

Financial Statements and Report of Board of Directors
regarding

Balder Finland Oyj
Business ID: 2667238-2

for the financial year 1 January - 31 December 2020

"Translation from Swedish original"

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Report of Board of Directors

Information about the business

Balder Finland Oyj (bp. Balder Otas i Finland Oy) is a wholly-owned company within the Balder Group, which has, so far, been almost dormant, but which within the Group is planned to be an active part of the investment and financing structure in the future. The business is planned to be operated as an active intra-Group investment and financing company. The Group with its subsidiary operate in the area of real estate investments and real estate value development.

Company's domicile is Helsinki, Finland.

The financial statement is established in Euro (EUR).

Change of accounting policy

The company applies from 1 January 2020 (with recalculated comparative figures for 2019) International Financial Reporting Standards (IFRS) in their accounting. Previously the company applied the national accounting standard as well as laws and regulations.

Multi-year comparison

TEUR	2020	2019	2018	2017
Accounting policies	IFRS	IFRS	FAS	FAS
Loss before appropriations and tax	-62,7	0,0	0,0	0,0
Total assets	38,3	1,0	1,0	1,0
Equity/assets ratio	54 %	100 %	100 %	100 %

Important relations and essential occurrences during the financial year.

The business has during the last years been dormant. The company has thus been kept in dormant state in order to have an active role within the Group. Therefore, no significant events has occurred during the financial year. As the company in the future is planned to have an active role, the board has chosen to proceed accounting according to IFRS, in accordance with the Group's accounting standard.

Essential occurrences after the end of the financial year.

The company has after the end of the reporting period issued a promissory note (acc.Euro Medium Term Note Programme) on 500 plus 50 Meur guaranteed by the parent company Fastighets AB Balder. The promissory note is part of the Group's long-term planned financing structure through its adopted EMTN program.

Expected future development as well as significant risks and uncertainties

After the issue of the promissory note, the company is an active tool for the Group's investment and ditto financing operations. As the company's liabilities are guaranteed by the parent company, the company's future risk position is almost comparable to the parent company's. The top parent company Fastighets AB Balder is listed on the Stockholm stock exchange.

The Board's proposal for the allocation of distributable non-restricted equity

Calculation of distributable non-restricted equity:

Fund for paid-up non-restricted equity	5,0
Retained earnings	-1,5
Net profit for the year	<u>-62,7</u>
Total	<u><u>-59,2</u></u>

The Board proposes that no dividend is paid, since free distributable funds are lacking.

The Group information

The company is a wholly-owned subsidiary to Balder Otas Holding AB (Gothenburg, Sweden), whose Parent company is Fastighets AB Balder.

Copies of the consolidated financial statements for Fastighets AB Balder are available at the Fastighets AB Balder Group's head office: Parkgatan 49 · Box 53 121 · 400 15 Gothenburg, Sweden.

Income statement in accordance with IFRS

1 January- 31 December

<i>TEUR</i>	Note	2020	2019
Operating income			
Net sales		-	-
Other operating income		-	-
		-	-
Operating costs			
Other operating costs	2	-62,7	-
Operating loss		-62,7	-
Loss after financial items		-62,7	-
Loss before tax		-62,7	-
Net loss for the year		-62,7	-

Balance sheet in accordance with IFRS

<i>TEUR</i>	Note	31 Dec 2020	31 Dec 2019	1.1.2019
Assets				
Current receivables				
Receivables from Group companies		–	1,0	1,0
<i>Total of current receivables</i>		–	1,0	1,0
Cash and cash equivalents	4	38,3	–	–
Total current assets		38,3	1,0	1,0
Total assets		38,3	1,0	1,0
Equity and liabilities				
Equity				
<i>Restricted equity</i>	5			
Share capital (1 000 -shares with quota value of 80 euro)		80,0	2,5	2,5
<i>Non-restricted equity</i>				
Invested non-restricted equity fund		5,0	–	–
Retained earnings		-1,5	-1,5	-1,5
Net loss of the year		-62,7	–	–
Total equity		20,8	1,0	1,0
Current liabilities				
Accrued expenses	2	17,5	–	–
Total current liabilities		17,5	–	–
Total equity and liabilities		38,3	1,0	1,0

Statement of changes in equity in accordance with IFRS

<i>TEUR</i>	share capital	Other contributed capital	adjust- ment reserve	Retained earnings including net profit for the year	Total	Total equity
Opening equity 2019-01-01	2,5	–		-1,5	1,0	1,0
Closing equity 2019-12-31	2,5	–	–	-1,5	1,0	1,0

