

The background features a light blue watercolor wash with darker blue accents in the corners. Several geometric shapes, including diamonds and squares with internal lines, are scattered across the page. A large diamond shape is positioned in the upper center, containing the year '2019'.

2019

SÖDERBERG & PARTNERS HOLDING AB

Annual Report



"A year of strong growth"
- Gustaf Rentzhog, President and CEO

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A sustainable business

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Highlights of the Year



KKR as a New Significant Owner

The global investment firm KKR has become a new major shareholder in the Söderberg & Partners Group. Their investment will continue developing the product portfolio and support international expansion.



Number One in Customer Satisfaction

For the eighth year in a row, Söderberg & Partners was ranked number one in the Swedish Quality Index (SKI) annual survey of how customers perceive different financial industry stakeholders.



Increased Presence in the Netherlands

Söderberg & Partners' operations in the Netherlands expanded widely during 2019. Apart from acquiring and teaming up with several new business partners, Roland Goldman was also appointed CEO of Söderberg & Partners Netherlands.

WELLNET™

Investment in Wellness and Health

Through the acquisition of Wellnet, Söderberg & Partners keep expanding and developing the offer within compensation and benefits. Together we can offer unique health- and wellness solutions to our clients.

A MESSAGE FROM THE CHAIRMAN

Responsibility is in our DNA

During 2019, Söderberg & Partners experienced strong growth and expansion in new markets. Hit by COVID-19 in the beginning of 2020, we are all facing more difficult times. Our focus is to be proactive, take responsibility and reach out to clients to help create stability. Thanks to our dedicated employees this is possible.

My deepest thanks to our loyal clients, our hardworking employees, our suppliers and to our investors for 2019. For Söderberg & Partners, 2019 was another great year for the books.

Our business continued to improve in many aspects. We increased our presence in all markets during 2019, and both our revenue and net income improved substantially. It is difficult to not sound boastful or overly confident, but I am simply very proud to be a part of Söderberg & Partners!

During the year, we established Söderberg & Partners as a serious player on the Dutch market. In Norway, we took a small but important step to become a leading wealth management provider. Our aim to become a full-service provider to HR departments made us expand and improve our offering in benefits systems, payroll administration and other important HR tools. We can now offer a complete set of services to help companies improve their HR work.

We were barely into 2020, when the world was hit by COVID-19. All of us are now experiencing an extraordinary difficult time. We know that the virus will eventually pass but there is no certainty regarding when, or at what cost to society. Now, it is crucial that everyone takes responsibility and reach out not only to family, but to clients and colleagues too. We need to do the outermost to create an overview, stability and to limit our clients' damages. In hard times, that extra phone call to someone can mean a lot. In times like these I am thankful for our employees that are dedicated, proactive, loyal, and appreciated by our clients. It becomes very clear that our corporate value, responsible, is not just an elegant word, but also an integral part of our DNA.

Right now, we are in uncharted waters, but with hard work we will stay on a steady course and I know that everyone at Söderberg & Partners will do their best. In times like these, it will become even more clear how much we mean to our clients and society. Being part of an expanding

Söderberg & Partners Group creates value for everyone.

Our drive, our aim to grow and common knowledge lead us into the future. At Söderberg & Partners we give freedom to the individuals to develop their own competence to reach our common goals. Being open and transparent makes us able to focus on solutions rather than on who is going to solve it. Knowing where we are heading and how to get there, gives us clarity and inspiration despite the COVID-19 crisis. It is my sincere belief that these values will not only take us through 2020 but that we will successfully continue to grow for many years to come and always be guided by what is best for our clients.

*Per-Olof Söderberg
Chairman of the Board*





A MESSAGE FROM THE CEO

A Year of Strong Growth

The focus of the year has been on growth, both organic and through acquisitions. We also expanded in the Netherlands, entered the Norwegian Wealth Management market and gained a new shareholder in the form of KKR.

The year has been characterised by rapid growth and improvements. We saw a revenue growth of 21% and profit growth (EBIT) of 30%. With help from volumes, premium and assets, we have also carried out many group procurements. This gives our clients access to great discounts on funds and insurance.

For the eighth year in a row, we have been appointed to have the industry's most satisfied customers according to the Swedish Quality Index (SKI). For us, this is the most important award we can receive, and it drives us to improve everything we do, every day.

We see stable and rapid growth in all business areas thanks to strong organic growth but also through several successful strategic acquisitions. In Norway, we have expanded our operations and entered the Wealth Management market by acquiring parts of Forvaltningshuset. We also plan to expand our operations within Wealth Management in other countries during 2020.

Söderberg & Partners' operations in the Netherlands expanded widely during 2019. Apart from acquiring and teaming up with several new business partners, we proved that our business model works in the Netherlands. In this market we strive to drive the change in pension schemes from Defined Benefit to Defined Contribution. With more Defined Contribution follows an increased need for individual advice that we can meet thanks to our superior business model, based on personal advice backed by modern fintech tools. As a result, we received new orders for thousands of advice meetings from clients during 2019.

During the year, the global investment firm KKR became a new shareholder in the Söderberg & Partners Group. The global experience and resources that KKR bring to the table have already helped us to improve our business, and we look forward to entering new markets with their help.

We launched the ESG fund Aktiv Påverkan (Active Engagement), which leverages the power of an active ownership to reach long-term sustainable goals relevant to our clients. The themes are determined through a process where investors in the fund can vote on sustainability topics important to them. The first sustainability topic in the fund is preventing child labour. Therefore, the fund has made investments in companies facing an elevated risk of using child labour in their supply chains to help them mitigate these risks responsibly. In this project we also work closely with Save the Children's expert group within Child Rights and Business.

Looking forward, we aim to continue having strong growth in all business areas during 2020. But most important of all – we aim to keep having the most satisfied customers in the market!

Gustaf Rentzhog
President and CEO



Sustainability Report

This is Söderberg & Partners fourth 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 customers as well as our employees and society as a whole. A Sustainability Report is published annually and cover 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 2019 has been prepared in accordance with the GRI Standards: Core level. This Sustainability Report covers the fiscal year 2019. During this reporting period, the leading global investment firm Kohlberg Kravis Roberts (KKR) acquired a substantial minority shareholding in Söderberg & Partners from TA Associates and certain other selling shareholders. Chairman Per-Olof Söderberg and CEO Gustaf Rentzhog and other key founding members remain as long-term shareholders. 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 miljogrupper@soderbergpartners.se



980

new and updated
sustainability
ratings of funds



138

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



200%

of our employees' carbon
emissions are climate
compensated



Highlights in brief

- ➡ Söderberg & Partners Asset Management joins forces with Save the Children to combat child labour
- ➡ Head of ESG joins the board of Swesif, Swedish Forum for Sustainable Investment
- ➡ Söderberg & Partners Asset Management advances its Responsible Investing Policy
- ➡ Söderberg & Partners starts a new collaboration with Parents Roar, a Swedish organisation working for a better climate for children



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 nonetheless 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. An environmental assessment 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 are made through our financial advisory, analyses, asset management and when engaging with product suppliers in dialogues. We have identified focus areas to prioritise given the results from stakeholder surveys and risk analysis. These focus areas are translated into goals and defined by sustainability targets. Read more about our sustainability goals on page 18.

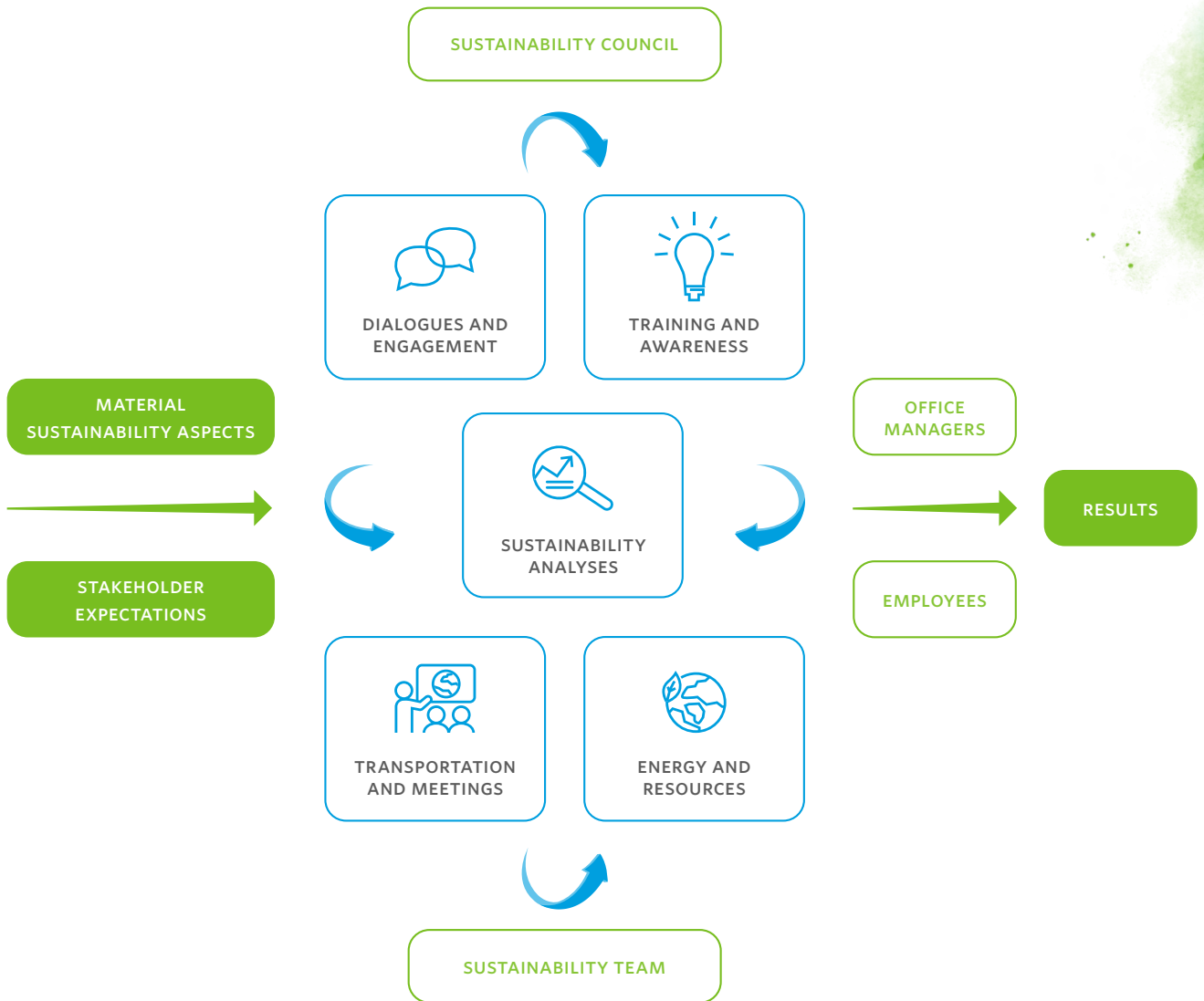
Governance of the sustainability work

Söderberg & Partners Sustainability Policy is the overarching policy for the sustainability work in the Group. Other policies and guidelines such as the Employee Handbook, Travel Policy, 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 work at group level. However, we believe sustainability efforts are most impactful and efficient when the whole organisation is engaged. All employees are therefore naturally a part of and responsible for our sustainability work so that we are all contributing to deliver on our sustainability targets.

