

# FINANCIAL STATEMENTS

MERCADA OY  
1.1.-31.12.2021

# Financial Statements 1.1.–31.12.2021

## Contents

	<b>Page</b>
<b>Report by the Board of Directors</b>	<b>3-4</b>
<b>Consolidated Income Statement</b>	<b>5</b>
<b>Consolidated Balance Sheet</b>	<b>6</b>
<b>Consolidated Statement of Cash Flows</b>	<b>7</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>8-14</b>
<b>Parent Company Income Statement</b>	<b>15</b>
<b>Parent Company Balance Sheet</b>	<b>16</b>
<b>Parent Company Statement of Cash Flows</b>	<b>17</b>
<b>Notes to the Parent Company Financial Statements</b>	<b>18-22</b>
<b>Signatures and Auditor's Note</b>	<b>23</b>

# Report by the Board of Directors for the financial period 1.1.2021–31.12.2021

## Group structure and operations

Mercada Oy is a joint venture owned in equal shares by Kesko Corporation, the Swedish pension insurance company AMF Tjänstepension AB and Ilmarinen Mutual Pension Insurance Company.

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

## Material events during the financial period

Mercada's operational performance continued stable during the reporting period of 2021. Pandemic situation still affected the market throughout the year but company's grocery store focused strategy showed its strength and performed duly well also with the challenging situation.

Kesko is the single tenant with triple-net lease agreements in 33 out of 35 properties. Also, the two Mercada owned shopping centres are grocery-anchored by Kesko. Almost all the shopping centre units were leased during the financial period and the rent collection remained at a strong level.

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 loans. After the sale Mercada owns properties only in Finland.

## Financial position and result of the Group

Key figures and ratios	2021	2020	Change
Net sales, EUR million	46.9	47.9	(%) -2.0
Operating profit, EUR million	79.3	16.2	(%) 390.8
Return on investment (%)	12.6	2.5	(pp) 10.1
Equity ratio (%)	19.7	13.6	(pp) 6.1
Equity ratio when shareholders' loans are included in equity (%)	44.9	39.4	(pp) 5.5

Rental income decreased slightly compared to previous year. The main reason for that was the Swedish property disposals which took place in April. Also due to Covid-19 pandemic some temporary concessions were offered in the first half of the year for the most affected tenants operating in the shopping centres like in the previous year.

Operating profit and profit for the period increased significantly by a change in the fair value of investment properties. Mercada's property portfolio was valued at EUR 654.8 million at year-end.

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

## Group structure and financing arrangements

Mercada's wholly owned Swedish holding company Ankaregatan Fastigheter AB disposed the three remaining Swedish property companies during the reporting period.

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.

During the second half of 2021 Mercada refinanced its bank loans with a 5-year bullet repayment schedule bank loan. Also, a commitment for refinancing of the bond at the maturity date in October 2022 was included in the arrangement. The new loan agreement has more favorable terms and is expected to result in a reduction in the interest costs.

## 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 2021 – 16 April 2021

Jukka Erlund, chair

Tomi Aimonen

Pernilla Arnrud Melin

17 April 2021 –

Tomi Aimonen, chair

Pernilla Arnrud Melin

Jukka Erlund

Jari Koistinen was appointed as managing director as of July 1, 2021 to succeed Harri Holmström upon his retirement.

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 two shopping centres.

### Estimate on probable future development

Company's management estimates that the operational performance will improve over the previous year. The overall uncertainties of global economic situation might however have an adverse effect on Finnish economy and on Mercada's tenants which in turn could 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 loss for the financial period was EUR 479,735.99. 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 2021 would be recorded to the retained earnings.