<i>TEUR</i>	Share capital	Other contributed capital	adjust- ment reserve	Retained earnings including net profit for the year	Total	Total equity
Opening equity 2020-01-01	2,5	–	–	-1,5	1,0	1,0
Comprehensive income for the year						
Net loss for the year	–	–		-62,7	-62,7	-62,7
Comprehensive income for the year	–	–	–	-62,7	-62,7	-62,7
Supply from and value transfers to owners						
New share issue	77,5	–		–	77,5	77,5
Invested non-restricted equity fund *	–	5,0		–	5,0	5,0
Total supply from and value transfer to owners	77,5	5,0	–	–	82,5	82,5
Closing equity 2020-12-31	80,0	5,0	–	-64,2	20,8	20,8

* Investment in the non-restricted equity has been made to cover lack of equity during the financial year.

Cash flow statement

1 January- 31 December

<i>TEUR</i>	2020	2019
<i>Operating activities</i>		
Loss after financial items	-62,7	-
	-62,7	-
Increase (-)/Reduction (+) of operating receivables	1,0	-
Increase (+)/Reduction (-) of operating payables	17,5	-
Cash flow from operating activities	-44,2	-
<i>Investing activities</i>		
Cash flow from investing activities	-	-
<i>Financing activities</i>		
New share issue and investment in Invested non-restricted equity fund	82,5	-
Cash flow from financing activities	82,5	-
Cash flow for the year	38,3	-
Opening cash and cash equivalents	-	-
Closing cash and cash equivalents	38,3	-

Notes to the financial statements

Note 1 Accounting policies and transition to IFRS

(a) Accordance with the standard setting and law

The company has applied Finnish accounting legislation in accordance with FAS (Finnish Accounting Standards) up to and including 2018, after which the company proceeded to applying International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) as adopted by the EU. Furthermore, Finnish Companies Act that complements IFRS has also been applied.

(b) Valuation methods applied in the preparation of the financial statements

Assets and liabilities are amortised at historical cost, as these meet the accounting assumptions in accordance to IFRS.

(c) Functional currency and presentation currency

The company's functional currency is euro, which also constitutes the presentation currency for the company. The Group above reports in SEK.

(d) Estimates and assumptions to the financial statements

Preparing the financial statements in accordance with IFRS requires management to make assessments and estimates as well as make assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assumptions.

The estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period in which the change is made if the change only affected this period, or in the period in which the change is made and future periods if the change affects both the current period and future periods.

(e) Essential accounting policies applied

The stated accounting policies have, with the exceptions described in more detail, been applied more consistently to all periods presented in the company's financial reports.

(f) Changed accounting principles

From 1 January 2019, Balder Finland Oyj has applied IFRS as an accounting standard.

The transition to accounting in accordance with IFRS has been reported for the company in accordance with IFRS 1 and has not resulted in any actual transition impact as the company only has cash and cash equivalents and paid-in equity. The same applies to the comparative figures for 2019.

(g) New IFRS that has not yet been applied

A number of new or amended IFRSs will not come into force until the next financial year and have not been applied early in the preparation of these financial statements. New and amended IFRS with future application are not expected to have any significant effect on the company's financial reports.

(h) Taxes

Income taxes consist of current tax and deferred tax. Income taxes are reported in profit for the year, except when the underlying transaction is reported in other comprehensive income or in equity, whereby the associated tax effect is reported in other comprehensive income or in equity.

Current tax is tax that must be paid or received for the current year, with application of the tax rates that have been enacted or in practice enacted as of the reporting date. Current tax also includes an adjustment of current tax attributable to previous periods.

Deferred taxes are accounted in accordance with the liability method, based on temporary differences between the tax bases of assets and liabilities and their carrying amounts. Temporary differences are not considered in consolidated goodwill, nor for difference that arose at the initial recognition of assets and liabilities that are not business combinations that at the time of the transaction does not affect either the reported or taxable result. Furthermore, temporary differences are not taken into consideration that are attributable to investments in subsidiaries and which are not expected to be reversed within the foreseeable future. The measurement of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is measured using the tax rates and tax regulations which are enacted or are in practice enacted on the balance sheet day.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are reported only to the extent that it is probable that these will be utilized. The value of deferred tax assets is not recognized when it is no longer considered probable that they can be utilized.

(i) Financial instruments

Financial instruments reported in the balance sheet include only cash and cash equivalents. All the company's cash and cash equivalents are deposited with Nordea Bank, whose counterparty risk is considered to be low.

