

Balder Finland Oyj

FINANCIAL STATEMENTS AND ANNUAL REPORT 1 January - 31 December 2022

**Business ID 2667238-2
Domicile Helsinki**

FINANCIAL STATEMENTS 1 JAN - 31 DEC 2022

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The company 's Board of Directors adopted the financial statements for publication in spring 2023.

The financial statements must be stored for at least ten (10) years from the end of the financial year (Accounting Act, Section 2:10).

ANNUAL REPORT 31 DECEMBER 2022

Board of Directors' report

During the financial year, the company recorded EUR 35.3 million worth of interest income on intra-Group loans and other financial income, and EUR 31.3 million worth of financial expenses.

An IFRS 9 compliant provision for impairment losses was recorded, totalling EUR 13 million. As a result, financial year's result was a EUR -7.2 million loss. Shareholders' equity was EUR 7.1 million negative. To correct the negative shareholders' equity, an investment in the reserve for invested unrestricted equity was made on 2 May 2023.

Events during the financial year

In January 2022, Balder Finland Oyj issued two EUR 500 million bonds, which are guaranteed by Fastighets AB Balder. The first bond has a term of five years with a fixed coupon of 1.00 percent, and the second bond a term of seven years with a fixed coupon of 2.00 percent. The bonds are listed on Euronext Dublin.

In June 2021, Balder Finland Oyj issued a EUR 500 million bond, which is guaranteed by Fastighets AB Balder. The term of the bond is two years and it has a floating rate. The bond is listed on Euronext Dublin. Part (EUR 222,498,000) of this bond was repurchased in December 2022.

Material events after the financial year and an estimate of future developments

To correct the EUR 7.1 million negative shareholders' equity, an investment in the reserve for invested unrestricted equity was made on 2 May 2023.

So far, global uncertainties have had very little impact on the cash flows of the entire Balder Group, as its cash flows are primarily generated by tenants who are tax-subsidised by the government, or by rent-controlled housing. Demand and interest in public service properties is likely to continue in the Nordic countries in the future.

Balder Finland Oyj monitors the geopolitical tensions in Europe, which may have a significant impact on the performance of long-term investments.

Related party transactions

In 2022, the company issued bonds with a total nominal value of EUR 1,000 million. The related financial transactions were conducted using the parent company's bank account. As a result, the company had a long-term receivable and related interest receivables from the parent company at the end of 2022.

After the company repurchased a part of a EUR 500 million bond, the bond decreased by EUR 222,498,000.

According to the Balder Group's internal loan agreement, the debtor (parent company Fastighets AB Balder (publ)) is, at the request of the creditor (Balder Finland Oyj) required to repay the loan in full, together with the accumulated loan fees, seven years after the issue of the bond. However, the debtor may repay the loan early in full or in part, including any accumulated loan fees, without any sanctions.

The company's intra-group loan receivables involve a credit loss risk. The company has no other activities than a loan receivable from the parent company Fastighets AB Balder. Fastighets AB Balder is dependent on its lease contracts and on payments it receives from tenants, among other things. Failure by tenants to make payments or otherwise meet their obligations, or early termination of lease contracts for whatever reason may have a negative impact on the parent company's financial result and cash flow. In this case, Balder Finland Oyj might be forced to record receivables from the parent company as credit losses, making it unable to repay the bond loan as agreed.

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Receivables and liabilities are subject to the risk of changes in fair value for reasons such as fluctuating interest rates. Both the bond issued during the financial year and the long-term loan given to the parent company constitute fixed borrowing costs and are unsecured. In addition, both receivables and liabilities are denominated in euros and are not affected by currency fluctuations. No impact on profit or loss is expected in 2023, since the borrowing costs for both liabilities and receivables are fixed.

Balder Finland Oyj's parent company is Fastighets AB Balder (publ). It is domiciled in Gothenburg and owns 100% of the company's shares.

Board of Directors

Chairman of the Board

Erik Selin

Ordinary member

Malin Johannesson

Peter Osberg

The company auditor is PricewaterhouseCoopers Oy

Principal auditor:

Panu Vänskä, APA

Shares

The company's share capital is EUR 80,000 and the number of shares is 1,000. The share capital is divided into 1,000 shares, each with a nominal value of EUR 80.

