

Q3 INTREERIM REPORT 1 JANUARY–30 SEPTEMBER 2024



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KEY FIGURES



Key figure	1-9/2024	1-9/2023	1-12/2023
Net sales	€ 227.0 million	€ 214.9 million	€ 288.4 million
Number of rental apartments	25,714 homes	25,301 homes	25,468 homes
Investment properties	€ 4,953.3 million	€ 4,970.9 million	€ 4,885.7 million
Housing investments	€ 31.7 million	€ 122.5 million	€ 150.0 million
Under construction	189 pcs	518 pcs	349 pcs
Average rent at the end of the review period	€ 18.38 m ² /month	€ 18.08 m ² /month	€ 18.07 m ² /month
Cash earnings	€ 60.2 million	€ 15.0 million	€ 32.9 million
Shareholders' equity	€ 2,583.7 million	€ 2,406.2 million	€ 2,435.0 million

SATO CORPORATION INTERIM REPORT 1 JANUARY TO 30 SEPTEMBER 2024: OCCUPANCY RATE INCREASING – INTENSE COMPETITION CONTINUES

SUMMARY FOR 1 JANUARY TO 30 SEPTEMBER 2024 (1 JANUARY TO 30 SEPTEMBER 2023)

- The economic occupancy rate was 95.4% (94.9).
- Net sales totalled EUR 227.0 million (214.9).
- Net rental income was EUR 160.5 million (148.5).
- Profit before taxes was EUR 83.5 million (-94.2).
- The unrealised change in the fair value of investment properties included in the result was EUR 10.8 million (-140.0).
- Housing investments amounted to EUR 31.7 million (122.5).
- Invested capital at the end of the review period was EUR 4,694.3 million (4,552.2).
- Return on invested capital was 4.1% (-1.2).
- Equity was EUR 2,583.7 million (2,406.2), or EUR 30.44 per share (42.50).
- Earnings per share were EUR 0.84 (-1.42).
- A total of 160 rental apartments were completed (809). Renovation of 56 rental homes (388) was completed.
- A total of 189 rental apartments are under construction (518).
- Occupancy rate and net rental income continued to grow.
- We issued EUR 250 million in unsecured notes as a private placement in August.

SUMMARY FOR 1 JULY TO 30 SEPTEMBER 2024 (1 JULY TO 30 SEPTEMBER 2023)

- The economic occupancy rate was 95.9% (94.7).
- Net sales totalled EUR 76.5 million (72.5).
- Net rental income was EUR 59.3 million (55.1).
- Profit before taxes was EUR 32.5 million (7.0).
- The unrealised change in the fair value of investment properties included in the result was EUR 4.0 million (-18.0).
- Housing investments amounted to EUR 8.9 million (29.8).
- Earnings per share were EUR 0.31 (0.10).
- A total of 68 rental apartments were completed (161). Renovation of 0 rental homes (191) was completed.

PRESIDENT AND CEO ANTTI AARNIO:

- The number of newbuild homes completed in growth centres has taken a downturn during the current year. The number of previously completed newbuild homes still in the market is, however, higher than expected, and competition for good tenants has remained intense.
- Regardless of the continuing oversupply of rental apartments, we have managed to improve our economic occupancy rate.
- Measures to increase operational efficiency and generate savings have improved our net rental income, which has also been affected positively by the successful moderate rent reviews and higher occupancy rate.
- In Finnoo, Espoo, the first rental homes at Peijinkuja 6 were completed in September, and the rest at the beginning of October. The neighbouring building, Peijinkuja 10, will be completed in December this year and is, for the time being, our last newbuild property under construction.
- In August, we issued EUR 250 million in unsecured notes as a private placement. Thanks to the successful issue, our financing needs for 2025 are now mostly covered.
- I am thankful for SATO staff members' diverse professional competence, broad expertise and willingness to develop both their own work and our services. The results are reflected directly in the everyday lives of our customers.

OPERATING ENVIRONMENT

During the period under review, the economic uncertainty and the continued abundant supply of rental housing in growth centres still remained key factors affecting SATO's operating environment.

The Finnish economy is entering a phase of slow growth. Pay rises, slower inflation and gradual interest rate decline are improving the purchasing power of consumers. Consumer confidence has still remained at a low level.

According to the Bank of Finland's September 2024 interim forecast, Finland's GDP is projected to contract further in 2024 but to grow by 1.1% in 2025 and 1.8% in 2026. Employment is also projected to improve as economic growth accelerates.

Inflation in Finland has been the lowest in the euro area, and the Bank of Finland forecasts it to be around 1.1% in 2024 and rise nearer to 2% in the immediate years ahead. In the euro area, inflation pressure eased further and the inflation rate was 1.8% in September. As expected, the European Central Bank continued its rate cuts in October, announcing a third rate cut of 0.25

percentage points. Markets are anticipating further rate cuts this year and next.

Construction of newbuild homes is at a historically low level. Largely due to an increase in the volume of interest-subsidised housing construction, there has, however, been a slight upturn in projects started. The number of apartments completed has contracted clearly this year, but the newbuild construction volume of previous years, which exceeds the long-term housing demand, is, however, maintaining an oversupply of rental homes in the growth centres. In Helsinki, the number of vacant rental homes is decreasing slightly, but the shrinking of the oversupply has been slower than anticipated earlier and competition for good tenants continues.

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

The demographic change coupled with the price development create a stable foundation for rental housing demand, especially in the HMA, Tampere and Turku. Migration to large growth centres has continued, and the HMA's migration gain in 2023 was the highest in the 2000s: 23,500 persons. In early 2024, the trend levelled off and the migration gain of the HMA was 10,300 persons. The strong migration trend is reflected in the demand for rental homes in growth centres.

Urbanisation, the income development of wage and salary earners, pent-up housing demand of households and lower interest rates together with the decrease in new housing production will increase housing demand going forward. The housing allowance policy changes may, however, steer consumers towards looking for more affordable housing. Some of those looking for a home to buy may be considering a rental home as a housing option.

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

REVIEW PERIOD 1 JANUARY TO 30 SEPTEMBER 2024 (1 JANUARY TO 30 SEPTEMBER 2023)

NET SALES AND PROFIT

In January–September 2024, SATO Corporation's consolidated net sales totalled EUR 227.0 million (214.9).

Operating profit was EUR 141.5 million (-42.8). Operating profit without the change in the fair value of investment properties was EUR 130.7 million (97.2). The unrealised change in fair value through profit or loss was EUR 10.8 million (-140.0).

Net financing expenses totalled EUR -58.1 million (-51.4).

Profit before taxes was EUR 83.5 million (-94.2). Cash flow from operations (free cash flow after taxes excluding changes in fair value) in January–September amounted to EUR 60.2 million (15.0).

Earnings per share were EUR 0.84 (-1.42).

FINANCIAL POSITION AND FINANCING

The consolidated balance sheet total at the end of September was EUR 5,211.8 million (5,108.6). Equity totalled EUR 2,583.7 million (2,406.2). Equity per share was EUR 30.44 (42.50).

The Group's equity ratio at the end of September was 49.6% (47.1). EUR 625.0 million in new long-term financing was drawn and the solvency ratio at the end of September was 38.5% (41.9).

