

FINANCIAL STATEMENTS

MERCADA OY

1 JANUARY - 31 DECEMBER 2020

Mercada Oy

Financial Statements 1 January - 31 December 2020

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MERCADA OY

REPORT BY THE BOARD OF DIRECTORS FOR THE FINANCIAL PERIOD 1 JANUARY – 31 DECEMBER 2020

Group structure and operations

Mercada Oy is a joint venture owned with equal shares of Kesko Corporation, the Swedish life insurance company AMF Pensionsförsäkring AB and Ilmarinen Mutual Pension Insurance Company.

The parent company of the group, Mercada Oy and its subsidiaries in Finland and Sweden own, lease, manage and develop store sites primarily used by Kesko Group.

Material events during the financial period

Mercada's solid operational performance continued in 2020 despite the challenging circumstances following the Covid-19 pandemic. Reliable income generating properties operated by Kesko was a key factor in diminishing the pandemic caused effects on the results and reflected well the resilience of our grocery focused investment strategy where Kesko is the single tenant with triple-net lease agreements in 36 out of 38 properties. Also the two Mercada owned shopping centres are grocery-anchored by Kesko. Almost all of the shopping centre units were leased during the financial period.

Mercada sold three hardware store properties in Sweden during the reporting period. The net proceeds from the sales were used to repayments of the bank loan.

Financial position and result of the Group

KEY FIGURES	2020	2019	Change
Net sales, EUR million	47.9	50.1	-2.2
Operating profit, EUR million	16.2	40.2	-24.0
Return on investment (%)	2.5	6.1	(pp) -3.6
Equity ratio (%)	13.6	14.0	(pp) -0.4
Equity ratio when shareholders' loans are included in equity (%)	39.4	38.4	(pp) 1.0

Rental income declined compared to previous year. This was due to temporary concessions that were offered for some of the most affected tenants operating in the shopping centres in order to support their business continuity and solvency in the long term.

Operating profit and financial results were also affected by the change in the fair value of investment property in which the partially increased market yields was a key factor. Mercada's property portfolio was valued at EUR 633.8 million at the end of the reporting period.

Mercada's solvency remained at a good level and the loan covenant key ratios, Loan-to-Value and Interest Cover Ratio, continued to improve further. Also the occupancy ratio and rent collection rate remained strong throughout the year.

Group structure and financing arrangements

Investment properties are financed in addition to equity with loans from the shareholders, variable rate loans from financial institutions and a secured bond. The duration of the bank loan interests' have been extended with interest rate derivatives.

Mercada's wholly-owned Swedish holding company Ankaregatans Fastigheter AB sold three Swedish property companies during the reporting period.

Personnel

The company employed one person during the reporting period.

Shares of the company

The company's share capital is EUR 33,000,000.00 comprising of 3,300,000 shares. The share capital has been fully paid. The company has one share type and each share entitles to one vote at the general meeting.

Company's organization, management and auditor

The board of directors consists of three ordinary members.

1 January 2020 – 16 April 2020
 Pernilla Arnrud Melin, chair
 Tomi Aimonen, member
 Jukka Erlund, member

17 April 2020 –
 Jukka Erlund, chair
 Tomi Aimonen, member
 Pernilla Arnrud Melin, member

Harri Holmström has acted as the managing director of the company starting from 1.10.2015.

PricewaterhouseCoopers Oy, Authorized Public Accountants, act as the auditors of the company with APA Olli-Pekka Salonen as the auditor with principal responsibility.

Estimate on material risks and uncertainties

The most significant risks associated with the company's operations relate to the general economic and trading sector development in Finland and particularly its possible effects to the occupancy rates and rental levels in the shopping centres. The tenant credit risk is also a potential risk especially due to company's real estate portfolio structure where Kesko is the single tenant in all properties, except the shopping centres.

Estimate on probable future development

Company's management estimates that the operational performance will improve over the previous year. Nevertheless, in the coming months the effects of the Covid-19 pandemic on the

Finnish and Swedish economies and, consequently, on company's tenants may affect negatively Mercada's rental income and cash flow.

Events after balance sheet date

No significant events affecting the results or financial position of the Group or Parent Company have occurred following the balance sheet date.

Proposal by the Board of Directors regarding the profit for the year

Parent company's net income for the financial period was EUR -363,401.90. The company has no distributable funds. Mercada's Board of Directors' proposes to the Annual General Meeting that the result of the financial period ended on 31 December 2020 would be recorded to the retained earnings.