The Sustainability Council consists of representative 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 for every three years and the targets are updated so that we continually advance our sustainability efforts.





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 work across the Group and also ISO 14001 Environmental Management System (EMS) currently only applied in Sweden. 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 work. The Office Manager informs the colleagues at the office about our sustainability work and how it should be implemented, and report back to the Sustainability Team at least every reporting year.

As part of the Environmental Management System ISO 14001, Söderberg & Partners comply with current environmental legislations. This means that we apply the Precautionary Principle as we take necessary measures to minimise any negative impact on the environment.

Stakeholder dialogues

We engage in dialogues with our premier stakeholders – our clients, employees, owners and suppliers, whom are directly or indirectly affected, or may be affected, by our business operations. The dialogues serve 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. Through a customer survey and discussions with financial advisors, our customers expect Söderberg & Partners to have a solid sustainability work. We are expected to deliver sustainable advice and investment alternatives that facilitate choosing sustainable investments.

Söderberg & Partners' employees are determinant for our success in establishing and maintaining satisfactory customer relations. All employees are contributing to meet our sustainability goals

in daily operations, for example regarding reduction in resource consumption. The results from the employee survey show that our advisory and its indirect effects to our customers, 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. We asked our owners what topics they value the most. That employees having appropriate working conditions were one of several topics emphasised, another being societal engagement and representation in local communities. Our owners have also shown specific

interest in the sustainability work in portfolio management and our engagement with external managers.

Söderberg & Partners has about a thousand suppliers of products and services, mostly regarding financial products. We are engaged in dialogues with suppliers of financial products and other collaboration partners about their sustainability work. The results from a questionnaire show that our suppliers expect us to be transparent and fully complied to relevant legal regulations and business ethics.

Our sustainability work and goals are based on these aspects 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 customers. Our analyses and traffic light system form the basis of the advice, as we rate solutions in a way that is adapted to the customer's individual conditions.

Sustainability analyses

The choice of investment does not only affect 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 analyses 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 is best within sustainability.

By rating actors relative to each other, we encourage companies to continuously improve. The analyses should be seen as a complement to Söderberg & Partners' financial analyses. To date, our sustainability analyses cover approximately 3,030 funds, 14 Swedish unit linked insurance companies, 14 Swedish and 9 Danish life insurance and premium guarantee products and 20 non-life insurance companies.

Our analyses are available in Swedish [here](#).

The traffic light system is simple and helps customers 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 the managers engage excessively 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 discourages from if the customer wish to prioritise sustainability.



Analysis-based advice makes a difference

We want to make the best analyses and tools available to the advisors and clients. We continuously follow up that sustainability is integrated in our advisory tools, digital interfaces, and in counselling sessions when our clients receive support for decisions.

Sustainability in pension advisory

Sustainability is an integral part of the pension advisory. The client chooses one of our two advisory models: Strategy-based or Classic model. 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 the next page.

The Classic model allows the employee to choose a unit-linked insurance company or a traditional life insurance company. Sustain-

ability analysis of these companies are integrated in the advisory tool so that the client can choose the most sustainable portfolio available.

Sustainability in digital fund platform

Fund Finder is our own digital fund platform available for all our clients. For a personalised advisory and to facilitate sustainable decision, sustainability information of funds is presented alongside financial information of funds. Other easy-to-use tools are the filtering function to find funds based on exclusion criteria and sorting function based on 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 portfolio management

“Balanserad hållbar” (Balanced sustainable) 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 composed to present current engagement

dialogues 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 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 practises in the financial sector. As Söderberg & Partners Asset Management invest 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 there are no willingness from the companies to address the problematic issues stated hereafter. The fund company does not invest in companies related to weapon, pornography production, 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 fund where the main focus is active engagement – Aktiv Påverkan.

Aktiv Påverkan

The strategy, Aktiv Påverkan (Active Engagement in English) leverages the power of an active ownership profile to reach long-term sustainable goals relevant to our clients. The engagement themes are determined through a process where investors in the fund can vote on sustainability topics important to them. The initial engagement theme was inspired by a report named Pensionsmakt (Pension power) created by the Söderberg & Partners Group. 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 have 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 that we engage with in order to make a positive impact. By doing this together with Save the Children's expertise we hope to contribute in the battle against child labour.

Collaboration and dialogues that drive 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 conducting dialogues with our product suppliers about their sustainability work and 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 (Swedish Forum for Sustainable Investment). Swesif is an independent network forum for organisations that work for or with sustainable investments in Sweden. The purpose of the membership is to increase the knowledge regarding sustainable investing, and to exchange knowledge and experiences. 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 them being the Governance and Sustainability Group which during the year has engaged in active discussions around the new regulations from EU and carbon disclosure framework.





Sustainability goals and results 2019

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.

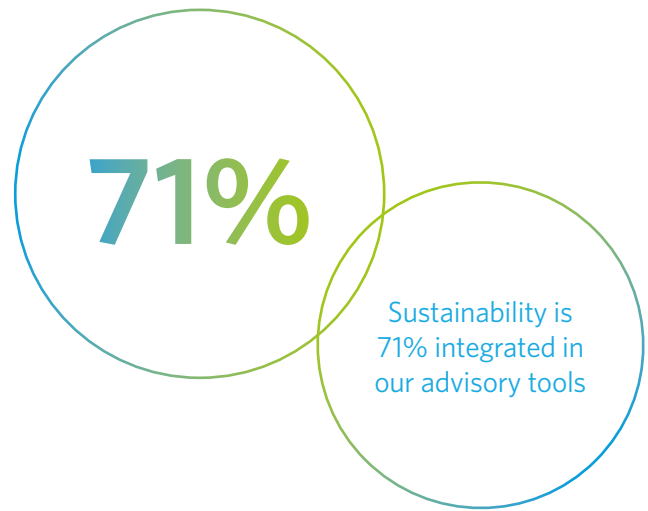
The United Nations Sustainable Development Goals (SDGs) present the seventeen most urgent and challenging global sustainability issues, recognised by the world leaders and the international community. In this report,

we use the SDGs as a framework to illustrate how our effort supports the SDGs. Presented below is an overview of our sustainability goals and targets, and how well we have delivered on these targets.

SUSTAINABLE DEVELOPMENT GOALS



The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States. For more information click here.



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 is accessible to all financial advisors and asset managers. Sustainability analyses and responsible ownership should be integrated parts in the advisory as well as asset management.

SUSTAINABILITY TARGET

Sustainability analyses and tools

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.

A main goal is to increase the number of products covered by sustainability analyses and ratings, as well as continually improve existing analyses. Read about our analyses on page 12.

Results 2019

Sustainability analyses and tools have been integrated into customer offerings that previously did not show sustainability parameters. Our sustainability analyses assess how well asset managers integrate climate change measures into investment policies and planning,

targeting SDG **13-2**. The assessment encourages our product providers to adopt sustainable practices and sustainability reporting, contributing to SDG **12-6**.

Sustainability is to this date integrated into 71% of our advisory tools in Sweden. Our sustainability analyses and ESG rating currently cover four different types of financial products, approximately 3,030 funds, 23 traditional pension funds, 14 unit-linked life insurance companies, 9 Danish life insurance and premium guarantee products and 20 non-life insurance companies. During 2019 we included non-life insurance companies in our sustainability analyses.

**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 to clients.

Training and awareness

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

SUSTAINABILITY TARGET

Training and awareness

The Sustainability Team and HR arrange various forms of sustainability training to the employees. For example, new employees in Sweden take part in an introduction day where the Head of ESG informs 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 to clients.

Results 2019

92% of all employees in Sweden, including those on temporary leave from work, has participated in the Annual Knowledge Update course containing sustainability questions. In total, 1,538 number of participants, have taken part in sustainability training related to their business areas. We 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. These are all efforts to increase knowledge in sustainability issues, targeting SDG 4-7.



Target 10-2
Promote universal social, economic and political inclusion

 Employees at Söderberg & Partners in Sweden are offered the opportunity to dedicate one workday 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.

SUSTAINABILITY TARGET

Social responsibility

We work actively with and 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 work for a sustainable future.

Results 2019

During the year, Söderberg & Partners has been involved in several CSR activities focusing on children and young people. During the summer we arranged Summer Camp for the sixth year in a row, in cooperation with Lanterna Education. At Summer Camp, we offer young people interested in expanding their knowledge the opportunity to live and study at the prestigious Sigtuna boarding school for a week. 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 Cam-

bridge. The students also get to meet like-minded people who enjoy studying and many of them become friends for life.

In December, we arranged the yearly Christmas party together with the organisation Barn till Ensamma Mammor for mothers and children living in socially and economically vulnerable conditions. Many employees at Söderberg & Partners in Stockholm dedicated their CSR day to one of the projects mentioned above. There are also 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 2019, we also extended our collaboration with Save the Children, by supporting a project against mental illness among children and young people. Furthermore, we started a new collaboration with the organisation Parents Roar who work for a better climate for our children. Our efforts in this area are especially aligned with **SDG 10-2**.

**Target 12-6**

Encourage companies to adopt sustainable practices and sustainability reporting

**Target 13-2**

Integrate climate change measures into policies and planning

Dialogues and engagement

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

SUSTAINABILITY TARGET

Dialogues and engagement

The ESG team works transparently and in close dialogues with product suppliers to inform about their strengths and weaknesses in sustainability. These dialogues are documented, and the status is being followed up. Söderberg & Partners shall be a distinguishable actor in our business sector. This role shall be met through active participation in debates and seminars and by contributing with our expertise and ambition regarding sustainable finance.

Results 2019

We have increased the number of dialogues with product suppliers, as well as participated in several seminars and sector initiatives. During 2019, we had 138 individual meetings with fund managers, representatives from pension funds, unit-linked life insurance companies and fund companies to

discuss their methods for integrating sustainability information in their investment decisions. For example, we ask whether they gather information about holding companies' carbon footprint and assess climate risks of the portfolio, as well as take these considerations into account when making investment decisions. Through our dialogues and engagements, we actively promote SDGs 12-6 and 13-2.

We participated in 10 seminars or other engagements related to sustainable investing during 2019. We are a board member of Swedish Sustainable Investments Forum (Swesif), and represented in 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.