Board's proposal on the disposal of retained earnings

The Board of Directors proposes that the profit for the financial year be transferred to the profit and loss account and that no dividend be distributed.

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STATEMENT OF COMPREHENSIVE INCOME

TEUR	<i>lotes</i>	1.1.2022. 31.12.2022	1.1.2021- 31.12.2021
Financial income and expenses			
Other financial income	8,18.	1 668,7	0,0
Interest income	8,18.	33 708,5	10 427,0
Interest expenses	7	-31 350,0	-10 715,1
Total financial income and expenses		4 027,3	-288,1
Expected credit losses		-13 000	0,0
Administrative expenses	9	-75,6	-71,5
Profit/loss before taxes		-9 048,3	-359,6
Income taxes for the financial year		1 894,4	0,0
PROFIT OR LOSS FOR THE FINANCIAL YEAR		-7 153,9	-359,6
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		-7 153,9	-359,6
Breakdown of profit or loss for the financial year			
To parent company shareholders	11	-7 153,9	-359,6
To minority shareholders		0,0	0,0
Total		-7 153,9	-359,6
Average number of shares adjusted for share issue	11	1 000,0	1 000,0
Earnings per share calculated on the basis of the profit/loss attributable to parent company shareholders basic and diluted, EUR	11	-7,2	-0,4

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BALANCE SHEET

TEUR	Note	31.12.2022	31.12.2021
ASSETS			
CURRENT ASSETS			
Long-term receivables			
Receivables from Group companies	12	2 103 825,5	1 606 956,3
Deferred tax assets		2 600,0	0,0
Total long-term receivables		2 106 425,5	1 606 956,3
Short-term receivables			
Receivables from Group companies	12	289 318,3	3 508,5
Cash and cash equivalents		22,1	4,0
Total short-term receivables		289 340,4	3 512,5
Total receivables		2 395 766,0	1 610 468,8
TOTAL CURRENT ASSETS		2 395 766,0	1 610 468,8
TOTAL ASSETS		2 395 766,0	1 610 468,8
LIABILITIES			
Shareholders' equity			
Equity attributable to parent company shareholders			
Share capital	15	80,0	80,0
Reserve for invested unrestricted equity	15	405,0	405,0
Retained earnings	15	-406,3	-46,7
Profit or loss for the financial year	15	-7 153,9	-359,6
Total shareholders' equity		-7 075,2	78,7
Liabilities			
Long-term			
Bonds	5, 12	2 124 632,4	1 600 516,2
Total long-term liabilities		2 124 632,4	1 600 516,2
Short-term			
Bonds	5	277 502,0	0,0
Accounts payable	17	1,2	1,7
Tax debt	17	705,6	0,0
Accruals and deferred income	17	0,0	9 872,2
Total short-term liabilities		278 208,7	9 873,9
Total liabilities		2 402 841,2	1 610 390,1
TOTAL LIABILITIES		2 395 766,0	1 610 468,8

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Statement of changes in equity

Equity attributable to parent company shareholders

<i>EUR 1,000</i>	Note	Share capital	Invested unrestrict	Retained earnings	Total	Total shareholder
Shareholders' equity 1 Jan 2021	15	80,0	5,0	-46,7	38,3	38,3
Shareholders' equity 31 Jan 2021	15	80,0	405,0	-406,3	78,7	78,7
Shareholders' equity 1 Jan 2022		80,0	405,0	-406,3	78,7	78,7
Total profit or loss for the financial year						
Profit or loss for the financial year	15			-7 153,9	-7 153,9	-7 153,9
<i>Total profit or loss for the financial year</i>				-7 153,9	-7 153,9	-7 153,9
Total equity on 31 December 2022		80,0	405,0	-7 560,2	-7 075,2	-7 075,2

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Cash flow statement

TEUR	Note	1.1.2022- 31.12.2022	1.1.2021- 31.12.2021
Cash flows from operating activities			
Profit or loss for the financial year	15	-7 153,9	-359,6
Adjustments to operating profit		11 099,3	0,0
Financial income and expenses		-4 027,3	0,0
Change in working capital	12, 17	100,0	-74,7
Net cash flow from operating activities		18,1	-434,3
Cash flows from investing activities			
Net cash flow from investing activities		0,0	0,0
Cash flows from financing activities			
Invested unrestricted equity	16	0,0	400,0
Net cash flow from financing activities		0,0	400,0
Change in cash and cash equivalents		18,1	-34,3
Cash and cash equivalents at the beginning of the financial year		4,0	38,3
Cash and cash equivalents at the end of the financial year		22,1	4,0