Consolidated Financial Statements

Consolidated Income Statement

EUR	1 January-31 December 2020	1 January-31 December 2019
Gross rental income	47 899 725,37	50 142 010,13
Property operating expenses and expenses from leasing operatic	-7 444 733,65	-7 503 028,62
Net rental income	40 454 991,72	42 638 981,51
Other operating expenses	-964 874,17	-1 046 294,38
Net gains/losses on sale of investment property	-844 984,99	-
Net fair value gains/losses on investment property	-22 482 135,26	-1 412 308,22
Operating profit	16 162 997,30	40 180 378,91
Net financial income and expenses	-25 125 175,32	-26 809 782,83
Profit before taxes	-8 962 178,02	13 370 596,08
Current taxes	-127 760,66	-49 074,28
Change in deferred taxes	1 460 400,69	-2 626 482,75
Profit for the period	-7 629 537,99	10 695 039,05

Consolidated Balance Sheet

EUR	31 December 2020	31 December 2019
ASSETS		
NON-CURRENT ASSETS		
Other intangible assets	4 496 884,49	3 529 532,63
Investment properties	629 274 218,63	670 504 713,27
	633 771 103,12	674 034 245,90
CURRENT ASSETS		
RECEIVABLES		
Long term receivables		
Other receivables	95 853,97	148 848,77
Deferred tax assets	4 151 676,04	3 723 242,45
	4 247 530,01	3 872 091,22
Short term receivables		
Trade receivables	71 516,77	172 746,12
Other receivables	965 640,72	1 060 494,89
Accruals	150 767,15	14 953,18
	1 187 924,64	1 248 194,19
CASH AND CASH EQUIVALENTS	11 947 148,37	7 691 993,87
TOTAL ASSETS	651 153 706,14	686 846 525,18

EUR	31 December 2020	31 December 2019
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	33 000 000,00	33 000 000,00
Translation differences	-638 021,64	-1 463 524,53
Retained earnings	63 883 122,56	53 616 157,08
Net income for the reporting period	-7 629 537,99	10 695 039,05
	88 615 562,93	95 847 671,60
LIABILITIES		
Long-term liabilities		
Bond 2017	175 000 000,00	175 000 000,00
Loans from financial institutions	184 728 592,10	211 463 620,44
Shareholders' loans	167 977 725,09	167 977 725,09
Other liabilities	162 769,47	180 003,83
Deferred tax liabilities	18 943 966,91	20 589 675,13
	546 813 053,57	575 211 024,49
Short-term liabilities		
Loans from financial institutions	8 750 000,00	8 750 000,00
Trade payables	468 193,42	171 602,15
Other liabilities	2 774 869,78	2 835 407,80
Accruals	3 732 026,44	4 030 819,14
	15 725 089,64	15 787 829,09
TOTAL EQUITY AND LIABILITIES	651 153 706,14	686 846 525,18

Consolidated Statement of Cash Flows

EUR	1 January-31 December 2020	1 January-31 December 2019
Cash flows from operating activities		
Profit before taxes	-8 962 178,02	13 370 596,08
Adjustments		
Finance income and costs	25 125 175,32	26 809 782,83
Other adjustments	24 214 031,80	1 424 616,44
	40 377 029,10	41 604 995,35
Change in working capital		
Current non-interest bearing receivables, increase (-)/decrease(+)	72 931,48	4 783 652,03
Current non-interest bearing liabilities, increase (-)/decrease(+)	2 113 359,96	-4 895 796,34
	2 186 291,44	-112 144,31
Interest paid and other finance costs	-25 463 105,32	-26 992 410,75
Interest received	14 107,81	134 225,06
Taxes paid	-5,25	16 013,26
	-25 449 002,76	-26 842 172,43
Net cash flows from operating activities	17 114 317,78	14 650 678,61
Cash flows from investing activities		
Net payments for tangible and intangible assets	16 041 169,76	114 952,83
Net cash flows from investing activities	16 041 169,76	114 952,83
Cash flows from financing activities		
Long-term interest-bearing liabilities, increase(+)/decrease(-)	-26 752 262,69	-18 804 454,17
Other items	-2 148 070,35	43 546,87
Net cash flows from financing activities	-28 900 333,04	-18 760 907,30
Change in cash and cash equivalents	4 255 154,50	-3 995 275,86
Cash and cash equivalents at the beginning of reporting period	7 691 993,87	11 687 269,73
Cash and cash equivalents at the end of reporting period	11 947 148,37	7 691 993,87

Notes to the Consolidated Financial Statements

Note 1. Accounting Policies for the Consolidated Financial Statements

The parent company of Mercada Group, Mercada Oy, is a Finnish limited liability company constituted in accordance with the laws of Finland. The company is domiciled in Helsinki with its registered address Työpajankatu 12, 00580 Helsinki. The company owns investment properties in Finland and in Sweden.