Target 11.2
Affordable and
sustainable transport
systems

 We promote environmentally friendly traveling alternatives and aim to increase utilisation of video conferences.

Transportation and meetings

Söderberg & Partners is present in a large number of locations and growing rapidly. As a result of this geographical expansion, our employees traveling distance for work increase. However, we promote environmentally friendly traveling alternatives and aim to increase utilisation of video conferences.

SUSTAINABILITY TARGET

Transportation and meetings

Our employees are encouraged to choose environmentally friendly traveling 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.

Results 2019

In 2019, we lowered our travel distance and carbon emissions from short-distance flights. At the same time, the number of kilometres travelled by train increased. Considering the

low carbon emissions from train over airplane we always promote and are working on making it more attractive for our employees to choose the train on their business trips. However, travel distance and carbon emissions from long-distance flights increased as an inevitable consequence of our geographical expansion and business growth.

At the headquarter office, we have tickets for public transportation and bikes available for employees who want to travel more environmentally friendly. Making sustainable transportation more accessible to all is the target of SDG 11.2.

Business trips*	2019		2018	
	Distance (km)	CO2 (kg)	Distance (km)	CO2 (kg)
Flights (>500 km)	2,228,891	264,773	1,532,283	189,422
Flights (<500 km)	1,059,083	116,460	1,102,488	121,855
Train	702,736	1.4	463,350	0.98
Total	3,990,710	381,234	3,098,121	311,278

* Data covering business trips for employees in Sweden.





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 resources

Söderberg & Partners procurement guidelines require all our suppliers to the Swedish business to have an implemented and systematic environmental work that is fulfilling the standard of ISO 14001 Environmental Management System certification.

SUSTAINABILITY TARGET

Energy and resources

We work to reduce energy consumption and use of office paper. We make efforts to reduce our energy and resource consumption such as green electricity and recycling of scrapped IT products.

Results 2019

In 2019, we reduced office paper usage by 11% in Sweden and decreased

energy consumption per employee. 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, specifically linking to SDGs 7-2, 12-2 and 12-5.

Office paper (kg paper per employee)	2019	2018
	13.3**	14.6*
Energy consumption (kilowatt per employee)	2018	2017
	759****	882***

*Covering 55% of our employees in Sweden.

**Covering 60% of our employees in Sweden and Luxembourg.

***Covering 70% of employees in Sweden.

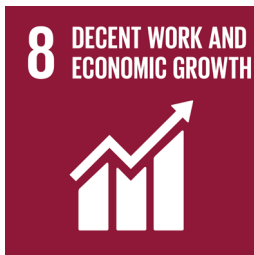
****Covering 73% of employees in the Group.





**Target 3.4**

Reduce mortality from non-communicable diseases and promote mental health

**Target 8.5**

Full employment and decent work with equal pay

Sustainable employees

Söderberg & Partners is driven by 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 headquarter is in Stockholm, Sweden. We are in total 2,068 tenured, per the last of 2019. The organisation is, however, growing each day so the number of employees constantly change. 2.7% of our employees are covered by a collective labour agreement. The employee turnover ratio for Sweden was 11.5% in 2019.

The HR department has been assigned the task to develop employee training programs, clarify development opportunities and career paths within the organisation. Furthermore, to follow up 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 condition. Söderberg & Partners has routines and action plans for handling any form of discrimination, abuse, addiction and rehabilitation.

We have an Employee Handbook where all routines and guidelines

relevant to employees are collected. The handbook describes any expectations employers have on their employees and vice versa. In 2019, there has been two identified cases that can be linked to grounds of discrimination. These cases were managed according to action plan and a serious warning has been given in both cases. We have taken the strategic decision to work more proactively for risk mitigation against all kind of discrimination by developing our processes and educate 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.

Söderberg & Partners employees

Per region	2019
Sweden	1,474
Denmark	249
Norway	218
The Netherlands	23
Finland	76
Spain	22
Luxembourg	6



Gender distribution

Male 60% Female 40%

Working environment and health

A good and safe work environment is an important strategic issue for us. The goal of our environment work is to create a physically, mentally and socially healthy and developing 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 shall be delegated in such a way that the efforts taken to ensure a responsible work environment is 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 that all employees and managers receive knowledge that is necessary.

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.

Sick leave (%)	2019	2018
Male	0.96	1.11
Female	2.86	3.51
Total	1.73	2.07

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. Gender division of the organisation is illustrated in the graph above. Gender should not be a reason for differences in remuneration. We conduct on an annual basis a systematic mapping of remuneration and educate managers about anti-discrimination and remuneration design. Differences in remuneration that cannot be explained other than gender must be corrected. Basic salary is the same among each corporate position.

For us, diversity is not just about men and women, but we believe there is a 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, 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.



5.88

In our annual
employee survey*

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 decomposed 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 shall result in an action plan defined for each employees' individual development forward. HR supplies tools and support around the structure of these dialogues. The result is presented for the management team deciding upon 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 employees' 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 5.88, an increase from 5.86 in 2018.

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 programs.

Four times a year, the HR department in Sweden arranges an intro-

duction 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 200 people attended our introduction days in 2019 in Sweden.

For the first time, Communication & HR arranged an employer branding day called S&P-dagen (The S&P-day) in Sweden. The day consisted of an internal fair as well as inspiring lectures about employee benefits and opportunities within the company. It was also a chance for the employees to exchange knowledge, network and have a good time together. One lecture focused on our CSR strategy and on-going projects. It aimed at encouraging employees to engage and use their CSR day. The Sustainability Team was present at the internal fair to inspire for sustainable actions and collect ideas on ways to develop the Söderberg & Partners' sustainability work.

*Survey conducted in Sweden. Each region has their own assessments, varying in format and scale.





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 **28,000 tonnes of CO₂-e** in 2019



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 (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 2,068 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 TM" certification. We acquire climate efficient projects totalling at least 28,000 tonnes of CO₂-e 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 presently 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 do 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 of the area and the project has also created new training and job opportunities for local workers. By our climate compensation and contribution to solely this project, 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 for each part of the business. These documents shall govern the business operations to always align with Söderberg & Partners' internal requirements and applicable external requirements.

Internal quality control is an important part of being able to work with continuous improvement of the conducted business. Söderberg & Partners has established policies and systems for handling for example customer complaints, in order to achieve a correct and objective management of these. There are also explicit knowledge requirements for both management and employees where the outcome and results are followed up regularly. Söderberg & Partners has also adopted ethical guidelines in accordance with the Swedish Financial Supervisory Authority's requirements and the Swedish Anti-Corruption Institute's assessments of best practice for decision-making in the business industry.

Another part of the internal quality and risk management work is the

web-based system for reporting incidents. Here all 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 conducted anonymously. The system provides support for incident management with the objective to secure that business improving measures are taken. 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.

At Söderberg & Partners, a common framework for risk identification is applied. A Risk Control Function provides risk information to the boards and management, followed by an analysis on risk development. If necessary, the function also provides actions in order to mitigate these risks. By identifying risk areas and proposing actions, Söderberg & Partners continuously strengthens its risk management.

Business activities within Söderberg & Partners Wealth Management, Söderberg & Partners Asset Management, and Söderberg & Partners Insurance Consulting require authorization from the Swedish Financial Supervisory Authority or its international counterparty. The business activities authorized are securities trading, fund management and in-



**Click here for further
information about
Compliance**

insurance mediation. The authorization of these activities require each company to operate in accordance to applicable legislations, as well as regulations and general guidelines issued by the authorities.

Risk management activities in Söderberg & Partners 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.

Second line of defence consists of the Compliance Function and the Function for Risk Control. These functions control that business operations are compliant to regulations. They also support the first line of

defence by assisting 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 laws, regulations and other external and internal rules. In addition to monitoring and testing the suitability and efficiency of the authorised companies' routines, the function also monitors changes in different regulations.

The task of the Risk Management Function is to provide a common framework for Söderberg & Partners' risk identification process and continuously monitor, identify, measure,

manage and report risks that the business is associated with.

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 sufficiently. The function conducts its work independently of the business operations, in the same way as the Compliance and Risk Control Functions.





GRI INDEX

General

Strategy and analysis

GRI	Content	Page	Comments
G4-1	Statement from the most senior decision-maker of the organisation	4-7	

Organisational profile

GRI	Content	Page	Comments
G4-3	Name of the organisation	8	
G4-4	The primary brands, products and services	39	
G4-5	The location of the organisation's headquarters	26	
G4-6	The number of countries where the organisation operates	26	We operate in seven countries
G4-7	The nature of ownership and legal form	39	
G4-8	The markets served	63	
G4-9	Scale of the organisation	40-45	
G4-10	Number of employees	26	
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	3	
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	16	
G4-16	List memberships of associations	16	

Material aspects and boundaries

GRI	Content	Page	Comments
G4-17	Entities covered by this report	8	Statistics availability vary between regions. Coverage is specified for each metrics
G4-18	Process for defining the report content and the Aspects Boundaries Explain how the organisation has implemented the Reporting Principles for Defining Report Content	10	
G4-19	Material Aspects identified in the process for 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	-	Not applicable

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 2018-06-26
G4-30	Reporting cycle (such as annual, biennial)	8	
G4-31	The contact point for questions regarding the report or its contents	8	
G4-32	Reporting in accordance to GRI	8	
G4-33	External assurance	-	External assurance on ISO 14001 Environmental Management System

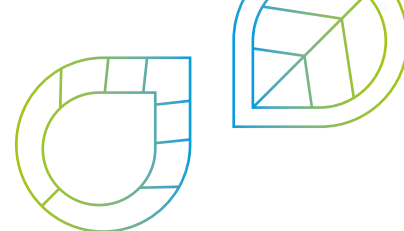
Governance

GRI	Content	Page	Comments
G4-34	Governance structure for sustainability work	10-11	

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	10,26, 32-33	





GRI INDEX

Results

Disclosures on management approach

GRI	Content	Page	Comments
G4-DMA	Governance around sustainability work	10-11	

Economic

GRI	Content	Page	Comments
G4-EC1	Direct economic value generated and distributed	40-45	

Environmental

GRI	Content	Page	Comments
G4-EN3	Energy consumption within the organisation	24	
G4-EN30	Environmental impacts of transportation	23	

Social

GRI	Content	Page	Comments
G4-LA1	Total number and rates of new employee hires and employee turnover	26	No statistics available for group common distribution on gender and age
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism etc	27	We report sick leave as this is the single relevant metrics for our operations
G4-LA11	Percentage of employees receiving regular performance and career development reviews	28	Group common metrics not available
G4-LA12	Employee diversity	27	
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category	26	Basic remuneration

Non-discrimination

GRI	Content	Page	Comments
G4-HR3	Non-discrimination	26-27	

Product responsibility

GRI	Content	Page	Comments
G4-PR5	Results of surveys measuring customer satisfaction	28	Statistics available only in Sweden

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 with which the reporting organisation has interacted on environmental and social issues	22	
FS11	Percentage of assets subject to positive and negative environmental or social screening	19	



Sustainability in Söderberg & Partners Wealth Management AB

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 create a good structure for working with sustainability issues.