The Group's annualised return on equity was 3.6% (-4.4). Return on invested capital was 4.1% (-1.2).

Interest-bearing liabilities at the end of September totalled EUR 2,110.6 million (2,145.9), of which loans on market terms amounted to EUR 2,005.6 million (2,016.6). The average loan interest rate was 4.0% (3.4). Net financing expenses totalled EUR -58.1 million (-51.4).

The calculated impact of changes in the market value of interest hedging on equity was EUR -5.1 million (-2.8).

The proportion of loans without asset-based securities was 69.2% (88.1) of all loans. At the end of September, unencumbered assets accounted for 71.5% (89.9) of total assets.

HOUSING BUSINESS

Our housing business includes rental activities, customer service, lifecycle management and maintenance. Effective rental activities and digital services provide home-seekers with quick access to a home, and the Group with a steadily increasing cash flow. High-quality maintenance operations ensure the comfort

of residents and that the apartments stay in good condition and maintain their value. We serve our customers in daily housing issues through our customer-oriented service organisation.

Rental income was EUR 227.0 million (214.9). On average, the economic occupancy rate of apartments was 95.4% (94.9) and the external tenant turnover 28.7% (26.8).

At the end of the reporting period, the average monthly rent of SATO rental homes was EUR 18.38 per m² (18.08).

Net rental income from apartments totalled EUR 160.5 million (148.5).

INVESTMENT PROPERTIES

At 30 September 2024, SATO owned a total of 25,714 homes (25,301). The reporting period saw the completion of 160 (809) rental homes. The number of divested rental apartments was 1 (528).

Fair value

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

At the end of September, the fair value of investment properties came to a total of EUR 4,953.3 million (4,970.9). The change in the value of investment properties, including investments and divestments during the reporting period, was EUR 67.7 million (-73.3).

The value of properties funded with ARAVA loans or interest-subsidised loans would be EUR 245 million higher when valuated with the income value method.

At the end of September, the commuting zone of the Helsinki Metropolitan Area accounted for around 86.5% and Tampere and Turku together made up around 13.5% of the value of apartments.

Investments, divestments and property development

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

Investments in apartments totalled EUR 31.7 million (122.5). The Helsinki Metropolitan Area represented 90.9% of all investments during the period under review.

New apartments accounted for 44.0% of the total. At 30 September 2024, there were binding purchase agreements to a total of EUR 4.2 million (33.5).

During the period under review, 1 rental homes were divested in Finland (6). Their total value was EUR 0.3 million (1.0).

The book value of the plot reserve owned at the end of September totalled EUR 67.2 million (48.1). The value of new plots acquired by the end of September totalled EUR 26.5 million (0.0).

Permitted building volume for around 1,550 homes is being developed for plots in the company's housing portfolio. This allows SATO to utilise existing infrastructure, create a denser urban structure and thus bring more customers closer to services and public transport connections.

A total of 160 rental homes (809) were completed for SATO. A total of 189 rental homes (518) were under construction at 30 September 2024.

A total of EUR 13.7 million (21.2) was spent on repairing apartments and improving their quality.

PERSONNEL

At the end of September, the Group had 304 employees (331), of which 277 (301) had a permanent employment contract. The average number of personnel in January–September was 320 (336).

REVIEW PERIOD 1 JULY TO 30 SEPTEMBER 2024 (1 JULY TO 30 SEPTEMBER 2023)

NET SALES AND PROFIT

In July–September 2024, SATO Corporation's consolidated net sales totalled EUR 76.5 million (72.5).

Operating profit was EUR 54.5 million (25.8). Operating profit without the change in the fair value of investment properties was EUR 50.5 million (43.8). The unrealised change in fair value through profit or loss was EUR 4.0 million (-18.0).

Net financing expenses totalled EUR -22.0 million (-18.8).

Profit before taxes was EUR 32.5 million (7.0). Cash flow from operations (free cash flow after taxes excluding changes in fair value) in July–September amounted to EUR 25.9 million (24.6).

Earnings per share were EUR 0.31 (0.10).

HOUSING BUSINESS

Rental income was EUR 76.5 million (72.5). On average, the economic occupancy rate of apartments was 95.9% (94.7) and the external tenant turnover 29.3% (28.0).

At the end of the reporting period, the average monthly rent of SATO rental homes was EUR 18.38 per m² (18.08).

Net rental income from apartments totalled EUR 59.3 million (55.1).

INVESTMENT PROPERTIES

At 30 September 2024, SATO owned a total of 25,714 homes (25,301). The reporting period saw the completion of 68 (161) rental homes. The number of divested rental apartments was 0 (3).

Fair value

At the end of September, the fair value of investment properties came to a total of EUR 4,953.3 million (4,970.9). The change in the value of investment properties, including investments and divestments during the reporting period, was EUR 24.0 million (15.0).

The value of properties funded with ARAVA loans or interest-subsidised loans would be EUR 245 million higher when valuated with the income value method.

At the end of September, the commuting zone of the Helsinki Metropolitan Area accounted for around 86.5% and Tampere and Turku together made up around 13.5% of the value of apartments.

Investments, divestments and property development

Investments in apartments totalled EUR 8.9 million (29.8). The Helsinki Metropolitan Area represented 90.6% of all investments during the period under review. New apartments accounted for 42.1% of the total. At 30 September 2024, there were binding purchase agreements to a total of EUR 4.2 million (33.5).

During the period under review, 0 rental homes were divested in Finland (3). Their total value was EUR 0.0 million (0.5).

The book value of the plot reserve owned at the end of September totalled EUR 67.2 million (48.1). The value of new plots acquired by the end of September totalled EUR 8.1 million (0.0).

Permitted building volume for around 1,550 homes is being developed for plots in the company's housing portfolio. This allows SATO to utilise existing infrastructure, create a denser urban structure and thus bring more customers closer to services and public transport connections.

A total of 68 rental homes (161) were completed for SATO. A total of 189 rental homes (518) were under construction at 30 September 2024.

A total of EUR 4.2 million (6.2) was spent on repairing apartments and improving their quality.

PERSONNEL

At the end of September, the Group had 304 employees (331), of which 277 (301) had a permanent employment contract. The average number of personnel in July–September was 314 (343).

EVENTS AFTER THE REVIEW PERIOD

SATO retained its three stars in the Global Real Estate Sustainability Benchmark (GRESB) assessment providing an internationally comparable score. SATO's results were published on 15 October 2024.

SHORT-TERM RISKS AND UNCERTAINTIES

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

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

Geopolitical risks have recently increased further and may have significant negative impacts on the company's operating environment.

The highest risks in apartment rental are to do with cyclical movements and changes in supply and demand. The market risk may push the supply of rental homes higher than their demand. This would result in idle rental housing stock and pressure for rents to level off or fall, especially as regards old housing stock.

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

repairing existing housing stock and, consequently, ensuring the rentability and value development of the apartments.