Mercada Group's consolidated financial statements have been prepared in accordance with the Finnish Accounting Act which came into force on 1.1.2016.

Consolidation

Subsidiaries

The consolidated financial statements include Mercada Oy and subsidiaries controlled by the Group. Control exists when the Group has more than half of the voting rights of a subsidiary and this majority in votes is based on ownership, membership, articles of association or other similar rules or agreements or when the group has the right to nominate or dismiss majority of the members of the board or equivalent body in the subsidiary. Acquired subsidiaries are consolidated from the date on which the Group gains control until the date on which control ceases. Subsidiaries are listed in note 11.

Mutual shareholding is eliminated by using the acquisition cost method. The cost of assets acquired is determined on the basis of the fair value of the acquired assets as at the acquisition date, the issued equity instruments and liabilities resulting from or assumed on the date of the exchange transaction. The identifiable assets, liabilities and contingent liabilities acquired are measured at the fair value at the acquisition date, gross of minority interest.

Intragroup transactions, receivables and payables, unrealised profits and internal distributions of profits are eliminated when preparing the consolidated financial statements. Unrealised losses are not eliminated if the loss is due to the impairment of an asset. Minority interest in the profit for the period is disclosed in the income statement and the amount of equity attributable to the minority interest is disclosed separately in equity.

Mutual Real Estate Companies

Mutual real estate companies are consolidated as assets under joint control on a line-by-line basis in proportion to ownership. The Group's share of mutual real estate companies' loans and reserves is accounted for separately in the consolidation.

Investment Properties

An investment property is real estate that the group holds in order to obtain rental income or capital appreciation or for both. Investment properties are accounted for according to the fair value model in accordance with IAS 40 Investment properties -standard, where the change in the fair value of the investment properties is recorded in the income statement. Initially investment properties are measured at cost, including transaction costs. After the initial measurement investment properties are measured at their fair value at the balance sheet date.

The value of the investment properties are determined by an external authorized evaluator. The valuation is based on net cash flow analysis, DCF. The annual cash flow is calculated based on the lease agreement in force the time of the valuation. For vacant premises a market rent assessed by the evaluator is used. Maintenance costs and capital expenditure are deducted from the gross rent income. The net cash flow is discounted with property-specific discount rate, which comprises of the yield requirement. Yield requirements are determined for each property by taking into account property-specific risk and market risk. The total value of the property portfolio is calculated as the sum of the individual properties' fair values.

Gains and losses on the change in fair value of investment properties are presented as net amount in the income statement in a separate line item within operating profit in the income statement.

Foreign Currency Items

Consolidated financial statements are presented in euros, which is both the functional currency of the environment in which the Group's parent operates and the presentation currency. On initial recognition, the amounts with respect to the result and financial position of the Group companies located outside the euro zone are recorded in the functional currency of each of their operating environments.

Foreign currency transactions are recorded in euros by applying the exchange rate at the date of the transaction. Receivables and liabilities denominated in foreign currency are translated into euros using the closing rate. Exchange rate gains and losses on foreign currency transactions and receivables and liabilities denominated in foreign currency are recognised in the income statement. Foreign exchange gains and losses resulting from operating activities are included in the respective items above operating profit.

Foreign exchange difference resulting from the use of different rates, and the translation differences arising from the elimination of the acquisition cost of subsidiaries outside the euro zone, are recognised in equity. In connection with the disposal of a subsidiary, translation differences are recognised in the income statement as part of the gains or losses on the disposal.

Derivative Financial Instruments

Interest Rate Derivatives

Interest rate derivatives are used to increase the duration of borrowings. The company's loans from financial institutions are variable rate loans and the loan agreements require that the interest rates are partly converted into fixed interest rates using interest rate derivatives.

Realized cash flows arising from interest rate derivatives are recognised during the financial year as interest income or expenses.

Pension Plans

Personnel's statutory pension provision is organised through pension insurance companies. Pension costs are recognised as expense in the income statement.

Income Taxes

Income taxes in the consolidated income statement include the income tax payments of group companies for the period calculated based on the profit for the period, taxes payable for prior periods, tax refunds and change in deferred taxes. Income taxes for group companies are calculated based on taxable income for each group company according to local tax legislation.

Deferred tax receivable and liability is recognized for all temporary differences between the taxable amounts and book values of assets and liabilities. Deferred tax liabilities have not been recognised for taxes that would be payable on subsidiaries' undistributed earnings, unless profit distribution is probable and will result in tax payment.

Deferred taxes are calculated based on tax rates enacted at the balance sheet date and when tax rates change, based on the new tax rate. Deferred tax asset is recognized to the extent that it is probable that it can be utilised against future taxable income. The Group's deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority.