## Consolidated Financial Statements

### Consolidated Income Statement

EUR	1.1.-31.12.2021	1.1.-31.12.2020
<b>Gross rental income</b>	<b>46 946 177,01</b>	<b>47 899 725,37</b>
Property operating expenses and expenses from leasing operations	-7 270 900,88	-7 444 733,65
<b>Net rental income</b>	<b>39 675 276,13</b>	<b>40 454 991,72</b>
Other operating expenses	-992 889,21	-964 874,17
Net gains/losses on sale of investment property	3 248 936,16	-844 984,99
Net fair value gains/losses on investment property	37 398 396,90	-22 482 135,26
<b>Operating profit</b>	<b>79 329 719,98</b>	<b>16 162 997,30</b>
Net financial income and expenses	-25 929 120,31	-25 125 175,32
<b>Profit before taxes</b>	<b>53 400 599,67</b>	<b>-8 962 178,02</b>
Current taxes	0,33	-127 760,66
Change in deferred taxes	-10 021 492,98	1 460 400,69
<b>Profit for the period</b>	<b>43 379 107,02</b>	<b>-7 629 537,99</b>

## Consolidated Balance Sheet

EUR	31.12.2021	31.12.2020
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Other intangible assets	5 298 274,09	4 496 884,49
Investment properties	649 501 725,92	629 274 218,63
	<b>654 800 000,01</b>	<b>633 771 103,12</b>
CURRENT ASSETS		
RECEIVABLES		
Long term receivables		
Other receivables	43 003,97	95 853,97
Deferred tax assets	3 723 242,45	4 151 676,04
	<b>3 766 246,42</b>	<b>4 247 530,01</b>
Short term receivables		
Trade receivables	50 631,18	71 516,77
Other receivables	471 171,43	965 640,72
Accruals	205 756,84	150 767,15
	<b>727 559,45</b>	<b>1 187 924,64</b>
CASH AND CASH EQUIVALENTS	9 135 608,44	11 947 148,37
<b>TOTAL ASSETS</b>	<b>668 429 414,32</b>	<b>651 153 706,14</b>

EUR	31.12.2021	31.12.2020
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to owners of the parent		
Share capital	33 000 000,00	33 000 000,00
Translation differences	-891 635,96	-638 021,64
Retained earnings	56 259 477,66	63 883 122,56
Net income for the reporting period	43 379 107,02	-7 629 537,99
	<b>131 746 948,72</b>	<b>88 615 562,93</b>
LIABILITIES		
Long-term liabilities		
Bond 2017	-	175 000 000,00
Loans from financial institutions	159 000 000,00	184 728 592,10
Shareholders' loans	167 977 725,09	167 977 725,09
Other liabilities	185 839,97	162 769,47
Deferred tax liabilities	28 353 344,52	18 943 966,91
	<b>355 516 909,58</b>	<b>546 813 053,57</b>
Short-term liabilities		
Bond 2017	175 000 000,00	-
Loans from financial institutions	-	8 750 000,00
Trade payables	702 508,05	468 193,42
Other liabilities	2 009 635,04	2 774 869,78
Accruals	3 453 412,93	3 732 026,44
	<b>181 165 556,02</b>	<b>15 725 089,64</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>668 429 414,32</b>	<b>651 153 706,14</b>

## Consolidated Statement of Cash Flows

EUR	1.1.-31.12.2021	1.1.-31.12.2020
<b>Cash flows from operating activities</b>		
Profit before taxes	53 400 599,67	-8 962 178,02
Adjustments		
Finance income and costs	25 929 120,31	25 125 175,32
Other adjustments	-40 988 335,30	24 214 031,80
	<b>38 341 384,68</b>	<b>40 377 029,10</b>
Change in working capital		
Current non-interest bearing receivables, increase (-)/decrease(+)	410 580,59	72 931,48
Current non-interest bearing liabilities, increase (-)/decrease(+)	-1 282 207,53	2 113 359,96
	-871 626,94	2 186 291,44
Interest paid and other finance costs	-24 616 754,40	-25 463 105,32
Interest received	776,86	14 107,81
Taxes paid	-52 682,14	-5,25
	-24 668 659,68	-25 449 002,76
<b>Net cash flows from operating activities</b>	<b>12 801 098,06</b>	<b>17 114 317,78</b>
<b>Cash flows from investing activities</b>		
Net payments for tangible and intangible assets	19 368 951,61	16 041 169,76
<b>Net cash flows from investing activities</b>	<b>19 368 951,61</b>	<b>16 041 169,76</b>
<b>Cash flows from financing activities</b>		
Long-term interest-bearing liabilities, increase(+)/decrease(-)	-34 454 637,50	-26 752 262,69
Other items	-526 852,72	-2 148 070,35
<b>Net cash flows from financing activities</b>	<b>-34 981 490,22</b>	<b>-28 900 333,04</b>
<b>Change in cash and cash equivalents</b>	<b>-2 811 440,55</b>	<b>4 255 154,50</b>
<b>Cash and cash equivalents at the beginning of reporting period</b>	<b>11 947 148,37</b>	<b>7 691 993,87</b>
<b>Currency translation difference adjustment</b>	<b>99,38</b>	
<b>Cash and cash equivalents at the end of reporting period</b>	<b>9 135 608,44</b>	<b>11 947 148,37</b>