Changes in regulation by the authorities and in legislation and related uncertainty may have a significant impact on the reliability of the investment environment and, consequently, on SATO's business. SATO monitors and anticipates these changes and 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. Our risk management principles have been defined in the treasury policy adopted by SATO's Board of Directors. Our most significant financial risks relate to liquidity, refinancing and interest rates. We manage our liquidity and refinancing risks by diversifying the financing sources and maturity of our loan portfolio, and by holding sufficient liquidity reserves in the form of committed credit facilities and other long-term financing commitments. The company has in place a EUR 2.0 billion Euro Medium Term Notes (EMTN) Programme, under which SATO has issued bonds in the total amount of EUR 600 million.

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

Floating-rate loans represent an interest rate risk which we manage by balancing the share of fixed- and floating-rate loans either by fixed-rate debt arrangements or interest rate derivatives. In accordance with our treasury policy, our aim is for fixed-rate loans, including interest rate derivatives, to account for more than 60% of our debt portfolio. At the end of the review period, the fixed rate portion of the loan portfolio after hedging was 60.5% (63.0) excluding short-term loans.

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

OUTLOOK

In the operating environment, SATO's business activities are mainly affected by consumer confidence, development of purchasing power, rent and price development for apartments, competitive situation and interest rate level. Weak economic growth and the declining employment rate have kept consumer confidence at a low level. Going forward, the lower interest rate level, declining inflation and pay rises will improve consumers' purchasing power and the

employment rate, and the Finnish economy is expected to turn to moderate economic growth in 2025.

Construction of newbuild homes is at a historically low level. Largely due to an increase in the volume of interest-subsidised housing construction, there has, however, been a slight upturn in projects started. The number of apartments completed has contracted clearly this year, but the newbuild construction volume of previous years, which exceeds the long-term housing demand, is, however, maintaining an oversupply of rental homes in the growth centres. In Helsinki, the number of vacant rental homes is decreasing slightly, but the shrinking of the oversupply has been slower than anticipated and competition for good tenants continues.

Dense urban housing is still becoming increasingly popular, and there is demand for rental apartments in growth centres close to good public transport connections and services. The demographic change coupled with the price development create a stable foundation for rental housing demand, especially in the HMA, Tampere and Turku. Migration to large growth centres has continued, and the HMA's migration gain in 2023 was the highest in the 2000s: 23,500 persons. In early 2024, the trend levelled off and the migration gain of the HMA was 10,300 persons. The strong migration

trend is reflected in the demand for rental homes in growth centres.

Urbanisation, the income development of wage and salary earners, pent-up housing demand of households and lower interest rates together with the decrease in new housing production will increase housing demand going forward. The housing allowance policy changes may, however, steer consumers towards looking for more affordable housing. Some of those looking for a home to buy may be considering a rental home as a housing option.

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

In line with the decision made in October 2022, SATO will still refrain from launching any newbuild construction projects.

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

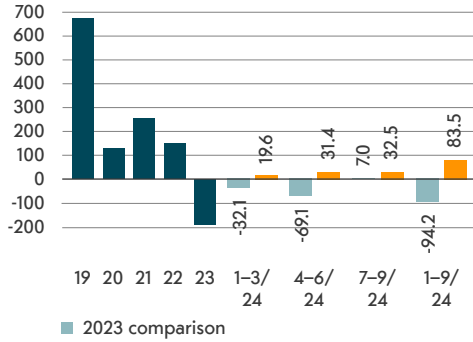
SATO CORPORATION'S SHAREHOLDERS AT 30 SEPTEMBER 2024

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

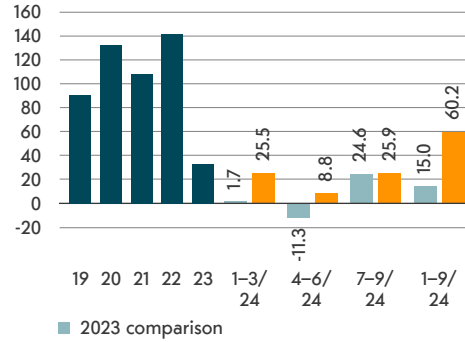
At 30 September 2024, SATO had 85,062,444 shares and 129 shareholders registered in the book-entry system. The share turnover rate was 0.0% for the period from 1 January to 30 September 2024.

