

SÖDERBERG & PARTNERS HOLDING AB

Annual Report **2020**



Söderberg
& Partners



Söderberg
& Partners

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A Message from the Chairman

The year we became wiser and more efficient

Söderberg & Partners has been operating for over 15 years, and we still consider ourselves an innovator and challenger in the industries in which we operate. We have fought for a unique market-leader position as the only advisor and platform that targets several markets, such as the pension, insurance and capital markets. This gives us a strong and stable foundation.

2020 was no exception in our company's expansion as we grew in all sectors, despite the challenging conditions created by the pandemic. Like many other companies, we have been forced to change in several ways. However, I believe that by responding to these challenges, we have learnt something and become wiser, more forward-leaning and more efficient. Together, this gives us an even more stable foundation for our continued growth.

What else happened in 2020? The digitalisation of society at large has taken many steps forward. Politics has been scrutinised and perhaps have not always lived up to expectations. The media's tendency to simplify and sometimes seek consensus rather than truth is now more frequently discussed and put under the spotlight. Broad opinion corridors are being questioned, but liberal ideas still gain ground. Consumer power usually wins in the long run and, even in an increasingly complex society, qualified advice will prevail. In all this

controversy, we see tendencies that both individuals and corporations – our clients – increasingly need to guide themselves and create the right conditions for their own development. We do everything we can to facilitate this transition by giving good advice and explanations to problems and creating security in their lives.

I am very proud to be part of Söderberg & Partners' journey, and I am really impressed with how the efforts of our employees and management have enabled us to manage a special year like 2020. The breadth of the competencies in our organisation is unique. Our hearts beat for our clients and we will continue to constantly improve, lead the development of the industry and create security for our clients.

Per-Olof Söderberg
Chairman of the Board



A Message from the CEO

A year that has left no one untouched

2020 was truly a turbulent year. We started the year very strong, beating our forecasts in all business areas, only to suddenly find ourselves in the midst of one of the century's biggest crises – a crisis that has affected us all.

When the COVID-19 pandemic hit, everything changed. The financial markets plunged into crisis. It ran so deep that parts of the interest rate market stopped functioning, and the equity markets fell by double-digit margins – every day. Our employees could no longer work from our offices and we could not meet with our clients in person due to the restrictions and lockdowns. In addition, our lives have been affected by a constant concern for the wellbeing of colleagues, family and friends.

As I look back on the year, I feel immensely proud of how Söderberg & Partners has managed the challenges brought by the pandemic and how we have supported our clients in dealing with the uncertainties they have faced. To make this possible, we restructured our entire business. We opened new support lines where the entire organisation engaged in helping our clients with any concerns they had – not only during business hours but also in the evenings and at weekends. Additionally, we compiled lots of information and shared daily news trackers with our clients to help them stay up to date and on top of the situation.

One of the toughest challenges during the pandemic has been to deal with the unprecedented fluctuations in the financial markets. As many of our clients rely on us to manage the financial risks in their investments, this became a major concern for us. However, we succeeded in retaining value while avoiding losses that exceeded our clients' risk tolerance, an achievement I am very proud of. Still, our work seems small compared to the real heroes of this

pandemic, the healthcare professionals. On behalf of Söderberg & Partners, we thank you for your fantastic and brave efforts.

With effective vaccines emerging and monetary stimulus packages being paid by governments around the world, the financial markets roared back. At Söderberg & Partners, we also saw efficiency improvements across our organisation as we transitioned into more digital operating models. Furthermore, we developed and launched several new services, for example *Hållbar tjänstepension* – a solution for corporate clients who want to integrate their sustainability efforts into their occupational pension policy. Our international expansion accelerated, and the Netherlands has now grown to become our second largest market after Sweden.

As the year has come to an end, we can summarise our financial performance with a growth in net revenue of 14% and an increase of 13% in operating profit. These are fantastic results considering how the year began. I am also thrilled that, for the ninth year in a row, Söderberg & Partners has been recognised as the insurance provider with Sweden's most satisfied clients according to rankings by *Svenskt Kvalitetsindex* (SKI). In the same survey, we were also recognised as the company that best supported its clients during the pandemic.

In 2021, we aim to improve and transform our organisation by increasing our level of digitalisation and intensifying our IT investments. We will also continue to accelerate our international expansion. Ingvar Kamprad once said: "Most things remain to be done" – and this is a quote that strongly resonates with Söderberg & Partners and our business. We have identified many potential areas for improvement and we will do everything in our power to ensure that, for the tenth year in a row, our clients give us the highest rating of customer satisfaction.



Gustaf Rentzhog
President and CEO

Highlights 2020



**Our operations
in Finland officially
adopt the full Söderberg
& Partners name
and brand**

**Söderberg & Partners
Wealth Management
enters an exclusive
partnership with
ABG Sundal Collier
for IPO projects**



**The Norwegian
subsidiary Forvaltnings-
huset officially changes
its name and brand to
*Söderberg & Partners
Wealth Management***

**Our fund *Aktiv Påverkan*
makes its first investment
targeted at preventing
child labour**



**Our first investment in Wealth
Management in the Danish market
is carried out through the acquisition
of *Formue- og Investeringspleje A/S***

Söderberg & Partners invests in Industrial & Contracting Insurance and forms an industrial and specialist team based in the Nordics



Sari Harjunniemi is appointed the new CEO of Söderberg & Partners in Finland



Per Østergaard is appointed the new CEO of Söderberg & Partners Life & Pension in Denmark



Our operations in the Netherlands experience record growth, with an increase in underlying annual turnover from SEK 150 million to SEK 750 million over the past two years in subsidiaries and associate companies

Söderberg & Partners Wealth Management is named as the Nordic investment consultancy of the year by the *Nordic Fund Selection Journal*

NO. 1
IN CUSTOMER
SATISFACTION

Söderberg & Partners is recognised by SKI as the insurance provider with Sweden's most satisfied clients for the ninth year in a row. We are also named as the company that best supported its clients throughout the COVID-19 pandemic

The Sustainability Report in brief

This is Söderberg & Partners' fifth Sustainability Report in which we aim to describe how we are making a difference and work to achieve our sustainability goals. We believe having a sustainable strategy is crucial for our continued value creation, for our clients as well as for our employees and for our society as a whole. A Sustainability Report is published annually and covers Söderberg & Partners Holding AB and all legal entities within the Group where Söderberg & Partners Holding AB is the parent company. The entire Group will be referred to as "Söderberg & Partners" in this report. Söderberg & Partners Sustainability Report 2020 has been prepared in accordance with the GRI Standards: Core level, and covers the fiscal year 2020. The organisation continues to grow, the main structure and suppliers remain without major changes.

If you have any questions about the Sustainability Report, you are welcome to address them to esgteam@soderbergpartners.se



1418

new and updated
sustainability
ratings of funds



126

dialogues with suppliers
of financial products
aimed at improving their
sustainability work



200%

of our employees' carbon
emissions are climate
compensated

Highlights in brief

- Through the fund strategy Aktiv Påverkan, Söderberg & Partners has in 2020 made its first investments aimed at countering and preventing child labour through active corporate governance and responsible ownership. Together with Save the Children, we are working with identifying, managing and resolving potential risks of child labour in these companies' value chains.
- Söderberg & Partners expanded the collaboration with Our Kids Climate (formerly known as Parents Roar), a Swedish organisation working for a better climate for children. A new partnership was established with Klimatagendan, an NGO working to help facilitate Sweden's green transformation.
- As one of the first companies in Sweden, Söderberg & Partners started to use carbon removal as an additional carbon compensation technique to compensate for all our business trips. Reducing and removing carbon from the atmosphere are both crucial to reverse climate change.

A sustainable business

What is sustainability for us?

Söderberg & Partners' vision is to "be proactive today, for you to enjoy a richer and more secure life tomorrow". This vision runs through our business, and it is a cornerstone in our sustainability work. We recognise our role as an actor in the financial sector, which plays a crucial role in society, for social, environmental, and economic sustainable development. For this reason, we put most effort where we have the greatest impact, which is our analysis and advisory services. But we are also engaged in lowering our direct environmental impact and in improving the lives of children and young adults. Read Söderberg & Partners' Sustainability Policy [here](#).

Material sustainability aspects

Söderberg & Partners' Sustainability Policy covers all our business areas, but the sustainability goals are based on aspects crucial to our business and stakeholders. Through an environmental assessment we identified our largest and most powerful direct and indirect impact on the environment and society. The assessment drew the conclusion that our largest impacts are indirect and occurring outside the organisation. These indirect impacts result from our financial advisory, analyses, asset management and from engaging in dialogue with product suppliers. Given the results from stakeholder surveys and risk analyses we have identified which focus areas to prioritise. These focus areas are translated into goals and defined by sustainability targets. Read more about our sustainability goals on page 18.

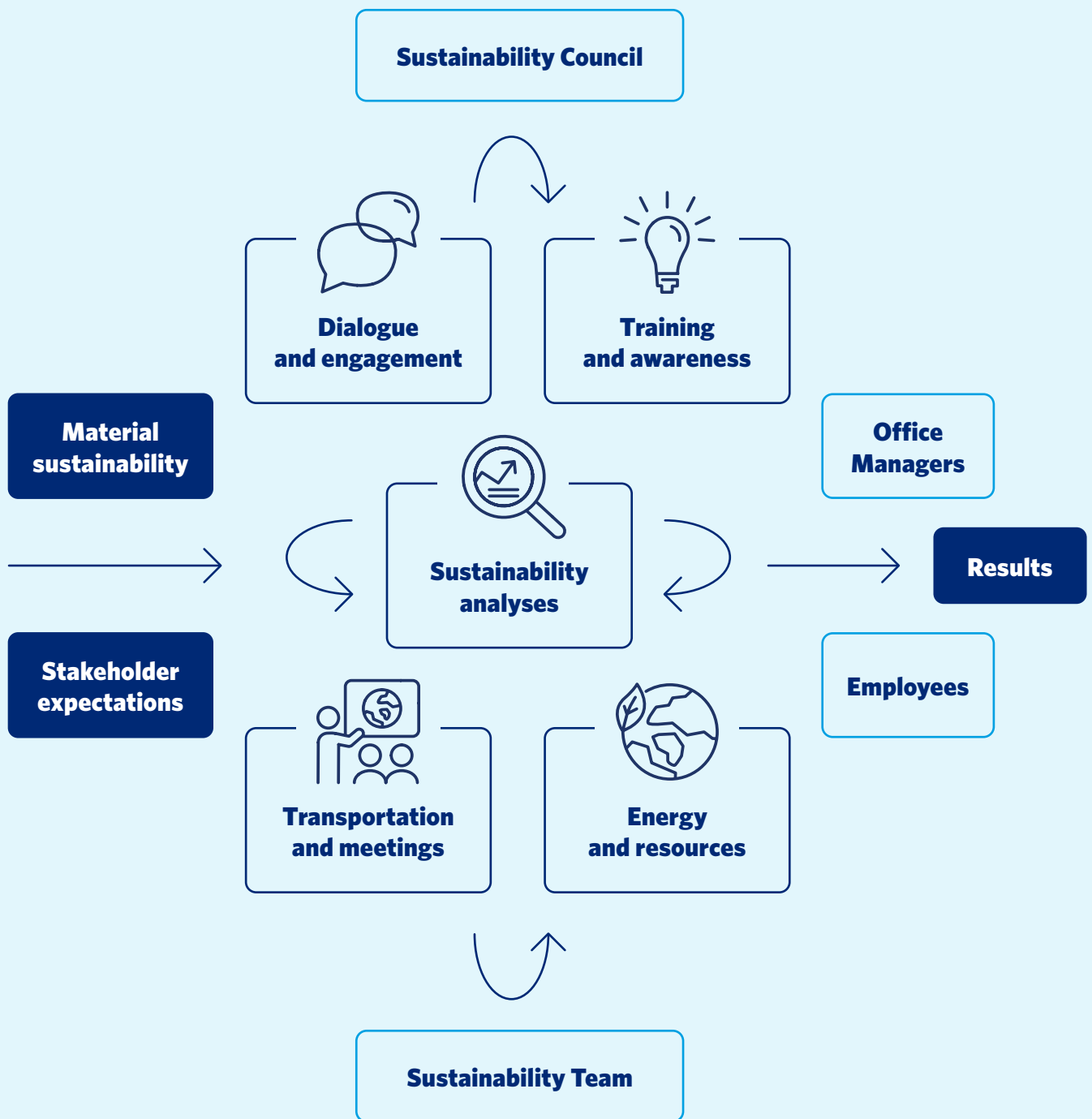
Governance of the sustainability work

Söderberg & Partners' Sustainability Policy is the overarching policy for the sustainability strategy in the Group. Other policies and guidelines such as the Employee Handbook, Travel Policy and the Procurement Policy are complementary to the Sustainability Policy. Implementation of these guidelines may differ from company to company in the Group. All companies should, however, follow the Sustainability Policy. Each company in the Group should also align its operations with legal regulations applicable to the company.

Söderberg & Partners has a Sustainability Council and a Head of Sustainability that are responsible for the overall sustainability strategy at Group level. However, we believe these efforts are most impactful and efficient when the whole organisation is engaged. All employees are therefore naturally a part of our sustainability work and are contributing to our targets.

The Sustainability Council consists of representatives from the management level in each business area, including the Group CEO. Council meetings are held biannually to set the sustainability strategy, follow

up on how our operations are aligned with policies, guidelines, legal regulations and goals. The sustainability goals are set every three years and the targets are updated so that we continually advance our sustainability efforts. The Head of Sustainability leads the Sustainability Team, represented by members from Legal, Compliance, IT, HR and Investment Management. They are responsible for implementing the sustainability initiatives across the Group and also the ISO 14001 Environmental Management System (EMS) currently only applied in Sweden. ISO 14001 is an internationally accepted standard consisting of



55 requirements, which forms the basis for establishing environmental management. These can be seen as components for the success of environmental management systems. The Sustainability Team assesses and compiles information for decisions and reports to the Sustainability Council. Employees may also send their own suggestions on areas for improvement to the Sustainability Team. These suggestions are evaluated and implemented by the Sustainability Team or discussed in meetings with the Sustainability Council before implementation. Each office has an

Office Manager responsible for the local sustainability targets. The Office Manager informs the colleagues at the office about our targets and how it should be implemented, and reports back to the Sustainability Team at least every reporting year. As part of the ISO 14001 Environmental Management System, Söderberg & Partners complies with current environmental legislation. This means that we apply the Precautionary Principle as we take necessary measures to minimise any negative impact on the environment.



Stakeholder dialogue

We engage in dialogue with our primary stakeholders – our clients, employees, owners and suppliers, who are directly or indirectly affected, or may be affected, by our business operations. The dialogue serves to discuss and follow up sustainability topics that are crucial to these stakeholders.

Our clients' trust in us is fundamental for our business and the Söderberg & Partners brand. We are dependent on our clients' feedback to constantly improve our advisory services and develop new solutions that meet their needs and expectations. From a client survey and discussions with financial advisors, we know that our clients expect Söderberg & Partners to be engaged in solid sustainability work. We are expected to deliver sustainable advice and investment alternatives that facilitate choosing sustainable investments.

Söderberg & Partners' employees are the determining factor for our success in establishing and maintaining satisfactory client relations. All employees contribute to meeting our sustainability goals in daily operations, for example regarding reduction in resource consumption. The results from the employee survey show that our advice and its indirect effects on our clients, collaboration partners and society at large are highest prioritised amongst our employees. The organisation's direct environmental impact is also an important aspect to our employees.

Our owners' mission is to develop our business from a long-term and strategic perspective. When asked what sustainability topics they value the most, our owners highlighted the importance of our employees having appropriate working conditions, and for Söderberg & Partners to be societally engaged and represented in local communities. Our owners have also shown specific interest in the ESG (Environmental, Social and Governance) work in portfolio management and our engagement with external managers.

Söderberg & Partners has about a thousand suppliers of products and services, mostly suppliers of financial products and insurances products. We are engaged in dialogue with suppliers of financial products and other collaboration partners about their sustainability work. The results of a survey show that our suppliers expect us to be transparent and fully compliant with relevant legal regulations and business ethics. Our initiatives and goals are based on these aspects, which are crucial to our business and stakeholders.

Sustainability in our core business

Söderberg & Partners contributes to a sustainable society through the advice and services we provide to our clients. Our analyses and traffic light system form the basis of the advice, as we rate solutions in a way that is adapted to the client's individual situation.

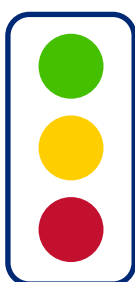
Sustainability analysis

The choice of an investment affects not only the return, but also the environment, society and people's working conditions. The purpose of our sustainability analyses is to make it easier for our clients to choose the most sustainable financial and insurance products available on the market. In our sustainability analyses, we identify how all actors in the product category work with sustainable investment strategies. Most analysis methods on the market focus on how sustainable the holdings in the product are, which does not consider owner influence or other active ownership that the company exercises. However, this is something that we assess and take into account, which makes our analyses unique. Based on a materiality analysis, we identify the most important parameters and distinct differences in asset managers' and insurance

companies' sustainability work, which we then use to compare and rate the companies and products. The companies are subsequently graded according to our traffic light system, where a green rating indicates the most sustainable choice. By rating actors relative to each other, we encourage companies to continuously improve. The analyses should be considered as a complement to Söderberg & Partners' financial analyses. To date, our sustainability analyses cover approximately 3,300 funds, 14 Swedish unit-linked insurance companies, 14 Swedish and 9 Danish life-insurance and premium guarantee products and 20 non-life insurance companies.

All our analysis reports are available in Swedish [here](#). Our sustainable funds report is available in English [here](#).

The traffic light system is simple and helps clients find the best and most sustainable products.



Green sustainability rating is given to products that take into account sustainability aspects in the product construction, and where the managers engage extensively and proactively with companies to move them towards higher sustainability standards of business practice.

Yellow sustainability rating is given to products that have a good sustainability integration in the product construction and engagement with companies regarding sustainability aspects.

Red sustainability rating is given to products that Söderberg & Partners advises against if the client wishes to prioritise sustainability.

Analysis-based advice makes a difference

We want to produce the best analyses and tools available for advisors and clients. We continuously follow up to ensure that sustainability is incorporated in our advisory tools, digital interfaces, and in counselling sessions when our clients receive support for decision-making.

Sustainability in our digital fund platform

Fund Finder is our own digital fund platform available for all our clients. For personalised advice and to facilitate decision-making, sustainability information about each fund is presented alongside the financial information. Other easy-to-use tools are the filtering function to find funds based on exclusion criteria and the sorting function based on the sustainability rating. On each individual fund page, the client can read a description about the fund's sustainability profile and justification for its sustainability rating.