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NOTES TO THE FINANCIAL STATEMENTS 31 December 2022

1. BASIC COMPANY INFORMATION

The financial statements include information for Balder Finland Oyj (business ID 2667238-2). The company is domiciled in Helsinki.

The company was founded in January 2015. The company may participate in the financing activities of the Group companies by borrowing and lending, and by offering guarantees and collateral for the Group companies' investments. In addition, the company may issue bonds and accept financing.

The Board approved these financial statements in the spring of 2023. The financial statements will be presented for adoption at the Annual General Meeting 2023. A copy of the financial statements is available at Erottajankatu 11 A 20, 00130 Helsinki.

The company is a wholly owned subsidiary of Balder Otas Holding AB (domiciled in Gothenburg). The parent company of Balder Otas Holding AB is Fastighets AB Balder.

The company has no subsidiaries. Subsidiaries refer to companies over which the parent company exercises direct or indirect control.

2. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). In the Finnish Accounting Act and regulations issued thereunder, the International Financial Reporting Standards refer to the standards and interpretations adopted for application in the EU in line with the procedure laid down in the EU Regulation (EC 1606/2002).

Assets and liabilities are measured at their original acquisition cost; some items are measured at fair value. Interest receivables and interest liabilities have been calculated using the effective interest method. Financial income and expenses are recorded for the relevant period.

The income tax for the financial period is calculated at the applicable tax rate in force at the balance sheet date, which was 20% at the balance sheet date 31 December 2022. The tax reported and the tax payable may differ due to non-deductible expenses and tax-free income. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Receivables with a maturity of more than 12 months after the balance sheet date are reported as long-term receivables, others as current assets. Receivables are recorded at the estimated recoverable amount. Cash and cash equivalents include cash, bank accounts and short-term investments.

Financial liabilities are measured at accumulated cost. Expenses directly attributable to loans are added to the cost of the loan and accumulate in line with the effective interest method. Bonds are classified as debt or equity based on whether they have a contractual obligation to repay.

Cash flow statement has been prepared in accordance with the indirect method. All amounts are in euros unless otherwise noted. The financial statements have been prepared using the going concern basis of accounting.

Expected credit loss provision ("ECL")

Expected credit losses are calculated for all receivables from the parent company measured at amortised cost. Parent company receivables are classified in two different stages, reflecting a theoretical deterioration in credit quality. Stage 1 agreements include those with no significant increase in credit risk since initial recognition, and for which a 12-month ECL is calculated. Stage 2 agreements include those with a significant increase in credit risk since initial recognition, and for which a lifetime ECL is calculated. Expected credit losses are calculated using modelled risk parameters and the following formula: probability of default (PD) x loss given default (LGD) x exposure at default (EAD) per agreement. They reflect expectations of future credit losses at the reporting date.

A counterparty is classified as insolvent when it is considered unlikely that the counterparty will repay, for example when the customer is in public default. The counterparty is no longer classified as insolvent when it no longer meets the definition of insolvency.

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Classification into current and non-current assets and liabilities

Assets and liabilities are classified in the balance sheet as current or non-current on the following basis:

An asset is current if the following conditions are met:

- Expected to be sold or consumed during a normal operating cycle
 - Held primarily for trading purposes
 - Realised within 12 months from the balance sheet date
 - Cash or deposit, unless their use is restricted to debt repayment within 12 months of the balance sheet date
- All other assets are classified as non-current.

A liability is classified as current if it:

- is realised during a normal operating cycle
- is held primarily for trading purposes
- is intended to be paid within 12 months of the balance sheet date

Or

- The company has no right to defer payment of liability beyond 12 months from the balance sheet date

The terms of debt agreements that the counterparty believes could be equity instruments do not affect its classification.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Determination of fair value

The company's financial assets and liabilities are measured at amortised cost. The company has not measured any balance sheet item at fair value in the financial statements. Fair value is the price that would be obtained for the sale of the asset or paid for the transfer of the liability between market participants on the measurement date in public trading. The determination of fair value is based on the assumption that the sale of an asset or the transfer of a liability will take place either:

- On the primary market for the asset or liability
- or
- In the absence of a primary market, in the most appropriate available markets for the asset or liability.