Note 2 Other operating expenses

<i>TEUR</i>	2020	2019
Financial management services	2,4	–
Statuary audit, PwC	2,7	–
Statuary audit, PwC *	17,5	–
Other services, PwC	39,4	–
Other costs	0,6	–
	<u>62,7</u>	<u>–</u>

* Presented in accrued expenses as of 31.12.2020

Note 3 Taxes

Reconciliation of effective tax

<i>TEUR</i>	2020		2019	
Loss before tax		-62,7		-
Tax according to applicable tax rate	20,0%	12,5	20,0%	-
Previous years loss carryforwards	20,0%	0,3	20,0%	0,3
Total loss carryforwards	20,0%	-12,8	20,0%	-0,3
Total income taxes	20,0%	-	20,0%	-
<i>Reported effective tax</i>	0,0%	-	0,0%	

The tax loss carryforwards on the losses fall due in 2025 (0.3 TEUR) and 2030 (12.5 TEUR). However, it is uncertain whether these can be utilized.

Note 4 Cash and cash equivalents

<i>TEUR</i>	31 Dec 2020	31 Dec 2019
<i>The following components are included in cash and cash equivalents:</i>		
Cash and bank balances	38,3	–
<i>Total of cash and cash equivalents</i>	38,3	–
<i>Total according to cash flow</i>	38,3	–

Note 5 Equity

<i>TEUR</i>	31 dec 2020	31 dec 2019
Share capital 1.1.	2,5	2,5
Change	77,5	–
Share Capital 31.12.	80,0	2,5
Restricted equity 31.12.	80,0	2,5
Invested non-restricted equity fund 1.1.	–	–
Change	5,0	–
Invested non-restricted equity fund 31.12.	5,0	–
Retained earnings-/(-)losses 1.1.	-1,5	-1,5
Net loss for the year	-62,7	0,0
Retained earnings-/(-)losses 31.12.	-64,2	-1,5
Non-restricted equity 31.12.	-59,2	-1,5
Total equity 31.12.	20,8	1,0

As of 31 December 2020 the registered share capital was composed of 1 000 shares.

All shares have a quota value of EUR 80 and have an equal right to a share in the company's assets and earnings. The shareholding gives entitlement to voting rights at the general meeting of shareholders, where on share is one vote.

Dividends

The Board proposes that no dividend is paid for the financial year 2020, since non-restricted equity is negative.

Non-restricted equity

The invested non-restricted equity fund and retained losses together with the profit for the year constitute non-restricted equity. The non-restricted equity is negative as of 31 December 2020 and more than half of the restricted equity has been used up. After the end of the financial period, the deficit in equity has been covered.

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Note 6 Related parties

Related party relationships

Balder Finland Oyj has a related party relationship with Fastighets AB Balder, which has a related party relationship with its subsidiaries.

Transactions with related parties are priced on market terms. The company has not had any related party transactions other than the receipt of equity during the financial period.

Note 7 Events after the reporting date

After the end of the financial period, the company has issued a listed promissory note of EUR 500 million plus EUR 50 million in accordance with the Group's EMTN program. The issues were executed on 20.1.2021 for EUR 500m and on 29.4.2021 for EUR 50m. The issued funds will be used for real estate investments and refinancing of real estate financing.

After the end of the financial year, the company has restored equity through an investment in the invested non-restricted equity fund of EUR 100 thousand on 31.3.2021.

Note 8 Company and the Group information

Balder Finland Oyj is a Finnish- registered public limited company with its office in Helsinki. The address of the head office is c/o Navigator Partners Ab, Skillnadsgatan 11 A, Helsinki.

Balder Finland Oyj is a wholly-owned subsidiary to Balder Otas Holding AB (Gothenburg, Sweden) and is part of a Group where Fastighets AB Balder based in Gothenburg prepares consolidated accounts for the largest Group. The foreign parent company's consolidated accounts are available at the Group's head office, Parkgatan 49 · Box 53 121 · 400 15 Gothenburg, Sweden.

The business has been dormant in recent years. The company has thus been kept in dormant state in order to have an active role going forward within the Group. The company has no staff or permanent establishment in Finland. After the end of the financial period, the company has issued a listed promissory note of EUR 500 million plus EUR 50 million in accordance with the Group's EMTN program. This is guaranteed by the parent company Fastighets AB Balder.

Following the issue of the promissory note, the company is intended to play an active treasury role in the Group's financing.

Balder Finland Oyj
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Helsinki, 25 May 2021

Erik Selin
Chairman of the board

Malin Johannesson
Board member

Kristofer Osberg
Board member

A report on the audit performed has been issued today.

Helsinki on the 27.5.2021

PricewaterhouseCoopers Oy
Authorised Public Accountants

Panu Vänskä
Authorised Public Accountant (KHT)