200%

of all employees' carbon emissions are climate compensated



71%

of all funds have a sustainability rating



100%

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

Söderberg & Partners Wealth Management AB strive to ensure that advisors always have access to relevant sustainability analyses. In our custody accounts, 71% of all funds have a sustainability rating.

Dialogues with product suppliers is an important part of the work with responsible investments. Upon request, we always motivate the sustainability rating to the fund managers 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. All of the advisors as per year end 2019 in Söderberg & Partners Wealth Management AB have completed the Annual Knowledge Update Course, covering sustainability questions.

Söderberg & Partners Wealth Management AB constantly strives to reduce the energy consumption of our offices

and the use of consumables. In 2019, we have climate compensated 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 1,500 tonnes of carbon dioxide equivalents for our 139 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 environmental cars (which are powered by electricity, biogas or ethanol) are chosen. Flight statistics is shown in the table below.

Business trips	Distance (km)	CO2 (kg)
Flights (>500 km)	215,336	25,812
Flights (<500 km)	124,270	14,344
Train	95,525	0.19
Total	435,131	40,156

The sick leave rate is 1.19% and our employees rate us 5.7 out of 7 in our latest employee survey.

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

Annual Report and Consolidated Financial Statements for the Financial Year 2019

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 2019-01-01-2019-12-31.

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

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

Ownership

Söderberg & Partners is substantially owned, directly or indirectly, by Per-Olof Söderberg and current and previous employees in 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

During the year, operations in the Swedish Wealth Management business saw continued strong growth, both organically and through several acquisitions that took place by year end 2018/2019. Assets under management increased from SEK 135bn to SEK 256bn. The other Swedish operations within the Group also experienced favourable growth during the year.

The Group's international expansion also continued. The Non-Life Insurance business had a very positive development in both sales and margins in Norway, and both Life & Pension and Non-Life Insurance experienced strong, continuous growth in Norway, Denmark and Finland. Furthermore, the Dutch insurance intermediary Rivez Beheer B.V. (Rivez) was acquired during the year, and an additional investment was made in the former associated company Floreijn Groep B.V. (Floreijn), now considered a subsidiary in the Group. These were further important steps in the planned investment in the Dutch market.

Moreover, the former minority owner TA Associates sold its shares in Söderberg & Partners to KKR. The transaction was executed in such a way that KKR invested in a newly formed company, Söderberg & Partners Holding AB, which subsequently acquired all shares in the former parent company PO Söderberg & Partner Holding AB through both a directed new share issue and a cash payment. Söderberg & Partners Holding AB's acquisition of PO Söderberg & Partner Holding AB is considered to not be covered by IFRS 3 since the transaction does not lead to any changes in controlling influence, but rather constitutes a restructuring of ownership in the Group. Thus, for the Group's financial reporting, the sole permanent effect of the transaction is that the Group's parent company is a different legal entity than before. In 2020, a merger of PO Söderberg & Partner Holding AB and Söderberg & Partners Holding AB will be initiated.

Significant Events After the End of the Financial Year

After year end, the Group has acquired an additional 19% of Montae Groep B.V. (Montae) meaning that Montae is no longer an associated entity but a subsidiary in the Group. In connection with the acquisition, Montae was merged with Floreijn. The merged businesses will operate under the brand Montae & Partners. After the end of the financial year, the Group has also acquired an additional 35% of FH Kapital Holding AS (Forvaltningshuset) meaning that Forvaltningshuset has transitioned from being an associated company to a subsidiary.

After year end, the economic activity in many parts of the world has been negatively affected by a virus pandemic (COVID-19). The pandemic's impact on the Group is difficult to assess. Based on experience, the insurance brokerage business (Non-Life and Life & Pension) is very resilient in economic downturns. To the extent that clients face insolvency, revenues from such customers will indeed be lost, and Life & Pension will also be adversely affected if the clients choose to reduce personnel who receive pension advice from Söderberg & Partners. However, for a significant negative financial impact, it is judged that a very strong and long-lasting recession is required. The Wealth Management and Asset Management business areas receive

revenue mainly in the form of fees calculated as a proportion of assets managed/advised. In the event of economic downturn in the financial markets, these business areas are affected by reduced revenues as a result of a decrease in assets under management. In Asset Management, this effect is counteracted by the risk management strategy used in the asset management, which means that in case of a drop in global equity prices, the capital is reallocated to interest rate investments. Additionally, in all business areas a significant proportion of the cost base is variable, which means that costs automatically decrease when revenue decreases. All in all, the Group is deemed to be very resilient to economic turbulence, partly by the nature of the business and partly by the Group's strong financial position.

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, at <https://www.soderbergpartners.se/om-oss/organisation/koncern/>.

Five-Year Summary – Group

Key Performance Indicators	2019-01-01 2019-12-31	2018-01-01 2018-12-31	2017-01-01 2017-12-31	2016-01-01 2016-12-31	2015-01-01 2015-12-31
<i>Amounts in millions of Swedish kronor (MSEK)</i>					
Earnings					
Net revenue	4,107	3,405	2,960	2,558	2,342
Operating profit	705	542	424	358	381
Profit before tax	647	509	413	352	383
Profit for the year	489	387	305	254	283
Financial Position					
Total assets	5,929	4,769	3,685	3,023	2,367
Equity	2,033	1,493	980	937	787
Equity-to-assets ratio, %	34%	31%	27%	31%	33%

Financial Performance During the Year

The Group's net sales increased by SEK 702 million to SEK 4,107 million (3,405) an increase of 21% compared to the previous year. Operating profit increased by 30% and the operating margin was 17% (16%).

In the business segment Life & Pension, net revenue increased to SEK 1,281 million (1,100), an increase of 16% compared to the previous year. The operating margin for the business segment improved significantly compared to the previous year. About 49% of the growth in the business area originated from the Swedish units, while growth in the Netherlands accounted for 33% and Denmark for the remaining part.

The business segment Wealth Management, which primarily operates in Sweden but also includes minority shares in the Norwegian investment firm Forvaltningshuset, increased its net revenue by 47% to SEK 877 million (598) as a result of strong organic growth combined with several strategic acquisitions, including Wassum and Humle Kapitalförvaltning. Its operating margin improved compared with the previous year, mainly due to positive volume effects.

The business segment Asset Management had a net revenue of SEK 1,125 million (1,083). The operating margin was stable. The business segment was well supported by the positive development in the equity markets during the year.

Non-Life Insurance increased its net revenue to SEK 1,017 million (826). Approximately 50% of the growth was contributed by the Norwegian operations, while the remaining part was driven by positive development in Sweden, Denmark and Finland. The business area continued to show good profitability.

Other Business Units increased its net revenue by 27% to SEK 177 million (140) with an operating loss.

The item "Central Functions" consists primarily of costs for management and administration of the Group and the parent company, costs for mergers and acquisitions (M&A) and other centralised Group activities as well as amortisation of consolidated surplus values.

Financing and Liquidity

The Group's generated cash flow for 2019 was SEK 140 million (110). Cash flow from operating activities was SEK 378 million (393). Transitioning to IFRS 16 during the year had a positive cash flow effect on operating activities of SEK 81 million and a corresponding negative effect on cash flow from financing activities. For further information on the transition effects regarding IFRS 16, see Note 2.1. A total of SEK -148 million (-252) was paid during the year as consideration for acquisition of shares in subsidiaries (net after deductions for acquired cash and cash equivalents) and SEK -82 million (-186) for investments in associated companies. Net inflow from changes in interest-bearing liabilities to credit institutions amounted to SEK 249 million (283). Furthermore, as a result of the change in ownership that occurred during the year where TA Associates was replaced by KKR, no dividend was paid to the parent company's shareholders (SEK 121 million was paid out the previous year).

At year end, the Group's cash and cash equivalents amounted to SEK 1,326 million (1,178). The Group's interest-bearing liabilities to credit institutions amounted to SEK 956 million (657) and deposits from the public in trading accounts totalled SEK 429 million (633) by year end. The Board considers the Group to have a strong financial position.

Net Revenue	2019	2018
Life & Pension	1,281	1,100
Asset Management	1,125	1,083
Non-Life Insurance	1,017	826
Wealth Management	877	598
Other Business Units	177	140
Central Functions	4	4
Elimination of internal sales	-375	-345
Total Group	4,107	3,405

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 the 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 and reliable long-term partner for its clients in the foreseeable future. For further information on the Group's financial risk management, see Note 3.

Number of Employees

The Group had an average of 1,380 full-time employees in 2019, an increase from 1,161 the previous year. If also including personnel which are employed by partner firms that are not subsidiaries yet still operate under franchise agreements with the Group, the total number of people working on behalf of the Group amounts to 2,077 (1,851) by year end.

Outlook

Strong organic growth in several business areas and 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 overall service to the Group's customers.

The Work of the Board

The company's Board of Directors consists of five 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 apply annually. The Board of Directors receives continuous 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. As reported in the Directors' Report, the Group got a new parent company during the year.

The AGM is asked to decide on the appropriation of the following earnings (SEK)

Share premium reserve	10,624,812,555
Retained earnings	176,410,000
Profit for the year	-416,936
	10,800,805,619

The Board of Directors and Chief Executive Officer propose the available earnings to be appropriated as follows:

Dividends to the shareholders	165,005,473
To be carried forward	10,635,800,146
	10,800,805,619

Board Statement on Dividend Proposal

The proposed dividend reduces the company's equity-to-assets ratio. However, the equity-to-assets ratio is reassuring since the company continues to be profitable and the liquidity in the company is deemed to be maintained at an equally satisfactory level. It is the Board's opinion that the proposed dividend does not infringe on the company's capability to meet all its obligations, neither short- nor long term, nor to make any required investments. The dividend can thus be defended with regard to what is stated in the Swedish Companies Act 17, Chapter 3 §§2-3.