The fair value of an asset or liability is measured using assumptions that the market participants would use in pricing the asset or liability, assuming the market participants act in their best economic interest.

The method used to determine the fair value of non-financial assets takes into account the ability of a market participant to generate an economic benefit by using the asset for its highest and best use, or by selling it to another market participant that would use the asset for its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and provide sufficient information to determine fair value, with an emphasis on verifiable inputs.

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All assets and liabilities whose fair value is determined or presented in the financial statements are classified in a fair value hierarchy as described below, based on the lowest level input that is significant for fair value determination:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Valuation techniques in which the most significant input for fair value determination is the lowest measurement and is directly or indirectly observable
- Level 3 - Valuation techniques in which the most significant input for fair value determination is unobservable

Taxes

Income taxes and tax liabilities are measured at the amount expected to be received from or paid to the tax authorities. Tax rates and tax laws enacted and about to come into force by the balance sheet date are used to calculate the amount in the countries where the company operates and generates taxable income.

Income tax related to equity items is recognised in equity and not in the income statement.

Deferred tax

A deferred tax asset is recognised for all temporary differences. It has been calculated at the tax rates applicable at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that they can be utilised against future taxable profit.

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Currency

The company presents its financial statements in euros, which is also its functional currency. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Foreign currency denominated receivables and liabilities in the balance sheet are valued at the exchange rate on the balance sheet date. Exchange rate differences have been recognised in the financial statements through profit or loss.

Hedging instruments

The bonds have interest rates of 1%, 1.375% and floating rates. The company has no derivative contracts. Hedge accounting is not applied.

Changes in accounting principles

Amendments to IFRS do not have a material effect on the company's financial statements.

3. SIGNIFICANT ESTIMATES AND ASSUMPTIONS

In preparing the financial statements, the Board of Directors is required to make certain estimates and assumptions that affect the reported assets and liabilities, income and expense items, and other disclosures. Estimates are based on experience and assumptions that the Board deems reasonable in the circumstances. Actual results may differ from these estimates. Estimates of critical importance for the preparation of the company's financial statements are described below.

Assessing the correlation between past default rates, projected economic conditions and expected credit losses is very important. Credit loss estimates are sensitive to changes in circumstances and economic forecasts. The company's previous credit loss risk experience and economic forecasts are no guarantee of customers' actual solvency in the future.

Deferred tax assets are recognised only to the extent that it is probable that they can be utilised against taxable profit in future financial years. If the tax position is challenged or ceases to be in effect, the results may be different and may have a significant impact on the figures reported in the financial statements.

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4. CAPITAL MANAGEMENT

The company's capital consists of a share capital of EUR 80,000 and a loss of EUR 7,153,911.30 for the financial year. The Balder Group manages the capital structure of its subsidiary by monitoring the net debt-equity ratio (gearing) and adjusting the amount of equity so that it would not be lost through invested unrestricted equity or similar. The negative shareholders' equity at the balance sheet date is corrected by making an investment in the reserve for invested unrestricted equity in spring 2023.

The company issued two bonds in 2022. The first bond, EUR 500 million, will mature in 2027. The interest rate is fixed at 1.00%. The second bond, EUR 500 million, will mature in 2031. The fixed interest rate is 2.00%. Both loans were paid into the account of the parent company Fastighets AB Balder and are presented as a long-term receivable in Balder Finland Oyj's balance sheet. In December 2022, the company repurchased EUR 222,498,000 of the bond, originally EUR 500 million, thus decreasing the receivable from the parent company Fastigbets AB Balder.

Net debt

TEUR	31.12.2022	31.12.2021
Interest-bearing liabilities	2 402 134	1 600 516
Cash and cash equivalents and short-term deposits	-22	4
Net debt	2 402 112	1 600 520

The bonds involve covenants that are binding on the Balder Group. The terms of the covenants have been met, and there were no violations during the financial year.