# 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.

### 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 10-year cash flow analysis. 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, capital expenditure and vacancy assumption are deducted from the gross rental income. The net cash flow is discounted with property-specific discount rate, which represents the yield requirement. Yield requirement is 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.



# Notes to the Consolidated Financial Statements

## 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.

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 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

EUR	2021	2020
Gross rental income		
Finland	46 467 406,81	45 819 496,76
Sweden	478 770,20	2 080 228,61
Total	46 946 177,01	47 899 725,37

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

EUR	2021	2020
Chief executive officer	111 900,00	96 880,00
Total	111 900,00	96 880,00

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

EUR	2021	2020
Rent expenses	170 588,12	169 766,52
Marketing expenses	560 048,43	423 932,33
Property operating expenses	6 541 841,78	6 787 323,94
Other operating expenses	991 311,76	1 028 585,03
Total	8 263 790,09	8 409 607,82

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

### Auditors' Fees

EUR	2021	2020
<b>PricewaterhouseCoopers Oy, Authorised Public Accountants</b>		
Audit	39 183,18	58 030,55
Other services	8 900,00	9 502,50
Total	48 083,18	67 533,05

### Note 5. Finance Income and Costs

EUR	2021	2020
Other interest and finance income		
Interest income	776,86	14 107,81
Foreign exchange gains	-495 594,09	915 072,35
Interest and finance income total	-494 817,23	929 180,16
Interest and other finance costs		
Interest costs	-23 704 090,39	-25 320 041,36
Foreign exchange losses	-50 346,95	-661 886,84
Other finance costs	-1 679 865,74	-72 427,28
Interest and finance costs total	-25 434 303,08	-26 054 355,48
Total	-25 929 120,31	-25 125 175,32

# 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.

<b>Changes in Investment Property</b>		
<b>EUR</b>	<b>2021</b>	<b>2020</b>
At period-start	633 771 103,12	674 034 245,90
Acquisitions	822 312,10	1 042 825,03
Disposals	-16 833 062,86	-20 285 144,17
Net fair value gains/losses on investment property	37 398 396,90	-22 482 135,26
Exchange differences	-358 749,25	1 461 311,62
At period-end	654 800 000,01	633 771 103,12

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.

<b>Input data</b>	<b>2021</b>	<b>2020</b>
Yield %	5,7	6,0
Market rents, €/m <sup>2</sup> /month	13,1	12,9
Vacancy %	1,0	1,0
Increase in market rents %	1,9	1,7

### 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).

<b>Change %</b>	<b>-10</b>	<b>-5</b>	<b>0</b>	<b>5</b>	<b>10</b>
Yield	727,6	689,3	654,8	623,6	595,3
Market rents	608,1	631,4	654,8	678,0	701,3
<b>Change, percentage points</b>	<b>-2</b>	<b>-1</b>	<b>0</b>	<b>1</b>	<b>2</b>
Vacancy	660,0	657,4	654,8	652,2	649,6

## Note 7. Equity

EUR	Share capital	Retained earnings	Translation differences	Equity
Balance as at 31 December 2021	33 000 000,00	56 253 584,57	-638 021,64	88 615 562,93
Translation differences		5 893,09	-253 614,32	-247 721,23
Profit for the period		43 379 107,02		43 379 107,02
<b>Balance as at 31.12.2021</b>	<b>33 000 000,00</b>	<b>99 638 584,68</b>	<b>-891 635,96</b>	<b>131 746 948,72</b>

## Note 8. Long Term Liabilities

Mercada Oy has loans from financial institutions amounting to EUR 159.0 million (EUR 193.5 million) at year-end. The loans are paid back at the end of loan term.