FINANCIAL TREND

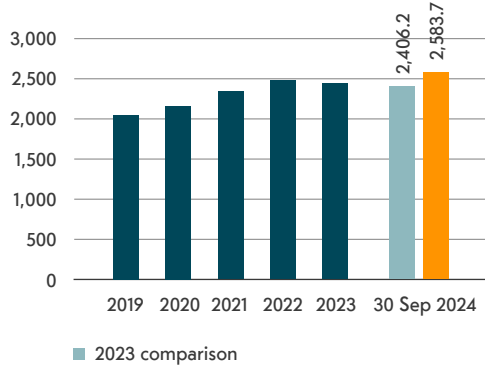
Profit before taxes, EUR million



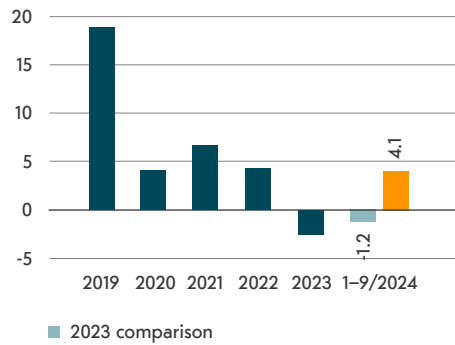
Cash earnings, EUR million



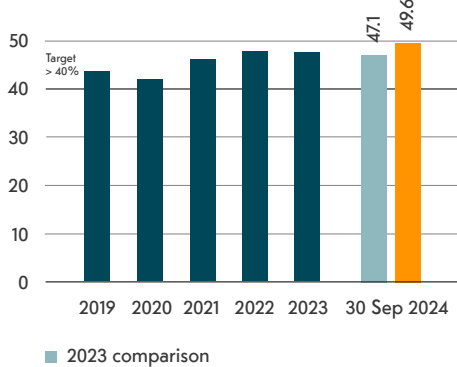
Shareholders' equity, EUR million



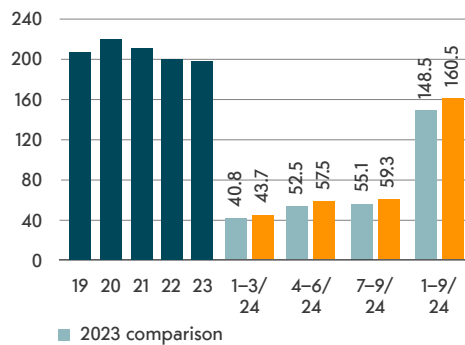
Return on invested capital, %



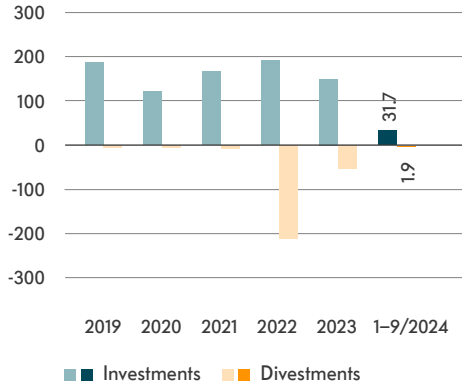
Equity ratio, %



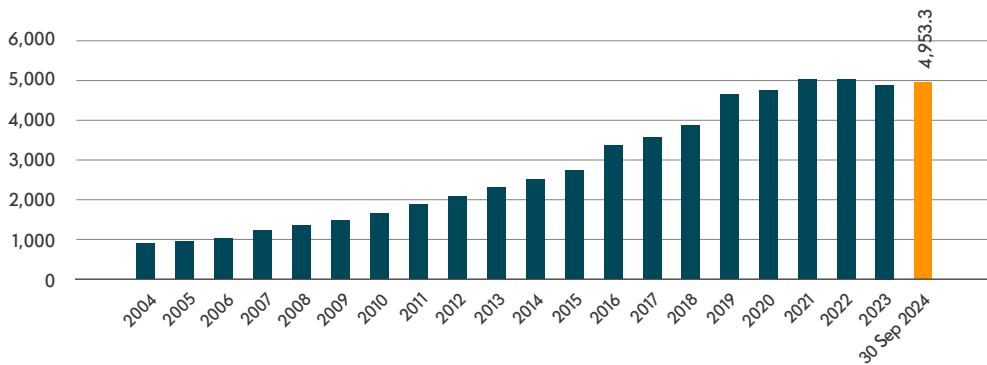
Net rental income, EUR million



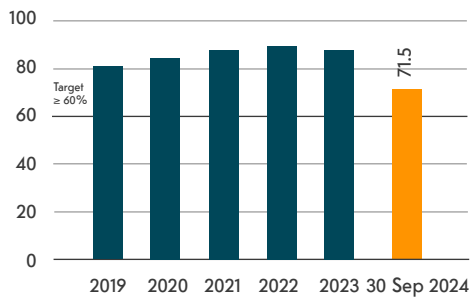
Housing investments and divestments, EUR million



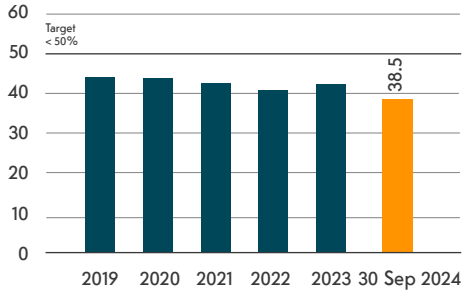
Trend in the investment property portfolio, EUR million



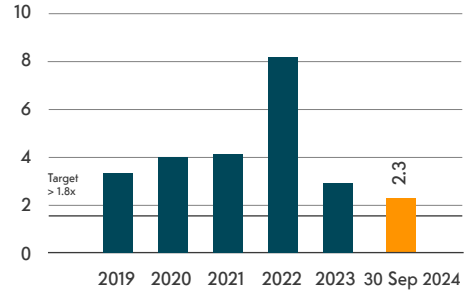
Unencumbered assets, %



Solvency ratio, %



Interest coverage ratio



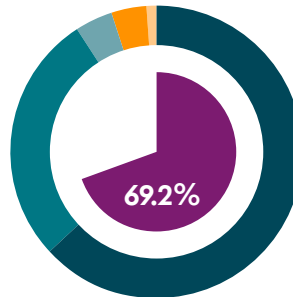
Regional distribution of the housing portfolio, 30 September 2024, %



- Helsinki Metropolitan Area 86.5%
- Tampere region 7.8%
- Turku region 5.7%

Total housing portfolio EUR 4,782.9 million

Debt portfolio, Nominal values 30 September 2024, total EUR 2,148.6 million



- Bank loans 1,357.5
 - Corporate bonds 600.0
 - Commercial papers 86.0
 - Interest subsidised 84.0
 - State subsidised (ARAVA) 21.0
- 69.2% of loans without asset based securities

CONSOLIDATED INCOME STATEMENT, IFRS

EUR million	1 Jul–30 Sep 2024	1 Jul–30 Sep 2023	1 Jan–30 Sep 2024	1 Jan–30 Sep 2023	1 Jan–31 Dec 2023
Net sales	76.5	72.5	227.0	214.9	288.4
Property maintenance expenses	-17.1	-17.4	-66.5	-66.4	-89.7
Net rental income	59.3	55.1	160.5	148.5	198.7
Fair value change of investment properties, realised	0.5	-0.8	0.7	-17.8	-18.7
Fair value change of investment properties, unrealised	4.0	-18.0	10.8	-140.0	-249.3
Sales, marketing and administrative expenses	-9.0	-9.5	-28.8	-31.2	-41.4
Other operating income	0.6	0.0	1.3	0.4	0.0
Other operating expenses	-1.0	-1.1	-3.0	-2.6	-3.0
Share of profit of associated companies and joint ventures	0.0	0.0	0.0	0.0	0.0
Operating profit	54.5	25.8	141.5	-42.8	-113.6
Financial income	4.9	6.0	23.6	13.3	17.7
Financial expenses	-26.9	-24.8	-81.7	-64.7	-89.8
Net financing expenses	-22.0	-18.8	-58.1	-51.4	-72.2
Profit before tax	32.5	7.0	83.5	-94.2	-185.8
Income tax expenses	-6.4	-1.5	-16.6	14.1	31.9
Profit for the period	26.1	5.5	66.9	-80.1	-153.9
Profit for the period attributable to					
Equity holders of the parent	26.1	5.5	66.9	-80.1	-153.9
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Total	26.1	5.5	66.9	-80.1	-153.9
Earnings per share attributable to equity holders of the parent					
Basic, EUR	0.31	0.10	0.84	-1.42	-2.72
Diluted, EUR	0.31	0.10	0.84	-1.42	-2.72
Average number of shares, million pcs	84.9	56.6	79.8	56.6	56.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR million	1 Jul–30 Sep 2024	1 Jul–30 Sep 2023	1 Jan–30 Sep 2024	1 Jan–30 Sep 2023	1 Jan–31 Dec 2023
Other comprehensive income					
Items that may be reclassified to income statement					
Cash flow hedges	-8.9	-0.3	-6.4	-3.6	-16.7
Translation differences	-	-	-	8.4	8.3
Related tax	1.8	0.1	1.3	0.7	3.3
Items that may be reclassified to income statement total	-7.1	-0.2	-5.1	5.5	-5.1
Other comprehensive income, net of tax	-7.1	-0.2	-5.1	5.5	-5.1
Total comprehensive income	19.0	5.3	61.8	-74.6	-159.0
Comprehensive income attributable to					
Equity holders of the parent	19.0	5.3	61.8	-74.6	-159.0
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Total	19.0	5.3	61.8	-74.6	-159.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR million	30 Sep 2024	30 Sep 2023	31 Dec 2023
ASSETS			
Non-current assets			
Investment property	4,953.3	4,970.9	4,885.7
Tangible assets	2.5	3.1	3.3
Intangible assets	6.6	7.0	7.2
Investments in associated companies and joint ventures	0.1	0.1	0.1
Other non-current investments	1.0	1.0	1.0
Other right-of-use assets	3.7	4.6	4.2
Derivative receivables	16.1	36.0	23.0
Non-current receivables	2.7	3.2	3.1
Deferred tax assets	10.9	6.3	10.5
Total	4,996.9	5,032.1	4,938.1
Current assets			
Account and other receivables	37.4	56.9	129.1
Current tax assets	7.1	12.4	10.8
Cash and cash equivalents	170.4	7.1	7.0
Total	214.9	76.5	146.9
TOTAL ASSETS	5,211.8	5,108.6	5,085.0
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	4.4	4.4	4.4
Fair value and other reserves	13.0	28.7	18.1
Reserve fund	43.7	43.7	43.7
Reserve for invested non-restricted equity	314.8	114.8	227.9
Retained earnings	2,207.9	2,214.8	2,141.0
Total	2,583.9	2,406.4	2,435.2
Non-controlling interests	-0.2	-0.2	-0.2
TOTAL SHAREHOLDERS' EQUITY	2,583.7	2,406.2	2,435.0
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	377.2	390.0	366.1
Provisions	1.4	1.5	1.5
Lease liabilities	54.8	54.0	54.2
Derivative liabilities	0.6	0.5	0.1
Long-term interest-bearing liabilities	1,761.9	1,474.5	1,516.3
Total	2,196.0	1,920.5	1,938.2
Current liabilities			
Accounts payable and other liabilities	75.8	102.1	58.6
Provisions	0.6	0.6	0.5
Lease liabilities	5.5	5.2	5.3
Current tax liabilities	1.5	2.4	4.4
Short-term interest-bearing liabilities	348.7	671.4	642.9
Total	432.2	781.8	711.8
TOTAL LIABILITIES	2,628.2	2,702.3	2,650.1
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5,211.8	5,108.6	5,085.0

