	EUR 26,500
Sharam Rahi	EUR 24,500
Johannus (Hans) Spikker	EUR 25,500
Timo Stenius	EUR 25,500

Fees paid to Board members in 2023 totalled EUR 177,000. During the financial period, no shares or share-based rights were issued to Board members as fees.

2. PRESIDENT AND CEO AND OTHER GROUP MANAGEMENT

2.1 Decision-making procedure

The terms of employment or service of the President and CEO and the Corporate Management Group of SATO, their remuneration and the criteria of their annual bonus schemes and long-term incentive schemes as well as the amount of bonuses payable on the basis of the schemes and the manner and time of payment of these bonuses are decided by SATO's Board of Directors on the basis of proposals by the HR and Remuneration Committee (formerly the Nomination and Remuneration Committee). Individuals employed by SATO Group do not receive any separate compensation for serving as a member of the Board of Directors or as CEO in the subsidiaries of the Group.

2.2 Service contract of the President and CEO

A written service contract has been concluded between SATO and its President and CEO Antti Aarnio. According to this contract, the President and CEO receives a monthly salary divided into a monetary component and customary fringe benefits. The President and CEO is covered by the annual bonus and/or long-term incentive schemes in place at SATO from time to time, as decided by the Board of Directors.

The service contract is subject to a six-month notice period when terminated by the President and CEO. If the contract is terminated by SATO, Aarnio is entitled to six months' salary for the notice period as well as severance pay equal to six months' salary.

3. REMUNERATION SCHEMES

The objective of incentive schemes is to align the objectives of shareholders and key individuals to increase the company's value, improve the Group's competitiveness and ensure long-term financial success.

SATO has in place the following remuneration scheme concerning 2023:

The members of the Corporate Management Group and certain designated key individuals of the Group are covered by an annual bonus scheme. The bonus scheme for 2023 includes Group level targets (60%) and individual targets (40%). Payment

of the bonus requires the lower limit of all Group-level targets to be reached.

The Board of Directors approves the criteria for annual bonuses, the individuals covered by them, and the payment of the bonus. In the highest payment segments, annual bonuses are paid in two parts: the first part in the year following the earning period, the second part two years after the earning period to those individuals who are in the employ of SATO at the time of payment.

4. SALARIES AND FEES PAID TO THE PRESIDENT AND CEO IN 2023

President and CEO Antti Aarnio was paid a salary of EUR 323,443, of which monetary salary accounted for EUR 321,517 and fringe benefits for EUR 1,926. In addition, he was paid a bonus of EUR 45,650.

BOARD OF DIRECTORS



ERIK SELIN

born 1967, Business school economist, CEO and Board Member, Fastighets AB Balder, Board member since 2015, Chairman of the Board since March 2016, independent of the company, not independent of the main shareholders

Primary working experience:

Fastighets AB Balder: CEO and Board Member since 2005
Owner of several companies in real estate business

Main positions of trust:

Brinova Fastigheter AB: Chairman of the Board of Directors
K-Fast Holding AB: Chairman of the Board of Directors
Skandrenting AB: Chairman of the Board of Directors
Norion Bank AB: member of the Board of Directors
Hexatronic Group AB: member of the Board of Directors and member of the Remuneration Committee
Hedin Mobility Group AB: member of the Board of Directors
Neudi & C:o AB: member of the Board of Directors



ESA LAGER

born 1959, LL.M., M.Sc. (Econ.)
Board member since 2014, Chairman of the Board 2015–2016, Deputy Chairman of the Board 2014–2015 and since 2021, independent of the company and its main shareholders

Primary working experience:

Outokumpu Oyj: Deputy to the CEO 2011–2013, Executive Vice President - Chief Financial Officer 2005–2013, Executive Vice President of Finance and Administration 2001–2004, Corporate Treasurer 1995–2000, Assistant Treasurer 1991–1994
Kansallis Banking Group: various specialist and managerial positions in the overseas operations of the Head Office and London Branch 1984–1990

Main positions of trust:

Ilkka-Yhtymä Oyj: Deputy Chairman of the Board of Directors
Alma Media Corporation: member of the Board of Directors
GRK Infra Oy: member of the Board of Directors



TARJA PÄÄKKÖNEN

born 1962, Ph.D (Corp.Strategies), M.Sc. (Const. & Architecture), Executive Partner of Boardman Ltd, Board member since 2013, independent of the company and its main shareholders

Primary working experience:

Boardman Ltd: Executive Partner, 2010–
Boardman Ltd: Executive Partner and Chairman of Brand Compass Group 2010–2019
Itella Corporation: Senior Vice President, Corporate Sales and Marketing and member of Executive Board 2005–2010
Nokia Corporation: Member of the Management Board of Nokia Mobile Phones and several global Senior Vice President positions in Europe, the USA and Asia 1994–2004
Mecrator Oy (PwC): Management Consultant 1992–1994
Kienbaum KmbH, Germany: Management Consultant 1990–1992

Main positions of trust:

Panostaja Oyj: member of the Board of Directors
United Bankers Oyj: member of the Board of Directors and member of Remuneration Committee
YLVA: member of the Board of Directors and member of Remuneration Committee
GRK Infra Oy: member of the Board of Directors
Andiata Oy: Advisor Board, Chairman

BOARD OF DIRECTORS



SHARAM RAHI

born 1973, Board member since 2021

Non-independent of the company or its main shareholders

Primary working experience:

Fastighets AB Balder, vice President since 2005

Main positions of trust:

Member of the Board for several Balder companies

AMA Group I Borås A: member of the Board of Directors



JOHANNUS (HANS) SPIKKER

born 1959, Economic Geography, University of Amsterdam, Senior Portfolio Manager Real Estate Europe, APG Asset Management, Amsterdam, The Netherlands, Board member since 2017, independent of the company, non-independent of the main shareholders