Consolidated Statement of Profit and Loss and Other Comprehensive Income

<i>Amounts in millions Swedish kronor (MSEK)</i>	Note	2019-01-01 2019-12-31	2018-01-01 2018-12-31
Operating revenue			
Net revenue	5, 6	4,107	3,405
Other operating income	7	61	48
Total operating revenue		4,168	3,454
Operating expenses			
Direct external expenses		-1,286	-1,211
Other external expenses	8, 17	-542	-475
Personnel expenses	9	-1,468	-1,183
Depreciation, amortisation and impairment of tangible and intangible assets	12-17	-159	-42
Other operating expenses		-3	-1
Total operating expenses		-3,459	-2,911
Share of profit or loss of joint ventures and associates	19	-5	-1
Operating profit	6	705	542
Financial income	10	8	18
Financial expenses	10	-65	-50
Net financial items		-57	-32
Profit before tax		647	509
Income tax	11	-158	-123
Profit for the year		489	387
Consolidated statement of other comprehensive income			
Profit for the year		489	387
Other comprehensive income for the year			
Translation differences		16	1
Other comprehensive income for the period, net after tax		16	1
Total comprehensive income for the year		505	388
Profit for the year attributable to:			
Shareholders of the parent company		446	355
Non-controlling interests		43	32
Total comprehensive income attributable to:			
Shareholders of the parent company		462	356
Non-controlling interests		43	32

Consolidated Statement of Financial Position

<i>Amounts in millions Swedish kronor (MSEK)</i>	Note	2019-12-31	2018-12-31
ASSETS			
Fixed assets			
Intangible assets			
Acquired customer contracts/customer relationships	12	337	178
Other acquired rights	13	16	15
Capitalised software development costs	14	31	16
Goodwill	15	1,875	1,324
Total intangible assets		2,258	1,533
Tangible assets			
Equipment	16	19	9
Right-of-use assets	17	179	-
Total tangible assets		199	9
Financial fixed assets			
Investments in joint ventures and associates	19	335	302
Other non-current securities		13	8
Deferred tax assets	24	27	30
Other non-current receivables		73	46
Total financial fixed assets		448	386
Total fixed assets		2,905	1,928
Current assets			
Client receivables		311	245
Trade receivables	20	234	206
Receivables from joint ventures and associates		1	1
Lending to the public		27	31
Other receivables		80	359
Prepaid expenses and accrued income	21	453	305
Client money		592	513
Cash and cash equivalents		1,326	1,178
Total current assets		3,024	2,840
TOTAL ASSETS		5,929	4,769

Consolidated Statement of Financial Position, Cont.

<i>Amounts in millions Swedish kronor (MSEK)</i>	Note	2019-12-31	2018-12-31
EQUITY	22		
Equity attributable to shareholders of the parent company			
Share capital		31	-
Additional paid-in capital		1,010	959
Reserves		18	2
Retained earnings including profit for the year		901	492
Total equity attributable to shareholders of the parent company		1,958	1,453
Non-controlling interests		75	40
Total equity		2,033	1,493
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	23	909	399
Lease liabilities	17	85	-
Other non-current liabilities		6	6
Deferred tax liabilities	24	77	56
Other provisions	25	336	249
Total non-current liabilities		1,414	709
Current liabilities			
Liabilities to credit institutions	23	47	258
Trade payables		46	57
Current tax liabilities		35	100
Other provisions	25	137	176
Liabilities to joint ventures and associates		14	7
Liabilities for client assets		903	759
Deposits from the public		429	633
Lease liabilities	17	97	-
Other liabilities		119	62
Accrued expenses and deferred income	26	654	515
Total current liabilities		2,482	2,566
TOTAL EQUITY AND LIABILITIES		5,929	4,769

Consolidated Statement of Changes in Equity

Attributable to shareholders of the parent company

<i>Amounts in millions Swedish kronor (MSEK)</i>	Share capital	Additional paid-in capital	Reserves	Retained earnings incl. profit for the year	Total	Non-controlling interests	Total equity
Opening balance 2018-01-01	-	729	0	199	928	51	980
Comprehensive income							
Profit for the year				355	355	32	387
Other comprehensive income							
Translation differences in foreign operations			1		1	0	1
Total comprehensive income	-	-	1	355	356	32	388
Transactions with shareholders							
Proceeds from issue of new shares		200			200		200
Proceeds from issue of warrants		31			31		31
Dividends				-121	-121	-25	-145
Transactions with minority				59	59	-18	41
Total transactions with shareholders	-	230	-	-62	169	-43	126
Closing balance 2018-12-31	-	959	2	492	1,453	40	1,493
Opening balance 2019-01-01	-	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							
Change in Group structure	30	-30			0		0
Proceeds from issue of new shares	0	31			31		31
Proceeds from issue of warrants		50			50		50
Dividends					-	-36	-36
Non-controlling interest arising from business combinations					-	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

For further information on share capital and additional paid-in capital, see Note 22.

Consolidated Statement of Cash Flows

<i>Amounts in millions Swedish kronor (MSEK)</i>	Note	2019-01-01 2019-12-31	2018-01-01 2018-12-31
Cash flow from operating activities			
Operating profit		705	542
Adjustment for non-cash items	28	134	47
Interest received		4	3
Interest paid		-36	-26
Dividends from associates and other investments		31	9
Paid tax		-229	-266
Cash flow from operating activities before changes in working capital		609	308
Changes in working capital			
Increase/decrease in current receivables		-127	-101
Increase/decrease in current liabilities		95	32
Increase/decrease in lending to the public		4	-12
Increase/decrease in deposits from the public		-204	167
Total changes in working capital		-232	85
Cash flow from operating activities		378	393
Cash flow from investing activities			
Acquisition of subsidiaries, net of acquired cash and cash equivalents	30	-148	-252
Investments in joint ventures and associates	19	-82	-186
Investments/disposals of intangible assets	12-15	-32	-11
Investments/disposals of tangible assets	16	-11	-1
Changes in other financial fixed assets		-6	-8
Cash flow from investing activities		-278	-458
Cash flow from financing activities			
Borrowings		920	521
Amortisation of loans		-671	-238
Change in other non-current liabilities		-79	-
Paid option debt		-70	-
New share issue		1	-
Proceeds from warrants		50	31
Acquisition of shares in subsidiaries from non-controlling interest		-82	-21
Divestment of shares in subsidiaries to non-controlling interest		7	28
Dividends to non-controlling shareholders		-36	-25
Dividends to shareholders of the parent company		0	-121
Cash flow from financing activities		41	175
Cash flow for the period		140	110
Cash and cash equivalents at the beginning of the period		1,178	1,067
Translation differences in cash and cash equivalents		8	2
Cash and cash equivalents at the end of the period		1,326	1,178

Parent Company Statement of Profit and Loss and Other Comprehensive Income

<i>Amounts in millions Swedish kronor (MSEK)</i>	Note	2019-01-30 2019-12-31
Operating revenue		-
Operating expenses		
Other external expenses	8	-1
Total operating expenses		-1
Operating profit		-1
Income tax	11	0
Profit for the year		0
Parent company statement of other comprehensive income		
Profit for the year		0
Total comprehensive income		0

Parent Company Statement of Financial Position

<i>Amounts in millions Swedish kronor (MSEK)</i>	Note	2019-12-31
ASSETS		
Fixed assets		
Financial fixed assets		
Shares in subsidiaries	18	10,794
Receivables from Group companies		31
Total financial fixed assets		10,825
Total fixed assets		10,825
Current assets		
Cash and cash equivalents		50
Total current assets		50
TOTAL ASSETS		10,875

Parent Company Statement of Financial Position, Cont.

<i>Amounts in millions Swedish kronor (MSEK)</i>	Note	2019-12-31
EQUITY		
Equity	22	
Restricted equity		
Share capital		31
Total restricted equity		31
Non-restricted equity		
Share premium reserve		10,625
Retained earnings including profit for the year		176
Total non-restricted equity		10,801
Total equity		10,832
LIABILITIES		
Current liabilities		
Liabilities to Group companies		44
Other liabilities		0
Total current liabilities		44
TOTAL EQUITY AND LIABILITIES		10,875

Parent Company Statement of Changes in Equity

<i>Amounts in millions Swedish kronor (MSEK)</i>	Share capital	Share premium	Retained earnings incl. profit for the year	Total
Opening balance 2019-01-30	0	-	-	0
Comprehensive income				
Profit for the year	-	-	0	0
Total comprehensive income	0	-	0	0
Transactions with shareholders				
Proceeds from new share issue	31	10,575	-	10,606
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

Parent Company Statement of Cash Flows

2019-01-30
2019-12-31

Amounts in millions Swedish kronor (MSEK)

Cash flow from operating activities	
Operating profit	-1
Cash flow from operating activities before changes in working capital	-1
Changes in working capital	
Increase/decrease in current liabilities	0
Total changes in working capital	0
Cash flow from operating activities	-1
Acquisition of subsidiaries	-5,273
Cash flow from investing activities	-5,273
Cash flow from financing activities	
New share issue	5,097
Warrants	50
Received shareholder contribution	176
Cash flow from financing activities	5,323
Cash flow for the period	50
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	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 Insurance, 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 20 April, 2020. 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 applied consistently 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.

a) New and Amended Standards Applied by the Group

When preparing the consolidated financial statements as of 31 December 2019, several new standards and interpretations that are applicable to the Group have entered into force. The following is an assessment of the impact that the implementation of these standards has had on Söderberg & Partners' financial statements:

IFRS 16 "Leases"

IFRS 16 entails that substantially all lease contracts shall be recognised in the lessee's balance sheet, as no distinction is made between operational and financial leases. However, exceptions are made for leases with a term of 12 months or less, and for leases where the underlying asset is of low value. Accounting for the lessor remains essentially unchanged.

Implementing the standard has affected the Group's reporting of operating leases, which mainly consist of real estate and company cars. The Group has chosen a simplified transition method where the effect of applying IFRS 16 for the first time is reported as an adjustment of the opening balance as of January 1, 2019. No recalculation of the comparative figures is made in accordance with the simplified method. As of January 1, 2019, the Group recognises a lease liability in the balance sheet valued at the present value of the remaining lease payments. Future payments have been discounted with the Group's marginal loan interest rate as of the transition date. The Group has chosen to report the right-of-use asset to the same value as the lease debt, thus no transitional effect is recognised on equity. At the transition, the right-of-use asset and the lease liability amounted to SEK 202 million. The lease debt consists of a non-current portion amounting to SEK 127 million and a current portion to SEK 75 million. A summary of the opening lease debt is shown in the table below:

Operating lease commitments 31 December, 2018	212
Short-term leases	-7
Leases of low value assets	-1
Contracts re-evaluated as service contracts	-1
Adjustments due to other handling of options to extend/ terminate agreements	14
Effect of present value calculation with the Group's marginal loan interest rate	-15
Lease liabilities reported as of 1 January, 2019	202

IFRS 16 has had a positive impact on the Group's operating profit since the lease costs has been partly moved to net financial items. In total, the transition to IFRS 16 has had a positive impact on the Group's operating profit by SEK 3 million.

The new standard has also affected the Groups' cash flow analysis. The operating lease payments were in accordance with IAS 17 reported in their entirety in cash flow from operating activities. Following the transition to IFRS 16, the lease payments are divided between interest paid within the operating activities and amortisation of lease liabilities within the financing activities. For the year, this has had a positive effect on cash flow from operating activities of SEK 81 million and a corresponding negative effect on cash flow from financing activities.