Most significant temporary differences result from the measurement of the investment property at fair value.

Notes to the Consolidated Income Statement

Note 2. Gross Rental Income

	2020	2019
Gross rental income		
Finland	45 819 496,76	47 035 200,74
Sweden	2 080 228,61	3 106 809,39
Total	47 899 725,37	50 142 010,13

The gross rental income consists of rents and service charges from owned investment properties.

Note 3. Employee Benefit Expense

Management Compensation and Number of Personnel

	2020	2019
Chief executive officer	96 880,00	94 500,00
Total	96 880,00	94 500,00

The group employed one person at the end of December 2020.

Members of the Board of Directors did not receive compensation.

Note 4.

Expenses from Leasing Operations and Other Operating Expenses

	2020	2019
Rent expenses	169 766,52	168 015,25
Marketing expenses	423 932,33	456 486,90
Property operating expenses	6 787 323,94	6 866 218,26
Other operating expenses	1 028 585,03	1 058 602,59
Total	8 409 607,82	8 549 323,00

Other operating expenses mainly consist of payments for financial services, insurances and leasing activities.

Auditors' Fees

	2020	2019
PricewaterhouseCoopers Oy, Authorised Public Accountants		
Audit	58 030,55	52 051,31
Tax consultation	-	600,00
Other services	9 502,50	-
Total	67 533,05	52 651,31

Note 5. Finance Income and Costs

	2020	2019
Other interest and finance income		
Interest income	14 107,81	134 225,06
Foreign exchange gains	915 072,35	467 058,24
Interest and finance income total	929 180,16	601 283,30
Interest and other finance costs		
Interest costs	-25 320 041,36	-26 462 258,88
Foreign exchange losses	-661 886,84	-563 313,74
Other finance costs	-72 427,28	-385 493,51
Interest and finance costs total	-26 054 355,48	-27 411 066,13
Total	-25 125 175,32	-26 809 782,83

Notes to the Consolidated Balance Sheet

Note 6. Investment Properties

The Group's investment properties comprise of retail trade premises.

Changes in the fair values of investment properties in the accounting period are presented in the table below.

Changes in Investment Property

	2020	2019
At period-start	674 034 245,90	676 457 417,02
Acquisitions	1 042 825,03	-39 528,83
Disposals	-20 285 144,17	-75 424,00
Net fair value gains/losses on investment property	-22 482 135,26	-1 412 308,22
Exchange differences	1 461 311,62	-895 910,07
At period-end	633 771 103,12	674 034 245,90

Investment properties are accounted for by applying the fair value model in accordance with IAS 40 Investment properties -standard. The fair value of the investment properties is based on valuations given by an external authorized evaluator. The evaluator prepares property-specific valuations, which are analysed by the company management at the end of each reporting period.

Gains and losses resulting from fair value changes for investment properties are presented in a separate line item within operating profit in the income statement.

Evaluators have used 10 year discounted cash flow valuation method. The fair value of the investment property is the sum of the individual property's discounted cash flow and residual value. Since there are not relevant market valuations available when determining the fair values according to IFRS 13, the group has classified all investment property into level 3 (unobservable inputs).

Following table includes the key input data applied in the valuation in aggregate for the whole real estate portfolio.

Input data	2020	2019
Yield requirement %	6,0	6,0
Market rents, €/m2/month	12,9	12,9
Vacancy current %	1,0	0,9
Increase in market rents %	1,7	1,9

Sensitivity Analysis

Increase (decrease) in yield would result in lower (higher) fair value whereas increase (decrease) in market rents would result in higher (lower) fair value. The change in market rents may be associated with changes in yield and vacancy in a manner that all the factors would affect the change in fair value to the same direction. Vacancy has been assessed to be a relevant factor only in relation to the two shopping centres owned by the group. The table presents the effect of the reasonable probable change in the most important input data to the fair value of the investment properties (EUR million).

Change %	-10	-5	0	5	10
Yield	704,2	667,1	633,8	603,6	576,2
Market rents	589,8	611,6	633,8	655,2	677,0
Change, percentage points	-2	-1	0	1	2
Vacancy	638,7	636,2	633,8	631,3	628,9

Note 7. Equity

	Share capital	Retained earnings	Translation differences	Equity
Balance as at 31 December 2019	33 000 000,00	64 311 196,13	-1 463 524,53	95 847 671,60
Translation differences		-428 073,57	825 502,89	397 429,32
Profit for the period		-7 629 537,99		-7 629 537,99
Balance as at 31 December 2020	33 000 000,00	56 253 584,57	-638 021,64	88 615 562,93

Note 8. Long Term Liabilities

Mercada Oy has loans from financial institutions amounting to EUR 193.5 million (EUR 220.2 million) at year-end. Some of the loans are paid back in instalments and some are bullet loans. Loans amounting to EUR 13.6 million are denominated in SEK and EUR 179.9 million are denominated in EUR. The loans will mature in June 2022.