Primary working experience:

Senior Portfolio Manager Real Estate, APG Asset Management, Amsterdam, The Netherlands as of 2007

Senior Portfolio Manager Real Estate, Structured Investments, Pensionfund PGGM, 1997–2007

Asset manager German real estate, SPP Investment Management, 1994–1997

Property manager commercial real estate Germany, Shell Pensionfund 1991–1994

Market researcher MAB Groep BV, a Dutch property development company, 1986–1991

Main positions of trust: –



TIMO STENIUS

born 1956, M.Sc. (Constr. Eng.), Board member since 2015, independent of the company and its main shareholders

Primary working experience:

Worked as a director responsible for Elo Mutual Pension Insurance Company's real estate investments as well as all unlisted investments 2014–2020. Since 1990, he has been a member of the Board of property investment and development in a listed company Polar Yhtymä Oyj and Polar Kiinteistöt Oyj, and since 2001, as the director responsible for a pension insurance company Eläke-Fennia's property investments, corporate financing and non-listed equity investments.

In addition, in 1982–1988 he was involved in project export tasks targeted at the Soviet Union in Finn-Stroi Oy.

Main positions of trust:

S-Pankin Kiinteistöt Oy: Member of the Board of Directors

Tyvene Oy: Chairman of the Board of Directors

Avara Oy: Deputy Chairman of the Board of Directors

CORPORATE MANAGEMENT GROUP



ANTTI AARNIO

President and CEO
born 1972, M.Sc. (Eng.)
has worked for SATO since 2000

Primary working experience:

SATO Corporation: President and CEO, since 2021
Acting President and CEO, Rental Housing Business 2020–2021
Vice President/Rental Housing Business and Investments 2016–2020,
Director, Investments and divestments, Helsinki Region and St.
Petersburg 2010–2016,
Nordic Real Estate Partners Oy: Housing investments and invest-
ment management / managing director of Minun Koti associations
2007–2009,
SATO Corporation, Housing investments: Director, SATO Asunnot
2006–2007,
Real estate manager 2004–2006, Building manager 2003–2004,
Project engineer 2002–2003, Administrative building manager
2000–2001

Main positions of trust:

Member of the Board for several SATO Group companies,
Helsinki Region Chamber of Commerce: Regional and housing
committee, member

Shareholding in SATO: –



ARTO AALTO

Executive Vice President, Investments
born 1966, B. Eng
has worked for SATO since 2002

Primary working experience:

SATO Corporation: Executive Vice President, Investments, since
2020
Director, investments, planning and projects 2018–2020, Director,
investments and projects 2016–2018, Regional Director Oulu
and Jyväskylä 2015–2016, Regional Director Oulu 2009–2015,
Construction Manager 2005–2009, Construction Engineer
2002–2005
HMR Oy: Project Director, St.Petersburg 1998–2002

Main positions of trust:

Member of the Board for several SATO Group companies
Rakli: Member of the Urban Development and Infrastructure
Management Team

Shareholding in SATO: –



MARKKU HONKASALO

Chief Financial Officer
born 1964, LL.M., eMBA
has worked for SATO since 2016

Primary working experience:

SATO Corporation: Chief Financial Officer, since 2016
Componenta Corporation: CFO 2015–2016,
Valmet Corporation: CFO 2013–2015,
Rautaruukki Oyj: CFO 2009–2013,
Myllykoski Corporation: Director, Administration, Legal & HR
2003–2008,
Different positions in the banking sectors 1989–2003

Main positions of trust:

Member of the Board for several SATO Group companies

Shareholding in SATO: –

CORPORATE MANAGEMENT GROUP



LAURA LAAMANEN

Chief Commercial Officer
born 1972, MA
has worked for SATO since 2021

Primary working experience:

SATO Corporation: Chief Commercial Officer, since 2023,
Director, Marketing and Communications, 2021–2023
OP Financial Group: Business Lead, Digital Sales, 2016–2021
NearMe Services: CMO, 2014–2016
Wunderman Helsinki: Client Service Director, 2011–2014
Blyk Services: Brand and Design Lead, Brand Manager,
2011–2006
Safama Interactive: Client Manager, 2002–2006
Benefon: Export Manager, 1998–2002

Main positions of trust: –

Shareholding in SATO: –



ELINA VAURASALO

Executive Vice President, Housing Business
born 1974, M.Sc.
has worked for SATO since 2017

Primary working experience:

SATO Corporation: Executive Vice President, Housing Business
since 2021, Service Director, Rental Housing Business, 2017–2021
S-Group: Development Manager, Customer experience &
analytics, 2012–2017
Kiiipula Vocational Centre: Head of Business Unit, Business &
administration, 2009–2012
Managing Director / Entrepreneur, Retail & import business,
2006–2009
Kesko Corporation: Development Manager; Customer experience
& analytics, 2002–2006
PwC Consulting, Management Consultant, Customer manage-
ment & analytics, 2001–2002

Main positions of trust:

Member of the Board for several SATO Group companies
Rakli: Chairman of the Housing Management Team

Shareholding in SATO: –

JANNE OJALEHTO

Chief Commercial Officer until 27 January 2023
born 1982, MBA
worked for SATO 2018–2023

Primary working experience:

SATO Corporation: Chief Commercial Officer 2020–2023,
Vice President Commercial 2020–2022
Director, Sales and Customer Services 2020, Sales Director
2018–2020.
Restel Oy: Vice President Sales 2015–2018.
Restel Oy: Different management positions in operations and
sales 2006–2018

Main positions of trust: –

Shareholding in SATO: –



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