IFRIC 23 "Uncertainty over Income Tax Treatment"

The Group applies IFRIC 23 from 1 January 2019. The interpretation describes how deferred and current tax assets and liabilities shall be recognised and measured when there is uncertainty over tax treatments. IFRIC 23 has had no effect on the Group's financial reports and no adjustments have been made to the opening balances.

b) New and Amended Standards that have not yet Become Effective

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

2.2 Consolidation

(a) 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 a variable return on its investment in the entity and can influence the return through its interest in 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 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 of the acquisition date on previous holdings exceed the fair value of the Group's share of identifiable acquired net assets, is reported as goodwill.

If the business combination is carried out in several stages, the previously held equity share in the acquired entity is revaluated at their fair value at the acquisition date. Any gain or loss resulting from the revalu-

ation is recognised in profit or loss.

(b) 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 paid 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.

(c) Sale of Subsidiaries

When the Group no longer has control or significant influence, each remaining interest is revaluated at fair value as of the date when control is ceased. 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 the related assets or liabilities. This may imply that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If ownership in an associate is reduced but significant influence still remains, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss.

(d) 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 associates 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 on 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 profit and loss.

(e) 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 to the equity method.

According to the equity method, holdings in joint ventures are initially recognised at historical cost in the consolidated statement of financial position. The carrying amount is subsequently increased or decreased to recognise the Group's share of the post-acquisition earnings and other comprehensive income from its joint ventures. The Group's share of profit is included in the Group's consolidated profit or loss and the Group's share of other comprehensive income is included in consolidated other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds the holding in the joint venture (including any non-current receivables that is part of the Group's net investment in the joint venture), the Group does not report any further losses unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's holdings in joint ventures. Unrealised losses are also eliminated unless the transaction is an indication of necessary impairment of the transferred asset. Applied accounting policies in joint ventures have been changed when deemed necessary to ensure consistent application of the Group's accounting principles.

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

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.

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.

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

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).

Acquired Rights

Acquired rights are reported at cost and mainly comprise licenses and franchise agreements. The rights have an estimated useful life and are reported at cost less accumulated amortisation. Amortisation is made on straight-line basis to distribute the cost of the acquired rights over its estimated useful life (5-15 years).

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.

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 the following criteria are met:

- i. It is technically feasible to complete the software so that it will be available for use.
- ii. The company intends to complete the software and use or sell it.
- iii. The company can use or sell the software.
- iv. It can be demonstrated how the software will generate probable future economic benefits, either through cost savings or through additional revenue.
- v. Adequate technical, financial and other resources are available to complete the development, and
- vi. Expenditure attributable to the development of the software can be reliably measured.

Directly attributable expenditure that is capitalised as part of the software include 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 ac-

quisition 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 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

The Group applies IFRS 9 from January 1, 2018. According to IFRS 9 financial assets and liabilities are classified into the following categories:

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.

Financial Assets at Fair Value through Other Comprehensive Income

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

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 should be measured at fair value through profit or 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. As of the balance sheet date, this category comprises shares and participations, derivatives, additional purchase price items and other non-current securities. For example, the Group's derivatives include options and convertibles. 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.

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 Note 2.8.

2.10 Client Funds

Client funds arise as part of the wealth management and insurance business, primarily in the handling of insurance premiums on behalf of clients. The Liability for client assets consists not 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 to not 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 their fair value, as this item is of 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 fiscal surpluses 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 a foreseeable future.

2.16 Employee Benefits

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.

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.

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, where 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 future additional considerations for business combinations and provisions for the Group's repayment obligation in respect of commission payments from insurance companies, in case a policyholder terminates his or her insurance policy. No provisions are made for future operating losses.

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

The subsidiary Söderberg & Partners Wealth Management AB offers lending to the public against collateral in the form of securities held in trading accounts with the subsidiary. The issued lending belongs to the category Financial receivables and trade receivables, and is recognised at amortised cost on the settlement date and is subsequently tested for impairment based on measurement under IFRS 9, see Note 2.8.

2.19 Deposits from the Public

The Group recognises liabilities that arise when customers lend money to the subsidiary Söderberg & Partners Wealth Management AB through deposits in trading accounts recognised 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 control is transferred to the customer, 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.

If a customer cancels an insurance policy that has been sold by a company in the Group, the Group may incur an obligation to refund the commissions received to the insurance company, so called cancellation liability. The provisions made for a cancellation liability, in respect to commission income from insurance companies, initially reduce revenue and are in subsequent periods recognised as revenue to the extent that the provisions are no longer required.

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.

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

As of January 1, 2019, IFRS 16 "Leases" replaces the former lease standard IAS 17. The new standard entails that all leases 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 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-to-use asset.

The right-to-use 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 assets are depreciated over the shortest period of the asset's life and the lease term.

The Group has chosen to apply 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.

The Group has chosen a simplified transition method, which means that no recalculation of the comparative figures is made, see Note 2.1. According to IAS 17, the Group only had operational leases and lease payments for 2018 were expensed in the profit and loss on a straight-line basis over the lease period.

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.

Presentation of the Income Statement and the Balance Sheet

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

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.

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 strives to minimise potential adverse effects on the Group's financial results. The Group is primarily exposed to operational risk, market risk, credit risk and liquidity risk. Note 32 contains additional information on the risks linked to the financial turbulence that occurred after the end of the financial year.

a) 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-mitigation measure that the Group applies to manage the consequence of a realised risk is liability insurance, which provides a an

income statement and balance sheet protection.

b) Market Risk

(i) Currency Risk

The Group is exposed to currency risks arising from various currency exposures. Since the Group's operations are still concentrated to the Swedish market, exposure is limited.

The Group's financial statements are presented in Swedish kronor, but the Group also has subsidiaries in Luxembourg, Denmark, Norway, Finland, the Netherlands, the United Kingdom and Spain. The subsidiaries in Norway, Denmark, the Netherlands and Finland are engaged in activities aimed at customers in their respective countries. The activities of the Luxembourg subsidiary are primarily aimed at customers in Sweden and its functional currency is considered to be Swedish kronor. Consequently, the translation- and transaction exposure (as defined below) of the Luxembourg business are considered to be extremely limited. The Group's foreign subsidiaries in the UK and Spain had no or only limited activity in 2019. All foreign subsidiaries expose the Group to currency risks arising from unfavourable changes in exchange rates, which can have a negative impact on earnings and equity.

The Group's exposure to exchange rate 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 causes 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 956 million and consisted of bank loans with mainly 3-month interest periods. Interest-bearing financial assets mainly comprise unrestricted cash and cash equivalents.

c) 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 regulators, such as the Swedish Financial Supervisory Authority. Many of these institutions are analysed continuously by Söderberg & Partners, which has a good capacity to detect problems related to this category of counterparties at

an early stage. Regarding exposure to customers of Söderberg & Partners, the credit risk is considered low due to the low concentration of these receivables.

d) 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 that sufficient liquid assets are available, if necessary, in the form of financing through agreed credit facilities.

At December 31, 2019, the Group had cash and cash equivalents, excluding client money, of SEK 1,326 million (1,178) which is considered to cover the Group's needs by a comfortable 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 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 are 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 is briefly described below.

4.1 Goodwill Impairment Testing

Every year, the Group tests whether there is any need for impairment of goodwill in accordance with the accounting policy described in Note 2.7 Impairment of non-financial non-current 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 15.

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 Provisions for Contingent Considerations

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 usually means that partner firms first work under the Söderberg & Partners brand for a number of years as a franchisee. If Söderberg & Partners and the partner firm then agree to deepen their partnership, Söderberg & Partners offer to acquire 51 per cent of the shares of the partner firm. After another three years, the remaining 49 per cent of the shares of the partner firm are acquired. Söderberg & Partners does not always have to use the standard model but can choose to acquire partner firms in other ways, but the model has been used in a large majority of acquisitions of partner firms that have been carried out so far.

In connection with the acquisition of 51 per cent of the shares of a partner firm according to the standard model, an agreement is entered under which half the consideration shall be paid in the year of acquisition and the remaining half is paid in equal parts over the following three years. The latter half of the consideration is subject to provisions under which the consideration may be reduced if the acquired entity's revenue and earnings do not meet certain criteria. In addition to the above shares, Söderberg & Partners simultaneously acquires an option giving it the right to acquire the remaining 49 per cent of the shares of the partner firm after a period of approximately three years from the initial acquisition date, 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 acquire an option to sell their remaining 49 per cent of the shares of the partner firm to Söderberg & Partners on essentially the same terms as in the purchase option agreements.

In accordance with IFRS 3, an acquisition of a partner firm made under the standard model is accounted for as an acquisition of 100 per cent of the shares. A provision is therefore made 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. Regarding the remaining considerations for the 51 per cent stake, it is estimated that the considerations will be paid in full despite the revenue and earnings requirements for the acquiring companies defined in the agreements, unless there is reason to believe that the partner firm's revenue and earnings after three years will be lower than at the acquisition date. 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.

Business combinations that do not follow the standard model may also be subject to provisions on contingent considerations. For each acquisition, an assessment is made of the extent to which the agreed conditions are expected to be fulfilled and thus of how large a portion of the additional consideration is expected to be paid.

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 a reassessment of the lease periods.

Note 5

Breakdown of Net Revenue by Business Segment

Breakdown of net revenue by business segment:

Group	2019-01-01 2019-12-31	2018-01-01 2018-12-31
Life & Pension	1,281	1,100
Asset Management	1,125	1,083
Non-Life Insurance	1,017	826
Wealth Management	877	598
Other Business Units	177	140
Central Functions	4	4
Eliminations of internal sales	-375	-345
Total net revenue by business segment	4,107	3,405

Note 6

Breakdown of Net Revenue by Geographic Market

Breakdown of net revenue by geographic market:

Group	2019-01-01 2019-12-31	2018-01-01 2018-12-31
Sweden	3,168	2,695
Norway	456	364
Denmark	369	318
Finland	49	23
The Netherlands	65	5
Total net revenue by geographic market	4,107	3,405

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

Note 7

Other Operating Income

Group	2019-01-01 2019-12-31	2018-01-01 2018-12-31
Re-invoiced rental and office expenses	42	42
Gain from sale of shares	11	-
Gain from disposal of fixed assets	6	-
Other	2	7
Total operating income	61	48

Gains from the sale of shares are attributable to a shareholding in Nordic Broker Association AB (NBA). The shares in NBA were acquired in 2019. The majority of the shares were then sold to NBA's tied agents. Remaining holdings (19.9%) are reported as other holdings.