Sustainability in advisory services

Sustainability is an integral part of our pension advisory services. The client chooses one of our two advisory models: Strategy-based or Classic. The Strategy-based model allows the client to choose an investment strategy out of a number of options selected by us. One of the strategies available is "Aktiv Påverkan" (Active Engagement) – a fund strategy that leverages the power of active engagement to make sustainable impact. Read about the strategy on page 16. The Classic model allows the employee to choose a unit-linked insurance company or a traditional life-insurance company. Sustainability analyses of these companies are incorporated in the advisory tool so that the client can choose the most sustainable portfolio available.

During 2020, a selected group of advisors have participated in a training programme in sustainable advisory services. The programme involves three stages: an online course, a knowledge test and a practical training. After completion, the advisors receive a certificate for sustainable advisory services.



Sustainability in portfolio management

Portfolio Management invests primarily in funds, but also has direct investments in shares on the Swedish market. Where applicable, portfolio Management takes into account the investments' sustainability risks and positive sustainability effects. The sustainability analysis forms the basis for the management's sustainability considerations. Whenever possible, managers aim to raise the level of sustainability in the portfolios. Today, the portfolios can be divided into three categories: ethical fund portfolios, sustainable fund portfolios and other fund portfolios.

The sustainable fund portfolios category includes the mandate called "Balanserad hållbar" (Balanced sustainable). It is the result of the combination of Söderberg & Partners' financial and sustainability analyses of funds. The portfolio is screened quarterly and a client report is prepared to present current engagement dialogue taking place in the underlying funds. In addition, each report covers a theme to give the reader in-depth knowledge about a certain sustainability topic.

Responsible fund management

Söderberg & Partners Asset Management is a signatory of the United Nations Principles for Responsible Investment (PRI), the leading international initiative for responsible investment for financial actors. The principles encourage asset managers to integrate ESG aspects into investment decisions, engage as an active owner and promote sustainability practices in the financial sector. As Söderberg & Partners Asset Management invests mainly in other funds, our sustainability analysis of funds is a valuable resource for the investment process. The ESG team within Investment Management and fund managers work closely together to advance our sustainability efforts. Since September 2019, the Policy for Responsible Investments states that all funds managed by Söderberg & Partners Asset Management will exclude direct or indirect investments in companies based on a list of criteria, if the companies are unwilling to address the following problematic issues. The fund company does not invest in companies related to weapons, pornography or the production of tobacco, or companies where more than 30% of sales are generated from coal mining businesses. It also excludes companies that breach international norms and conventions related to environment, human rights, and business ethics. Although sustainability is an important investment strategy across all fund ranges of Söderberg & Partners, we have developed a thematic ESG strategy where the main focus is active engagement – Aktiv Påverkan.

Collaboration and dialogue that drives development

The sustainability analyses are not only helpful for retail investors who want to make better sustainable choices, but also to spread knowledge and best practice among the companies. Söderberg & Partners stands for openness and transparency, and by engaging in dialogue with our product suppliers about their sustainability work's strengths and weaknesses, we can influence the market in the right direction. When we analyse and assess companies in our sustainability analyses, it also has an effect. Just as a traffic light can switch from red to yellow and green, our analysis method means that everyone can always get a little better and a little greener, in a double sense. Söderberg & Partners is a member of Swesif (Sweden's Sustainable Investment Forum). Swesif is an independent network forum for organisations that work for or with sustainable investments in Sweden. The purpose of membership is to increase knowledge regarding sustainable investing, and to exchange knowledge and experience. Our Head of ESG is a board member of Swesif and she co-leads two projects within the organisation. Söderberg & Partners is also a member of Fondbolagens Förening (Swedish Investment Fund Association) where we participate in several working groups. One of these is the Governance and Sustainability Group which during the year has engaged in active discussions around the new regulations from the EU and the carbon disclosure framework.

Aktiv Påverkan

The Aktiv Påverkan (Active Engagement) strategy leverages the power of an active ownership profile to reach long-term sustainability goals relevant to our clients. The engagement themes are determined through a process where investors in the fund can vote on sustainability topics that are important to them.

The initial engagement theme was inspired by a report entitled Pensionsmakt (Pension Power) produced by Söderberg & Partners. According to the report, the sustainability topic that most Swedish retail investors want their asset managers to actively work for is the prevention of child labour. In another report, the ESG team investigated what measures Swedish companies have in place to prevent child labour. The report covers companies in sectors that Save the Children considers to have a particularly high risk of child labour. Sadly, the report showed that companies that have a clear and structured process in their work against child labour constitute a minority.

There is great potential for improving current practices, and we have identified several companies to engage with in order to make a positive impact. By doing this together with Save the Children's expertise, we strive to contribute in the battle against child labour. During 2020, we invested in two companies exposed to high risks of child labour in their value chains. Together with our ESG team, Save the Children and the companies, we are actively working to mitigate these risks. As this is a continuous engagement, we are looking forward to monitoring the progress the companies are making in this regard. Other engagement themes and companies to invest in in connection with the themes are currently under investigation.

AKTIV PÅVERKAN

Latest development

In early spring 2020, the fund made its first investment aimed at countering and preventing child labour. The investment was made in the industrial trading company Bergman & Beving, which operates and develops a number of brands in the industrial and construction sectors. Save the Children's Centre for Child Rights and Business helped the fund make decisions by contributing facts and issues to the analysis.

One of the brands in Bergman & Beving's portfolio is Guide, which manufactures and sells work gloves for the industrial and construction sectors. During the work of identifying potential investments for the fund, it was concluded that Guide operates in a sector where the risk of children being used at some level in the manufacturing process is high. The goal of the collaboration is to manage and resolve identified open risks linked to child labour in Guide's subcontractor chains.

"We are very happy to finally be able to fully realise our idea to let pension savers themselves choose what their savings will be used for to change and improve the world they will grow old in. The investment in Bergman & Beving is the first of several that the Aktiv Påverkan fund will implement with the savers' collective mandate behind it, and we really hope that more fund players can be inspired by our model to engage pension savers and actively influence global development," says Johanna Pålsson, project manager responsible for Aktiv Påverkan at Söderberg & Partners.

In parallel with the fund's continuing investment against child labour, investors are now also voting on which area or issue the fund's next impact investment should focus on.

“ We are very happy to finally be able to fully realise our idea to let pension savers themselves choose what their savings will be used for to change and improve the world they will grow old in. ”

Sustainability goals and results 2020

Our Sustainability Policy and goals are based on aspects that are important to Söderberg & Partners' business and our stakeholders. The Sustainability Council makes regular assessments to follow up on how our operations align with the policy and goals.

The United Nations Sustainable Development Goals (SDGs) present the seventeen most urgent and challenging global sustainability issues recognised by world leaders and the international community. In this report, we use the SDGs as a framework to illustrate how our efforts support the SDGs. Presented below is an overview of our sustainability goals and targets, and how well we have delivered on these targets.

SDGs & targets

Our sustainability goals and how our efforts align with the SDGs



Target 4.7

Education for sustainable development and global citizenship

Training and awareness

Our employees' knowledge about sustainability issues and responsible investing are fundamental for our overall sustainability strategy and our advisory services. We are continuously making efforts to communicate about our sustainability work, internally as well as externally. All employees in Sweden are enrolled in an annual sustainability course. In addition, there are elective courses on the online learning platform. These are all efforts to increase knowledge of sustainability issues, targeting SDG 4.7.



Target 7.2

Increase global percentage of renewable energy

Energy and resource consumption

Although our direct impact on the environment is relatively low compared to other industries, we believe each actor has a responsibility to contribute to reducing energy consumption and increasing the percentage of renewable energy in the energy systems. 88% of all Söderberg & Partners offices in Sweden are using renewable energy. These efforts are specifically linking to SDGs 7.2, 12.2 and 12.5.



Target 10.2

Promote universal social, economic and political inclusion

Social responsibility

Over the years, we have been involved in several CSR activities focusing on children and young people. For the seventh year in a row, we have arranged Söderberg & Partners Summer Camp for young people in Sweden who are interested in expanding their knowledge and study for a week over the summer. And in December, we arranged an annual Christmas event together with the Barn till Ensamma Mammor organisation for mothers and children living in socially and economically vulnerable conditions.

Our efforts in this area are especially aligned with SDG 10.2.



Target 11.2
Affordable and sustainable transport systems

Transportation and meetings

Söderberg & Partners is present in many locations and grows rapidly. As a result of this geographical expansion, our employees' travelling distance for work usually increases. However, we promote environmentally friendly travelling alternatives and aim to increase utilisation of video conferences. At the headquarter, we have tickets for public transportation and bicycles available for employees who want to travel in a more environmentally friendly way. Making sustainable transportation more accessible to all is the target of SDG 11.2.

During the special year 2020, transportation by train, car and plane decreased rapidly. The use of video conferences increased as a result, something we hope will last even after the pandemic.



Target 12.6
Encourage companies to adopt sustainable practices and sustainability reporting

Sustainability analyses and dialogue

Our sustainability analyses assess how well suppliers are adopting sustainable practices in their management of financial products. The assessment encourages our product providers to adopt sustainable practices and sustainability reporting. Through our dialogue and engagement with suppliers of financial products, we actively promote SDGs 12.6.

Resource consumption

Although our direct impact on the environment is relatively low compared to other industries, we believe each actor has a responsibility too. We try to use natural resources sustainably and have high sustainability standards in our procurement processes, as well as facilitating recycling at the offices. These efforts are specifically linking to SDGs 12.2.

Target 12.2
By 2030, achieve the sustainable management and efficient use of natural resources



Target 13.2
Integrate climate change measures into policies and planning

Sustainability analyses and tools

Our sustainability analyses assess how well asset managers integrate climate change measures into investment policies and planning, targeting SDG 13.2. In addition, our own asset managers and advisors are using these analyses in their daily work to help clients who want to make sustainable choices. The assessment encourages our product providers to adopt sustainable practices and sustainability reporting, contributing to SDG 12.6.

Dialogue and engagement

The analysis reports we publish on sustainability receive a great deal of attention in the industry and in the media, and we see these as a strategically important part of our sustainability work. When a sustainability analysis is released, our suppliers ask for feedback on their ESG-strategy. Through our dialogue and engagement with suppliers of financial products, we actively promote SDG 13.2.

Social Responsibility

During 2020, we extended our collaboration with Our Kids Climate (formerly known as Parents Roar), a Swedish organisation working for a better climate for children. We have also established a new partnership with Klimatagendan, an NGO working to help facilitate Sweden's green transformation.

**Target 12.6**

Encourage companies to adopt sustainable practices and sustainability reporting

**Target 13.2**

Integrate climate change measures into policies and planning

Sustainability analyses and tools

Söderberg & Partners' ambition is to provide relevant sustainability analyses that are accessible to all financial advisors and asset managers. Sustainability analyses and responsible ownership should be integral parts of the advisory services as well as asset management.

The ESG team, responsible for Söderberg & Partners' sustainability analyses, works closely with each business area to develop relevant analyses and integrate sustainability into our advisory tools. One main goal is to increase the number of products covered by sustainability analyses and ratings, as well as to continuously improve existing analyses. Read about our analyses on page 13.

Sustainability analyses and tools have been integrated into customer offerings that previously did not show sustainability parameters. To date, sustainability is integrated into 79% of our advisory tools in Sweden. Our sustainability analyses and ESG rating currently cover four different types of financial products, approximately 3,300 funds, 14 traditional pension funds, 14 unit-linked life insurance companies, 9 Danish life insurance and premium guarantee products and 20 non-life insurance companies.



Target 4.7

Education for sustainable development and global citizenship

“The goal is that all employees shall have sufficient knowledge and understanding of our sustainability work to make sustainable decisions at work and provide sustainable advisory services to clients.”

Training and awareness

Our employees' knowledge about sustainability issues and responsible investing are fundamental for our overall sustainability work and our advisory services. We are continuously making efforts to communicate about our sustainability work, internally as well as externally.

The Sustainability Team and HR arrange various forms of sustainability training for the employees. For example, new employees in Sweden take part in an introduction day where the Head of ESG informs them about our sustainability efforts in our daily operations, including our sustainability analyses. The goal is that all employees shall have sufficient knowledge and understanding of our sustainability work to make sustainable decisions at work and provide sustainable advisory services to clients.

99% of all employees in Sweden, including those on temporary leave from work, have participated in the Annual Knowledge Update course containing sustainability questions. In total, 1,006 participants have taken part in sustainability training related to their business areas. We have also launched additional theme-based sustainability online courses on our intranet, and the topic covered this year was sustainable lifestyle. Sustainability has also been highlighted and communicated through the entire organisation on our monthly web-based meetings. During 2020, a selected group of advisors have participated in a training programme in sustainable advisory services. The programme involves three stages: an online course, a knowledge test and a practical training. After completion, the advisors receive a certificate for sustainable advisory services.

**Target 10.2**

Promote universal social, economic and political inclusion



Employees at Söderberg & Partners in Sweden are offered the opportunity to dedicate one work-day each year to a charitable cause.

Social responsibility

Söderberg & Partners contributes to sustainable development by taking responsibility for our social and environmental impact, while at the same time generating sustainable economic value and building a strong brand.

We work actively to promote children's health and education through our own initiatives and donations to charity. Our commitment to corporate social responsibility (CSR) is important in our organisation, and children and young people is a common theme in our CSR work. Employees at Söderberg & Partners in Sweden are offered the opportunity to dedicate one workday each year to a charitable cause. With the CSR day we hope to encourage further involvement in our strive for a sustainable future.

During the year, Söderberg & Partners has been involved in several CSR activities focusing on children and young people. During the summer we arranged a summer camp for the seventh year in a row. However, due to the pandemic, the Söderberg & Partners Summer Camp 2020 was arranged as a digital event instead of the traditional "live" event it usually is.

At Summer Camp, we offer young people from all over Sweden interested in expanding their knowledge the opportunity to study for a week over the summer. All education is in English and the students are given the opportunity to meet the very best teachers from different universities in Europe such as Oxford and Cambridge. The students also get to meet like-minded people who enjoy studying, and many of them become friends for life.

In December, we arranged an annual Christmas event together with the Barn till Ensamma Mammor organisation for mothers and children living in socially and economically vulnerable conditions. The Christmas event is usually arranged as a big Christmas party for all mothers and their children, but due to the pandemic this year we instead prepared and delivered Christmas gifts and Christmas dinner so that the families could celebrate Christmas in their homes.

Many employees at Söderberg & Partners in Stockholm dedicated their CSR day to one of the projects mentioned above, and there have also been several other CSR activities arranged at our local offices. In addition to this, we collaborate with and support other organisations such as the Swedish Childhood Cancer Fund, Star of Hope, Happy Child Foundation and FTS Säkra Varje Unge. During 2020, we also extended our collaboration with Our Kids Climate (formerly known as Parents Roar), a Swedish organisation working for a better climate for children, and we established a new partnership with Klimatagendan, an NGO working to help facilitate Sweden's green transformation.

**Target 12.6**

Encourage companies to adopt sustainable practices and sustainability reporting

**Target 13.2**

Integrate climate change measures into policies and planning

Dialogue and engagement

Söderberg & Partners stands for openness and transparency. We engage in dialogue with our product suppliers and collaboration partners to accelerate the development of a more sustainable finance sector.

The ESG team works transparently and in close dialogue with product suppliers concerning information about their strengths and weaknesses in sustainability. These discussions are documented, and the status is followed up. Söderberg & Partners intends to be a distinguishable actor in our business sector. This will be achieved through active participation in debates and seminars and by contributing with our expertise and ambition regarding sustainable finance.

We have continued to engage with our product suppliers during 2020, although physical meetings have been replaced by virtual meetings. The number of discussions with product suppliers amounted to 126 individual meetings with fund managers, representatives of pension funds, unit-linked life-insurance companies and fund companies to discuss their methods for integrating sustainability information in their investment decisions. For example, whether they gather information about the carbon footprint of holding companies and assess the climate risks of the portfolio, as well as taking these considerations into account when making investment decisions. We are a board member of Sweden's Sustainable Investment Forum (Swesif) and represented in the Swedish Investment Fund Association's working group on governance and sustainability issues. We do this because we believe in combined efforts to make a greater impact. Within Swesif, our Head of Sustainability is part of two project groups, one focusing on enhancing the financial sector's sustainability knowledge, the other focusing on ESG integration in fixed income management.

**Target 11.2**

Affordable and sustainable transport systems



Our employees are encouraged to choose environmentally friendly travelling alternatives.

Transportation and meetings

Söderberg & Partners is present in many locations and growing rapidly. As a result of this geographical expansion, our employees' travelling distance for work usually increases. However, we promote environmentally friendly travelling alternatives and aim to increase utilisation of video conferences. During year 2020, transportation by train, car and plane decreased rapidly. The use of video conferences increased as a result, something we hope will last even after the pandemic.

Our employees are encouraged to choose environmentally friendly travelling alternatives. This is measured as the increase of the number of video conferences and train trips in relation to the number of short-distance flights. Our goal is to utilise technology for business meetings as much as possible and travel only when necessary for delivering the service quality that our clients and stakeholders expect.

In 2020, we lowered our total carbon emissions from transport although we included car travel in our statistics this year. The pandemic resulted in increased digital conferences. Furthermore, we always promote train for our employees on their business trips. At the headquarter, we have tickets for public transportation and bicycles available for employees who want to travel in a more environmentally friendly way.

	2020		2019	
Business trips*	Distance (km)	CO2 (kg)	Distance (km)	CO2 (kg)
Flights (>500 km)	596,118	77,053	2,228,891	264,773
Flights (<500 km)	133,520	12,716	1,059,083	116,460
Train	273,250	0.5	702,736	1.4
Car	3,078,156	162,112		
Total	4,081,044	251,882	3,990,710	381,234

*Data covering business trips for employees in Sweden and Luxembourg.

**Target 7.2**

Increase global percentage of renewable energy

**Target 12.2**

Sustainable management and use of natural resources

Target 12.5

Substantially reduce waste generation

Energy and resource consumption

Söderberg & Partners' procurement guidelines require all our suppliers to the Swedish business to have implemented an environmental management system that meets the requirements for ISO 14001 certification.

We work to reduce energy consumption and use of office paper. We make efforts to reduce our energy and resource consumption, including by purchasing green electricity and recycling scrapped IT products.

In 2020, we reduced our office paper usage significantly due to the shift to working from home. Although our direct impact on the environment is relatively low compared to other industries, we believe each actor has a responsibility to contribute to reduction of waste generation, try to use natural resources sustainably and increase the percentage of renewable energy in the energy systems. 88% of all Söderberg & Partners offices in Sweden are using renewable energy.

Office paper (kg paper per employee)	2020	2019
	1.88*	13.3
Energy consumption (kilowatts per employee)	2020	2019
	719.8**	759

* Covering our employees in Sweden and Luxembourg.

** Covering 86% of our employees in Sweden and 100% of our employees in Luxembourg. The energy consumption statistics have a 1-year lag.