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS

EUR million	1 Jul–30 Sep 2024	1 Jul–30 Sep 2023	1 Jan–30 Sep 2024	1 Jan–30 Sep 2023	1 Jan–31 Dec 2023
Cash flow from operating activities					
Profit for the period	26.1	5.5	66.9	-80.1	-153.9
Adjustments:					
Non-cash items included in the profit	-2.9	19.0	-7.5	143.0	253.3
Profit and loss on sales of investment properties and fixed assets	-0.6	0.7	-0.8	17.8	18.5
Other adjustments	-0.3	-0.2	0.0	-0.4	0.1
Interest expenses and other financial expenses	26.9	24.8	81.7	64.7	89.8
Interest income	-4.9	-6.0	-23.6	-13.3	-17.6
Dividend income	0.0	0.0	0.0	0.0	0.0
Income taxes	6.4	1.5	16.6	-14.1	-31.9
Cash flow before change in net working capital	50.8	45.4	133.3	117.6	158.3
Change in net working capital:					
Changes in accounts receivable and other receivables	-24.2	-11.0	-22.4	-30.0	1.1
Change in accounts payable and other liabilities	5.7	8.3	15.7	31.1	-7.5
Interest and other financial expenses paid	-13.4	-12.7	-74.7	-60.8	-91.0
Interest received	7.9	0.3	16.7	-0.7	13.5
Taxes paid	-4.4	-6.2	-3.7	-31.7	-35.7
Net cash flow from operating activities	22.5	24.1	64.9	25.5	38.8
Cash flow from investing activities					
Investments in investment properties	-10.0	-31.1	-51.8	-124.7	-152.1
Net investment in tangible and intangible assets	-0.3	-0.5	-0.9	-1.9	-3.8
Cash receipts from loans receivable and debt securities	0.0	0.0	19.9	0.0	0.0
Loans granted and investments in debt securities	0.0	0.0	-19.8	0.0	0.0
Disposals of investment property	2.0	0.5	6.8	52.3	52.6
Net cash flow from investing activities	-8.3	-31.1	-45.7	-74.2	-103.3
Cash flow from financing activities					
Share issue	-	-	199.9	-	-
Repayments (-) / withdrawals (+) of current loans	-54.6	-2.0	-161.4	170.2	230.1
Withdrawals of non-current loans	268.2	0.0	593.2	180.0	255.0
Repayments of non-current loans	-72.5	-6.7	-485.4	-353.0	-472.3
Repayments of lease liabilities	-0.5	-0.5	-2.2	-2.0	-1.8
Net cash flow from financing activities	140.6	-9.2	144.2	-4.7	11.0
Change in cash and cash equivalents	154.8	-16.1	163.4	-53.5	-53.6
Cash and cash equivalents at the beginning of the period	15.6	23.2	7.0	60.5	60.5
Effect of exchange rate fluctuations on cash held	-	-	-	0.1	0.1
Cash and cash equivalents at the end of the period	170.4	7.1	170.4	7.1	7.0

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

EUR million	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Fair value and other reserves	Reserve fund	Reserve for invested non-restricted equity	Retained earnings	Total		
Shareholders' equity 1 Jan 2024	4.4	18.1	43.7	227.9	2,141.0	2,435.2	-0.2	2,435.0
Comprehensive income:								
Cash flow hedges, net of tax	-	-5.1	-	-	-	-5.1	-	-5.1
Translation differences	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	66.9	66.9	0.0	66.9
Total comprehensive income	-	-5.1	-	-	66.9	61.8	0.0	61.8
Transactions with shareholders:								
Share issue	-	-	-	86.9	-	86.9	-	86.9
Dividend	-	-	-	-	-	-	-	-
Transactions with shareholders, total	-	-	-	86.9	-	86.9	-	86.9
Other adjustments	-	-	-	-	-	-	-	-
Total of equity movements	-	-5.1	-	86.9	66.9	148.7	0.0	148.7
Shareholders' equity 30 Sep 2024	4.4	13.0	43.7	314.8	2,207.9	2,583.9	-0.2	2,583.7

EUR million	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Fair value and other reserves	Reserve fund	Reserve for invested non-restricted equity	Retained earnings	Total		
Shareholders' equity 1 Jan 2023	4.4	31.5	43.7	114.8	2,286.6	2,481.1	-0.2	2,480.9
Comprehensive income:								
Cash flow hedges, net of tax	-	-2.8	-	-	-	-2.8	-	-2.8
Translation differences	-	-	-	-	8.4	8.4	-	8.4
Profit for the period	-	-	-	-	-80.1	-80.1	0.0	-80.1
Total comprehensive income	-	-2.8	-	-	-71.8	-74.6	0.0	-74.6
Transactions with shareholders:								
Share issue	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-
Transactions with shareholders, total	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-
Total of equity movements	-	-2.8	-	-	-71.8	-74.6	0.0	-74.6
Shareholders' equity 30 Sep 2023	4.4	28.7	43.7	114.8	2,214.8	2,406.4	-0.2	2,406.2

NOTES TO THE INTERIM REPORT

I. GENERAL INFORMATION

SATO Corporation is a Finnish public limited company domiciled in Helsinki, Finland. The registered address of the company is Panuntie 4, 00600 Helsinki. SATO Corporation and its subsidiaries together form the consolidated SATO Group ("SATO" or "the Group"). SATO provides housing solutions and its operations consists of investments in housing properties. The focus of the Group's operations is on the largest growth centers, and approximately 86.5% of the investment property is located in the Helsinki region. The rest of the operations are located in Tampere and Turku.