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5. DETERMINATION OF FAIR VALUE

Fair value hierarchy on 31 December, 2022:

TEUR	Valuation date	Total	Level 1	Level 2	Level 3
Assets					
Receivables from Group companies	31.12.2022	2 395 744		2 395 744	
Total		2 395 744		2 395 744	
Liabilities					
Bonds	31.12.2022	2 402 134	2 402 134		
Total		2 402 134	2 402 134		

At Level 1, the valuation of the instrument is based on quoted price in active markets, which is used for identical financial assets and liabilities.

At Level 2, input used in the valuation of the instrument includes verifiable prices other than those quoted in an active market, either directly or derived from them using valuation techniques.

At level 3, valuation is based on prices other than verifiable market prices.

6. SEGMENT REPORTING

The company's highest operational decision-making body is the Board of Directors. The company has only one reportable operating segment.

<u>Geographical distribution of interest income</u>	1.1.2022- 31.12.2022	1.1.2021- 31.12.2021
EUR 1,000		
Sweden	33 353,0	10 232,2
Total	33 353,0	10 232,2

The company's only customer is the parent company Fastighets AB Balder, which is listed in Sweden.

7. FINANCIAL EXPENSES

TEUR	1.1.2022- 31.12.2022	1.1.2021- 31.12.2021
Interest and other financial expenses		
Interest expenses, bonds	-29 112,8	-9 706,8
Expenses related to bonds	-1 092,2	-592,5
Other interest and financial expenses	-1 145,0	-415,8
Total interest and other financial expenses	-31 350,0	-10 715,1

8. FINANCIAL INCOME

TEUR	1.1.2022- 31.12.2022	1.1.2021- 31.12.2021
Other interest and financial income		
Other financial income	1 668,7	0,0
Interest income from Group companies	33 353,0	10 232,2
Other	355,5	194,8
Total interest income	35 377,3	10 427,0
Total financial income	35 377,3	10 427,0

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9. ADMINISTRATIVE EXPENSES

TEUR	1.1.2022- 31.12.2022	1.1.2021- 31.12.2021
Administrative expenses		
Audit fees	-62,7	-46,5
Banking and cash transaction expenses	-0,7	-0,6
Other office and administrative expenses	-12,2	-24,4
Total administrative expenses	-75,6	-71,5

10. INCOME TAXES

The company had deferred tax assets during the financial year. During the financial year, the corporate tax rate in Finland was 20.0 percent. The company is not registered for VAT.

EUR 1,000	1.1.2022- 31.12.2022	1.1.2021- 31.12.2021
Income taxes in the profit and loss account		
Tax based on taxable income for the financial year	-705,60	0,0
Change in deferred taxes	2 600,0	0,0
Total income taxes	1 894,4	0,0

EUR 1,000	1.1.2022- 31.12.2022	1.1.2021- 31.12.2021
Reconciliation of the effective tax rate		
Profit before taxes	-9 048,30	-359,6
Tax at the company's tax rate	-1 809,66	-71,9
Unrecognised deferred tax assets from tax losses	0,00	71,9
Use of previously unrecognised tax losses	-84,7	0,0
Taxes recorded for the financial year	1 894,4	0,0

EUR 1,000	1.1.2022	Recorded in the profit and loss account	31.12.2022
Deferred tax assets 2022			
Credit loss provision	0,0	2 600,0	2 600,0
	0,0	2 600,0	2 600,0

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11. EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit or loss for the financial year by the number of shares.

During the financial year, the company's sole shareholder was Balder AB (publ). The number of shares has remained unchanged during the financial year at 1,000. There have been no changes in the share capital. No dividend will be paid for the financial year.

TEUR	31.12.2022	31.12.2021
Earnings per share		
Profit or loss for the financial year	-7 153,9	-359,6
Number of shares	1 000,0	1 000,0
Earnings per share (basic and diluted)	-7,2	-0,4

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12. FINANCIAL ASSETS AND LIABILITIES

TEUR	31.12.2022	31.12.2021
Financial assets		
Long-term interest-bearing loan, Fastighets AB Balder	2 103 826	1 606 956
Short-term receivable, Fastighets AB Balder	289 318	3 508
Total	2 393 144	1 610 465

Financial liabilities

Financial liabilities are recognised at fair value. Transaction costs are included in the original carrying amount of financial liabilities measured at amortised cost. Subsequently, all financial liabilities are measured at amortised cost using the effective interest method.