The company issued in October 2017 a senior secured bond of EUR 175 million. The bond matures on 24 October 2022. It carries a fixed annual interest at the rate of 1.875 percent and has an issue price of 99.849 percent.

Other long-term loans comprise of shareholder loans amounting to EUR 168.0 million.

Note 9. Deferred Tax Assets and Liabilities

Deferred Tax Assets

	2020	2019
Tax losses carried forward	3 723 242,45	3 723 242,45
Measurement of investment property at fair value	428 433,59	-
Total	4 151 676,04	3 723 242,45

Deferred Tax Liabilities

	2020	2019
Appropriations	1 485 341,36	1 309 515,83
Measurement of investment property at fair value	-	3 887 798,70
Other	17 458 625,55	15 392 360,60
Total	18 943 966,91	20 589 675,13

Note 10. Commitments

	2020	2019
Real estate mortgages		
Collateral given for own commitments	809 284 800,00	809 284 800,00
Other commitments and contingent liabilities		
VAT refund liabilities	6 779 510,33	13 418 904,94
Future minimum lease payments, machinery and equipment		
Not later than 1 year	124 251,12	112 512,96
Over 1 year	189 153,17	285 423,78
Future minimum lease payments, real estates		
Not later than 1 year	170 198,96	168 015,24
Over 1 year	2 000 615,83	2 142 963,21

Mercada Oy and its subsidiaries have pledged all their assets, receivables including rent income and bank accounts as collateral to the payback of the financial liabilities amounting to EUR 368.5 million (EUR 395.2 million).

Interest rate derivatives are used to increase the duration of borrowings. The company's loans from financial institutions are variable rate loans linked to 3-month Euribor. The loan agreements require that the interest rates are partly converted into fixed interest rates using interest rate derivatives.

Interest rate derivatives nominal value amounted to EUR 74.5 million (189.9 million) and their fair value was EUR -1.4 million (EUR -2.4 million) at year-end

Realised cash flows arising from interest rate derivatives are recognised during the financial year as interest income or expenses.

Note 11. Subsidiaries 31 December 2020

Finland	Domicile	Group's ownership interest, %	Parent's ownership interest, %
Helsingin Oulunkylän Kisällinkujan Kauppa Koy	Helsinki	100,00	100,00
Helsingin Oulunkylän Käsäynhaltijantien Kauppa Koy	Helsinki	100,00	100,00
Helsingin Torpparinmäen Haastemiehentien Kauppa Koy	Helsinki	100,00	100,00
Huittisten Särämäkadun Kauppa Koy	Huittinen	100,00	100,00
Imatran Tietäjänkadun Kauppa Koy	Imatra	100,00	100,00
Jalasjärven Koskitien Kauppa Koy	Kurikka	100,00	100,00
Järvenpään Vehnäntien Kauppa Koy	Järvenpää	100,00	100,00
Kangasalan Finnentien Kauppa Koy	Kangasala	100,00	100,00
Kankaanpään Liikekeskus Koy	Kankaanpää	100,00	100,00
Kauhajoen Puistotien Kauppa Koy	Kauhajoki	100,00	100,00
Kempeleen Kauppatie Kauppa Koy	Kempele	100,00	100,00
Kirkkonummen Veikkolan Koskentie Kauppa Koy	Kirkkonummi	100,00	100,00
Kokkolan Heinolankaaren Kauppa Koy	Kokkola	100,00	100,00
Kouvola Kankaron Kartanokadun Kauppa Koy	Kouvola	100,00	100,00
Kuhmon Torikadun Kauppa Koy	Kuhmo	100,00	100,00
Kuopion Päivärannantien Kauppa Koy	Kuopio	100,00	100,00
Lahden Karisma Koy	Helsinki	100,00	100,00
Lappeenrannan Standertskjöldinkadun Kauppa Koy	Kuopio	100,00	100,00
Lieksan Pielisentien Kauppa Koy	Lieksa	100,00	100,00
Loimaan Aleksis Kiven Kadun Kauppa Koy	Loimaa	100,00	100,00
Mäntsälän Sälinkääntien Kauppa Koy	Mäntsälä	100,00	100,00
Oulun Haukiputaan Revontien Kauppa Koy	Oulu	100,00	100,00
Pietarsaaren Koulukadun Kauppa Koy	Pietarsaari	100,00	100,00
Pihtiputaan Asematie Kauppa Koy	Pihtiputas	100,00	100,00
Rauman Karjalankadun Kauppa Koy	Rauma	100,00	100,00
Savonlinnan Mertalan Kullervonkadun Kauppa Koy	Savonlinna	100,00	100,00
Sodankylän Haastajantien Kauppa Koy	Sodankylä	100,00	100,00
Suomenojan Kauppakeskus Oy	Espoo	100,00	100,00
Tampuri Koy	Helsinki	100,00	100,00
Tervaskangas Koy	Helsinki	100,00	100,00
Uudenkaupungin Ketunkalliontien Kauppa Koy	Uusikaupunki	100,00	100,00
Vantaan Koivukylän Ojalehdonkujan Kauppa Koy	Vantaa	100,00	100,00
Äänekosken Työskintien Kauppa Koy	Äänekoski	100,00	100,00
Malmintorin Pysäköintitalo Oy	Helsinki	99,91	99,91