Sustainable employees

Söderberg & Partners is driven by an entrepreneurial spirit and goal orientation. We are brave, responsible, helpful and driven.

Söderberg & Partners has offices in Sweden, Finland, Norway, Denmark, the Netherlands, Luxembourg and Spain. The headquarters is in Stockholm, Sweden. We have a total of 1,921 tenured employees at the end of 2020. The organisation is, however, growing each day, so the number of employees is constantly changing. 2.7% of our employees are covered by a collective labour agreement. The employee turnover ratio for Sweden was 7.2% in 2020. The HR department has been assigned the task of developing employee training programmes, and clarify development opportunities and career paths within the organisation. And also to follow up on how well we live up to our corporate culture and values: to be brave, responsible, helpful and driven. The responsibility is divided between HR and other divisions working with questions regarding labour rights, contract termination negotiation, recruitment and working conditions. Söderberg & Partners has procedures and action plans for handling any form of discrimination, abuse, addiction and rehabilitation. We have an Employee Handbook which contains all procedures and guidelines relevant to employees. The handbook describes any expectations employers have of their employees and vice versa. In 2020, there were no identified cases that could be linked to grounds of discrimination. We have taken the strategic decision to work more proactively for risk mitigation against all kinds of discrimination by developing our processes and educating the organisation on this topic. Read about our work to offer a healthy workplace where all employees can meet their full potential and thrive at work, meeting the targets of SDGs 3.4 and 8.5 on the following pages.

Working environment and health

A good and safe work environment is an important strategic issue for us. The goal for our work environment is to create a physically, mentally and socially healthy workplace for all employees, where risks of work injuries and work-related ill-health are prevented. The CEO has the overall responsibility for the work environment. This responsibility must be delegated in such a way that the efforts made to ensure a responsible work environment are carried out effectively. The HR manager is responsible for the systematic efforts being conducted in accordance with the Work Environment Act and the company's rules, and for ensuring that all employees and managers receive the information that they need. We regularly examine the social and organisational work environment through employee interviews, employee surveys, weekly meetings and other conversations. HR and managers regularly follow up on sickness statistics and handle ill-health on an ongoing basis.

Söderberg & Partners employees	2020
Per region	
Sweden	1,170
Norway	332
The Netherlands	251
Denmark	78
Finland	56
Spain	27
Luxembourg	7

Sick leave (%)	2020	2019
Male	0.9	0.96
Female	3.22	2.86
Total	1.83	1.73

3 GOOD HEALTH AND WELL-BEING



Target 3.4

Reduce mortality from non-communicable diseases and promote mental health

8 DECENT WORK AND ECONOMIC GROWTH



Target 8.5

Full employment and decent work with equal pay



Male

58%



Female

42%

Sick leave (%) 2020



Male

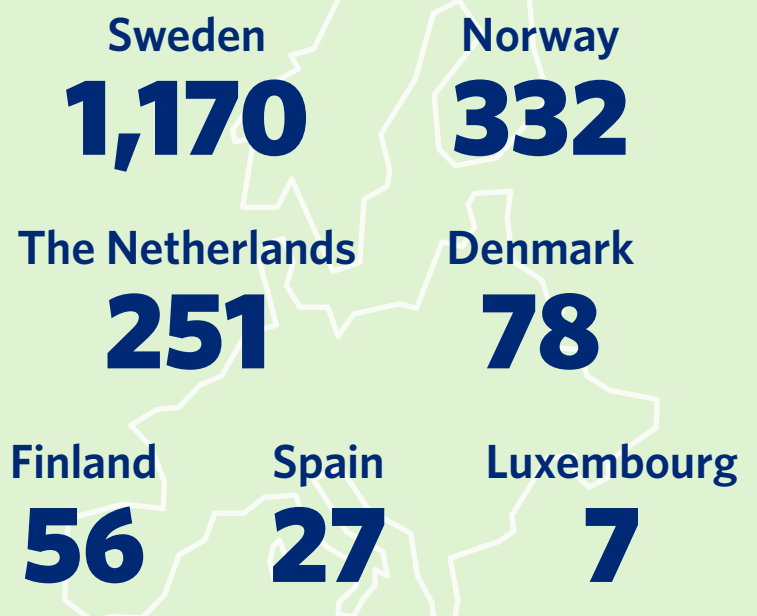
0.9%

Female

3.22%

* Data covering employees in Sweden.

Employees 2020



Equal treatment

Söderberg & Partners has a vision of developing, renewing and revolutionising the traditional way of working in the industry. For us, this does not just mean being a driving force in developing the Swedish insurance market but also being a driving force in issues concerning gender equality. The business community has historically been very male dominated, even though we are beginning to see a change. Diversity among our employees is therefore an important factor. The gender distribution in the organisation is illustrated in the graph above. Gender should not be a reason for differences in remuneration. We conduct systematic mapping of remuneration on an annual basis and educate managers about anti-discrimination and remuneration design. Differences in remuneration that cannot be explained other than by gender must

be corrected. The basic salary is the same for each corporate position. For us, diversity is not just about men and women; we believe there is great value in hiring employees with different competencies, experiences, and reference frameworks. With a diversified view of recruitment, we not only succeed in attracting more women, but people with different backgrounds, different ethnicity, and even people from other industries. Our aim is that we should have a working climate that is characterised by a positive view of people and mutual respect. No one should be harassed or subjected to bullying in the workplace. Söderberg & Partners does not accept offensive treatment. Everyone is responsible for following these rules and thereby counteracting offensive treatment.

Development and recruitment

We want to utilise and develop our employees' knowledge in a business environment that values openness and proactivity. Important components of our employees' development process are employee dialogue, goal management, targeted training, and internal hiring.

We are a goal-oriented organisation. The general goals should be broken down and translated into challenging and engaging targets for the individual employee. This is done at least once a year at a so-called employee dialogue where each employee meets with his or her immediate manager according to a standardised structure. The dialogue will result in an action plan defined for each employee's individual development going forward. HR supplies tools and support around the structure of these dialogues. The result is presented for the management team to decide on any necessary adjustments and measures for action. Everyone who has a personnel management position is responsible to his or her immediate manager for the implementation of employee dialogues. He or she should lead in such a way that the employee's ability and willingness to develop and take responsibility are utilised. In order to follow up this work, HR is responsible for conducting a survey of the business climate, well-being etc. at

least once a year. Comparisons should then be made with previous questionnaires at the corporate, departmental and group level. In cooperation with the research company 3S, we conduct annual employee surveys.* Larger companies often place the bar high and strive for an average of 5.2 on a 7-degree scale. We are above this level in all sub-areas and have a total average value of 5.96, an increase from 5.88 in 2019. We work continuously to give leaders in the organisation continuous support. At least once a year, all managers meet for an exchange of experience. Our managers attend a leadership conference annually, with training and education. New managers are offered an internal course that extends over a day. We have created this day to provide guidance on how to think and act to create the best conditions for well-functioning leadership. Our managers can also attend external leadership training if necessary, from single courses to longer programmes. Four times a year, the HR department in Sweden arranges an introduction day for new employees. During the day, new employees receive important information, meet representatives of the various business areas and can make contacts with other new employees around the country. A total of 133 people attended our introduction days.



5.96

in our annual
employee survey*

A climate friendly organisation

The aim of Söderberg & Partners' sustainability work is to be creative, innovative and to think big. We are the first company in our business sector to compensate for our employees' carbon emissions at work and in their spare time.



We acquired climate efficient projects of at least 28,638 tonnes of **CO₂e in 2020**



Söderberg & Partners compensates for our employees' carbon emissions, at work as well as in their spare time

Climate compensation is about taking responsibility for climate impact stemming from the emission of greenhouse gases (CO₂e, carbon dioxide equivalents). Based on the United Nations' statistics on the average citizen's climate impact, we have calculated Söderberg & Partners' employees' total emissions and doubled the climate compensation per employee. Our climate compensation covers all our employees in Sweden, Finland, Denmark, Norway, the Netherlands, Spain and Luxembourg, amounting to 2,125 people. These employees are climate compensated at work as well as in their spare time. We have been awarded the "We Don't Have Time – Climate Friendly Employees™" certification. We acquire climate efficient projects totalling at least 28,638 tonnes of CO₂e per year. These emission allowances are obtained from the market and then nullified, securing a reduction in total emission allowances in the market. Certificated Emission Reductions (CERs) are carbon credits generated by the Clean Development Mechanism (CDM). This is the only carbon credit currently recognised by the United Nations Climate Convention and developed according to the Kyoto Protocol agreed upon by all UN member states. "The climate certification will hopefully inspire our employees to take own initiatives to lower their day-to-day climate impact. Not least, I hope it will take the industry in a direction where business actors take responsibility and compensate for their climate impact." – Gustaf Rentzhog, CEO and Head of Group at Söderberg & Partners. Climate compensation allows us to supply finance that enables the development of green projects and accelerates the transition to green energy production. The system creates a win-win opportunity for our planet and the UN-regulated projects in the least developed countries, generating clean energy for sustainable development. Our climate compensation is currently financing a project in Thailand. The project has built a reactor system capturing biogas from wastewater in a cassava starch plant. It replaces fossil fuels that previously would have been emitted into the atmosphere. The result is improved air quality in the area, and the project has also created new training and job opportunities for local workers. During 2020, as one of the first companies in Sweden, we started to use carbon removal as an additional carbon compensation technique to compensate for all our business travel. Reducing and removing carbon from the atmosphere are both crucial to reverse climate change. With our climate compensation and contribution, we are targeting SDGs 6, 7 & 8. In addition to our climate compensation, we want to incentivise our employees to take their own steps towards a climate-friendly lifestyle, targeting SDG 13.

Business ethics and compliance

Söderberg & Partners has established and implemented required steering documents as well as ethical guidelines for each part of the business. These documents are for the purpose of governing business operations to ensure they always align with Söderberg & Partners' internal requirements and applicable external requirements.

Internal quality control is an important part of being able to work on continuous improvement of the way business is conducted. For example, Söderberg & Partners has established policies and systems for handling customer complaints in order to manage these appropriately and objectively. There are also explicit knowledge requirements for both management and employees where the outcome and results are followed up regularly.

Another aspect of the internal quality and risk management work is the web-based system for reporting incidents. Here employees can report everything from irregularities and violations of internal regulations to barriers to efficiency or other events that can damage the business. Reporting can also be anonymous. The system provides support for incident management with the objective of ensuring that measures are taken to improve the business. Incident reporting provides an opportunity to verify that the risk identification system is comprehensive and exhaustive. Söderberg & Partners also has a whistleblowing system, outsourced to an external, objective party. There are therefore various opportunities to report suspicions of irregularities and regulatory violations if these should arise.

Business activities within some of the Söderberg & Partners companies require authorisation from the supervisory authorities in each country. The authorised business activities are securities trading, fund management and insurance broking. The authorisation of these activities requires each company to operate in accordance to applicable legislation, as well as regulations and general guidelines issued by the authorities.

At Söderberg & Partners, a common framework for risk identification is applied. By identifying risk areas and proposing actions, Söderberg & Partners continuously strengthens its risk management. The risk management activities are generally conducted through two lines of defence. The first line of defence is responsible for risks and risk management, as well as regulatory compliance. It consists of the employees and the CEO in the respective companies. The second line of defence consists of the Compliance Function and the Function for Risk Management. These functions monitor compliance of business operations with regulations and ensure that the risk management and risk mitigating actions are appropriate. They also support the first line of defence by assisting with the development of routines, methods and tools for managing risks and compliance. Both functions report directly to the CEOs and the boards.



The Compliance Function is an independent control function that is responsible for assessing and verifying that the business is conducted in accordance with applicable laws and regulations, markets standards and internal rules. In addition to monitoring and testing the suitability and efficiency of the authorised companies' routines, the function also provides advice on mitigating compliance risks. The Compliance Function continuously assesses possible impacts from changes in the regulatory environment.

The Risk Management Function is an independent control function that provides the common framework for Söderberg & Partners' risk identification process and continuously monitors, identifies, measures

and reports risks that the business is exposed to. If necessary, the function also supports the business in the work of setting up appropriate risk mitigating actions in order to mitigate these risks, although the business themselves are responsible for the risk mitigation.

The third line of defence consists of internal audit, which is a function subordinated directly to the boards. Internal audit evaluates and verifies that the internal control environment and risk management works satisfactorily. The function conducts its work independently of the business operations, in the same way as the Compliance and Risk Management Functions.

GRI INDEX

General

Strategy and analysis

GRI	Content	Page	Comments
G4-1	Statement from the most senior decision-maker of the organisation		Available in our Annual Report to be published

Organisational profile

GRI	Content	Page	Comments
G4-3	Name of the organisation	8	
G4-4	The primary brands, products and services		Available in our Annual Report to be published
G4-5	The location of the organisation's headquarters	-	
G4-6	The number of countries where the organisation operates	26	
G4-7	The nature of ownership and legal form		Available in our Annual Report to be published
G4-8	The markets served		Available in our Annual Report to be published
G4-9	Scale of the organisation	26	
G4-10*	Number of employees	-	
G4-11**	The percentage of total employees covered by collective bargaining agreements	26	
G4-12	Description of the organisation's supply chain	12	
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain	8	
G4-14	How the precautionary approach or principle is addressed by the organisation	11	
G4-15	Externally developed initiatives to which the organisation subscribes or which it endorses	22-23	
G4-16	List of memberships of associations	23	

* according to OECD guidelines for multinational enterprises & UNGC

** according to UN Global Compact

Material aspects and boundaries

GRI	Content	Page	Comments
G4-17	Entities covered by this report		Availability of statistics varies across regions. Coverage is specified for each of the metrics.
G4-18	Process for defining the report content and the Aspects Boundaries explains how the organisation has implemented the Reporting Principles for Defining Report Content	10	
G4-19	Material Aspects identified in the process of defining report content	10	
G4-20	Aspect Boundary within the organisation	10	

GRI	Content	Page	Comments
G4-21	Aspect Boundary outside the organisation	10	
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements		Not applicable
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries		None

Stakeholder engagement

GRI	Content	Page	Comments
G4-24	List of stakeholder groups engaged by the organisation	12	
G4-25	The basis for identification and selection of stakeholders with whom to engage	12	
G4-26	The organisation's approach to stakeholder engagement	12	
G4-27	Key topics and concerns that have been raised through stakeholder engagement	12	

Report profile

GRI	Content	Page	Comments
G4-28	Reporting period (such as fiscal or calendar year) for information provided	8	
G4-29	Date of most recent previous report		The latest updated Sustainability Report was published 17.02.2020
G4-30	Reporting cycle (such as annual, biennial)	-	
G4-31	The contact point for questions regarding the report or its contents	8	
G4-32	Reporting in accordance with GRI	8	
G4-33	External assurance		External assurance on ISO 14001 Environmental Management System

Governance

GRI	Content	Page	Comments
G4-34	Governance structure for sustainability work	10	

Ethics and integrity

GRI	Content	Page	Comments
G4-56	The organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	26 & 30-31	

GRI INDEX

Results

Disclosures on management approach

GRI	Content	Page	Comments
G4-DMA	Governance in relation to sustainability work	10	

Economic

GRI	Content	Page	Comments
G4-EC1	Direct economic value generated and distributed		Available in our Annual Report to be published

Environmental

GRI	Content	Page	Comments
G4-EN3	Energy consumption within the organisation	25	
G4-EN30	Environmental impacts of transportation	24	

Social

GRI	Content	Page	Comments
G4-LA1	Total number and rates of new employee hires and employee turnover		Availability of statistics varies across regions. Coverage is specified for each of the metrics
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism etc		We report sick leave as this is the single relevant metric for our operations
G4-LA11	Percentage of employees receiving regular performance and career development reviews	28	
G4-LA12	Employee diversity	27–28	
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category	28	

Non-discrimination

GRI	Content	Page	Comments
G4-HR3	Non-discrimination	28	

Product responsibility

GRI	Content	Page	Comments
G4-PR5	Results of surveys measuring customer satisfaction		Available in our Annual Report to be published

Financial services sector disclosures

GRI	Content	Page	Comments
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental and social issues	13–15	
FS11	Percentage of assets subject to positive and negative environmental or social screening	13–15	

APPENDIX

Sustainability in Söderberg & Partners Wealth Management AB



200%

of all employees' carbon
emissions are climate
compensated

Söderberg & Partners Wealth Management AB has adopted the Group-wide Sustainability Policy, which means that we take responsibility for the environmental impact that arises as a result of our decisions and actions. Our ambition is to take both the direct and indirect aspects of our actions into account over time and to create a positive structure for working with sustainability issues.



80%

of all funds have a
sustainability rating

Söderberg & Partners Wealth Management AB strives to ensure that advisors always have access to relevant sustainability analyses. In our custody accounts, 80% of all funds have a sustainability rating. Dialogue with product suppliers is an important part of working with responsible investments. Upon request, we always provide the fund managers with a justification for the sustainability rating in order to facilitate improvements within the fund company. The impact of Söderberg & Partners Wealth Management AB is primarily indirect, through the decisions made in accordance with our advice and through our choice of suppliers. We educate our advisors and analysts so they will be well-informed and knowledgeable in the area of sustainability. By the year end of 2020, all Söderberg & Partners Wealth Management AB advisors have completed the Annual Knowledge Update Course, covering sustainability matters. Söderberg & Partners Wealth Management AB constantly strives to reduce the energy consumption of our offices and the use of consumables. In 2020, we have offset energy usage for our employees within Söderberg & Partners Wealth Management AB, corresponding to twice the average Swedish consumption per capita. For the company, this means a total of 1,460 tonnes of carbon dioxide equivalents for our 133 employees. Söderberg & Partners Wealth Management AB strives to choose the most environmentally friendly alternatives for passenger transport. For example, when taxi services are used, companies with a large proportion of eco-friendly cars (which are powered by electricity, biogas or ethanol) are chosen. Flight statistics is shown in the table below.



100%

of our advisors have
participated in training to
update their sustainability
knowledge

Business trips	Distance (km)	CO2 (kg)
Flights (>500 km)	165,864	21,948
Flights (<500 km)	43,522	5,005
Train	21,898	0.04
Total	231,284	26,953

Söderberg & Partners Holding AB
Corp. ID no. 559193-0788

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Directors' Report

The Board of Directors and Chief Executive Officer (CEO) of Söderberg & Partners Holding AB hereby present the company's annual report and consolidated financial statements for the financial year 2020-01-01 – 2020-12-31.

Söderberg & Partners Holding AB is the Parent company in the Söderberg & Partners Group (Söderberg & Partners). The Group operates through four main business areas as well as in a few minor adjacent units.