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

Deferred Tax Assets		
EUR	2021	2020
Tax losses carried forward	3 723 242,45	3 723 242,45
Measurement of investment property at fair value	-	428 433,89
Total	3 723 242,45	4 151 676,34

Deferred Tax Liabilities		
EUR	2021	2020
Appropriations	1 695 122,79	1 485 341,36
Other	26 658 221,73	17 458 625,55
Total	28 353 344,52	18 943 966,91

## Note 10. Commitments

EUR	2021	2020
<b>Real estate mortgages</b>		
Collateral given for own commitments	809 284 800,00	809 284 800,00
<b>Other commitments and contingent liabilities</b>		
VAT refund liabilities	2 318 472,47	6 779 510,33
<b>Future minimum lease payments, machinery and equipment</b>		
Not later than 1 year	86 283,23	124 251,12
Over 1 year	128 175,06	189 153,17
<b>Future minimum lease payments, real estates</b>		
Not later than 1 year	170 429,04	170 198,96
Over 1 year	1 835 035,29	2 000 615,83

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 334.0 million (EUR 368.5 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 81.0 million (74.5 million) and their fair value was EUR -0.1 million (EUR -1.4 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 2021

<b>Finland</b>	<b>Domicile</b>	<b>Group's ownership interest, %</b>	<b>Parent's ownership interest, %</b>
Helsingin Oulunkylän Kisällinkujan Kauppa Koy	Helsinki	100,00	100,00
Helsingin Oulunkylän Käskynhaltijantien 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 Vehnätien Kauppa Koy	Järvenpää	100,00	100,00
Kangasalan Fintentien 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 Kauppaticien 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
Kouvolan 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 Asematicien Kauppa Koy	Pihtipudas	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

<b>Sweden</b>	<b>Domicile</b>	<b>Group's ownership interest, %</b>	<b>Parent's ownership interest, %</b>
Ankaregatans Fastigheter Ab	Tukholma, Ruotsi	100,00	100,00

# Parent Company Financial Statements

## Parent Company Income Statement

<b>EUR</b>	<b>1.1.-31.12.2021</b>	<b>1.1.-31.12.2020</b>
<b>Gross rental income</b>	<b>46 467 406,81</b>	<b>45 819 496,76</b>
Property operating expenses and expenses from leasing operations	-7 291 633,96	-7 363 016,51
<b>Net rental income</b>	<b>39 175 772,85</b>	<b>38 456 480,25</b>
Other operating expenses	-1 226 797,78	-1 211 695,95
Depreciation	-735 831,83	-649 336,26
<b>Operating Profit</b>	<b>37 213 143,24</b>	<b>36 595 448,04</b>
Net financial income and expenses	-37 757 727,66	-36 886 937,23
<b>Profit before appropriations and taxes</b>	<b>-544 584,42</b>	<b>-291 489,19</b>
Appropriations		
Change in depreciation difference	64 848,43	-71 912,71
<b>Profit for the period</b>	<b>-479 735,99</b>	<b>-363 401,90</b>

## Parent Company Balance Sheet

EUR	31.12.2021	31.12.2020
<b>ASSETS</b>		
NON-CURRENT ASSETS		
INTANGIBLE ASSETS		
Other intangible assets	1 520 886,04	2 103 095,86
Prepayments	592 478,33	-
INVESTMENTS		
Investments in subsidiaries	329 209 630,91	324 209 630,91
	331 322 995,28	326 312 726,77
CURRENT ASSETS		
RECEIVABLES		
Long-term		
Receivables from subsidiaries	193 188 004,00	214 311 594,84
Other receivables	43 003,97	95 853,97
	193 231 007,97	214 407 448,81
Short-term		
Trade receivables	35 761,81	69 602,40
Receivables from subsidiaries	6 314 352,00	10 749 640,71
Other receivables	470 988,97	746 939,36
Accrued income	67 908,16	319,73
	6 889 010,94	11 566 502,20
CASH AND CASH EQUIVALENTS	9 125 948,73	11 947 148,37
<b>TOTAL ASSETS</b>	<b>540 568 962,92</b>	<b>564 233 826,15</b>