2. BASIS OF PREPARATION AND NEW ACCOUNTING STANDARDS

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

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

3. SEGMENT INFORMATION

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

Net sales by geographical region

EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Finland	76.5	72.5	227.0	213.5	287.1
Russia	-	-	-	1.3	1.3
Total	76.5	72.5	227.0	214.9	288.4

Non-current assets by geographical region

SATO's non-current assets are located in Finland.

4. GAINS AND LOSSES ON DISPOSAL OF INVESTMENT PROPERTIES

EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Sale of residential investment properties					
Proceeds from disposal of residential investment properties	2.3	0.5	2.4	52.3	58.9
Carrying value of investment properties sold	-1.6	-0.5	-1.9	-63.1	-69.7
Translation differences	-	-	-	-6.3	-6.3
Total	0.7	0.0	0.5	-17.1	-17.1
Sale of land plots					
Proceeds from disposal of land plots	-0.2	0.2	4.4	0.2	0.5
Carrying value of land plots sold	0.1	-0.9	-4.2	-0.9	-2.1
Total	-0.1	-0.7	0.2	-0.7	-1.6
Total	0.5	-0.8	0.7	-17.8	-18.7

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

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

5. OTHER OPERATING INCOME

EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Other operating income					
Sales income, new production	0.0	0.0	0.7	0.0	0.4
New production expenses	0.4	0.0	0.2	0.0	-1.4
Other income	0.2	0.0	0.4	0.4	1.1
Total	0.6	0.0	1.3	0.4	0.0

6. FINANCIAL INCOME AND EXPENSES

EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Financial income					
Interest income on loans	0.9	1.4	5.0	2.9	2.3
Interest income on derivatives	4.0	3.0	12.8	8.8	14.2
Dividend income from other non-current investments	0.0	0.0	0.0	0.0	0.0
Foreign exchange gains	0.0	0.0	0.0	0.0	0.0
Fair value gains, financial instruments	-	1.6	-	1.6	1.2
Other financial income	-	-	5.8	-	-
Total	4.9	6.0	23.6	13.3	17.7

EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Financial expenses					
Interest expense on financial liabilities measured at amortised cost	-22.8	-21.1	-68.6	-52.9	-73.7
Interest expense on derivatives	-1.4	-0.6	-4.3	-3.1	-5.2
Interest expense on lease liabilities*	-0.9	-0.8	-2.6	-2.5	-3.3
Foreign exchange losses	0.0	0.0	0.0	-0.1	-0.1
Fair value losses, financial instruments	0.2	-0.5	-0.3	-0.5	-
Other financial expenses	-1.9	-1.8	-5.9	-5.5	-7.5
Total	-26.9	-24.8	-81.7	-64.7	-89.8
Financial income and expenses, net	-22.0	-18.8	-58.1	-51.4	-72.2

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

7. INVESTMENT PROPERTIES

EUR million	1-9/2024	1-9/2023	1-12/2023
Fair value of investment properties at the start of the period	4,885.7	5,044.2	5,044.2
Acquisitions of properties	33.6	-	0.0
New construction and other investments in properties	26.3	123.5	151.7
Disposals of investment properties	-7.5	-64.0	-70.2
Capitalised borrowing costs	0.6	1.5	1.8
Reclassified from other items	1.2	1.3	2.9
Gains and losses in profit and loss from changes in fair value*	10.8	-140.0	-249.3
Exchange rate differences, no P/L effect	-	1.7	1.7
Remeasurement of right-of-use investment properties, no P/L effect	2.7	2.7	2.9
Fair value of investment properties at the end of the period	4,953.3	4,970.9	4,885.7

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

Significant acquisitions and disposals during the period

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

On 30 April 2024, SATO concluded the sale of three land plots to Hartela. Two of these are located in Kirkkonummi and one in Turku. On 13 June 2024, SATO signed a precontract with VRP Rakennuspalvelut Oy. In the coming years, SATO will sell three land plots in phases. Two of these are located in Espoo and one in Helsinki.

On 29 August 2024, SATO concluded a land exchange transaction in which SATO sold a leasehold area of approximately 1,796 m² in Myllypuro, Helsinki to the City of Helsinki. In exchange, SATO acquired two residential apartment building plots from the City of Helsinki, located in the same block where two of SATO's residential apartment buildings are located. The new zoning plan for the acquired plots allows for the construction of approximately 200 new apartments and a parking facility in the coming years, replacing the current 54 apartments.

Investment property valuation principles

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

The housing properties are located in the largest growth centres, with approximately 86.5% of them located in the Helsinki region. The quality of investment properties is maintained by renovation and repair activities based on their lifecycle and repair plans. The change in the fair value of SATO's investment property was mainly due to market price levels, reclassifications from measurement group to another when legal restrictions ended and changes in parameters used in valuation.

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

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

At inception, owned investment properties are recognised at acquisition value, which includes transaction costs. Thereafter, they are recorded at fair value. Gains and losses from changes in fair value are recorded through profit and loss in the period when they are incurred. Fair value of an investment property represents the price that, according to the Group's estimate, would be received for the property in an orderly transaction taking place in the local (principal) market at the reporting date, considering the condition and location of the property. The valuation methods for SATO's owned investment properties are income value method and acquisition cost method. The valuation is prepared with income value method for investment properties that can be sold without restrictions, or can be sold as entire properties and to a restricted group of buyers. The method is based on a cash flow analysis, whereby the estimated cash flows for 10 years and the terminal value are discounted to their present value. The cash flows are based on property-specific estimates of rental income, vacancy, operating expenses and renovation. The discount rate includes yield requirement and an inflation estimate. The yield requirements are determined based on the location, age and technical condition of the assets. Properties funded with ARAVA loans or interest-subsidised loans are valued at cost less any impairments, which is estimated to represent their fair value. Unbuilt land and development projects whose realisation is uncertain are valued at cost or probable value, whichever is lower, if their fair value cannot be determined reliably.

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

EUR million	30 Sep 2024	30 Sep 2023	31 Dec 2023
Investment property classified by valuation method			
Income value	4,618.5	4,646.6	4,563.9
Acquisition cost	278.2	269.6	267.1
Owned investment property, total	4,896.7	4,916.2	4,831.0
Right-of-use investment properties	56.6	54.8	54.7
Total investment property	4,953.3	4,970.9	4,885.7

Sensitivity analysis of investment properties

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

8. TANGIBLE ASSETS

EUR million	1-9/2024	1-9/2023	1-12/2023
Carrying value, beginning of the period	3.3	3.3	3.3
Additions	0.1	0.7	1.3
Disposals	-0.2	-0.3	-0.4
Accumulated depreciation of disposals	0.1	0.1	0.3
Transfers between items	0.0	0.0	0.0
Depreciation and impairments	-0.8	-0.8	-1.1
Carrying value, end of the period	2.5	3.1	3.3