- **Life & Pension:** offers financial advisory services, including analysis and administration, within the pension area. The service is primarily sold to corporate clients; however, providing occupational pension advice to the companies' employees is often included as well.
- **Wealth Management:** offers wealth management services mostly to high-net-worth individuals, and to a lesser extent institutional investors.
- **Asset Management:** offers asset management services.
- **Non-Life Insurance:** offers advice, analysis and administration services regarding corporate insurance and other non-life insurance.
- **Other Business Units:** is divided into two smaller units: Financial Technology which develops and sells IT systems used for financial advice, and Payroll & Benefits which operates within payroll and benefits management and provides HR systems and consulting services within HR.

Ownership

Söderberg & Partners is essentially controlled, directly or indirectly, by Per-Olof Söderberg and current and previous employees of the Group. In addition, a significant share of the equity is owned by funds managed by Kohlberg Kravis Roberts & Co. L.P. (KKR).

Significant Events During the Financial Year

The year 2020 has been marked by the COVID-19 pandemic and, for Söderberg & Partners, the societal effects of the pandemic have impacted the business areas in different ways and to different extents.

- **Wealth Management** was negatively impacted by the downturn in the equity markets in the first quarter of 2020, but the business has since then seen a positive trend with positive net inflows and a recovering market. Assets under management increased from SEK 256 billion to SEK 271 billion during the year.
- The **Asset Management** business area was also negatively affected by the downturn in the equity markets in the first quarter. There was also a recovery in this business area later in the year, although not to the same extent as in Wealth Management.
- As the **Life & Pension** business area's income is largely dependent on the occupational pension premium levels in the client companies, the business area has been negatively affected by reduced premiums as a result of measures taken by the client companies such as redundancies, terminations of employment, deferred/cancelled wage reviews, and premium deferrals. Several of these effects are of a temporary nature and are thus expected to only have a temporary negative effect on revenue.
- **Non-Life Insurance** has not been significantly affected by the pandemic from a financial perspective, and client companies continue to see a need for proper insurance coverage. The business area has also successfully offered digital advice to clients.

During the year, the Group's international expansion continued through both acquisitions and organic growth. In the Netherlands, several acquisitions of various sizes and types were made. Larger acquisitions in the Group were Montae Groep B.V. (additional investment in the former associated company), Kröller Boom Holding B.V. and Will Stoop Insurance B.V. The Group also acquired several associated companies such as Hereninvest Groep Beheer B.V. and Conceptbenefits Holding B.V. In Norway, additional shares were acquired in the former associate company Forvaltningshuset AS and the company is now consolidated as a subsidiary. The entity operates in Wealth Management, with assets under management of SEK 15 billion by year end. In Denmark, the Group acquired an associate share in the company APC HoldCo III ApS (APC Forsikringsmæglere) which operates within the pension advice area.

Söderberg & Partners continuously tests the values of the Group's assets and recognises an impairment loss if the recoverable amount is less than the carrying amount. The COVID-19 pandemic has not led to a need for any significant write-downs of the carrying amounts of tangible or intangible assets. There are also no significant effects of the COVID-19 pandemic that affect the carrying amounts of financial assets. There have been no significant credit losses due to the COVID-19 pandemic, nor have any restructurings been planned or implemented as a result of the pandemic.

The Parent Company

During the year, a merger between the Parent company and the subsidiary PO Söderberg & Partner Holding AB (registration number 556972-1276) was made, see [Note 31](#).

Significant Events After the End of the Financial Year

After year end, several acquisitions of associated companies were finalised in the Netherlands. These investments were made in the insurance brokers Centraal Volmachtbedrijf B.V. (CVB), Zekerheuts Holding B.V., Van Loon & Van Loon Beheer B.V. and VDF Holding & Partners B.V. The invested share is 40% in CVB and 35% in the other companies.

Sustainability Report

In accordance with Chapter 6, §11 of the Swedish Annual Accounts Act, Söderberg & Partners Holding AB has chosen to present its sustainability report separately from the annual report. The sustainability report was submitted to the auditor together with the annual report for Söderberg & Partners Holding AB. The report is available on the Group's website, www.soderbergpartners.se/om-oss/organisation/koncern/.

Five Year Summary – Group

	2020-01-01 2020-12-31	2019-01-01 2019-12-31	2018-01-01 2018-12-31	2017-01-01 2017-12-31	2016-01-01 2016-12-31
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Amounts in millions of Swedish kronor (MSEK)

Earnings

Net revenue	4,688	4,107	3,405	2,960	2,558
Operating profit	799	705	542	424	358
Profit before tax	713	647	509	413	352
Profit for the year	536	489	387	305	254

Financial Position

Total assets	8,061	5,929	4,769	3,685	3,023
Equity	2,398	2,033	1,493	980	937
Equity-to-assets ratio, %	30	34	31	27	31

Financial Performance During the Year

The Group's net revenue increased by SEK 581 million to SEK 4,688 million (4,107), an increase of 14% compared to the previous year. EBITDA amounted to SEK 1,020 million (864), which increased the EBITDA margin from 21% to 22% compared to the previous year. Operating profit increased by 13% to SEK 799 million (705) and the operating margin was 17% (17).

In the business area Life & Pension, net revenue increased to SEK 1,348 million (1,191), an increase of 13% compared to the previous year. Growth in the business area has been negatively impacted by the COVID-19 pandemic but was nevertheless positive.

The Wealth Management business area, which operates in Sweden, and since April 2020 also in Norway (previously through an associate company), increased its net revenue by 21% to SEK 1,064 million (877) as a result of the former Norwegian associate company now being consolidated into the Group as well as to strong growth in the Swedish operations.

Within the business area Asset Management, net revenue was SEK 1,086 million (1,125). The operating margin was stable. The business area has been affected by volatility in the equity markets throughout the year.

Non-Life Insurance increased its net revenue to SEK 1,338 million (1,108), resulting in a growth rate of 21%. Approximately 50% of the growth was related to the operations in the Netherlands, which were started at the end of 2019. However, all countries showed strong growth and the business area's profitability improved.

Other Business Units increased its net revenue by 22% to SEK 151 million (124) while maintaining the operating margin. The item "Central Functions" consists primarily of costs for management and administration of the Group and the Parent company, costs for acquisition-related activities (M&A) and other centralised Group activities as well as amortisation of consolidated surplus values.

Net Revenue (MSEK)	2020	2019
Life & Pension ¹⁾	1,348	1,191
Asset Management	1,086	1,125
Non-Life Insurance ¹⁾	1,338	1,108
Wealth Management	1,064	877
Other Business Units ¹⁾	151	124
Central Functions	4	4
Elimination of internal sales ¹⁾	-302	-322
Total Group	4,688	4,107

¹⁾ Due to changes in the organisational structure, some comparative figures for 2019 have been restated to match the new structure.

Financing and Liquidity

For the year 2020, the Group reported a cash flow of SEK -43 million (140). Cash flow from operating activities amounted to SEK 681 million (378). A total of SEK -420 million (-148) was paid during the year as consideration for acquisitions of shares in subsidiaries (net after deductions for acquired cash and cash equivalents) and SEK -596 million (-82) for investments in associated companies. Net inflows from changes in interest-bearing liabilities to credit institutions amounted to SEK 869 million (249).

At year end, the Group's cash and cash equivalents amounted to SEK 1,262 million (1,326). The Group's interest-bearing liabilities to credit institutions amounted to SEK 1,843 million (956). Deposits from the public in trading accounts totalled SEK 392 million (429) by year end. The Board considers that the Group's financial position is good.

Financial Risk Management

The Group's financial risk is relatively low as its operations mainly comprise advisory services, asset management, insurance intermediary services and custody services. The Group has no in-house trading business and holds no financial instruments for trading purposes. This follows strategic decisions made when the Group was newly formed, and the Board expects that the same principles will be adhered to going forward since the Group's aim is to remain a stable, reliable and long-term partner for its clients in the foreseeable future. For further information on the Group's financial risk management, see [Note 3](#) below.

The COVID-19 pandemic has not significantly affected the Group's financial risk. The Group's business areas have largely managed to maintain their profitability even after the pandemic broke out.

Number of Employees

The Group had an average of 1,921 full-time employees in 2020, an increase from 1,380 the previous year. If also including personnel employed by partner firms that are not yet subsidiaries and still operate under franchise agreements with the Group, the total number of people working on behalf of the Group amounts to 2,330 (2,077) by year end.

Outlook

Strong organic growth in several business areas combined with a continued high acquisition rate are expected to continue to drive growth in the Group at a rapid rate. The Group intends to continuously exploit the synergies that arise from combining different business areas' offerings to deliver a broad and value-creating complete solution to the Group's clients.

The Work of the Board

The company's Board of Directors consists by year end of six Board members, including the Chairman. The Board holds meetings according to a schedule that runs from one Annual General Meeting (AGM) to the next. The Board has the overall responsibility for the company's management and organisation in accordance with an agenda that applies annually. The Board of Directors continuously receives information on the company's financial position, operational decisions and events which affect or may affect the company through written reports from the Chief Executive Officer.

Parent Company

The Parent company's sole function is to manage the shares of its subsidiaries.

The following earnings in SEK are at the disposal of the AGM:

Share premium reserve	10,683,353,471
Retained earnings	-7,449,179,844
Profit for the year	266,224,187
	3,500,397,814

The Board of Directors and Chief Executive Officer propose the following appropriation of disposable earnings:

Dividends to the shareholders	125,059,273
To be carried forward	3,375,338,541
	3,500,397,814

Board Statement on Dividend Proposal

The proposed dividend reduces the equity/assets ratio of the company. However, the equity/assets ratio is reassuring since the company's operations remain profitable. The company's liquidity is furthermore judged to be maintained at an equally satisfactory level. The Board's view is that the proposed dividend does not prevent the company from fulfilling its obligations in the short and long term, nor does it prevent the company from making requisite investments. Therefore, the proposed dividend can be defended with reference to the requirements in the Swedish Companies Act Chapter 17, Paragraph 3, Section 2.

The company is the Parent company of the Söderberg & Partners Group and the Board of Directors' assessment is that the dividend is also defensible on the basis of what is stated in the Swedish Companies Act Chapter 17, Paragraph 3, Section 3 regarding the need to take into account the requirements that the Group's operations, scope and risks put on the Group's equity and the Group's needs for consolidation, liquidity and position in general.

Consolidated Statement of Profit and Loss and Other Comprehensive Income

Amounts in millions of Swedish kronor (MSEK)	Note	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Operating revenue			
Net revenue	5	4,688	4,107
Other operating income	6	43	61
Total operating revenue		4,731	4,168
Operating expenses			
Direct external expenses		-1,233	-1,286
Other external expenses	7, 16	-662	-542
Personnel expenses	8	-1,864	-1,468
Depreciation, amortisation and impairment of tangible and intangible assets	11-16	-222	-159
Other operating expenses		-3	-3
Total operating expenses		-3,983	-3,459
Share of profit or loss of joint ventures and associates	18	50	-5
Operating profit		799	705
Financial income	9	7	8
Financial expenses	9	-92	-65
Net financial items		-85	-57
Profit before tax		713	647
Income tax	10	-177	-158
Profit for the year		536	489
Consolidated statement of other comprehensive income			
Profit for the year		536	489
Other comprehensive income for the year			
Translation differences		-84	16
Other comprehensive income for the period, net after tax		-84	16
Total comprehensive income for the year		452	505
Profit for the year attributable to:			
Shareholders of the Parent company		477	446
Non-controlling interests		59	43
Total comprehensive income attributable to:			
Shareholders of the Parent company		395	462
Non-controlling interests		57	43

Consolidated Statement of Financial Position

Amounts in millions of Swedish kronor (MSEK)	Note	2020-12-31	2019-12-31
ASSETS			
Fixed assets			
Intangible assets			
Acquired customer contracts/customer relationships	11	518	337
Other acquired rights	12	21	16
Capitalised software development costs	13	81	31
Goodwill	14	2,930	1,875
Total intangible assets		3,550	2,258
Tangible assets			
Equipment	15	33	19
Right-of-use assets	16	239	179
Total tangible assets		271	199
Financial fixed assets			
Investments in joint ventures and associates	18	688	335
Other non-current securities		32	13
Deferred tax assets	24	52	27
Receivables from joint ventures and associates		68	0
Other non-current receivables		142	73
Total financial fixed assets		982	448
Total fixed assets		4,803	2,905
Current assets			
Client receivables		381	311
Trade receivables	19	309	234
Receivables from joint ventures and associates		5	1
Lending to the public		43	27
Current tax assets		54	0
Other receivables		64	78
Prepaid shares not yet accessed		4	2
Prepaid expenses and accrued income	20	539	453
Client money		597	592
Cash and cash equivalents		1,262	1,326
Total current assets		3,258	3,024
TOTAL ASSETS		8,061	5,929

Consolidated Statement of Financial Position, cont.

Amounts in millions of Swedish kronor (MSEK)	Note	2020-12-31	2019-12-31
EQUITY	21		
Equity attributable to shareholders of the Parent company			
Share capital		31	31
Additional paid-in capital		1,068	1,010
Reserves		-65	18
Retained earnings including profit for the year		1,191	901
Total equity attributable to shareholders of the Parent company		2,226	1,958
Non-controlling interests		172	75
Total equity		2,398	2,033
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	22	1,544	909
Lease liabilities	16	141	85
Non-current liabilities for contingent considerations	23	683	336
Other non-current liabilities		13	6
Deferred tax liabilities	24	106	77
Other provisions	25	0	0
Total non-current liabilities		2,487	1,414
Current liabilities			
Liabilities to credit institutions	22	299	47
Trade payables		74	46
Current tax liabilities		81	35
Other provisions	25	0	20
Liabilities to joint ventures and associates		17	14
Liabilities for client assets		977	903
Deposits from the public		392	429
Lease liabilities	16	101	97
Current liabilities for contingent considerations	23	272	119
Other liabilities		315	117
Accrued expenses and deferred income	26	648	654
Total current liabilities		3,175	2,482
TOTAL EQUITY AND LIABILITIES		8,061	5,929

Consolidated Statement of Changes in Equity

Amounts in millions of Swedish kronor (MSEK)	Attributable to Shareholders of the Parent Company				Total	Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Reserves	Retained earnings incl. profit for the year			
Opening balance 2019-01-01	0	959	2	492	1,453	40	1,493
Comprehensive income							
Profit for the year				446	446	43	489
Other comprehensive income							
Translation differences in foreign operations			16		16	-1	16
Total comprehensive income	—	—	16	446	462	43	505
Transactions with shareholders							
Changes in Group structure	30	-30			0		0
New share issue	0	31			31		31
Issue of warrants		50			50		50
Dividends					—	-36	-36
Non-controlling interests on acquisition of subsidiaries					—	23	23
Transactions with minority				-38	-38	4	-33
Total transactions with shareholders	31	51	—	-38	43	-8	35
Closing balance 2019-12-31	31	1,010	18	901	1,958	75	2,033
Opening balance 2020-01-01	31	1,010	18	901	1,958	75	2,033
Comprehensive income							
Profit for the year				477	477	59	536
Other comprehensive income							
Translation differences in foreign operations			-82		-82	-2	-84
Total comprehensive income	—	—	-82	477	395	57	452
Transactions with shareholders							
New share issues	1	59		0	59		59
Dividends				-165	-165	-56	-221
Non-controlling interests on acquisition of subsidiaries					—	100	100
Transactions with minority				-22	-22	-3	-25
Total transactions with shareholders	1	59	—	-187	-128	41	-87
Closing balance 2020-12-31	31	1,068	-65	1,191	2,226	172	2,398

For further information on share capital and additional paid-in capital, see [Note 21](#).

Consolidated Statement of Cash Flows

Amounts in millions of Swedish kronor (MSEK)	Note	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Cash flow from operating activities			
Operating profit		799	705
Adjustment for non-cash items	28	154	134
Interest received		4	4
Interest paid		-39	-36
Dividends from associates and other investments		13	31
Paid tax		-216	-229
Cash flow from operating activities before changes in working capital		715	609
Changes in working capital			
Increase/decrease in current receivables		-42	-127
Increase/decrease in current liabilities		61	95
Increase/decrease in lending to the public		-16	4
Increase/decrease in deposits from the public		-37	-204
Total changes in working capital		-33	-232
Cash flow from operating activities		681	377
Cash flow from investing activities			
Acquisition of subsidiaries, net of acquired cash and cash equivalents	30	-420	-148
Investments in joint ventures and associates	18	-596	-82
Investments/disposals of intangible assets	11-14	-50	-32
Investments/disposals of tangible assets	15	-16	-11
Changes in other financial fixed assets		-41	-6
Cash flow from investing activities		-1,122	-279
Cash flow from financing activities			
Borrowings		953	920
Repayment of loans		-84	-671
Change in other non-current liabilities		-101	-79
Paid option debt		-107	-70
New share issue		4	1
Issue of warrants		0	50
Acquisition of shares in subsidiaries from non-controlling interest		-58	-82
Divestment of shares in subsidiaries to non-controlling interest		12	7
Dividends to non-controlling shareholders		-56	-36
Dividends to shareholders of the Parent company		-165	0
Cash flow from financing activities		398	41
Cash flow for the period		-43	140
Cash and cash equivalents at the beginning of the period		1,326	1,178
Translation differences in cash and cash equivalents		-22	8
Cash and cash equivalents at the end of the period		1,262	1,326

Parent Company Statement of Profit and Loss and Other Comprehensive Income

Amounts in millions of Swedish kronor (MSEK)	Note	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Operating revenue			
Net revenue		0	—
Other operating income		0	—
Total operating revenue		0	—
Operating expenses			
Other external expenses	7	-2	-1
Personnel expenses	8	-1	—
Other operating expenses		0	—
Total operating expenses		-3	-1
Operating profit		-3	-1
Profit from shares in subsidiaries	9	262	—
Interest income and similar items	9	19	—
Interest expenses and similar items	9	-41	—
Net financial items		240	—
Received Group contributions		190	—
Paid Group contributions		-149	—
Profit before tax		278	-1
Income tax	10	-12	0
Profit for the year		266	0
Parent company statement of other comprehensive income			
Profit for the year		266	0
Other comprehensive income, net after tax		—	—
Total comprehensive income for the year		266	0

Parent Company Statement of Financial Position

Amounts in millions of Swedish kronor (MSEK)	Note	2020-12-31	2019-12-31
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in subsidiaries	17	4,325	10,794
Shares in joint ventures and associated companies	18	173	—
Receivables from Group companies		213	31
Deferred tax assets		1	—
Other non-current receivables		4	—
Total financial fixed assets		4,717	10,825
Total fixed assets		4,717	10,825
Current assets			
Trade receivables		0	—
Receivables from Group companies		1,187	—
Prepaid shares not yet accessed		0	—
Other receivables		1	—
Prepaid expenses and accrued income		1	—
Cash and cash equivalents		24	50
Total current assets		1,214	50
TOTAL ASSETS		5,930	10,875

Parent Company Statement of Financial Position, cont.