In January 2021, the company set up an EUR 4,000 million Euro Medium Term Note programme that will allow the company to issue bonds. All bonds issued by Balder Finland Oyj are backed up by a full guarantee of Fastighets AB Balder. The arranger was Deutsche Bank. The programme is listed on the Euronext Dublin.

The following banks act as dealers:
Deutsche Bank Aktiengesellschaft
Skandinaviska Enskilda Banken AB (publ)
Nykredit
Nordea

In January 2022, the company issued an EUR 1,000 million bond, the terms of which are set out below. The bond was issued in two tranches of EUR 500 million and EUR 500 million, with the parent company Fastigets AB Balder acting as guarantor.

Tranche 1:	
Issuer	Balder Finland Oyj
Guarantee	Fastighets AB Balder
ISIN	XS2432565005/24356500
LEI	5493007P4MCJM21IIB748 (Guarantor) / 549300GHKJCEZOAEUU82 (Issuer)
Classification	BBB stable (S&P)
Dealers	Deutsche Bank Aktiengesellschaft, Nordea
Currency	EUR
Type	Fixed interest rate
Nominal value of debt	500 000 000
Start date	18 January 2022 (T + 5)
Maturity	18 January 2027
Coupon rate	1,00 %
Interest payment dates	18 January each year, from 18 January 2023 until maturity

Tranche 2:	
Issuer	Balder Finland Oyj
Guarantee	Fastighets AB Balder
ISIN	XS2432565187/243256518
LEI	5493007P4MCJM21IIB748 (Guarantor) / 549300GHKJCEZOAEUU82 (Issuer)
Classification	BBB stable (S&P)
Dealers	Deutsche Bank Aktiengesellschaft, Nordea
Currency	EUR
Type	Fixed interest rate
Nominal value of debt	50 000 000
Start date	18 January 2022 (T + 5)
Maturity	18 January 2031
Coupon rate	2,00 %
Interest payment dates	18 January each year, from 18 January 2023 until maturity

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Note 12 continued

Long-term interest-bearing financial liabilities	Interest	Maturity date	2022	2021
Balance sheet value 31 December 2022	1,00 %	20.1.2029	600 000	600 000
	1,375 %	24.5.2030	500 000	500 000
	float	14.6.2023	0	500 000
	1,00 %	18.1.2027	500 000	0
	2,00 %	18.1.2031	500 000	0
Accrued interest on bonds			24 472	
			2 124 472	1 600 000
Short-term interest-bearing financial liabilities				
Balance sheet value 31 December 2022	float	14.6.2023	277 502	0
Accrued interest on bonds			161	0
			277 663	0
Total interest-bearing financial liabilities			2 402 134	1 600 000

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Note 12 continued

Financial assets and liabilities

TEUR	Carrying amount	Fair value
Financial assets		
Long-term receivables from Group companies, interest-bearing	2 103 826	2 103 826
Short-term interest receivables from Group companies	289 318	289 318
Total	2 393 144	2 393 144

TEUR	Carrying amount	Fair value
Financial liabilities		
Long-term interest-bearing liabilities, fixed interest rate	2 124 632	2 124 632
Short-term interest-bearing liabilities	277 502	277 502
Total	2 402 134	2 402 134

Credit loss provision

EUR 1,000	Stage 1	Stage 2
Receivables from Group companies		
Gross receivables	2 406 144	0
Credit loss provision	13 000	0
Net receivables 31 December 2022	2 393 144	0

EUR 1,000	Stage 1	Stage 2
Credit loss provision	12 months	full duration
Credit loss provision 1 January 2022	0	0
Changes in risk parameters	13 000	0
Total net effect on profit or loss	13 000	0
Credit loss provision 31 December 2022	13 000	0

Receivables and liabilities are exposed to the risk that their fair values will change due to fluctuating interest rates. Bond loans taken out during the financial year and long-term loans offered to the parent company have both fixed and variable interest rates. Receivables and liabilities are euro-denominated, therefore currency fluctuations will not affect them. There are five bonds. The duration of the first bond is 8 years. Interest is paid once a year on 20 January, the first payment date was 20 January 2022. The duration of the second bond is 9 years. Interest is paid once a year on 24 May, the first payment date being 24 May 2022. The duration of the third bond is 2 years. Interest is paid quarterly on the 14th day, the first payment date was 14 September 2021. The duration of the fourth bond is 5 years. The first interest payment will be made on 18 January 2023, and thereafter once a year on 18 January. The duration of the fifth bond is 7 years. The first interest payment will be made on 18 January 2023, and thereafter once a year on 18 January.