EUR	31.12.2021	31.12.2020
<b>EQUITY AND LIABILITIES</b>		
EQUITY		
Share capital	33 000 000,00	33 000 000,00
Retained earnings	-18 894 591,39	-18 531 189,49
Net income for reporting period	-479 735,99	-363 401,90
	13 625 672,62	14 105 408,61
Deferred liabilities		
Deferred tax liabilities	348 053,10	412 901,53
LIABILITIES		
Long-term liabilities		
Bond 2017	-	175 000 000,00
Loans from financial institutions	159 000 000,00	184 728 592,10
Shareholder loans	167 977 725,09	167 977 725,09
Other liabilities	185 839,97	162 769,47
Short-term liabilities		
Bond 2017	175 000 000,00	-
Loans from financial institutions	-	8 750 000,00
Advances received	80 160,31	271 127,70
Trade payables	375 215,36	38 471,45
Payables to subsidiaries	20 766 083,84	9 647 079,93
Other payables	3 095,36	2 823,80
Accruals	3 207 117,27	3 136 926,47
	199 431 672,14	21 846 429,35
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>540 568 962,92</b>	<b>564 233 826,15</b>



## Parent Company Cash Flow Statement

EUR	1.1.–31.12.2021	1.1.–31.12.2020
<b>Cash flows from operating activities</b>		
Profit before appropriations and taxes	-544 584,42	-291 489,19
Adjustments		
Depreciations	735 831,83	649 336,26
Finance income and costs	37 757 727,66	36 886 937,23
Other adjustments	-4 011,68	63 702,82
	<b>37 944 963,39</b>	<b>37 308 487,12</b>
Change in working capital		
Current non-interest bearing receivables, increase (-)/decrease(+)	201 585,71	3 432 185,18
Current non-interest bearing liabilities, increase (-)/decrease(+)	-12 577 848,80	8 130 938,49
	-12 376 263,09	11 563 123,67
Interest paid and other finance costs	-44 169 658,23	-51 352 351,02
Interest received	12 453 318,28	14 141 599,64
	-31 716 339,95	-37 210 751,38
<b>Net cash flows from operating activities</b>	<b>-6 147 639,65</b>	<b>11 660 859,41</b>
<b>Cash flows from investing activities</b>		
Payments for tangible and intangible assets	-653 114,14	-862 249,23
<b>Net cash flows from investing activities</b>	<b>-653 114,14</b>	<b>-862 249,23</b>
<b>Cash flows from financing activities</b>		
Short-term interest-bearing liabilities, increase(+)/decrease(-)	179 609 310,78	-6 559 962,12
Long-term interest-bearing receivables, increase(-)/decrease(+)	21 123 590,84	30 101 130,37
Long-term interest-bearing liabilities, increase(+)/decrease(-)	-200 705 521,60	-26 752 262,70
Short-term interest-bearing receivables, increase(-)/decrease(+)	4 479 026,85	-1 184 290,88
Other items	-526 852,72	-2 148 070,35
<b>Net cash flows from financing activities</b>	<b>3 979 554,15</b>	<b>-6 543 455,68</b>
<b>Change in cash and cash equivalents</b>	<b>-2 821 199,64</b>	<b>4 255 154,50</b>
<b>Cash and cash equivalents at period-start</b>	<b>11 947 148,37</b>	<b>7 691 993,87</b>
<b>Cash and cash equivalents at period-end</b>	<b>9 125 948,73</b>	<b>11 947 148,37</b>

# 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.

### 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

EUR	2021	2020
Gross rental income		
Finland	46 467 406,81	45 819 496,76
Total	46 467 406,81	45 819 496,76

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

### Note 3. Employee Benefit Expense

#### Management compensation and number of personnel

EUR	2021	2020
Chief executive officer	111 900,00	96 880,00
Total	111 900,00	96 880,00

Mercada group employed one person at the end of December 2021. The members of the board of directors did not receive compensation.