Amounts in millions of Swedish kronor (MSEK)	Note	2020-12-31	2019-12-31
EQUITY			
Restricted equity			
Share capital	21	31	31
Total restricted equity		31	31
Non-restricted equity			
Share premium reserve		10,683	10,625
Retained earnings including profit for the year		-7,183	176
Total non-restricted equity		3,500	10,801
Total equity		3,531	10,832
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions		1,525	—
Non-current liabilities for contingent considerations		22	—
Total non-current liabilities		1,548	—
Current liabilities			
Liabilities to credit institutions		284	—
Trade payables		0	0
Current tax liabilities		12	—
Liabilities to Group companies		534	44
Current liabilities for contingent considerations		19	—
Prepaid income and accrued expenses		0	—
Other liabilities		1	0
Total current liabilities		851	44
TOTAL EQUITY AND LIABILITIES		5,930	10,875

Parent Company Statement of Changes in Equity

Amounts in millions of Swedish kronor (MSEK)	Share capital	Share premium	Retained earnings incl. profit for the year	Total
Opening balance 2019-01-01	0	—	—	0
Comprehensive income				
Profit for the year			0	0
Total comprehensive income	—	—	0	0
Transactions with shareholders				
New share issue	31	10,575		10,606
Issue of warrants		50		50
Shareholder contributions			176	176
Total transactions with shareholders	31	10,625	176	10,832
Closing balance 2019-12-31	31	10,625	176	10,832
Opening balance 2020-01-01	31	10,625	176	10,832
Comprehensive income				
Profit for the year			266	266
Total comprehensive income	—	—	266	266
Transactions with shareholders				
New share issue	1	59	0	59
Merger			-7,461	-7,461
Dividends			-165	-165
Total transactions with shareholders	1	59	-7,626	-7,566
Closing balance 2020-12-31	31	10,683	-7,183	3,531

Parent Company Statement of Cash Flows

Amounts in millions of Swedish kronor (MSEK)	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Cash flow from operating activities		
Operating profit	-3	-1
Received interest	0	—
Paid interest	-39	—
Received dividends	262	—
Cash flow from operating activities before changes in working capital	220	-1
Changes in working capital		
Increase/decrease in current receivables	-232	—
Increase/decrease in current liabilities	-522	0
Total changes in working capital	-754	0
Cash flow from operating activities	-535	-1
Acquisition of subsidiaries	-54	-5,273
Paid shareholder contributions to subsidiaries	-47	—
Investments in joint ventures and associates	-140	—
Changes in other financial fixed assets	12	—
Cash flow from investing activities	-230	-5,273
Cash flow from financing activities		
New share issue	4	5,097
Warrants	—	50
Received shareholder contribution	—	176
Borrowings	956	—
Repayment of loans	-58	—
Dividends to shareholders of the Parent company	-165	—
Cash flow from financing activities	738	5,323
Cash flow for the period	-26	50
Cash and cash equivalents at the beginning of the period	50	0
Cash and cash equivalents at the end of the period	24	50

Accounting Policies and Notes to the Accounts

Note 1

General information

Söderberg & Partners Holding AB and its subsidiaries ("the Group" or "Söderberg & Partners") operate in the business areas Life & Pension, Wealth Management, Asset Management, Non-Life Insurance and Other Business Units.

Söderberg & Partners Holding AB is a limited company with registered office in Stockholm, Sweden. The visiting address is Regeringsgatan 45, Stockholm.

The consolidated financial statements and annual accounts were approved for publication by the Board of Directors on May 28, 2021. Unless otherwise stated, all amounts are presented in millions of Swedish kronor (MSEK). Figures in parentheses refer to the previous year.

Note 2

Summary of Significant Accounting Policies

2.1 Basis of Preparation of Financial Statements

The consolidated financial statements of Söderberg & Partners have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, Recommendation RFR 1 Supplementary Financial Reporting Rules for Corporate Groups of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared using the cost method. Assets and liabilities are stated at historical cost, net of any depreciation, amortisation and impairment, except in respect of the restatement of financial assets and liabilities at fair value through profit and loss.

Significant accounting policies applied in preparing these consolidated financial statements are described below. Unless otherwise stated, these policies have been consistently applied for all the years presented.

The annual accounts of the Parent company have been prepared in accordance with Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. In cases where the Parent company applies other accounting policies than the Group, this is stated separately at the end of this accounting policy section.

The preparation of financial statements in compliance with IFRS requires the use of critical accounting estimates. Management is also required to make certain assessments in applying the Group's accounting policies. Areas which involve a high degree of judgement, are complex, or where assumptions and estimates have a material impact on the consolidated financial statements are described in [Note 4](#). The total sum in tables and calculations does not always sum up due to rounding differences. Rounding differences occur in order for the partial sums to match their source of origin.

2.1.1 New and Amended Standards Applied by the Group

When preparing the consolidated financial statements as of 31 December 2020, no new standards and interpretations that are applicable to the Group have entered into force.

2.1.2 New and Amended Standards that have not Yet Become Effective

There are no new standards or interpretations which have been published but not yet come into force on the closing date that are expected to have material impact on the Group's financial reports.

2.2 Consolidation

2.2.1 Subsidiaries

All entities (including structured entities) over which the Group has control are classified as subsidiaries. The Group controls an entity when it is exposed to or has the right to variable returns on its involvement in the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

All acquisitions of subsidiaries are reported according to the acquisition method. Identifiable acquired assets and assumed liabilities in a business combination are initially measured at fair value on the acquisition date. For each acquisition, the Group determines whether non-controlling interests in the acquired company are reported at fair value or at the holding's proportionate share of the acquired company's net assets. Acquisition-related expenses are recognised as they are incurred.

The amount by which the purchase price, any non-controlling interest and the fair value on the acquisition date of previous holdings exceed the fair value of the Group's share of identifiable acquired net assets, is reported as goodwill.

Contingent consideration that arise from business combinations is reported at fair value and any changes of the liability is reported in net financials in the Group's consolidated income statement. In connection with the Group's business combinations, sometimes the parties agree on a right and an obligation to acquire additional shares at a future date. Any consideration that may be paid when exercising such an option is reported as a liability in connection with the business combination. Changes in the value of the liability attributable to the options are reported in the Group's equity as a transaction with minority.

If the business combination is carried out in several stages, the previously held equity share in the acquired entity is revalued at its fair value at the acquisition date. Any gain or loss resulting from the revaluation is recognised in profit or loss.

2.2.2 Changes in Ownership in a Subsidiary Without Change in Control

Transactions with non-controlling interests which do not lead to a loss of control are reported as equity transactions, i.e. transactions with owners in their role as owners. In case of acquisitions from non-controlling interests, the difference between the fair value of the consideration transferred and the actual acquired portion of the carrying amount of the subsidiary's net assets is recognised in equity. Gains and losses on divestments to non-controlling interests are also recognised in equity.

2.2.3 Sale of Subsidiaries

When the Group no longer has control or significant influence, each remaining interest is revalued at fair value as of the date when control ceases. The change in the carrying amount is recognised in profit and loss. The fair value is used as the first carrying amount in the continued accounting of the remaining holding as an associate, joint venture or financial asset. Any amounts previously recognised in other comprehensive income in respect of the divested entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may imply that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.4 Associates

Associates are all entities over which the Group has significant influence but no controlling interest, which normally applies for shareholdings representing between 20 and 50 per cent of the voting rights.

Investments in associated companies are accounted for using the equity method and are initially recognised at historical cost, and the carrying amount is subsequently increased or decreased to recognise the Group's share of the profit or loss of the associate after the date of acquisition.

The Group's carrying amount of investments in associates includes goodwill identified upon acquisition, net after any impairment. Acquisition-related expenses attributable to associated companies are included in the acquisition value.

The Group's share of earnings that arose in the associated company after the acquisition is reported in the operating profit in the income statement when the holdings are deemed to be business related.

The Group's share of changes in other comprehensive income after the acquisition is reported in other comprehensive income. Accumulated changes post acquisition are reported as changes in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its holdings in the associate, including any other unsecured receivables, the Group does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associated company. Any revaluation effects that arise when measured at fair value, for example in incremental investments, are reported in the line item "Shares of profit or loss of joint ventures and associates" in operating profit.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated, unless the transaction is an indication of necessary impairment of the transferred asset. Applied accounting policies in associates have been changed when deemed necessary to ensure consistent application of the Group's accounting principles. Dilutive gains and losses arising from participations in associates are recognised in profit and loss.

At the end of each reporting period, the Group assesses whether there is objective evidence of impairment for the investment in the associated company. If so, the Group calculates the impairment as the difference between the associate's recoverable amount and carrying value and recognises the amount in Shares of profit or loss of joint ventures and associates in the income statement.

2.2.5 Joint Arrangements

The Group applies IFRS 11 "Joint Arrangements". According to IFRS 11, interest in a joint arrangement shall be classified either as a joint operation or a joint venture depending on the contractual rights and obligations of each investor. The Group has assessed its joint arrangements and determined that they are joint ventures. Joint ventures are reported according the equity method, see 2.2.4 above.

2.3 Segment Reporting

As the company is not a listed company, IFRS 8 is not applied. In accordance with the Swedish Annual Accounts Act, information is presented on the breakdown of net revenue by business segment and geographic market, see Note 5.

2.4 Translation of Foreign Currency

2.4.1 Functional Currency and Reporting Currency

Items included in the financial statements of the various units for the Group are valued in the currency used in the economic environment in which each company primarily operates (functional currency). Swedish kronor (SEK), the functional and reporting currency of the Parent company, is used in the consolidated financial statements.

2.4.2 Transactions and Balances

Transactions are translated to the functional currency at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses arising from such transactions and upon translation of monetary assets and liabilities in foreign currency at the closing date are recognised in the income statement. Foreign exchange differences on lending and borrowing are reported in net financial items, while other foreign exchange differences are included in operating profit.

2.4.3 Subsidiaries

Earnings and financial position for all subsidiaries (none of which has a high-inflation currency as functional currency) that have different functional currency than the reporting currency are translated to the Group's reporting currency as follows:

- Assets and liabilities for each of the balance sheets are translated at the closing rate,
- Income and expenses for each of the income statements are translated at the average rate, and
- All foreign-exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising upon the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. Foreign exchange differences are recognised in other comprehensive income.

2.5 Intangible Assets

2.5.1 Acquired Customer Contracts/Customer Relationships

Acquired customer relationships are reported at cost. Customer relationships have an estimated useful life and are reported at cost less accumulated amortisation. Amortisation is made on a straight-line basis to distribute the cost of the customer relationships over its estimated useful life (5–10 years).

2.5.2 Acquired Rights

Acquired rights are reported at cost and mainly comprise licences and franchise agreements. The rights have an estimated useful life and are reported at cost less accumulated

amortisation. Amortisation is made on a straight-line basis to distribute the cost of the acquired rights over its estimated useful life (5–15 years).

2.5.3 Goodwill

Goodwill is the amount by which the cost of acquisition exceeds the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the time of acquisition. Goodwill arising on the acquisition of subsidiaries is recognised as an intangible asset.

Separately recognised goodwill is tested annually to identify any impairment needs or more frequently if events or changes in circumstances indicate a possible impairment and is reported at cost less accumulated impairment losses. Impairment of goodwill is never reversed. Gains or losses on the divestment of a unit include the remaining carrying amount of goodwill relating to the divested unit.

Goodwill is allocated to cash-generating units when considering any need for impairment. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Each unit or group of units to which goodwill has been allocated represents the lowest level in the Group at which the goodwill is monitored for internal management control. The Group allocates goodwill to the operating segments that existed at the time when the original goodwill arose. Additional goodwill is allocated to those units which are judged to benefit from the business combination.

2.5.4 Capitalised Expenditure for In-House Developed Software

Development costs that are directly attributable to the development and testing of identifiable and unique software products which are controlled by the Group are recognised as intangible assets when all the following criteria are met:

- a) It is technically feasible to complete the software so that it will be available for use.
- b) The company intends to complete the software and use or sell it.
- c) The company can use or sell the software.
- d) It can be demonstrated how the software will generate probable future economic benefits, either through cost savings or through additional revenue.
- e) Adequate technical, financial and other resources are available to complete the development, and
- f) Expenditure attributable to the development of the software can be reliably measured.

Directly attributable expenditure that is capitalised as part of the software includes expenditure for personnel, and a reasonable portion of indirect costs. Other development expenses which do not meet these criteria are expensed as incurred.

The estimated useful life is 3-10 years and the assets are amortised on a straight-line basis from the date when they are ready for use.

2.6 Tangible Assets

All tangible assets are recognised at cost less depreciation. The acquisition value includes expenditure that is directly attributable to the acquisition of the asset.

Any additional expenditure is added to the asset's carrying amount or recognised as a separate asset, whichever is appropriate, only when it is probable that the future economic benefits associated with the item will benefit the Group and the asset's acquisition value can be measured reliably. The carrying amount of the replaced asset is removed from the balance sheet. All other forms of repairs and maintenance are expensed in the income statement in the periods in which they are incurred.

The acquisition value is depreciated over the estimated useful life, which for the Group is a depreciation period for equipment of 3-10 years.

Residual values and useful lives of assets are tested each closing date and adjusted when required. An asset's carrying amount is immediately impaired to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the sale proceeds and carrying amount. The difference is recognised in Other operating income or Other operating expenses in the income statement.

2.7 Impairment of Non-Financial Fixed Assets

Assets with indefinite useful lives, such as goodwill, are not amortised but are tested annually for any impairment. Tangible assets and amortisable intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. When testing for impairment, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units). For tangible and intangible assets that have previously been written down, an impairment test is made on each balance sheet date to determine whether a reversal is required.

2.8 Financial Instruments

Financial assets and liabilities are classified into the following categories:

2.8.1 Financial Assets and Liabilities Valued at Amortised Cost

Financial assets valued at amortised cost mainly comprise trade receivables, financial receivables and cash and cash equivalents. Financial liabilities mainly comprise trade payables and loans. The assets or liabilities are initially valued at cost plus any transaction costs and thereafter at amortised cost.

2.8.2 Financial Assets at Fair Value through Other Comprehensive Income

As of the balance sheet date, the Group has no financial assets in this category.

2.8.3 Financial Assets and Liabilities Measured at Fair Value through Profit and Loss

Financial assets and liabilities that are not recognised in any of the other categories are measured at fair value through profit and loss. Financial assets and liabilities in this category are initially recognised at fair value. Transaction costs attributable to financial assets and liabilities that are recognised in this category are expensed directly in profit and loss. On the balance sheet date, this category comprises shares and participations, derivatives, contingent considerations from business combinations and other non-current securities. The Group's derivatives include, for example, options. The fair value of financial instruments that are not traded in an active market is determined using various valuation techniques. Primarily, the price previously known to approximate fair value is used, but equivalent representative prices may also be used. The Group chooses between different methods and makes assumptions based mainly on market terms that are known in each reporting period. The Group's derivatives are deemed to be market based, which is why these items have not been assigned any value in the Group.

2.8.4 Impairment of Financial Assets

The Group applies the simplified approach in IFRS 9 to determine a provision of expected credit losses on trade receivables. The provision is calculated by grouping the trade receivables' due dates, and provisions for expected credit losses are made for as long as the trade receivables remain outstanding. The provision of expected credit losses on outstanding trade receivables is mainly based on realised credit losses in the past few years.

Of the Group's other financial assets, Lending to the public is an important item to assess under IFRS 9. However, lending and loan commitments within the Group's securities operations are relatively limited. Assumptions for risk of default and expected losses are used to calculate the loss provision in regard to the lending. Impairment of other financial assets has not had any significant impact on the Group.

2.9 Trade Receivables

Trade receivables are classified as current assets if the payment is expected to be made within one year or earlier, otherwise the trade receivables are classified as fixed assets. All trade receivables in the Group are considered to be current assets. Trade receivables are initially recognised at fair value and expected credit losses are measured in accordance with IFRS 9, see 2.8 above.

2.10 Client Funds

Client funds arise as part of the insurance- and wealth management business, mainly in the handling of insurance premiums on behalf of clients and some clients' deposits to trading accounts. The item Liability for client assets does not consist only of reported client funds since there are outstanding customer invoices and received supplier invoices that are managed on behalf of customers (mainly with regard to customers' insurance premiums). Client funds are recognised as assets in the balance sheet to the extent that they are considered to meet the IFRS definition of an asset. Client funds relating to the insurance business are considered to meet these criteria and are recognised as client funds in the balance sheet. Client funds that arise in the wealth management business are considered not to meet the IFRS definition of an asset and they are therefore not recognised in the balance sheet.

2.11 Cash and Cash Equivalents

Cash and cash equivalents comprise, in the balance sheet as well as in the statement of cash flows, cash, bank deposits and other short-term investments maturing within three months of the balance sheet date.

2.12 Share Capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are recognised, net of tax, in equity as a deduction from the proceeds of the issue.

2.13 Trade Payables

Trade payables are classified as current liabilities if they fall due within one year. If not, they are accounted for as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method. The carrying amount of trade payables is assumed to be equal to their fair value, as this item is of a short-term nature.

2.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently recognised at amortised cost and the difference between the proceeds (net of transaction costs) and the repayment amount is recognised in profit and loss over the loan period using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised in profit and loss in the period to which they refer.

2.15 Current and Deferred Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except when the tax refers to items which are recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or equity.

The current tax expense is calculated based on the tax rules that have been enacted or substantively enacted at the balance sheet date in those countries where the Parent company's subsidiaries operate and generate taxable revenue. Management regularly evaluates claims made in tax returns which relate to situations where the applicable tax rules are subject to interpretation and, where this is deemed appropriate, makes provisions for amounts which will probably be payable to the tax authority.

Deferred tax is recognised in its entirety, according to the balance sheet method, on all temporary differences that arise between the carrying amounts and the tax base of assets and liabilities in the consolidated financial statements. However, deferred tax is not recognised if it is incurred as a result of a transaction that constitutes the initial recognition of an asset or liability that is not a business combination and which at the time of the transaction affects neither the reported nor the fiscal profit or loss. Deferred income tax is calculated by applying tax rates (and tax laws) that have been enacted or announced at the balance sheet date and that are expected to apply when the deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

Deferred tax is calculated on temporary differences arising on participations in subsidiaries, except where the timing of reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

2.16 Employee Benefits

2.16.1 Pension Obligations

The Group companies only have defined contribution plans.

In a defined contribution pension plan, the Group pays contributions to public or privately managed pension schemes on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as personnel costs when they fall due for payment. Prepaid contributions are recognised as an asset to the extent that cash repayments or reductions of future payments may benefit the Group.

2.16.2 Termination Benefits

Termination benefits are paid when an employee's employment has been terminated by the company before the normal time of retirement or when an employee accepts voluntary resignation in exchange for such remuneration. The Group recognises severance pay when it is demonstrably obliged either to give notice to employees under a detailed formal plan without possibility of revocation, or to provide compensation on termination as a result of an offer to encourage voluntary resignation. Benefits expiring more than 12 months after the balance sheet date are discounted to present value in cases where the time value is considered significant.