Credit risk

Failure by the other party to meet obligations related to a financial instrument or customer relationship results in a financial loss, i.e. the realisation of credit risk. In operating activities, deposits with banks and financial institutions, foreign exchange transactions and other financial instruments involve a credit risk.

Financial receivables involve a risk of the borrower not being able to meet their obligations, as a result of which the company would suffer credit losses. The company has a mutual long-term receivable from the parent company Fastighets AB Balder (publ). During the financial year, the company recorded a credit loss of EUR 13.0 million on this loan.

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Note 12 continued

Liquidity risk

The company's income is generated from transactions with the parent company and thus the company's liquidity depends on the parent company's ability to meet its obligations to the company. Liquidity risk involves a company's inability to meet its financial payment obligations. If the company's sources of liquidity prove insufficient, it could have a material adverse impact on the company's operations, financial performance and financial position. It also entails a risk of a significant increase in the cost of raising cash to meet the company's payment obligations. Balder Finland Oyj is also exposed to risks arising from the potential illiquidity of the entire Balder Group portfolio. Property types owned or potentially acquired in the future by the entire Balder Group may be illiquid. In case of a sudden sale, there may be a significant difference between the fair value of the property and its acquisition price. An illiquid market may result in a lower than expected selling price, or delay sales. Any such factors could have a material adverse impact on the business, financial performance or financial position of both the Balder Group and Balder Finland. In addition, restrictions may be imposed on the Balder Group's ability to sell properties under covenants and commitments that restrict the sale of assets. Refinancing may prove impossible or involve a significant cost increase. Refinancing risk is the risk of financing costs being higher and / or refinancing opportunities being limited or non-existent upon the maturity of a debt of Balder Finland or another Balder Group company. The Balder Group's business is partly financed by external capital. Buying and developing properties requires large amounts of capital, which is usually provided by banks, credit institutions or other lenders. There is a risk that lenders will not offer credit to the Balder Group or that credit will be offered at significantly higher costs than planned. In addition, certain loan agreements and the terms of the debt instruments contain terms that may limit the Balder Group's eligibility for new loans.

Maturities

	on demand	< 3 months	3-12 months	1-5 years	> 5 years	Total
Bonds			301 973	500 000	1 600 000	2 401 973
Other short-term liabilities		1,2	707			708
Total			302 680	500 000	1 600 000	2 402 681

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13. CHANGES IN DEBTS DUE TO FINANCING ACTIVITIES

TEUR	1.1.2022	Other changes	31.12.2022
Bonds	1 600 516	801 618	2 402 134
Total			2 402 134

The cash transfers related to the bond were conducted using the parent company's account. Therefore this debt is not shown in the cash flow statement.

14. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

TEUR	31.12.2022
Short-term receivables	
Bank account Nordea FI59 1820 3000 0566 22	22,1
Total	22,1

15. SHAREHOLDERS' EQUITY

Share capital

The company's share capital is EUR 80,000 and the number of shares is 1,000.
The share capital is divided into 1000 shares, each with a nominal value of EUR 80.

	31.12.2022
Share capital	
Share capital at the beginning of the financial year	80,0
Share capital on 31 December	80,0
Reserve for invested unrestricted equity	405,0
Profit / loss for the previous	-406,3
Profit / loss for the financial year	-7 153,9
Total shareholders' equity	-7 075,2

The company's equity at the balance sheet date was negative. The company's parent company has decided to remedy the situation by investing EUR 7.1 million in the reserve for invested unrestricted equity before the date of signing the financial statements. The company has not paid any dividends during the financial year. There were no translation or other currency related differences during the financial year.