Note 8

Remuneration for Auditors

The audit engagement refers to fees for the statutory audit, i.e. work which 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	2019-01-01 2019-12-31	2018-01-01 2018-12-31
PricewaterhouseCoopers AB		
Audit engagements	5	5
Auditing activities in addition to the audit engagement	1	0
Tax advice	0	0
Other advisory services	1	0
	7	6
Other auditors		
Audit engagement	0	1
Auditing activities in addition to the audit engagement	0	0
Other advisory services	0	0
	0	1
Total	7	7

Parent Company	2019-01-30 2019-12-31
PricewaterhouseCoopers AB	
Audit engagement	0
Auditing activities in addition to the audit engagement	0
	0
Total	0

Note 9

Employee Benefits

Group	2019-01-01 2019-12-31	2018-01-01 2018-12-31
Salaries and benefits	999	799
Social security contributions	267	217
Retirement benefit costs - defined contribution plans	152	123
Total	1,417	1,139

Group	2019-01-01 2019-12-31		2018-01-01 2018-12-31	
	Salaries and other benefits	Pension expenses	Salaries and other benefits	Pension expenses
Board members, Chief Executive Officer and other senior executives	30	6	33	3
<i>(of which bonuses)</i>	9	4	13	1
Other employees	968	146	753	119
Total	999	152	799	123

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 obligation in the consolidated balance sheet. The value of the endowment policies at year-end 2019 amounted to SEK 57 million (56) and is in its entirety met by a corresponding pension obligation.

Average number of employees

	2019-01-01 2019-12-31			2018-01-01 2018-12-31		
	Average no. of employees	Men	Women	Average no. of employees	Men	Women
Parent Company						
Sweden	-	-	-	-	-	-
Total in parent company	-	-	-	-	-	-
Subsidiaries						
Sweden	980	58%	42%	880	58%	42%
Norway	196	51%	49%	165	53%	47%
Denmark	85	48%	52%	76	45%	55%
Finland	42	55%	45%	20	50%	50%
Luxembourg	6	67%	33%	6	67%	33%
Spain	22	82%	18%	14	86%	14%
The Netherlands	49	61%	39%	0	0%	0%
Total subsidiaries	1,380	57%	43%	1,161	57%	43%
Total Group	1,380	57%	43%	1,161	57%	43%

Note 9

Employee Benefits, Cont.

Gender distribution for Directors of the Board and other senior executives

	2019-01-01 2019-12-31			2018-01-01 2018-12-31		
	No. at balance sheet date	Men	Women	No. at balance sheet date	Men	Women
Group						
Board members	4	100%	0%	4	100%	0%
Chief Executive Officer and other senior executives	13	69%	31%	13	69%	31%
Total Group	17	76%	24%	17	76%	24%
Parent Company						
Board members	4	100%	0%	4	100%	0%
Chief Executive Officer and other senior executives	1	100%	0%	1	100%	0%
Total parent company	5	100%	0%	5	100%	0%

¹⁾ The Chief Executive Officer, Gustaf Rentzhog, is also a Board member in the parent company.

Note 10

Net Financial Items

Group	2019-01-01 2019-12-31	2018-01-01 2018-12-31
Financial income		
Income from other financial fixed assets	1	2
Interest income	5	2
Revaluation of contingent considerations	1	14
Total financial income	8	18
Financial expenses		
Foreign exchange losses	-5	-2
Interest expenses for liabilities to credit institutions	-25	-28
Other interest expenses	-2	-2
Resolution of discounting effects for provision of contingent considerations	-27	-18
Interest expenses attributable to lease liabilities (IFRS 16)	-6	-
Total financial expenses	-65	-50
Net financial items	-57	-32

Note 11

Income tax

Group	2019-01-01 2019-12-31	2018-01-01 2018-12-31
Current tax for the year	-162	-146
Current tax attributable to previous years	0	4
Increase/decrease in deferred tax assets	-5	15
Increase/decrease in deferred tax liabilities	9	5
Other taxes	0	-
Total income tax	-158	-123

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

Group	2019-01-01 2019-12-31	2018-01-01 2018-12-31
Profit before tax	647	509
Income tax at parent company's applicable tax rate ¹⁾	-139	-112
Non-taxable income and non-deductible expenses	-5	-4
Tax losses for which no deferred tax asset has been recognised	-2	-4
Utilisation of tax losses previously not recognised	4	5
Effect of foreign tax rates	-12	-12
Non-deductible/taxable income from associated companies	-1	0
Revaluation of deferred taxes	2	-
Other differences ²⁾	-5	1
Adjustment of current tax for previous years	0	4
Tax effect due to changed tax rate	0	1
Income tax	-158	-123
Weighted average tax rate in the Group:	24%	24%

¹⁾As of 2019, the parent company's applicable tax rate was 21.4% (22.0%).

²⁾Other differences mainly consist of group adjustments for revaluation of contingent considerations and discount rates for non-current acquisition debts.

Parent Company	2019-01-30 2019-12-31
Profit before tax	-1
Income tax calculated at the applicable tax rate	0
Total income tax	0

Note 12

Acquired Customer Contracts/Customer Relationships

Group	2019-12-31	2018-12-31
Opening cost	294	213
Investments for the year	16	7
Increase through business combination (Note 30)	270	77
Disposals and retirements for the year	-10	-1
Reclassifications	3	-3
Translation differences	2	0
Closing accumulated cost	574	294
Opening accumulated amortisation	-115	-88
Amortisation for the year	-58	-28
Increase through business combinations (Note 30)	-65	0
Disposals and retirements	1	0
Reclassifications	0	0
Translation differences	0	0
Closing accumulated amortisation	-237	-115
Opening accumulated impairment losses	-	-1
Disposals and retirements for the year	-	1
Closing accumulated impairment losses	-	-
Closing carrying amount	337	178

Note 13

Other Acquired Rights

Group	2019-12-31	2018-12-31
Opening cost	45	44
Investments for the year	2	1
Increase through business combinations (Note 30)	2	-
Reclassifications	8	-
Translation differences	0	0
Closing accumulated cost	57	45
Opening accumulated amortisation	-31	-27
Amortisation for the year	-5	-4
Increase through business combinations (Note 30)	0	-
Reclassifications	-4	-
Translation differences	0	0
Closing accumulated amortisation	-41	-31
Closing carrying amount	16	15

Note 14

Capitalised Software Development Costs

Group	2019-12-31	2018-12-31
Opening cost	44	14
Capitalised expenses for the year	20	9
Increase through business combination (Note 30)	23	6
Disposals and retirements for the year	-14	-1
Reclassifications	-2	16
Translation differences	1	-1
Closing accumulated cost	72	44
Opening accumulated amortisation	-28	-9
Amortisation for the year	-9	-6
Increase through business combinations (Note 30)	-16	-6
Disposals and retirements	12	0
Reclassifications	-	-8
Translation differences	-1	1
Closing accumulated amortisation	-41	-28
Closing carrying amount	31	16

Note 15

Goodwill

Group	2019-12-31	2018-12-31
Opening costs	1,324	947
Increase through business combinations (Note 30)	543	381
Change regarding previous year's business combinations	-	-10
Disposals and retirements	4	-
Reclassifications	-3	3
Translation differences	10	4
Closing carrying amount	1,875	1,324

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	2019-12-31	2018-12-31
Life & Pension	1,017	746
Asset Management	-	-
Non-Life Insurance	395	371
Wealth Management	412	175
Other Business Units	51	32
Central Functions	0	-
Closing carrying amount	1,875	1,324

Note 15

Goodwill, Cont.

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% (6.7%) for all the above-mentioned CGUs.

Note 16

Equipment

Group	2019-12-31	2018-12-31
Opening cost	38	50
Investments for the year	12	1
Increase through business combinations (Note 30)	14	5
Decrease through divested subsidiaries	0	-
Disposals and retirements	-7	-5
Reclassifications	-5	-15
Translation differences	0	1
Closing accumulated cost	52	38
Opening accumulated depreciation	-29	-31
Depreciation for the year	-4	-5
Increase through business combinations (Note 30)	-10	-4
Decrease through divested subsidiaries	0	-
Disposals and retirements	7	5
Reclassifications	4	7
Translation differences	0	0
Closing accumulated depreciation	-32	-29
Opening accumulated impairment losses	-	-
Impairment losses for the year	0	-
Translation differences	0	-
Closing accumulated impairment losses	-	-
Closing carrying amount	19	9

Note 17

Lease Liabilities

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

Group	2019-12-31	2019-01-01 ¹⁾
Right-of-use assets		
Real estate	149	177
Vehicles	27	15
Equipment	4	10
Closing carrying amount	179	202
Lease liabilities		
Current	97	127
Non-current	85	75
Closing carrying amount	182	202

¹⁾No recalculation of the comparative figures for 2018 has been made. The table above presents the figures for the transition to IFRS 16 as of January 1, 2019.

Additional rights of use in 2019 amounted to SEK 58 million.

Depreciation for the year of rights of use is distributed as follows:

	2019-01-01 2019-12-31
Depreciation of rights of use	
Real estate	-63
Vehicles	-12
Equipment	-8
Closing accumulated depreciation of rights of use	-83

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

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

The total cash outflow for lease agreements for the year amounts to SEK 101 million

Note 18

Shares in Subsidiaries

Parent Company	2019-12-31
Investments	10,794
Closing carrying amount	10,794

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
						2019-12-31
PO Söderberg & Partner Holding AB	556972-1276	Stockholm	100%	100%	29,314,792	10,794
Total						10,794

The parent company also has several indirect holdings in subsidiaries. The following list of shareholdings represents the most significant operating subsidiaries 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	1,126
Söderberg & Partners Asset Management S.A.	B184421	Luxembourg	100%	7,620,866	1,125
Söderberg & Partners Wealth Management AB	556674-7456	Stockholm	100%	452,000	787
S&P Norwegian Broker AS	965575162	Oslo	95%	94,610	177
Claims Link AS	980449785	Oslo	95%	94,615	161
Söderberg & Partners Danmark Forsikringsmæglervirksomhed A/S	35836160	Copenhagen	86%	432,050	172
Söderberg & Partners Danmark II Forsikringsmæglervirksomhed A/S	36413190	Copenhagen	55%	275,000	106
S&P Bafo Forsikringsmegling AS	971189452	Oslo	95%	10,000	70

Note 19

Investments in Joint Ventures and Associates

Group	2019-12-31	2018-12-31
Opening cost	302	157
Share of profit or loss in associates ¹⁾	-5	-1
Investments	123	172
Increase/decrease through changed Group structure	-53	-14
Dividends from associates	-32	-11
Closing carrying amount	335	302

¹⁾SEK 2 million (4) refers to gains on revaluation of existing holdings at fair value on acquisition of controlling influence.