Sweden	Domicile	Group's ownership interest, %	Parent's ownership interest, %
Ankaregatans Fastigheter Ab	Tukholma, Ruotsi	100,00	100,00
KR Fastigheter i Eskilstuna Ab	Eskilstuna, Ruotsi	100,00	0,00
KR Fastigheter i Halmstad Ab	Halmstad, Ruotsi	100,00	0,00
KR Fastigheter i Umeå Ab	Umeå, Ruotsi	100,00	0,00

Parent Company Financial Statements

Parent Company Income Statement

EUR	1 January-31 December 2020	1 January-31 December 2019
Gross rental income	45 819 496,76	47 089 862,77
Property operating expenses and expenses from leasing o	-7 363 016,51	-7 312 866,65
Net rental income	38 456 480,25	39 776 996,12
Other operating expenses	-1 211 695,95	-1 063 213,70
Depreciation	-649 336,26	-400 503,72
Operating Profit	36 595 448,04	38 313 278,70
Net financial income and expenses	-36 886 937,23	-38 057 406,23
Profit before appropriations and taxes	-291 489,19	255 872,47
Appropriations		
Change in depreciation difference	-71 912,71	-131 486,06
Current taxes	-	16 251,24
Profit for the period	-363 401,90	140 637,65

Parent Company Balance Sheet

EUR	31 December 2020	31 December 2019
ASSETS		
NON-CURRENT ASSETS		
INTANGIBLE ASSETS		
Other intangible assets	2 103 095,86	1 785 080,26
TANGIBLE ASSETS		
Buildings	-	-
INVESTMENTS		
Investments in subsidiaries	324 209 630,91	324 209 630,91
	326 312 726,77	325 994 711,17
CURRENT ASSETS		
RECEIVABLES		
Long-term		
Receivables from subsidiaries	214 311 594,84	244 412 725,21
Other receivables	95 853,97	148 848,77
	214 407 448,81	244 561 573,98
Short-term		
Trade receivables	69 602,40	170 013,35
Receivables from subsidiaries	10 749 640,71	13 435 943,84
Other receivables	746 939,36	154 792,55
Accrued income	319,73	375,73
	11 566 502,20	13 761 125,47
CASH AND CASH EQUIVALENTS	11 947 148,37	7 691 993,87
TOTAL ASSETS	564 233 826,15	592 009 404,49

EUR	31 December 2020	31 December 2019
EQUITY AND LIABILITIES		
EQUITY		
Share capital	33 000 000,00	33 000 000,00
Retained earnings	-18 531 189,49	-18 671 827,14
Net income for reporting period	-363 401,90	140 637,65
	14 105 408,61	14 468 810,51
Deferred liabilities		
Deferred tax liabilities	412 901,53	340 988,82
LIABILITIES		
Long-term liabilities		
Bond 2017	175 000 000,00	175 000 000,00
Loans from financial institutions	184 728 592,10	211 463 620,44
Shareholder loans	167 977 725,09	167 977 725,09
Other liabilities	162 769,47	180 003,83
	527 869 086,66	554 621 349,36
Short-term liabilities		
Loans from financial institutions	8 750 000,00	8 750 000,00
Advances received	271 127,70	34 496,08
Trade payables	38 471,45	35 060,74
Payables to subsidiaries	9 647 079,93	10 095 934,83
Other payables	2 823,80	304 084,66
Accruals	3 136 926,47	3 358 679,49
	21 846 429,35	22 578 255,80
TOTAL EQUITY AND LIABILITIES	564 233 826,15	592 009 404,49