16. PROPOSAL FOR THE DISTRIBUTION OF DIVIDEND AND DISPOSAL OF RETAINED

	31.12.2022
Breakdown of distributable funds	
Profit or loss for previous financial years	-406,3
Profit or loss for the financial year	-7 153,9
Reserve for invested unrestricted equity	405,0
Total distributable unrestricted equity	-7 155,2

The Board of Directors proposes that the profit for the financial year be transferred to the profit and loss account and that no dividend be distributed.

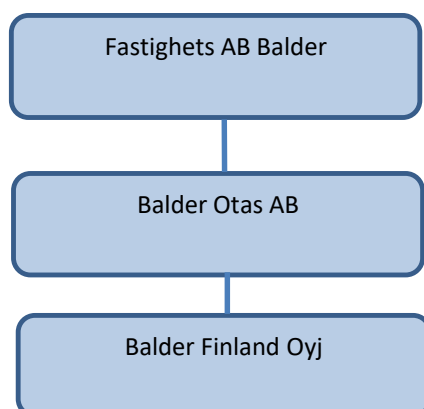
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17. OTHER LIABILITIES

TEUR	31.12.2022	31.12.2021
Other current liabilities		
Accounts payable	1,2	1,7
Tax debt	705,6	0,0
Other accruals and deferred income	0	9 872,2
Total	706,7	9 873,9

18. RELATED PARTY EVENTS AND GROUP STRUCTURE

Balder Finland Oyj's related parties include its parent company Balder Otas AB (publ, domiciled in Gothenburg), which owns 100% of the company's shares. Other Group companies are Fastighets AB Balder.



Related party transactions

In 2022, the company issued bonds with a total nominal value of EUR 1,000 million. The related financial transactions were conducted using the parent company's bank account. As a result, the company had a long-term receivable and related interest receivables from the parent company at the end of 2022.

Interest income from Group companies

TEUR	31.12.2022	31.12.2021
Fastighets AB Balder	33 353	10 232
Total	33 353	10 232

Receivables from Group companies

TEUR	31.12.2022	31.12.2021
Long-term, Fastighets AB Balder (publ)	2 103 826	1 606 956
Short-term, Fastighets AB Balder (publ)	289 318	3 508
Total	2 393 144	1 610 465

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19. AMENDMENTS TO STANDARDS

Amendments to the standards that came into force at the beginning of 2022 have no material effect on Balder Finland Oyj's financial statements.

20. EVENTS AFTER THE BALANCE SHEET DATE

Companies have suffered from business fluctuations, and the global economy has shrunk. The Covid-19 pandemic has had a limited impact on Balder Finland Oyj's separate financial statements for the year ended on 31 December 2022. The war in Ukraine and the rapid rise in interest rates are creating uncertainty in the markets.

So far, global uncertainties have had very little impact on the cash flows of the entire Balder Group, as its cash flows are primarily generated by tenants who are tax-subsidised by the government, or by rent-controlled housing. Demand and interest in public service properties is likely to continue in the Nordic countries in the future.

Balder Finland Oyj monitors the geopolitical tensions in Europe, which may have a significant impact on the performance of long-term investments.

During the year, there was significant imbalance in the global economic development and risk levels rose due to rapid inflation and rising interest rates. A long period of loose monetary policy has had its downside, resulting in the highest inflation in decades. The negative impact on the global economy of the war in Ukraine and the related sanctions are expected to continue and increase uncertainty in the Finnish economy.

During the year under review, our operations were only marginally affected by the rise in general price levels. However, we are aware of the growing near-term uncertainty with regard to cost trends and economic development.

At the balance sheet date, the company's equity was negative. To correct the situation, an investment in the reserve for invested unrestricted equity was made on 2 May 2023.

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SIGNATURES

Gothenburg, 31 May 2023

Electronically signed

Erik Selin
Chairman of the Board

Electronically signed

Malin Johannesson
Ordinary member

Electronically signed

Kristofer Osberg
Ordinary member

AUDITOR'S NOTE

A report on the audit has been issued today.

In Helsinki, on the date of electronic signature

PricewaterhouseCoopers Oy
Authorised Public Accountants

Electronically signed

Panu Vänskä
Authorised Public Accountant