2.16.3 Profit-Sharing and Bonus Plans

The Group recognises a liability and a cost for bonuses and profit-sharing attributable to work performed during the current financial year.

2.17 Provisions

Provisions are recognised when the Group has a legal or informal obligation arising from past events, when it is probable that an outflow of resources will be required to settle the obligation, and the amount can be measured reliably. Provisions in the Group comprise provisions for the repayment obligation of the Group regarding commission payments from insurance companies in case a policyholder terminates his or her insurance policy. Due to changes in the business model, no further provisions are made for cancellation liabilities and the reserve is gone in its entirety by year end 2020.

Provisions are recognised at the present value of the amount expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks associated with the provision. The increase in the provision due to passage of time is recognised as an interest expense. If an outflow

is expected to occur more than 12 months after the balance sheet date, the provision is classified as a non-current liability and if the outflow is expected to occur within 12 months the provision is classified as a current liability.

2.18 Lending to the Public

In the Wealth Management business area, the Group offers lending to the public against collateral in the form of securities held in trading accounts in the Group. The issued lending is recognised at amortised cost on the settlement date and is subsequently tested for impairment based on valuation in accordance with IFRS 9, see 2.8 above.

2.19 Deposits from the Public

The Group recognises liabilities that arise when customers lend money to the Group through deposits in trading accounts within the Wealth Management business area as Deposits from the public.

2.20 Revenue Recognition

The Group's revenue consists partly of fees and partly of payments from providers of financial products that are sold by companies in the Group (commissions).

The Group uses the five-step model described in IFRS 15 to determine when revenue from contracts with customers should be recognised. Revenue shall be recognised when performance obligations are satisfied and when the customer obtains control, which can be done at a point in time or over time. The five steps in the model are to identify the customer contract, identify performance obligations, determine the transaction price, allocate the transaction price and recognise the revenue for each performance obligation. The Group has assessed its customer contracts in the various business areas and business segments and determined that the majority of the Group's performance obligations are satisfied over time.

Commission expenses (mainly retrocessions in the form of a portion of the income received) and similar direct costs are not recognised as deductions in operating revenue but in the line item Direct external expenses.

The pricing applied in deliveries between subsidiaries is normally based on commercial principles and in line with market prices. However, certain centralised Group services are expensed by one subsidiary but are then billed to other subsidiaries at cost. All intercompany income and expenses have been eliminated in the consolidated financial statements.

2.20.1 Interest Income

Interest income is recognised as revenue over the term of the loan using the effective interest method.

2.21 Direct External Expenses

Direct external expenses include commission expenses and other direct expenses. Commission expenses mainly consist of retrocessions to financial institutions and remuneration to franchisees in accordance with franchise agreements.

2.22 Leases

The Group reports leasing agreements in accordance with IFRS 16, which entails that all leasing contracts are recognised as right-of-use assets with a corresponding financial liability.

The Group's lease contracts mainly comprise office premises and cars. The fixed lease period varies from a few months to 12 years, where some contracts also include an option to extend the lease.

The lease liability arising as a result of a lease agreements shall at the time of the acquisition be valued at present value of future lease fees, which include:

- fixed fees after deduction of any benefits in connection with signing the lease,
- variable lease payments that depend on an index,
- amounts that are expected to be paid by the lessee according to residual value guarantees,
- the exercise price for an option to buy if the lessee is reasonably certain to exercise such an opportunity, and
- penalty fees that are payable upon termination of the lease, if the lease period reflects that the lessee will exercise the opportunity to terminate the lease.

Lease fees are discounted with the implicit interest rate in the contract. If the interest rate cannot be clearly defined, the lessee's incremental borrowing rate shall be used. For the majority of the Group's lease contracts, the incremental borrowing rate has been used. The interest expense on the lease liability is distributed over the lease period and is reported on an ongoing basis in Net financial items in the consolidated income statement.

The Group has several lease contracts, mainly attributable to office premises, where the fee is based on indices, which may lead to an increase in future lease payments. The Group reassesses the lease liability when the index increase comes into force. The revaluation of the lease liability is reported against the value of the right-of-use asset.

The right-of-use asset is initially valued at cost which includes the following:

- initial valuation of the lease debt,
- all lease payments paid on or before the date of commencement of the contract, after deduction of any benefits received upon signing the lease,
- initial direct costs, and
- an estimate of the lessee's restoration costs and underlying asset.

The right-of-use asset is depreciated over the shorter period of the asset's life and the lease term.

The Group applies the rule for exemption of inclusion in the balance sheet for lease agreements with a lease term of no more than 12 months and for leases of low value. Instead, these are expensed on a straight-line basis in the income statement.

2.23 Dividends

Dividend payments to the shareholders of the Parent company are recognised as a liability in the consolidated financial statements in the period in which the payment is approved by the shareholders of the Parent company.

2.24 Parent Company Accounting Principles

The Parent company's accounts have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. According to RFR 2, the Parent company must apply the same accounting principles as the Group to the extent possible under the Annual Accounts Act and with regard to the relationship between accounting and taxation.

The Parent company applies other accounting principles than the Group in the cases stated below.

2.24.1 *Presentation of the Income Statement and the Balance Sheet*

The Parent company uses the formats prescribed in the Swedish Annual Accounts Act, which means, for example, that equity is presented differently and that provisions are presented under a separate heading in the balance sheet.

2.24.2 *Shares in Subsidiaries*

Shares in subsidiaries are recognised at historical cost less any impairment losses. Dividends received are recognised as income, after which an assessment is made of whether the carrying amount of investments in subsidiaries needs to be impaired. When there is an indication that shares in subsidiaries might be impaired, the recoverable amount is determined. If the recoverable amount is less than the carrying amount, an impairment loss is recognised. Impairment losses are recognised in the line item Income from investments in subsidiaries.

2.24.3 *Group Contributions and Shareholder Contributions*

Given shareholder contributions are reported as an increase in the value of shares. An assessment is then made of whether there is a need to write down the value of the shares.

The Parent company uses RFR 2's alternative rule for accounting for Group contributions, which means that received and paid Group contributions are recognised as appropriations in the income statement. The tax effect is reported in accordance with IAS 12 in the income statement.

Note 3

Financial Risk Management

3.1 Risk Management and Financial Risk Factors

The Group's overall risk management focuses on the unpredictability of the financial markets and the inherent risk in complex organisations and operations. The risk management strives to minimise potential adverse effects on the Group's financial outcome. In addition to business risks, which are not covered in this section more than as stated in the following paragraph, the Group is primarily exposed to operational risk, market risk, credit risk and liquidity risk.

Regarding business risks, it should be noted that one of the Group's main business risks is the risk that fluctuations in the equity markets affect clients' financial capital, which in turn correlates with revenue in those of the Group's business areas that are remunerated as a percentage of customers' assets under management/advice (primarily in the Wealth Management and Asset Management business areas).

The ongoing COVID-19 pandemic has not had any major impact on the Group's financial risks. The Group's ability to fund its operations via external capital is assessed not to have been impacted negatively during 2020. Liquidity and cash flow have been sustained at a satisfactory level and the credit risk is assessed not to have increased more than marginally.

3.1.1 Operational Risk

Operational risk is defined as the risk of loss as a result of incorrect or inappropriate internal processes and routines, human errors, incorrect systems or external events that have an impact on the business. The Group's organisation, systems and internal regulations must be structured in a way that minimises operational risks in the business. The purpose of the Group's risk management is to reduce the likelihood of the risk being realised and/or the consequence of a realised risk. The ultimate risk-mitigating measure that the Group applies to manage the consequence of a realised risk is the Group's insurance coverage, which provides income-statement and balance-sheet protection.

3.1.2 Market Risk

i) Currency Risk

The Group is exposed to currency risks arising from various currency exposures. The Group's financial statements are presented in Swedish kronor, but the Group also has sub-

sidaries in Denmark, Finland, Luxembourg, the Netherlands, Norway, Spain and the United Kingdom. The subsidiaries in Denmark, Finland, the Netherlands and Norway conduct business activities focused on clients in their respective countries. The operations of the subsidiary in Luxembourg are primarily aimed at clients in Sweden and its functional currency is considered to be Swedish kronor. Consequently, both the translation and transaction exposure (as defined below) are considered to be very limited for the operations in Luxembourg. The Group's foreign subsidiaries in the United Kingdom had non-existent operations in 2020 and Spain had limited operations. The foreign subsidiaries expose the Group to currency risks arising from unfavourable changes in exchange rates, which can have negative impacts on earnings and equity.

The Group's exposure to currency changes can be described as translation exposure and transaction exposure.

Translation Exposure

The foreign subsidiaries' assets less their liabilities constitute a net foreign currency investment, which when consolidated causes a translation difference.

Transaction Exposure

Transactions in foreign currency cause translation differences when currency is exchanged. However, the transaction exposure is limited and cannot materially impact the Group's financial position and earnings.

ii) Cash Flow Interest Rate Risk and Fair Value Interest Rate Risk

The Group's interest-bearing financial liabilities at the end of the year amounted to SEK 1,843 million and consisted of bank loans with mainly three-month interest periods. Interest-bearing financial assets mainly comprise unrestricted cash and cash equivalents.

3.1.3 Credit Risk

Credit risk is defined as the risk that a counterparty cannot fulfil its payment obligations to the Group. The Group's credit risk is mainly attributable to the Group's deposits with banks. The Group's credit risk is also to a certain extent caused by the subsidiaries' credits to customers. The commercial credit risk includes the solvency of customers of Söderberg & Partners and of financial institutions with which the Group's cash and cash equivalents are deposited. Regarding counterparties that are financial institutions, these are almost exclusively larger financial institutions that are carefully monitored by Swedish and foreign authorities, such as the Swedish Financial Supervisory Authority. Many of these institutions are continuously analysed by Söderberg & Partners, which thus has a good capacity to detect problems related to this category of counterparties at an early stage. Regarding exposure from clients to Söderberg & Partners, the credit risk is considered low due to the low concentration of these receivables and historically low credit losses.

3.1.4 Liquidity Risk

The Group's liquidity risk arises from the risk that the Group will lack available liquid funds to meet its obligations, or that it will incur higher costs due to a need to access liquid assets through other channels than normally used. The Group manages the risk by ensuring there are sufficient liquid assets and, if necessary, available financing through agreed credit facilities.

By 31 December 2020, the Group had cash and cash equivalents, excluding client money, of SEK 1,262 million (1,326) which is considered to cover the Group's needs by a good margin. However, it should be noted that due to regulatory requirements, liquidity that is available in a company in the Group may not always be available for use by other companies in the Group. A need for external financing in a specific subsidiary can therefore arise even in a situation where the Group's total liquidity is adequate in relation to the Group's overall liquidity requirements.

Financial liabilities consist of liabilities to credit institutions, liabilities related to business combinations, trade payables, other liabilities and accrued expenses. Liabilities related to business combinations mainly have maturities of 1–5 years (see [Note 30](#)), and liabilities to credit institutions have maturities of up to 5 years. Other liabilities essentially mature within one year and the amount due is equal to the carrying amount.

Note 4

Significant Estimates and Judgements

Estimates and judgements are evaluated on an ongoing basis, and are based on historical experiences and other factors, including expectations of future events that are deemed reasonable under prevailing circumstances.

The Group makes estimates and assumptions about the future. The estimates for accounting purposes will, by definition, rarely correspond to the related actual results. The estimates and assumptions that pose a significant risk of material adjustments in the carrying amounts of assets and liabilities in the next financial year are briefly described below.

4.1 Goodwill Impairment Testing

Every year, the Group conducts an impairment test of goodwill in accordance with the accounting policy described in [2.7 Impairment of Non-Financial Fixed Assets](#). Recoverable amounts for cash-generating units have been determined by calculating value in use. For these calculations, certain estimates must be made.

Reported values at the balance sheet date for goodwill distributed among cash-generating units are shown in [Note 14](#).

Sensitivity analyses have been performed to assess the sensitivity to reasonable changes in the critical parameters, such as discount rates and growth beyond the forecast period. The analyses indicate a relatively moderate sensitivity to changes in these parameters.

4.2 Liability for Contingent Considerations

In several of its business combinations, Söderberg & Partners has agreed on contingent considerations that will be paid if certain conditions are met.

The Group has a standard model for acquisitions of so-called partner firms, i.e. companies that work for the Group's subsidiaries under a franchise agreement. The model entails that partner firms normally first operate under the Söderberg & Partners brand for a number of years as a franchisee. If Söderberg & Partners and the partner firm then agree to deepen the partnership, Söderberg & Partners offers to acquire 51 per cent of the shares of the partner firm. In addition to the above-mentioned shares, Söderberg & Partners also receives a call option with the right to acquire the remaining 49 per cent of the shares in the partner firm after a period of approximately three years from the initial acquisition, based on market terms determined in accordance with the same principles as for the acquisition of the first 51 per cent of the shares. The sellers also receive a put option for the remaining 49 per cent of the shares in the partner firm to Söderberg & Partners on essentially the same terms as under the call option agreement. Söderberg & Partners does not always use this model but can choose to acquire partner firms in other ways, however the model has been used in a large majority of acquisitions of partner firms that have been carried out so far.

In accordance with IFRS 3, an acquisition of a partner firm made according the standard model is accounted for as an acquisition of 100 per cent of the shares. A liability is therefore recognised partly for the unpaid portion of the consideration for the first 51 per cent of the shares and partly for an estimated consideration for the remaining 49 per cent stake in accordance with the option agreements. The consideration for the first 51 per cent is partially based on the company's future sales and profit but can also include a contingent consideration that depends on Söderberg & Partners Group's general growth. The Group makes assessments of what amounts are assumed to be paid to the sellers. Regarding the acquisition of the remaining 49 per cent of the shares of the companies, an assessment has been made in respect of the estimated acquisition price, which is essentially based on the assumptions made at the time of acquiring the first 51 per cent.

Business combinations of other companies that are not franchisees, i.e. acquisitions that do not follow the standard model, may also include an agreement of contingent considerations and the right to acquire additional shares in the company. For each acquisition, an assessment is made of the extent to which the agreed conditions are expected to be fulfilled and thus how much of the additional consideration is expected to be paid and at what point in time the payments are expected to be made.

The liability for contingent considerations is calculated at present value with a discount rate. The Group makes an assessment of which discount rate is to be used based on how much uncertainty is judged to exist in potential outflows.

The liability for contingent considerations comprises several different acquisitions and the Group continuously reviews its assumptions regarding target fulfilment, growth and risks associated with the purchase price. During the financial year, there have been no significant changes due to revaluation of the liability for contingent considerations.

4.3 Deferred Tax Assets on Tax Losses

Deferred tax assets have been capitalised for tax losses based on the assessment that these can be utilised against future taxable profits. For further information, see [Note 24](#).

4.4 Important Estimates and Assessments Regarding the Duration of a Lease Contract

When determining the duration of a lease, management considers all available information that provides a financial incentive to exercise an extension option, or not to exercise an option to terminate an agreement. The possibility of extending an agreement is only included in the duration of a lease if it is reasonable to assume that the agreement will be extended. In the Group, most extension options have not been included in the lease liability as the Group has assessed that they can replace the asset without significant costs or impact on the business operations. The assessment is reconsidered if there is any significant event or change in circumstances that affect this assessment and that it is within the Group's control. During the current fiscal year, no significant change has occurred as a result of reassessing the lease periods.

Note 5

Breakdown of Net Revenue

Breakdown of net revenue by business area:

Group	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Life & Pension ¹	1,348	1,191
Asset Management	1,086	1,125
Non-Life Insurance ¹	1,338	1,108
Wealth Management	1,064	877
Other Business Units ¹	151	124
Central Functions	4	4
Eliminations of internal sales ¹	-302	-322
Total net revenue by business area	4,688	4,107

¹⁾ Due to changes in the organisational structure, some comparative figures for 2019 have been restated to match the new structure.

Breakdown of net revenue by geographic market:

Group	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Sweden	3,371	3,168
Norway	575	456
Denmark	328	369
Finland	55	49
The Netherlands	359	65
Total net revenue by geographic market	4,688	4,107

The breakdown by geographic market is based on where the clients are located.

Note 6

Other Operating Income

Group	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Re-invoiced rental, office and other expenses	34	42
Gain from sale of shares	—	11
Gain from disposal of fixed assets	5	6
Other	4	2
Total operating income	43	61

Note 7**Remuneration to Auditors**

The audit engagement refers to fees for the statutory audit, i.e. such work that has been necessary to submit the auditor's report, as well as advisory services provided in connection with the audit engagement. The amounts partially include value-added tax (VAT).

Group	2020-01-01 2020-12-31	2019-01-01 2019-12-31
PricewaterhouseCoopers AB		
Audit engagement	6	5
Auditing activities in addition to the audit engagement	0	1
Tax advice	1	0
Other advisory services	3	1
	10	7
Other auditors		
Audit engagement	3	0
Auditing activities in addition to the audit engagement	1	0
Tax advice	0	—
Other advisory services	1	0
	5	0
Total	16	7

Parent Company	2020-01-01 2020-12-31	2019-01-01 2019-12-31
PricewaterhouseCoopers AB		
Audit engagement	0	0
Auditing activities in addition to the audit engagement	—	0
Other advisory services	0	—
	0	0
Total	0	0

Note 8

Employee Benefits

Group	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Salaries and benefits	1,303	999
Social security contributions	318	267
Retirement benefit costs – defined contribution plans	178	152
Total	1,799	1,417

	2020-01-01 2020-12-31		2019-01-01 2019-12-31	
Group	Salaries and other benefits	Pension expenses	Salaries and other benefits	Pension expenses
Board members, Chief Executive Officer and other senior executives	30	6	30	6
(of which bonuses)	10	3	9	4
Other employees	1,275	171	968	146
Total	1,304	178	999	152

The Group had a few employees with pensions in the form of endowment policies. The endowment policies are considered to meet the requirements for plan assets and are reported net against the pension obligations in the consolidated balance sheet. The market value of the endowment policies by year end 2020 amounted to SEK 66 million (57) and is in its entirety met by a corresponding pension obligation.

Parent Company	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Salaries and benefits	1	—
Social security contributions	0	—
Retirement benefit costs – defined contribution plans	—	—
Total	1	—

	2020-01-01 2020-12-31		2019-01-01 2019-12-31	
Parent Company	Salaries and other benefits	Pension expenses	Salaries and other benefits	Pension expenses
Board members, Chief Executive Officer and other senior executives	1	—	—	—
(of which bonuses)	—	—	—	—
Other employees	—	—	—	—
Total	1	—	—	—

Salaries and benefits in the Parent company refer to board fees.