9. INTANGIBLE ASSETS

EUR million	1-9/2024	1-9/2023	1-12/2023
Carrying value, beginning of the period	7.2	7.1	7.1
Additions	0.9	1.2	1.9
Disposals	0.0	-0.1	-0.1
Accumulated depreciation of disposals	-	-	-
Transfers between items	-	0.1	0.1
Depreciation	-1.6	-1.4	-1.8
Carrying value, end of the period	6.6	7.0	7.2

10. LEASES

Right-of-use assets

EUR million	1-9/2024	1-9/2023	1-12/2023
Right-of-use investment properties			
Carrying value, beginning of the period	54.7	52.6	52.6
Disposals	-0.1	-	-
Remeasurement of lease agreements	2.7	2.7	2.9
Changes of fair value in profit and loss	-0.7	-0.6	-0.8
Carrying value, end of the period	56.6	54.8	54.7
Other right-of-use assets			
Carrying value, beginning of the period	4.2	4.9	4.9
Additions	0.2	-	-
Remeasurement of lease agreements	0.2	0.5	0.5
Depreciation for the period	-0.9	-0.8	-1.1
Carrying value, end of the period	3.7	4.6	4.2
Total carrying value, beginning of the period	58.9	57.5	57.5
Total carrying value, end of the period	60.3	59.3	58.9

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

Lease liabilities

EUR million	30 Sep 2024	30 Sep 2023	31 Dec 2023
Non-current			
From land lease agreements	52.1	50.4	50.9
From other lease agreements	2.7	3.6	3.3
Total	54.8	54.0	54.2
Current			
From land lease agreements	4.2	4.0	4.0
From other lease agreements	1.3	1.2	1.2
Total	5.5	5.2	5.3
Total lease liabilities	60.4	59.2	59.5

II. SHAREHOLDERS' EQUITY

The total number of SATO's shares as of 30 September 2024 was 85,062,444 (56,783,067) and the number of own shares held was 166,000 (166,000).

The following dividends were distributed by the company during the period:

EUR million	1-9/2024	1-9/2023	1-12/2023
The following dividend was declared by the company:			
Dividend 0.00 (0.00) per share, EUR	0.0	0.0	0.0
Total	0.0	0.0	0.0

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

12. FINANCIAL LIABILITIES

EUR million	30 Sep 2024	30 Sep 2023	31 Dec 2023
Financial liabilities			
Commercial papers	83.5	75.0	74.9
Corporate bonds	570.4	748.4	748.6
Bank loans	1,351.7	1,193.2	1,220.5
Interest-subsidised loans	84.0	103.7	89.6
State-subsidised ARAVA loans	21.0	25.6	25.6
Total	2,110.6	2,145.9	2,159.2

On the reporting date, the average interest of SATO's debt portfolio was 4.0% (3.4) and the average maturity was 3.7 years (2.9).

For purposes of short-term financing, SATO has a commercial paper program of EUR 400.0 million (400.0) of which EUR 314.0 million (324.0) were unused, committed credit limits of EUR 600.0 million (700.0), of which EUR 600.0 million (590.0) were unused, and a non-committed current overdraft limit of EUR 5.0 million (5.0), of which EUR 5.0 million (5.0) were unused.

13. DERIVATIVES

EUR million	30 Sep 2024			30 Sep 2023	31 Dec 2023
	Positive	Negative	Net	Net	Net
Fair values of derivative instruments					
Interest rate swaps, cash flow hedging	16.3	-0.6	15.7	35.3	22.1
Interest rate swaps, not in hedge accounting	0.9	-	0.9	1.0	1.2
Total	17.2	-0.6	16.6	36.3	23.3

EUR million	30 Sep 2024	30 Sep 2023	31 Dec 2023
Nominal values of derivative instruments			
Interest rate swaps, cash flow hedging	408.0	397.3	430.3
Interest rate swaps, not in hedge accounting	50.0	50.0	50.0
Total	458.0	447.3	480.3

Change in fair value of designated interest rate hedges, booked to fair value reserve, totalled EUR -5.1 million (-2.8). Interest rate swaps are used to hedge interest cash flows against fluctuations in market interest rates. Interest rate hedges have maturities ranging mainly between 1–10 years. Typically netting agreements are applied to derivative contracts, however the contracts are represented in gross value in financial statements. The method of presentation has no significant impact on figures on reporting or comparative periods.

14. FAIR VALUES OF FINANCIAL INSTRUMENTS

EUR million	30 Sep 2024			30 Sep 2023		
	Level 1:	Level 2:	Level 3:	Level 1:	Level 2:	Level 3:
Assets						
Other non-current investments	-	1.0	-	-	1.0	-
Derivative assets	-	17.2	-	-	36.9	-
Accounts receivable and other non-interest-bearing receivables	-	8.4	-	-	39.0	-
Cash and cash equivalents	-	170.4	-	-	7.1	-
Liabilities						
Corporate bonds	544.1	-	-	658.5	-	-
Other loans	-	1,545.8	-	-	1,399.5	-
Derivative liabilities	-	0.6	-	-	0.5	-
Accounts payable and other non-interest-bearing payables	-	26.7	-	-	12.5	-

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

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

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

15. PROVISIONS

EUR million	2024	2023
Provision for refund claim at the beginning of the period 1 Jan	2.0	2.0
Increases	0.0	0.2
Provisions used	0.0	-0.1
Reversals	0.0	-0.1
Provision for refund claim at the end of the period 30 Sep	2.0	2.1

EUR million	30 Sep 2024	30 Sep 2023	31 Dec 2023
Non-current provisions	1.4	1.5	1.5
Current provisions	0.6	0.6	0.5
Total	2.0	2.1	2.0

The provision for refund claim includes guarantees related to new construction business and a 10-year warranty period after completion of the work. The provision for refund claim is measured based on previous claims and an assessment of previous experience. The provision for refund claim will be used, if applicable, within 10 years from the reporting date. SATO has no other provisions on 30 September 2024.

16. NOTES TO THE CASH FLOW STATEMENT

EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Non-cash items included in the profit					
Depreciation and amortization	1.1	1.0	3.3	3.0	4.1
Gains and losses from changes in fair value of investment properties	-4.0	18.0	-10.8	140.0	249.3
Changes in provisions	0.0	0.0	0.0	0.0	0.0
Share of profit of associated companies and joint ventures	0.0	0.0	0.0	0.0	0.0
Total	-2.9	19.0	-7.5	143.0	253.3

EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Changes in interest-bearing debt during the period					
Interest-bearing debt, beginning of the period	1,966.5	2,153.9	2,159.2	2,145.7	2,145.7
Cash changes in interest-bearing debt during the period, total	141.2	-8.7	-53.6	-2.8	12.9
Non-cash changes:					
Interest accrued by the effective interest rate method	0.8	0.7	2.0	2.1	2.3
Transfer of debt to buyers upon disposal of investment property and other adjustments	2.2	-	3.0	1.0	-1.6
Interest-bearing debt, end of the period	2,110.6	2,145.9	2,110.6	2,145.9	2,159.2

17. COLLATERAL, COMMITMENTS AND CONTINGENCIES

EUR million	30 Sep 2024	30 Sep 2023	31 Dec 2023
Mortgages and pledges for secured borrowings			
Secured borrowings	655.4	253.5	313.1
Pledges and mortgages provided, fair value	1,484.7	516.3	625.8
Guarantees for others			
Rs-guarantees	1.9	1.9	1.9
Other collateral provided			
Mortgages provided to secure payment of rent and street maintenance	7.2	6.6	7.1
Guarantees and mortgages provided to secure payments of land use contracts	0.7	2.2	1.1
Binding purchase agreements			
For acquisitions of investment properties	4.2	54.1	16.2
Pledges for land use payments on zoned plots	0.2	0.6	0.6
Letters of intent on properties under development for which there is a zoning or other condition	50.3	73.5	74.7

18. RELATED PARTY TRANSACTIONS

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

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

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

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

On 28 March 2024, SATO Corporation has received an unsecured revolving credit facility from Fastighets AB Balder in the amount of EUR 350.0 million, with the maturity at 31 March 2027. No withdrawals from the facility were made during the period.