Parent Company Cash Flow Statement

EUR	1.1.-31.12.2020	1.1.-31.12.2019
Cash flows from operating activities		
Profit before appropriations and taxes	-291 489,19	255 872,47
Adjustments		
Depreciations	649 336,26	400 503,72
Finance income and costs	36 886 937,23	38 057 406,23
Other adjustments	63 702,82	12 314,01
	37 308 487,12	38 726 096,43
Change in working capital		
Current non-interest bearing receivables, increase (-)/decrease(+)	3 432 185,18	1 185 231,16
Current non-interest bearing liabilities, increase (-)/decrease(+)	8 130 938,49	-25 492 641,91
	11 563 123,67	-24 307 410,75
Interest paid and other finance costs	-51 352 351,02	-56 702 504,40
Interest received	14 141 599,64	18 596 689,50
Current taxes paid	-	16 251,24
	-37 210 751,38	-38 089 563,66
Net cash flows from operating activities	11 660 859,41	-23 670 877,98
Cash flows from investing activities		
Acquisition of subsidiaries	-	-155 070 000,00
Payments for tangible and intangible assets	-862 249,23	-998 527,17
Net cash flows from investing activities	-862 249,23	-156 068 527,17
Cash flows from financing activities		
Short-term interest-bearing liabilities, increase(+)/decrease(-)	-6 559 962,12	4 271 186,11
Long-term interest-bearing receivables, increase(-)/decrease(+)	30 101 130,37	168 386 257,26
Long-term interest-bearing liabilities, increase(+)/decrease(-)	-26 752 262,70	-19 357 803,93
Short-term interest-bearing receivables, increase(-)/decrease(+)	-1 184 290,88	22 400 942,98
Other items	-2 148 070,35	43 546,87
Net cash flows from financing activities	-6 543 455,68	175 744 129,29
Change in cash and cash equivalents	4 255 154,50	-3 995 275,86
Cash and cash equivalents at the beginning of reporting period	7 691 993,87	11 687 269,73
Cash and cash equivalents at the end of reporting period	11 947 148,37	7 691 993,87

Notes to the Parent Company Financial Statements

Note 1. Principles Used for Preparing the Financial Statements

The financial statements of Mercada Oy have been prepared in accordance with the Finnish Accounting Act which came into force on 1 January 2016.

Foreign Currency Items

Foreign currency transactions have been recorded in euros using the rate of exchange at the date of transaction. Foreign currency receivables and payables have been translated into euros using the rate of exchange at the balance sheet date. Exchange rate gains and losses on foreign currency transactions, receivables and liabilities denominated in foreign currency are recognised in the income statement. Foreign exchange gains and losses resulting from operating activities are included in the respective line items above operating profit.

Derivative Financial Instruments

Interest Rate Derivatives

Interest rate derivatives are used to increase the duration of borrowings. The company's loans from financial institutions are variable rate loans. The loan agreement terms require that the interest rates are partly converted into fixed interest rates using interest rate derivatives.

Realised cash flows arising from interest rate derivatives are recognised during the financial year as interest income or expenses.

Pension Plans

Personnel's statutory pension provision is organised through pension insurance companies. Pension costs are recognised as expense in the income statement.

Income Taxes

Income taxes include the income tax for the period calculated based on the profit for the period, taxes payable for prior periods or tax refunds. Deferred taxes are not recorded in the parent company's income statement and balance sheet.

Notes to the Parent Company Income Statement

Note 2. Gross Rental Income

	2020	2019
Gross rental income		
Finland	45 819 496,76	47 089 862,77
Total	45 819 496,76	47 089 862,77

Gross rental income consists of rents and service charges from owned investment properties.

Note 3. Employee Benefit Expense

Management compensation and number of personnel

	2020	2019
Chief executive officer	96 880,00	94 500,00
Total	96 880,00	94 500,00

Mercada group employed one person at the end of December 2020.

The members of the board of directors did not receive compensation.

Note 4.

Expenses from Leasing Operations and Other Operating

	2020	2019
Property operating expenses	7 140 202,11	7 078 062,83
Marketing expenses	159 103,54	234 803,82
Other operating expenses	1 924 848,06	1 463 717,42
Total	9 224 153,71	8 776 584,07

Other operating expenses consist mainly of fees for financial services, insurances and costs relating to leasing operations.