Average no. of Employees

	2020-01-01 2020-12-31			2019-01-01 2019-12-31		
	Average no. of employees	Of which men	Of which women	Average no. of employees	Of which men	Of which women
Parent Company						
Sweden	—	—	—	—	—	—
Total Parent company	—	—	—	—	—	—
Subsidiaries						
Sweden	1,170	60%	40%	980	58%	42%
Norway	332	59%	41%	196	51%	49%
Denmark	78	45%	55%	85	48%	52%
Finland	56	50%	50%	42	55%	45%
Luxembourg	7	71%	29%	6	67%	33%
Spain	27	78%	22%	22	82%	18%
The Netherlands	251	49%	51%	49	61%	39%
Total subsidiaries	1,921	58%	42%	1,380	57%	43%
Total Group	1,921	58%	42%	1,380	57%	43%

Gender Distribution of Board Members and Other Senior Executives

	2020-01-01 2020-12-31			2019-01-01 2019-12-31		
	No. at balance sheet date	Of which men	Of which women	No. at balance sheet date	Of which men	Of which women
Group						
Board members ¹⁾	5	100%	—	4	100%	—
Chief Executive Officer and other senior executives	13	69%	31%	13	69%	31%
Total Group	18	78%	22%	17	76%	24%
Parent Company						
Board members ¹⁾	5	100%	—	4	100%	—
Chief Executive Officer and other senior executives	1	100%	—	1	100%	—
Total Parent company	6	100%	—	5	100%	—

¹⁾ The Chief Executive Officer, Gustaf Rentzhog, is included in the note as "Chief Executive Officer and other senior executives" both for the Group and the Parent company. In addition, he is also a member of the Group's and the Parent company's Board.

Note 9

Net Financial Items

Group	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Financial income		
Foreign exchange gains	—	1
Income from other financial fixed assets	0	1
Interest income	9	5
Revaluation of contingent considerations	—	1
Total financial income	9	8
Financial expenses		
Foreign exchange losses	-4	-5
Interest expenses on liabilities to credit institutions	-41	-25
Other interest expenses	-2	-2
Resolution of discounting effects for provision of contingent considerations	-39	-27
Interest expenses attributable to lease liabilities (IFRS 16)	-6	-6
Revaluation of contingent considerations	-3	—
Total financial expenses	-95	-65
Net financial items	-85	-57
Parent Company	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Financial income		
Foreign exchange gains	18	—
Interest income	1	—
Total financial income	19	—
Financial expenses		
Interest expenses on liabilities to credit institutions	-38	—
Other interest expenses	-3	—
Total financial expenses	-41	—
Net financial items	-22	—

During the year, the Parent company's holdings in subsidiaries contributed with the following effects on the profit and loss:

Parent Company	2020-12-31	2019-12-31
Dividends on shares in subsidiaries	262	—
Closing carrying amount	262	—

Note 10

Income Tax

Group	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Current tax for the year	-207	-162
Current tax attributable to previous years	-4	0
Increase/decrease in deferred tax assets	15	-5
Increase/decrease in deferred tax liabilities	20	9
Other taxes	-1	0
Total income tax	-177	-158

The differences between the reported tax expense and an estimated tax expense based on the applicable tax rate are as follows:

Group	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Profit before tax	713	647
Income tax at Parent company's applicable tax rate (21.4%)	-153	-139
Non-taxable income and non-deductible expenses	-12	-5
Tax losses for which no deferred tax asset has been recognised	-4	-2
Utilisation of tax losses previously not recognised	10	4
Effect of foreign tax rates	-16	-12
Non-deductible/taxable income from associated companies	11	-1
Revaluation of deferred taxes	0	2
Other differences ¹⁾	-9	-5
Adjustment of current tax for previous years	-4	0
Tax effect due to changed tax rate	0	0
Income tax	-177	-158
Weighted average tax rate in the Group, %	24.8	24.4

¹⁾ Other differences mainly consists of Group adjustments for revaluation of contingent considerations and discount rates for non-current acquisition debts.

Parent Company	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Profit before tax	278	-1
Income tax calculated at the applicable tax rate	-59	0
Non-taxable income and non-deductible expenses	50	—
Adjustment of current tax for previous years	-3	—
Total income tax	-12	0

Note 11**Acquired Customer Contracts/Customer Relationships**

Group	2020-12-31	2019-12-31
Opening cost	574	294
Investments for the year	16	16
Increase through business combinations (Note 30)	270	270
Disposals and retirements for the year	—	-10
Reclassifications	-11	3
Translation differences	-22	2
Closing accumulated cost	828	574
Opening accumulated amortisation	-237	-115
Amortisation for the year	-88	-58
Increase through business combinations (Note 30)	-4	-65
Disposals and retirements	—	1
Reclassifications	11	0
Translation differences	9	0
Closing accumulated amortisation	-309	-237
Closing carrying amount	518	337

Note 12**Other Acquired Rights**

Group	2020-12-31	2019-12-31
Opening cost	57	45
Investments for the year	7	2
Increase through business combinations (Note 30)	—	2
Reclassifications	4	8
Translation differences	0	0
Closing accumulated cost	68	57
Opening accumulated amortisation	-41	-31
Amortisation for the year	-6	-5
Increase through business combinations (Note 30)	—	0
Reclassifications	0	-4
Translation differences	0	0
Closing accumulated amortisation	-47	-41
Closing carrying amount	21	16

Note 13**Capitalised Software Development Costs**

Group	2020-12-31	2019-12-31
Opening cost	72	44
Capitalised expenses for the year	26	20
Increase through business combination (Note 30)	52	23
Disposals and retirements for the year	-1	-14
Reclassifications	-3	-2
Translation differences	-6	1
Closing accumulated cost	140	72
Opening accumulated amortisation	-41	-28
Amortisation for the year	-15	-9
Increase through business combinations (Note 30)	-5	-16
Disposals and retirements	1	12
Reclassifications	0	0
Translation differences	2	-1
Closing accumulated amortisation	-58	-41
Opening accumulated impairment	0	0
Impairment for the year	-1	0
Closing accumulated impairment	-1	0
Closing carrying amount	81	31

Note 14**Goodwill**

Group	2020-12-31	2019-12-31
Opening cost	1,875	1,324
Increase through business combinations (Note 30)	1,042	543
Change regarding previous years' business combinations	64	—
Disposals and retirements	-2	4
Reclassifications	0	-3
Translation differences	-48	10
Closing carrying amount	2,930	1,875

Goodwill Impairment Testing

Goodwill is allocated to the Group's cash-generating units (CGU), which are identified as the Group's operating business segments. Goodwill has been allocated as follows:

Group	2020-12-31	2019-12-31
Life & Pension	1,408	1,017
Asset Management	—	—
Non-Life Insurance	846	395
Wealth Management	609	412
Other Business Units	67	51
Central Functions	—	—
Closing carrying amount	2,930	1,875

The recoverable amount for a CGU is determined based on calculations of value in use. Calculations are based on estimated future cash flows before tax based on a five-year financial budget that has been approved by management. Cash flows beyond the five-year period are extrapolated using an estimated growth rate as stated below.

The weighted average growth rate used to extrapolate cash flows beyond the budget period amounts to 2.0%. The discount rate before tax used in calculating the present value of estimated future cash flows amounts to 7.5% (7.5) for all the above-mentioned CGUs.

Note 15

Equipment

Group	2020-12-31	2019-12-31
Opening cost	52	38
Investments for the year	16	12
Increase through business combinations (Note 30)	19	14
Decrease through divested subsidiaries	—	0
Disposals and retirements	-1	-7
Reclassifications	0	-5
Translation differences	-3	0
Closing accumulated cost	82	52
Opening accumulated depreciation	-32	-29
Depreciation for the year	-10	-4
Increase through business combinations (Note 30)	-8	-10
Decrease through divested subsidiaries	—	0
Disposals and retirements	1	7
Reclassifications	0	4
Translation differences	1	0
Closing accumulated depreciation	-49	-32
Closing carrying amount	33	19

Note 16

Leases

The following amounts relating to lease agreements are reported in the balance sheet:

Group	2020-12-31	2019-12-31
Right-of-use assets		
Buildings	199	149
Vehicles	31	27
Equipment etc.	9	4
Closing carrying amount	239	179
Lease liabilities		
Current	101	97
Non-current	141	85
Closing carrying amount	241	182

Additional right-of-use assets during the year amounted to SEK 173 million (58). Depreciation for the year of right-of-use assets is distributed as follows:

	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Depreciation of rights of use		
Buildings	-76	-63
Vehicles	-19	-12
Equipment etc.	-6	-8
Closing accumulated depreciation of rights of use	-101	-83

The following amounts related to lease agreements are reported in the profit and loss:

	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Reported values in profit and loss		
Depreciation	-101	-83
Interest expenses (included in financial expenses)	-6	-6
Costs attributable to short-term leases (included in Other external costs)	-9	-6
Costs attributable to leases of low-value assets (included in Other external costs)	-8	-8
Total reported values in profit and loss	-125	-103

The total cash outflow for leasing agreements for the year amounts to SEK 123 million (101).

Note 17

Shares in Subsidiaries

Parent Company	2020-12-31	2019-12-31
Opening carrying amount	10,794	—
Investments	1,160	10,794
Changes from mergers	-7,629	—
Closing carrying amount	4,325	10,794

During the year, PO Söderberg & Partner Holding AB was merged into Söderberg & Partners Holding AB.

The Parent company has direct shareholdings in the following subsidiaries:

Name	Corp. ID no.	Registered office	Equity interest, %	Voting interest, %	No. of shares	Carrying amount	
						2020-12-31	2019-12-31
PO Söderberg & Partner AB	556659-9964	Stockholm	100	100	5,340,057	2,689	—
WBSP Norden AB	559016-4173	Stockholm	100	100	62,000	141	—
Wassum Värdepapper Klientervice AB	559156-3217	Stockholm	100	100	500	119	—
S&P Insurance Advisory AB	556768-2207	Stockholm	100	100	100,000	314	—
FH Kapital Holding AS	921365888	Oslo	61	61	88,632,000	149	—
Söderberg & Partners Wealth Management AB	556674-7456	Stockholm	100	100	452,000	134	—
S&P Asset Management SA	B184421	Luxembourg	100	100	7,620,866	302	—
PO Söderberg & Partner Holding AB	556972-1276	Stockholm	100	100	29,314,792	—	10,794
Other holdings						477	—
Total						4,325	10,794

The Parent company also has a number of indirect holdings in subsidiaries. The following list presents the most significant operating shareholdings in the Group:

Name	Corp. ID no.	Registered office	Equity interest, %	No. of shares	External net revenue
Söderberg & Partners Insurance Consulting AB	556707-7648	Stockholm	100	25,049,999	1,177
Söderberg & Partners Asset Management S.A.	8184421	Luxembourg	100	7,620,866	1,086
Söderberg & Partners Wealth Management AB	556674-7456	Stockholm	100	452,000	870
Claims Link AS	980449785	Oslo	98	3,272	183
Söderberg & Partners Danmark Forsikringsmæglervirksomhed A/S	35836160	Copenhagen	86	432,050	177
S&P Norwegian Broker AS	965575162	Oslo	98	3,184	170
S&P Montae & Partners B.V.	27331677	Rijswijk	50	18,000	151
Söderberg & Partners Danmark II Forsikringsmæglervirksomhed A/S	36413190	Copenhagen	55	275,000	122
Söderberg & Partners Wealth Management AS	990317844	Oslo	62	19,792,914	103

Note 18

Investments in Joint Ventures and Associates

Group	2020-12-31	2019-12-31
Opening carrying amount	335	302
Share of profit or loss in associates ¹⁾	50	-5
Investments	541	123
Increase/decrease through changed Group structure	-205	-53
Disposals	-1	—
Dividends from associates	-13	-32
Translation differences	-20	—
Closing carrying amount	688	335

¹⁾ SEK 59 million (2) refers to gains on revaluation of existing holdings at fair value on acquisition of controlling influence.

Effects in the cash flow statement regarding investments in joint ventures and associates paid in cash:

Group	2020-12-31	2019-12-31
Consideration paid for acquisitions	-455	-27
Consideration paid for future acquisitions	—	-1
Paid/received shareholders' contributions	-67	-54
Payment of non-current loans	-73	—
Net effect on cash flow	-596	-82

The table below shows total financial information for the joint ventures and associates that are deemed significant for the Group as of 31 December 2020:

2020-12-31	Assets	Liabilities	Profit/loss	Share of profit/loss
APC HoldCo III ApS	464	473	-9	-4
JRS Asset Management AB	210	157	7	3
Herenvest Groep B.V.	33	12	10	3
InsClear Holding AB	26	7	-12	-7
Söderberg & Partners Bolån AB	3	2	-11	-6
IISÅ Holdco AB	129	59	-6	-1

2019-12-31	Assets	Liabilities	Profit/loss	Share of profit/loss
Montae Groep B.V.	59	35	18	7
FH Kapital Holding AS	83	24	-2	0
InsClear Holding AB	22	7	-15	-8
Söderberg & Partners Bolån AB	3	1	-4	-2
IISÅ Holdco AB	42	0	0	0

Investments in joint ventures and associates that are significant to the Group are presented below:

Name	Corp. ID no.	Registered office	Share of equity, %	No. of shares	Carrying amount	
					2020-12-31	2019-12-31
APC HoldCo III ApS	41244623	Copenhagen	49	49,900	216	—
JRS Asset Management AB	556734-9070	Stockholm	49	3,920	119	—
Herenvest Groep Beheer B.V. ¹⁾	32090592	Haarlem	40	88,960	52	—
InsClear Holding AB	556929-0645	Stockholm	50	25,000	25	25
Söderberg & Partners Bolån AB	556875-2264	Stockholm	50	285	19	19
IISÅ Holdco AB	559217-9203	Stockholm	25	12,500	25	18
Montae Groep B.V. ²⁾	BV27331675	Rijswijk	31	5,580	—	77
FH Kapital Holding AS ³⁾	921365888	Oslo	21	26,746,521	—	31
Other holdings ⁴⁾					232	165
Closing carrying amount					688	335

¹⁾ Herenvest Groep Beheer B.V. is the parent of a group with several holdings where the ownership percentage varies. The total share of equity is estimated at 40 per cent.

²⁾ Montae Groep B.V. became a subsidiary during the year.

³⁾ FH Kapital Holding AS became a subsidiary during the year.

⁴⁾ The Group also has holdings in several associated companies that are not individually considered significant.

The table below shows the reported amounts in the financial statements for each of the Parent company's associated companies and joint ventures:

Parent Company	2020-12-31	2019-12-31
Opening carrying amount	—	—
Investments	145	—
Decrease through changed Group structure	-31	—
Changes from mergers	59	—
Closing carrying amount	173	—

The Parent company's direct holdings in joint ventures and associated companies are reported below:

Name	Corp. ID no.	Registered office	Share of equity, %	No. of shares	Carrying amount
					2020-12-31
JRS Asset Management AB	556734-9070	Stockholm	49	3,920	115
IISÅ Holdco AB	559217-9203	Stockholm	25	12,500	26
S.P. JHSH AB	559203-9043	Stockholm	41	20,500	8
S.P. HMSO Göteborg AB	559192-1084	Gothenburg	40	20,000	6
Stjärnviken Invest AB	556785-1109	Gothenburg	49	49,000	6
S.P. JPJP Växjö AB	559252-5074	Växjö	31	15,500	6
S.P. BSA Stockholm AB	559227-6140	Stockholm	31	15,500	3
S.P. BASE Stockholm AB	559254-2640	Stockholm	39	19,420	2
Closing carrying amount					173

Note 19**Trade Receivables**

The Group applies a simplified calculation model for trade receivables in accordance with IFRS 9, which estimates expected future losses. The calculation is based on historical information and adjusted with a forward-looking analysis.

As of 31 December 2020, the Group had trade receivables which were due of SEK 51 million (41), which was primarily because of a number of independent customers without previous payment difficulties. The analysis of trade receivables is as follows:

Analysis of credit risk exposure in trade receivables	2020-12-31	2019-12-31
Trade receivables neither overdue nor impaired	258	193
<i>Trade receivables overdue but not impaired</i>		
Less than 3 months	40	31
3-6 months	6	5
More than 6 months	5	5
Total overdue	51	41
Closing carrying amount trade receivables	309	234

At 31 December 2020, the Group's provision for bad debt was SEK 6 million (4) which is included in the carrying amount for trade receivables.

Provision for bad debt	2020	2019
Opening provision	-4	-2
Acquisitions	0	—
New provisions for the year	-4	-4
Reversal of provisions from previous years	1	—
Bad debt losses	0	2
Provision for bad debt	-6	-4

Note 20**Prepaid Expenses and Accrued Income**

Group	2020-12-31	2019-12-31
Accrued fee and commission income	414	372
Other accrued income	54	24
Prepaid rent	20	17
Other prepaid expenses	51	40
Total prepaid expenses and accrued income	539	453

Note 21**Share Capital and Additional Paid-In Capital**

	No. of shares	Share capital	Additional paid-in capital	Total
Closing balance 2018-12-31	—	—	959	959
Changes in Group structure	30,468,678	30	-30	0
Issue of new shares	87,891	0	81	81
Closing balance 2019-12-31	30,556,569	31	1,010	1,040
Issue of new shares	170,525	1	59	59
Closing balance 2020-12-31	30,727,094	31	1,068	1,099

2020

As of 31 December 2020, the number of shares in Söderberg & Partners Holding AB was 30,727,094. All shares registered on the balance sheet date were paid in full. The quotient value was SEK 1.01 per share.

The following table shows the shares distributed by type of share:

Share class	No. of shares	Votes per share
Class A shares	10,126,717	10
Class B shares	20,600,377	1
Total outstanding shares	30,727,094	

All shares have a quotient value of SEK 1.01 and are equally entitled to a share in the company's assets and earnings. All shares are entitled to dividends. Each Class A share carries ten votes and each Class B share carries one vote. All issued shares are paid in full. Last year, the former Parent had other types of share classes.

2019

In 2019, Söderberg & Partners' ownership structure was changed when funds managed by KKR indirectly acquired a shareholding from certain former shareholders. In connection with this transaction, funds controlled by TA Associates sold their entire holding in Söderberg & Partners. The transaction was structured so that the remaining shareholders' holdings in the former Parent company, PO Söderberg & Partner Holding AB, were transferred through a non-cash issue to a newly formed company, Söderberg & Partners Holding AB. In connection with the transfer, Söderberg & Partners Holding AB acquired all shares in PO Söderberg & Partner Holding AB. The primary effects of the transaction were that KKR replaced TA Associates as owner and that the shareholders' ownership of the Group was transferred to a new Parent company. As a result of the Group acquiring a new Parent in 2019, share capital in 2018 is reported as part of additional paid in capital.

New Share Issues

2020

On 6 May 2020, a cash issue of 10,233 Class B shares with a quotient value of SEK 1 was carried out. The fair value of the issued shares amounted to SEK 4 million.