EUR million	1-9/2024	1-9/2023	1-12/2023
Extended Management Group employee benefits			
Salaries and other employee benefits	1.5	1.8	2.1
Total	1.5	1.8	2.1

Incentive schemes

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

19. SUBSEQUENT EVENTS

SATO retained its three stars in the Global Real Estate Sustainability Benchmark (GRESB) assessment providing an internationally comparable score. SATO's results were published on 15 October 2024.

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

KEY INDICATORS, GROUP

Key financial indicators	1-9/2024	1-9/2023	2023	2022	2021	2020	2019
Net sales, EUR million	227.0	214.9	288.4	291.2	298.3	303.4	295.6
Net rental income, EUR million	160.5	148.5	198.7	200.4	210.6	220.3	207.1
Operating profit, EUR million	141.5	-42.8	-113.6	198.9	304.5	179.6	725.6
Net financing expenses, EUR million	-58.1	-51.4	-72.2	-47.0	-45.1	-50.0	-55.1
Profit before taxes, EUR million	83.5	-94.2	-185.8	151.9	259.4	129.5	670.5
Balance sheet total, EUR million	5,211.8	5,108.6	5,085.0	5,184.7	5,091.4	5,104.7	4,718.2
Shareholders' equity, EUR million	2,583.7	2,406.2	2,435.0	2,480.9	2,351.3	2,155.7	2,055.8
Interest-bearing liabilities, EUR million	2,110.6	2,145.9	2,159.2	2,145.7	2,169.5	2,381.5	2,098.4
Return on invested capital, % (ROIC)	4.1%	-1.2%	-2.5%	4.3%	6.7%	4.1%	18.9%
Return on equity, % (ROE)	3.6%	-4.4%	-6.3%	5.0%	9.1%	4.8%	29.6%
Equity ratio, %	49.6%	47.1%	47.9%	47.8%	46.2%	42.2%	43.6%
Personnel, average*	320	336	333	328	276	229	223
Personnel at the end of the period	304	331	323	325	313	242	229
Key indicators per share							
Earnings per share, EUR	0.84	-1.42	-2.72	2.13	3.64	1.80	9.45
Equity per share, EUR**	30.44	42.50	43.01	43.82	41.53	38.07	36.31
Number of shares outstanding, million pcs	84.9	56.6	56.6	56.6	56.6	56.6	56.6
Operational key figures and net asset value							
Operational earnings, EUR million	57.2	45.3	58.7	88.5	101.6	109.0	91.4
Operational earnings per share, EUR	0.72	0.80	1.04	1.56	1.79	1.92	1.61
Net asset value, EUR million	2,933.6	2,754.9	2,767.5	2,849.4	2,779.3	2,577.2	2,477.7
Net asset value per share, EUR	34.55	48.66	48.88	50.33	49.09	45.52	43.76
Cash earnings, EUR million	60.2	15.0	32.9	141.3	107.9	132.1	91.2
Cash earnings per share, EUR	0.75	0.27	0.58	2.50	1.91	2.33	1.61
Quarterly key financial indicators							
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Net sales, EUR million	76.5	75.8	74.7	73.5	72.5	71.5	70.9
Net rental income, EUR million	59.3	57.5	43.7	50.2	55.1	52.5	40.8
Operating profit, EUR million	54.5	52.2	34.9	-70.8	25.8	-51.5	-17.1
Profit and losses from changes of fair value	4.0	5.1	1.7	-109.3	-18.0	-75.1	-46.9
Net financing expenses, EUR million	-22.0	-20.8	-15.3	-20.8	-18.8	-17.6	-15.0
Profit before taxes, EUR million	32.5	31.4	19.6	-91.6	7.0	-69.1	-32.1
Earnings per share, EUR	0.31	0.30	0.23	-1.30	0.10	-1.05	-0.46
Average number of shares outstanding, million pcs	84.9	84.9	69.7	56.6	56.6	56.6	56.6
Housing investments, EUR million	8.9	10.0	12.8	27.5	29.8	46.5	46.2
as percentage of net sales	11.7%	13.2%	17.1%	37.4%	41.1%	65.0%	65.2%
Operational key figures							
Operational earnings, EUR million	22.2	21.1	14.6	13.4	19.7	14.3	11.3
Operational earnings per share, EUR	0.26	0.25	0.21	0.24	0.35	0.25	0.20
Cash earnings, EUR million	25.9	8.8	25.5	17.8	24.6	-11.3	1.7
Cash earnings per share, EUR	0.31	0.10	0.37	0.31	0.44	-0.20	0.03

* Including seasonal employees.

** Equity excluding non-controlling interests.

Items impacting comparability

SATO's equity and the number of shares have increased after the rights offering completed in 2024. Comparative figures have not been restated.

FORMULAS USED IN CALCULATION

Net rental income, EUR =	<p>Net Sales – Property maintenance expenses</p>	
Return on investment, % =	<p>Operating profit</p> <hr/> <p>Balance sheet total (average during the period) – non-interest-bearing debt (average during the period)</p>	x 100
Return on equity, % =	<p>Profit for the period</p> <hr/> <p>Shareholders' equity (average during the period)</p>	x 100
Equity ratio, % =	<p>Shareholders' equity</p> <hr/> <p>Balance sheet total</p>	x 100
Earnings per share, EUR =	<p>Profit for the period attributable to owners of the parent</p> <hr/> <p>Number of shares, Basic, average during the period</p>	
Equity per share, EUR =	<p>Shareholders' equity attributable to owners of the parent</p> <hr/> <p>Number of shares, Basic, at the end of the reporting period</p>	
Operational earnings, EUR =	<p>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</p>	
Net asset value, EUR =	<p>Shareholders' equity attributable to owners of the parent –/+ Fair value of financial instruments (net), net of tax –/+ Deferred tax assets and liabilities (net)</p>	
Cash earnings, EUR =	<p>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</p>	

Contact details:

Helsinki: Panuntie 4, PO Box 401, FI-00601 Helsinki

Tampere: Aleksanterinkatu 32, 2nd floor, FI-33100 Tampere • Turku: Uudenmaankatu 19 B, 3rd floor, FI-20700 Turku

Customer service:

+358 20 334 443

www.sato.fi/en



sato

asiakaspalvelu@sato.fi
tel. +358 20 334 443
sato.fi/en

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