Auditors' Fees

	2020	2019
PricewaterhouseCoopers Oy, Authorised Public Accountants		
Audit	25 507,64	48 936,03
Tax consultation	-	-
Other services	9 502,50	-
Total	35 010,14	48 936,03

Note 5. Finance Income and Costs

	2020	2019
Other interest and finance income		
Interest income from group companies	14 128 471,35	18 462 842,20
Other interest income	13 128,29	133 847,30
Foreign exchange gains	915 064,31	467 064,05
Interest and finance income total	15 056 663,95	19 063 753,55
Interest and other finance costs		
Interest costs	-25 305 518,50	-26 454 561,64
Interest costs to group companies	-25 903 768,56	-29 717 790,89
Foreign exchange losses	-661 886,84	-563 313,74
Other finance costs	-72 427,28	-385 493,51
Interest and finance costs total	-51 943 601,18	-57 121 159,78
Total	-36 886 937,23	-38 057 406,23

Notes to the Parent Company Balance Sheet

Note 6. Intangible Assets

	2020	2019
Other Intangible Assets		
Acquisition costs at the beginning of period	2 659 948,94	1 661 421,77
Increases	967 351,86	998 527,17
Acquisition costs at the end of period	3 627 300,80	2 659 948,94
Accumulated depreciations at the beginning of period	-874 868,68	-474 364,96
Depreciation for period	-649 336,26	-400 503,72
Accumulated depreciations at the end of period	-1 524 204,94	-874 868,68
Book value at the end of reporting period	2 103 095,86	1 785 080,26

Note 7. Shares in Subsidiaries

	2020	2019
Investments in subsidiaries		
Acquisition costs at the beginning of period	324 209 630,91	169 139 630,90
Increases	-	155 070 000,00
Acquisition costs at the end of period	324 209 630,91	324 209 630,90
Book value at the end of reporting period	324 209 630,91	324 209 630,90

Parent company's ownership in group companies is presented in the group's balance sheet notes.

Note 8. Receivables

	2020	2019
Receivables from subsidiaries		
Long-term receivables		
Loans	214 311 594,84	244 412 725,21
Long-term receivables total	214 311 594,84	244 412 725,21
Short-term receivables		
Loans	8 999 313,27	12 873 022,38
Accrued income	1 750 327,44	562 921,46
Short-term receivables total	10 749 640,71	13 435 943,84
Total	225 061 235,55	257 848 669,05

Note 9. Shareholders' Equity

	Share capital	Retained earnings	Total equity
Balance as at 31 December 2019	33 000 000,00	-18 531 189,49	14 468 810,51
Profit for the period		-363 401,90	-363 401,90
Balance as at 31 December 2020	33 000 000,00	-18 894 591,39	14 105 408,61

Calculation of distributable profits	2020
Retained earnings at 1 January	-18 531 189,49
Profit for the period	-363 401,90
Retained earnings at 31 December	-18 894 591,39

Breakdown of parent company shares	Pcs
Shares	3 300 000,00
Total	3 300 000,00

Votes attached to shares	Number of votes
Share	1

Note 10. Long-term Liabilities

loans that are paid back in instalments as well as bullet loans. Loans amounting to EUR 13.6 million are denominated in SEK and EUR 179.9 million are denominated in EUR. The loans will mature in June 2022.

Mercada Oy issued in October 2017 a senior secured bond of EUR 175 million. The bond matures on 24 October 2022. It carries a fixed annual interest at the rate of 1.875 percent and has an issue price of 99.849 percent.

Other long-term loans comprise of shareholder loans amounting to EUR 168,0 million.

Note 11. Short-term Liabilities

	2020	2019
Liabilities to group companies		
Other payables	58 850,92	6 618 813,04
Accruals	9 588 229,01	3 477 121,79
Total	9 647 079,93	10 095 934,83
Accruals		
Interests	3 091 528,07	3 162 164,75
Other items	45 398,40	196 514,74
Total	3 136 926,47	3 358 679,49

Note 12. Commitments

	2020	2019
Other commitments		
Collateral given for own commitments	429 151,40	492 990,17

Other commitments

Mercada Oy and its subsidiaries have pledged all their assets, receivables including rent income and bank accounts as collateral to the payback of the financial liabilities amounting to EUR 368.5 million (EUR 395.2 million).

Interest rate derivatives are used to increase the duration of borrowings. The company's loans from financial institutions are variable rate loans linked to 3-month Euribor. The loan agreements require that the interest rates are partly converted into fixed interest rates using interest rate derivatives.

Interest rate derivatives nominal value amounted to EUR 74.5 million (189.9 million) and their fair value was EUR -1.4 million (EUR -2. million) at year-end.

Realised cash flows arising from interest rate derivatives are recognised during the financial year as interest income or expenses.

SIGNATURES

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

Helsinki, 20 April 2021

Jukka Erlund
Chair

Tomi Aimonen

Pernilla Arnrud Melin

Harri Holmström
CEO

THE AUDITOR'S NOTE

Our auditor's report has been issued today.

PricewaterhouseCoopers Oy
Authorised Public Accountants

Olli-Pekka Salonen
APA