On 25 August 2020, a cash issue of 2,019 Class B shares with a quotient value of SEK 1 was carried out. The fair value of the issued shares amounted to SEK 1 million.

On 25 August 2020, a directed non-cash issue of 122,329 Class B shares with a quotient value of SEK 1 was carried out by issuing equity instruments in order to regulate business combinations made during the year. The fair value of the issued shares amounted to SEK 43 million.

On 25 August 2020, a directed offset issue of 35,944 Class B shares with a quotient value of SEK 1 was carried out by issuing equity instruments in order to regulate business combinations made during the year. The fair value of the issued shares amounted to SEK 13 million.

On 22 October 2020, the share capital was reduced by redeeming 392,435 Class B shares with a quotient value of SEK 1. The fair value of the shares amounted to SEK 140 million. At the same time, a bonus issue was carried out to restore the share capital by adding funds from unrestricted equity.

On 22 October 2020, a directed non-cash issue of 392,435 Class B shares with a quotient value of SEK 1.01 was carried out by issuing equity instruments in order to regulate business combinations made during the year. The fair value of the issued shares amounted to SEK 138 million.

2019

On 27 November 2019, the Group decided on a new incentive scheme for employees in Group companies.

In the first stage (2019:1), a total of 1,266,354 warrants for Class B shares were subscribed, which upon full exercise would increase the share capital by a maximum of SEK 1 per share. Employees paid SEK 32.32 per warrant, which corresponds to the fair value determined using the Black-Scholes valuation model. The subscription price was SEK 441.03 per share and a total of SEK 41 million was paid for the subscribed warrants.

In the second stage (2019:2), a total of 180,908 warrants for Class B shares were subscribed, which upon full exercise would increase the share capital by a maximum of SEK 1 per share. Employees paid SEK 51.86 per warrant, which corresponds to the fair value determined using the Black-Scholes valuation model. The subscription price was SEK 352.82 per share and a total of SEK 9 million was paid for the subscribed warrants.

The warrant holders will have the right to subscribe for one new share for each warrant during the period 1–30 November 2024.

On 16 December 2019, a directed non-cash issue of 87,891 Class B shares with a quotient value of SEK 1 was carried out by issuing equity instruments in order to regulate business combinations made during the year. Fair value of the issued shares amounted to SEK 31 million.

Note 22**Liabilities to Credit Institutions**

Group	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Non-current		
Bank loans	1,544	909
Total non-current portion	1,544	909
Current		
Bank loans	148	43
Overdraft facility	151	4
Total current portion	299	47
Total liabilities to credit institutions	1,843	956

The Group's bank loans consisted of a number of credit facilities with different maturities. SEK 299 million matures within one year, SEK 283 million matures within two to three years, and the remaining part of the loan matures in full in 2024. The loans have related loan terms and covenants. The Group monitors the loans on an ongoing basis and met all loan terms for the reporting periods. The Group had unutilised credit on overdraft facilities amounting to SEK 11 million and unused acquisition credit of SEK 834 million. Other bank loans were fully utilised. Pledged assets linked to bank loans amounted to SEK 31 million, see [Note 27](#).

Parent Company	2020-12-31	2019-12-31
Non-current		
Bank loans	1,525	—
Total non-current portion	1,525	—
Current		
Bank loans	133	—
Overdraft facility	150	—
Total current portion	284	—
Total liabilities to credit institutions	1,809	—

Note 23**Liabilities for Contingent Considerations**

Group	2020-12-31	2019-12-31
Opening balance	456	388
Recognised in income statement		
Reversal of discounting effects	39	27
Increase through acquisitions	623	216
Revaluation of contingent considerations	-3	19
Settled during the year	-132	-202
Translation differences	-26	8
Closing balance	955	456

The liabilities primarily consist of additional purchase price items that have arisen from business combinations, but also include additional purchase price items for the acquisition of shareholdings from minority and customer contracts.

The liabilities for contingent considerations mainly include considerations that are conditional on a future event, but can also refer to additional purchase price with amount and time already determined, however this rarely occurs. The liabilities also include considerations that may lapse if contractual call and put options are exercised at a future date.

The liabilities for contingent considerations are continuously valued at fair value and discounted if deemed necessary. The valuation of the additional purchase price items is mainly based on input data classified to level 3 in the fair value hierarchy in accordance with IFRS 9, i.e. on input data that is not based on observable market data. See 4.2 above for significant assumptions regarding the liability for future contingent consideration.

The undiscounted value of the liabilities for contingent considerations as of 31 December 2020 amounts to SEK 1,237 million. SEK 278 million of the contingent consideration is estimated to be settled within one year, SEK 871 million is estimated to be settled later than one year but within five years, and the remaining SEK 88 million is estimated to be settled later than five years. To the extent that the liabilities are estimated to be settled through cash payments, these are included in the Group's liquidity planning.

Note 24**Deferred Tax**

Group	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Deferred tax assets		
Pension obligations	17	13
Tax losses	26	6
Tangible/intangible fixed assets	5	5
Other	5	3
Total deferred tax assets	52	27
Deferred tax liabilities		
Tangible/intangible fixed assets	94	60
Untaxed reserves	7	11
Other	5	6
Total deferred tax liabilities	106	77
Total deferred tax, net	53	50

Changes in deferred tax assets and liabilities during the year, regardless of set-offs made within the same tax jurisdiction:

Group						
Deferred tax liabilities, net	Tangible/intangible fixed assets	Untaxed reserves	Pension obligations	Tax losses	Other	Total
2018-12-31	38	15	-12	-14	-1	25
Reclassifications	-3	0	0	-1	3	0
Recognised in profit and loss (Note 10)	-11	-4	-1	9	2	-5
Increase from business combinations (Note 30)	30	1	—	-1	-1	30
Translation differences	0	—	—	0	0	0
2019-12-31	54	11	-13	-6	4	50
Recognised in profit and loss (Note 10)	-17	-5	-4	-8	-1	-35
Increase from business combinations (Note 30)	53	0	—	-12	—	42
Translation differences	-4	—	—	1	0	-4
2020-12-31	87	7	-17	-26	3	53

Deferred tax assets are recognised for tax losses to the extent that it is probable that these can be used to offset future taxable profits. The Group has not recognised deferred tax assets of SEK 21 million (19) relating to unutilised tax losses of SEK 104 million (89), since there is no convincing evidence that the tax losses can be utilised against future taxable profits.

Note 25**Other Provisions**

Group	2020-12-31	2019-12-31
Opening balance	20	36
Recognised in the income statement		
Additional/reversed provisions	-20	-19
Increase from business combinations	—	3
Closing balance	0	20

Group	2020-12-31	2019-12-31
Non-current portion	0	0
Current portion	—	20
Total provisions	0	20

Provisions in the Group mainly relate to provision for cancellation regarding commissions received from life insurance companies. Due to changes in the business model, cancellation withdrawals have been decreasing continuously for the past few years. The provision for cancellation is therefore also reduced continuously and is completely gone by year-end 2020-12-31.

Note 26**Accrued Expenses and Prepaid Income**

Group	2020-12-31	2019-12-31
Accrued personnel expenses	383	281
Prepaid income	83	88
Accrued commission expenses	117	116
Other	65	169
Total accrued expenses and prepaid income	648	654

Note 27**Pledged Assets and Contingent Liabilities****Pledged Assets**

Group	2020-12-31	2019-12-31
Floating charge	48	69
Restricted cash	26	16
Total pledged assets	74	85

Pledged assets include collateral for depository services at SEB totalling SEK 16 million (16). In addition, pledged assets include collateral for loans in Rivez Beheer B.V. which was raised upon the acquisition of customer contracts/customer relationships of SEK 30 million (43).

Contingent Liabilities

Group	2020-12-31	2019-12-31
Granted but unutilised customer credits	74	97
Guarantees	—	5
Other	2	1
Total contingent liabilities	76	103

The Parent company had no pledged assets or contingent liabilities.

Note 28**Non-Cash Items**

Group	2020-12-31	2019-12-31
Depreciation, amortisation and impairment	222	159
Capital gain or loss on sale of shares	2	-11
Share of profit or loss in associates	-50	5
Change in provisions	-20	-19
Other non-cash items	0	—
Total non-cash items	154	134

Note 29**Changes in Liabilities Attributable to Financing Activities**

	Liabilities to credit institutions	Leases IFRS 16	Contingent considerations	Other non-current liabilities	Total
Opening balance 2019-01-01	657	—	388	6	1,051
Transition to IFRS 16		202			202
Cash flow effects reported in					
Financing activities	249	-81	-129	2	40
Investment activities			-70		-70
Operating activities		6			6
New/cancelled leases IFRS 16		57			57
Additions from business combinations	48		212		260
Translation differences	0	-1	8	0	7
Other non-cash items	2		47	-2	48
Closing balance 2019-12-31	956	182	456	6	1,600
Opening balance 2020-01-01	956	182	456	6	1,600
Cash flow effects reported in					
Financing activities	869	-99	-105	-4	661
Investment activities			-20		-20
New/cancelled leases IFRS 16		167			167
Additions from business combinations	10		623	1	634
Translation differences	-2	-7	-26		-36
Other non-cash items	10		27	10	47
Closing balance 2020-12-31	1,843	243	955	13	3,053

Regarding the contingent considerations, the line item "Additions from business combinations" also include additional liabilities when acquiring, for example, shareholdings from minority. "Other non-cash items" mainly consists of revaluation effects and reversal of discount rates.

Note 30**Business Combinations**

The Group's strategy is to expand both its Insurance and Wealth Management business. It is intended that some of this growth will come from business combinations, in Sweden as well as in other parts of Europe. During the year, several businesses were acquired as part of this strategy. The Group's business combinations are presented on an aggregated level, since none of the acquired companies individually had a significant impact on the financial statements or changed the Group's risk assessment.

Acquisitions in 2020

The total consideration transferred for the year's business combinations amounted to SEK 1,488 million, which exceeded the fair value of net assets by SEK 977 million. Surplus values from business combinations amounted to SEK 1,188 million and are attributed to customer relationships and goodwill, where the surplus value of goodwill consist of non-identifiable intangible assets and synergies that are expected to arise through the acquisition.

The business combinations in 2020 contributed to the Group's sales by SEK 188 million and profit after financial items by SEK 45 million. If all business combinations had taken place as of 1 January 2020, the Group's net sales would have amounted to SEK 4,897 million and the consolidated income statement would show an operating profit of SEK 808 million.

Information on consideration transferred, acquired net assets and goodwill as of each acquisition date is shown below:

Consideration	2020
Cash and cash equivalents	566
Advance considerations prior years	2
Issue of equity instruments	141
Acquisition debt	566
Fair value of shareholdings before business combination	214
Total consideration	1,488
Acquired identifiable net assets	511
Goodwill	977

The assets and liabilities that are reported as a result of the business combination on each acquisition date are as follows:

Carrying amounts of identifiable acquired assets and liabilities	Fair value
Cash and cash equivalents	170
Acquired customer contracts/customer relationships	266
Capitalised software development expenses	47
Goodwill	65
Tangible fixed assets	10
Financial fixed assets	16
Trade receivables and other receivables	283
Client money	9
Borrowings	-10
Deferred taxes, net	-42
Other non-current liabilities	-1
Liabilities for client assets	-9
Trade payables and other liabilities	-210
Total identifiable net assets	593
Non-controlling interests	-82
Goodwill	977
Total consideration	1,488
Consideration paid in cash	-566
Cash and cash equivalents in subsidiaries	170
Change in consolidated cash and cash equivalents from acquisitions	-396

Effects in the cash flow analysis regarding cash-settled considerations from business combinations:

Group	2020	2019
Consideration paid for business combinations	-566	-290
Cash and cash equivalents in subsidiaries acquired during the year	170	187
Consideration paid for future business combinations	-4	-1
Paid considerations for business combinations in previous years	-20	-45
Net cash flow effect from business combinations	-420	-148

Acquisitions in 2019

The total consideration transferred for the year's business combinations amounted to SEK 806 million. Of the total consideration, SEK 541 million has been settled, of which SEK 290 million through cash payments. The remaining estimated acquisition debt as of 31 December 2020 amounted to SEK 209 million, which will mainly be settled through cash payments.

The total consideration transferred exceeded the fair value of net assets by SEK 652 million. Surplus values are attributed to customer relationships and goodwill, where the surplus value of goodwill consists of unidentifiable intangible assets and synergies that are expected to arise through the acquisition.

In 2019, the acquisitions contributed to the Group's net revenue by SEK 116 million and profit after financial items by SEK 37 million. If all business combinations had been carried out as of 1 January 2019, consolidated net revenue would amount to SEK 4,200 million and the consolidated income statement would show an operating profit of SEK 667 million.

The acquisition debt for previous years' business combinations was settled through cash payments of SEK 45 million. The acquisition debt was also revised during the year, resulting in an increase in provisions of SEK 16 million. Outstanding acquisition debt for acquisition made prior to 2019 amounted to SEK 274 million as of 31 December 2019.

Consideration	2019
Cash and cash equivalents	290
Advance considerations prior years	197
Issue of equity instruments	53
Acquisition debt	209
Fair value of shareholdings before business combination	56
Total consideration	806
Acquired identifiable net assets	265
Goodwill	540
Carrying amounts of identifiable acquired assets and liabilities	Fair value
Cash and cash equivalents	187
Acquired customer contracts/customer relationships	205
Capitalised software development expenses	8
Licences	2
Goodwill	3
Other intangible assets	0
Tangible fixed assets	4
Financial fixed assets	5
Client receivables	43
Trade receivables and other receivables	1
Client money	-48
Deferred tax, net	-30
Other provisions	-4
Liability for client assets	-1
Trade payables and other liabilities	-89
Total identifiable net assets	286
Non-controlling interests	-21
Goodwill	540
Total consideration	806
Consideration paid in cash	-290
Cash and cash equivalents in subsidiaries	187
Change in consolidated cash and cash equivalents from acquisitions	-103

Note 31**Merger of Subsidiary**

On 22 April 2020, PO Söderberg & Partner Holding AB (556972-1276) was merged into the Parent company. When accounting for the merger, the Group value method has been used, which entails that assets and liabilities are transferred to the Parent company valued based on the purchase price analysis that was prepared when the Group acquired the transferring entity. The merger reserve amounted to SEK -7,461 million and is booked against retained earnings.

The subsidiary's assets and liabilities that are recognised in the Parent company's financial statements are the following:

	2020-12-31
Assets	
Cash and cash equivalents	25
Shares in subsidiaries	3,165
Shares in associated companies	59
Other financial fixed assets	157
Trade receivables and other receivables	1,175
Total assets	4,582
Liabilities	
Borrowings	901
Trade payables and other liabilities	348
Total liabilities	1,249

Note 32**Related Party Transactions****Transactions with Associates**

Breakdown of the Group's transactions with associates:

Group	2020-12-31	2019-12-31
Sale of goods and services	58	49
Purchase of goods and services	229	193
Dividend income	12	32

There are options to acquire the remaining shares in a number of the Group's associated companies. The purchase price, which will be paid if the options are exercised, is deemed to be market-based, which is why they are not assigned any value in the Group.

Board Members and Senior Executives

The Group has not provided any guarantee or surety commitments for the benefit of the Board members, senior executives or the auditors in the Group.

During the year, the Group has acquired shares in subsidiaries from two senior executives. The transfer is considered to have been performed at market value.

Warrants

2020

None of the options issued in 2019 have been exercised in 2020.

2019

Eleven senior executives were included in the share-related incentive programme that was decided in 2019. A total of 1,447,262 options were subscribed, of which 627,747 by senior executives. They paid a market-based price for the warrants; see [Note 21](#) for further information.

None of the Board members or senior executives were involved during the current or previous financial year in any business transactions which are or were unusual in nature or with respect to its terms, or which in any respect remains unregulated or unfinished, other than what has been reported above.

Note 33

Events after the Balance Sheet Date

After the year end, several acquisitions of associated companies were finalised in the Netherlands. These investments were made in the insurance brokers Centraal Volmachtbedrijf B.V. (CVB), Zekerheuts Holding B.V., Van Loon & Van Loon Beheer B.V. and VDF Holding & Partners B.V. The invested share is 40% in CVB and 35% in the other companies.

Note 34

Appropriation of Retained Earnings

The following earnings in SEK are at the disposal of the AGM:

Share premium reserve	10,683,353,471
Retained earnings	-7,449,179,844
Profit for the year	266,224,187
	3,500,397,814

The Board of Directors and Chief Executive Officer propose the following appropriation of disposable earnings:

Dividends to the shareholders	125,059,273
To be carried forward	3,375,338,541
	3,500,397,814

Board Statement on Dividend Proposal

The proposed dividend reduces the equity/assets ratio of the company. However, the equity/assets ratio is reassuring since the company's operations remain profitable. The company's liquidity is furthermore judged to be maintained at an equally satisfactory level. The Board's view is that the proposed dividend does not prevent the company from fulfilling its obligations in the short and long term, nor does it prevent the company from making requisite investments. Therefore, the proposed dividend can be defended with reference to the requirements in the Swedish Companies Act Chapter 17, Paragraph 3, Section 2.

The company is the Parent company of the Söderberg & Partners Group and the Board of Directors' assessment is that the dividend is also defensible on the basis of what is stated in the Swedish Companies Act Chapter 17, Paragraph 3, Section 3 regarding the need to take into account the requirements that the Group's operations, scope and risks put on the Group's equity and the Group's needs for consolidation, liquidity and position in general.

Signatures

The Parent company's and the Group's consolidated income statements and balance sheets will be submitted for approval to the Annual General Meeting 2021.

Stockholm, 12 April 2021

Per-Olof Söderberg
Chairman of the Board

Håkan Wersäll

David Bellamy

Gustaf Rentzhog
Chief Executive Officer

Hans Årstad

Daniël Knottenbelt

Our auditor's report was submitted on 12 April 2021

Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson
Chartered Accountant

Auditor's Report

Unofficial translation

To the general meeting of the shareholders of Söderberg & Partners Holding AB, corporate identity number 559193-0788

Report on the Annual Accounts and Consolidated Accounts

Opinions

We have audited the annual accounts and consolidated accounts of Söderberg & Partners Holding AB for the year 2020.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibility section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and for them giving a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied, however, if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on Other Legal and Regulatory Requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Söderberg & Partners Holding AB for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibility section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes, among other things, continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director must manage the ongoing administration according to the Board of Directors' guidelines

and instructions and, among other matters, take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's Responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm, 12 April 2021

Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson

Chartered Accountant

The unofficial translation of the auditor's report covers the statutory annual accounts and consolidated accounts on pages 36-89 in this document and is a copy of the auditor's report that was released on 2021-04-12. By that time, there was no final version of the other information prepared, hence the auditor's report does not cover any other information than the annual accounts and consolidated accounts.



Söderberg
& Partners