### Note 4. Expenses from Leasing Operations and Other Operating Expenses

EUR	2021	2020
Property operating expenses	6 926 562,45	7 140 202,11
Marketing expenses	323 214,72	159 103,54
Other operating expenses	1 268 654,57	1 924 848,06
Total	8 518 431,74	9 224 153,71

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

### Auditors' Fees

EUR	2021	2020
<b>PricewaterhouseCoopers Oy, Authorised Public Accountants Oy</b>		
Audit	27 487,10	25 507,64
Other services	-	9 502,50
Total	27 487,10	35 010,14

### Note 5. Finance Income and Costs

EUR	2021	2020
Other interest and finance income		
Interest income from group companies	12 453 020,40	14 128 471,35
Other interest income	297,88	13 128,29
Foreign exchange gains	213 378,26	915 064,31
Interest and finance income total	12 666 696,54	15 056 663,95
Interest and other finance costs		
Interest costs	-23 698 424,76	-25 305 518,50
Interest costs to group companies	-24 285 924,02	-25 903 768,56
Foreign exchange losses	-760 209,68	-661 886,84
Other finance costs	-1 679 865,74	-72 427,28
Interest and finance costs total	-50 424 424,20	-51 943 601,18
Total	-37 757 727,66	-36 886 937,23

## Notes to the Parent Company Balance Sheet

### Note 6. Intangible Assets

EUR	2021	2020
<b>Other Intangible Assets</b>		
Acquisition costs at the beginning of period	3 627 300,80	2 659 948,94
Increases	153 622,01	967 351,86
Acquisition costs at the end of period	3 780 922,81	3 627 300,80
Accumulated depreciations at the beginning of period	-1 524 204,94	-874 868,68
Depreciation for period	-735 831,83	-649 336,26
Accumulated depreciations at the end of period	-2 260 036,77	-1 524 204,94
Book value at the end of reporting period	1 520 886,04	2 103 095,86
Prepayments		
Acquisition costs at period-start	-	-
Increases	592 478,33	-
Acquisition costs at period-end	592 478,33	-
Book value at period-end	592 478,33	-

### Note 7. Shares in Subsidiaries

EUR	2021	2020
<b>Investments in subsidiaries</b>		
Acquisition costs at the beginning of period	324 209 630,91	324 209 630,91
Increases	5 000 000,00	-
Acquisition costs at the end of period	329 209 630,91	324 209 630,91
Book value at the end of reporting period	329 209 630,91	324 209 630,91

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

## Note 8. Receivables

EUR	2021	2020
<b>Receivables from subsidiaries</b>		
Long-term receivables		
Loans	193 188 004,00	214 311 594,84
Long-term receivables total	193 188 004,00	214 311 594,84
Short-term receivables		
Trade receivables	9 312,40	-
Loans	4 520 286,42	8 999 313,27
Accrued income	1 784 753,18	1 750 327,44
Short-term receivables total	6 314 352,00	10 749 640,71
Total	199 502 356,00	225 061 235,55

## Note 9. Shareholders' Equity

EUR	Share capital	Retained earnings	Total equity
Balance as at 31 December 2020	33 000 000,00	-18 894 591,39	14 105 408,61
Profit for the period		-479 735,99	-479 735,99
Balance as at 31 December 2021	33 000 000,00	-19 374 327,38	13 625 672,62

Calculation of distributable profits	2021
Retained earnings at 1 January	-18 894 591,39
Profit for the period	-479 735,99
Retained earnings at 31 December	-19 374 327,38

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

Mercada Oy has loans from financial institutions amounting to EUR 159.0 million (EUR 193.5 million) at year-end. The loans are paid back at the end of loan term.

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

## Note 11. Short-term Liabilities

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.

EUR	2021	2020
<b>Liabilities to group companies</b>		
Other payables	13 418 161,70	58 850,92
Accruals	7 347 922,14	9 588 229,01
Total	20 766 083,84	9 647 079,93

Accruals	2021	2020
Interests	3 065 618,42	3 091 528,07
Other items	141 498,85	45 398,40
Total	3 207 117,27	3 136 926,47

## Note 12. Commitments

EUR	2021	2020
<b>Other commitments</b>		
Collateral given for own commitments	398 494,98	429 151,40

### 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 334.0 million (EUR 368.5 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 81.0 million (74.5 million) and their fair value was EUR -0.1 million (EUR -1.4 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, 19. April 2022

Tomi Aimonen  
Chair

Jukka Erlund

Pernilla Amrud Melin

Jari Koistinen  
CEO

### The Auditor's note

Our auditor's report has been issued today.

PricewaterhouseCoopers Oy  
Authorised Public Accountants

Olli-Pekka Salonen  
APA



MERCADA