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

Group	2019-12-31	2018-12-31
Consideration paid for acquisitions	-27	-110
Consideration paid for future acquisitions	-1	-31
Paid/received shareholder contributions	-54	-45
Net effect on cash flow	-82	-186

The Group's share of the profit or loss of the most significant joint ventures and associates, and of their assets and liabilities is as of December 31, 2019:

2019-12-31

Name	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
Euria AB	3	1	-4	-2
IISÅ AB	42	0	0	0
FPR Forsikringsmaeglerselskab A/S	94	83	4	1
Digital Portfolio Control (DPC) AB	8	2	-1	0
S & P Assurans AB	27	13	-2	0
Meklaritalo OY	9	1	7	1

2018-12-31

Name	Assets	Liabilities	Profit/loss	Share of profit/loss
Montae Groep B.V.	51	25	18	4
InsClear Holding AB	19	9	-22	-10
Euria AB	8	1	-4	-2
FPR Forsikringsmaeglerselskab A/S	64	57	1	0
Digital Portfolio Control (DPC) AB	7	1	2	0
S & P Assurans AB	75	27	44	1
Meklaritalo OY	8	7	6	1

Note 19

Shareholdings in Joint Ventures and Associates, Cont.

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

Name	Corp. ID no.	Registered office	Equity interest	No. of shares	Carrying amount	
					2019-12-31	2018-12-31
Montae Groep B.V ¹⁾	BV27331675	The Netherlands	31 %	5,580	77	75
FH Kapital Holding AS ²⁾	921365888	Oslo	21 %	26,746,521	31	-
InsClear Holding AB ³⁾	556929-0645	Stockholm	50 %	25,000	25	23
Euria AB ⁴⁾	556875-2264	Stockholm	50 %	285	19	21
IISÅ AB ⁵⁾	559217-9203	Stockholm	25 %	12,500	18	0
FPR Forsikringsmaeglerselskab A/S ⁶⁾	28678304	Copenhagen	31 %	155,000	18	15
Digital Portfolio Control AB ⁷⁾	556520-1034	Stockholm	49 %	49,000	10	11
S&P Assurans AB ⁸⁾	556859-2496	Stockholm	30 %	21,000	10	21
Meklaritalo OY ⁹⁾	2282436-9	Helsinki	20 %	20	10	9
Other holdings					117	127
Closing carrying amount					335	302

¹⁾Montae Groep B.V. is a standalone pension advisor who advises companies, pension funds and other collective agreement partners on defined contribution- and benefit pensions. S&P Netherlands B.V. owns 31.0% of the capital and the votes in the company.

²⁾In 2019, 21.0% of the Norwegian company FH Kapital Holding AS was acquired by PO Söderberg & Partner Holding AB. FH Kapital Holding AS's subsidiary Forvaltningshuset AS is an independent wealth manager who helps individuals, investment firms, foundations and other organisations to manage their financial assets.

³⁾InsClear Holding AB is a joint arrangement between PO Söderberg & Partner AB and Max Matthiessen Holding AB. The parties own 50.0% each. InsClear Holding AB provides IT-based insurance administration for occupational pension plans, including premium calculation and premium invoicing services (so called "premium administration centre"). The parties' share of profit or loss is allocated according to a separate agreement.

⁴⁾Euria AB is a joint arrangement between PO Söderberg & Partner AB and Erik Olsson Fastighetsförmedling AB. PO Söderberg & Partners AB owns 49.9% of the capital and the votes in the company.

⁵⁾In 2019, 25.0% of IISÅ AB was acquired by PO Söderberg & Partner Holding AB. The company has been formed as a joint venture by the Ålandsbanken, ICA Banken, Ikano Bank, Söderberg & Partners and Borgo where agreements have been signed regarding the establishment of a joint mortgage company in the Swedish market.

⁶⁾FPR Forsikringsmaeglerselskab A/S provides insurance advice to companies. Söderberg & Partners Danmark Holding Aps owns 31.0% of the capital and the votes in the company.

⁷⁾Digital Portfolio Control (DPC) AB is a Financial Technology company that offers systems, services and information for more efficient, simpler and more secure asset management. PO Söderberg & Partner Holding AB owns 49.0% of the capital and the votes of the company.

⁸⁾S&P Assurans AB is an affiliated representative of Söderberg & Partners Insurance Consulting AB and offers non-life insurance advice. PO Söderberg & Partner AB owns 29.5% of the capital and the votes in the company.

⁹⁾Meklaritalo OY provides insurance advice to companies. S&P Finland Oy owns 20,0 % of the capital and the votes in the company.

Note 20**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.

The Group had due trade receivables of SEK 41 million (45) as of December 31, 2019 which was primarily due to 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	2019-12-31	2018-12-31
Trade receivables neither overdue nor impaired	193	161
Trade receivables overdue but not impaired		
- Less than 3 months	31	35
- 3-6 months	5	4
- more than 6 months	5	7
Total overdue	41	45
Closing carrying amount trade receivables	234	206

The Group's provision for bad debt was at December 31, 2019 SEK 4 million (2) which are included in the carrying amount for trade receivables.

Provision for bad debt	2019	2018
Opening provision	-2	0
Acquisitions	-	0
New provisions for the year	-4	-2
Bad debt losses	2	0
Provision for bad debt	-4	-2

Note 21

Prepaid Expenses and Accrued Income

Group	2019-12-31	2018-12-31
Accrued fee and commission income	372	246
Other accrued income	24	33
Prepaid rent	17	13
Prepaid commission and sales expenses	19	4
Other prepaid expenses	21	11
Total prepaid expenses and accrued income	453	305

Note 22

Share Capital and Additional Paid-In Capital

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.

	No. of shares	Share capital	Additional paid-in capital	Total
Closing balance December 31, 2017		-	729	729
Issue of new shares		-	230	230
Closing balance December 31, 2018		-	959	959
Change in Group structure	30,468,678	30	-30	0
Issue of new shares	87,891	0	81	81
Closing balance December 31, 2019	30,556,569	31	1,010	1,040

As a result of the Group having acquired a new parent company, share capital for previous years is reported as part of Additional paid-in capital.

As of December 31, 2019 the number of shares in Söderberg & Partners Holding AB was 30,556,569. All shares registered on the balance sheet date were paid in full. The quotient value was SEK 1 per share.

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

Share class	No. of shares	Votes per share
Class A shares	10,187,671	10
Class B shares	20,368,898	1
Total outstanding shares	30,556,569	

All shares have a quotient value of SEK 1 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 fully paid. Last year, the former parent company had other types of share classes.

Note 22**Share Capital and Additional Paid-In Capital, Cont.****Issues in 2019**

On November 27, 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 Series 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 Series 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 shall have the right to subscribe for one new share for each warrant during the period November 1, 2024, to November 30, 2024.

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

Issues in 2018

In 2018, shares were issued for non-cash consideration through three directed issues. The first issue was completed in June and the fair value of the issued shares amounted to SEK 13 million. The second issue was completed in October and the fair value of the issued shares amounted to SEK 22 million. The third issue was initiated in December but was not registered until early 2019 with a fair value of SEK 165 million.

On November 9, 2018, the Group introduced an incentive scheme for employees of Söderberg & Partners. Subscriptions were received for 3,108,608 warrants for shares of series G, which upon full exercise would increase the share capital by SEK 1 million. Employees paid SEK 9.87 per warrant, which corresponds to the fair value as determined by the Black-Scholes valuation model. The employees paid a total of SEK 31 million for the subscribed warrants.

The holder of a warrant has the right to subscribe for one new share during the period October 24, 2019, to November 23, 2019, against payment of a market premium.

Note 23**Liabilities to Credit Institutions**

Group	2019-01-01	2018-01-01
	2019-12-31	2018-12-31
Non-current		
Bank loans	909	399
	909	399
Current		
Bank loans	43	228
Overdraft facility	4	30
	47	258
Total liabilities to credit institutions	956	657

Note 24

Deferred Tax

Group	2019-01-01 2019-12-31	2018-01-01 2018-12-31
Deferred tax assets		
Pension obligations	13	12
Tax losses	6	14
Tangible/intangible fixed assets	5	0
Other	2	4
Total deferred tax assets	27	30
Deferred tax liabilities		
Tangible/intangible fixed assets	60	38
Untaxed reserves	11	15
Other	6	3
Total deferred tax liabilities	77	56
Total deferred tax, net	50	25

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

Group	Tangible/ intangible fixed assets	Untaxed reserves	Pension obligations	Tax losses	Other	Total
Deferred tax liabilities, net						
2017-12-31	26	16	-10	-	0	32
Recognised in profit and loss (Note 11)	-5	-1	-2	-12	0	-20
Increase from business combinations (Note 30)	16	-	-	-3	0	13
Translation differences	0	-	-	0	0	0
2018-12-31	38	15	-12	-14	-1	25
Reclassifications	-3	0	0	-1	3	0
Recognised in profit and loss (Note 11)	-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

Deferred tax assets are recognised for tax loss 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 19 million (15) relating to unutilised tax losses of SEK 89 million (69), since there is no convincing evidence that the tax losses could possibly be utilised against future taxable profits.

Note 25

Other Provisions

Group	Additional consideration	Provision for cancellation reserve	Total
Opening balance January 1, 2019	388	36	424
Recognised in profit and loss			
- additional/reversed provisions		-19	-19
- resolution of discounting effects	27		27
Additional provisions for the year	213		213
Increase through business combinations		3	3
Decrease through divested subsidiaries		-	0
Reversal of unutilised amounts	19		19
Utilised during the year	-202		-202
Translation differences	8	-	8
Closing balance	453	20	473

Group	2019-12-31	2018-12-31
Non-current portion	336	249
Current portion	137	176
Total provisions	473	424

Provisions in the Group mainly relate to estimated additional considerations for finalised acquisitions. Provisions are also made for a cancellation-risk reserve, which relates to commissions received from life insurance companies. Due to changes in the business model, cancellation withdrawals have been decreasing continuously for some years. The provision for cancellation is therefore also reduced continuously and is considered to essentially be gone by 2021.

Regarding the provision for additional considerations, it is expected that SEK 117 million will be settled within one year and that SEK 336 million will be settled after more than one year but within five years. To the extent that it is expected that provisions will be settled through cash payments, these are included in the Group's liquidity planning.

Note 26

Accrued Expenses and Prepaid Income

Group	2019-12-31	2018-12-31
Accrued personnel expenses	281	244
Deferred income	88	49
Accrued commission expenses	116	99
Other	169	123
Total accrued expenses and prepaid income	654	515

Note 27

Pledged Assets and Contingent Liabilities

Pledged Assets

Group	2019-12-31	2018-12-31
Pledges	85	42
Total pledged assets	85	42

The parent company had no pledged assets or contingent liabilities. Mortgages include collateral for loans in Norwegian Broker AS, which was recognised upon acquisition of Bafo Holding AS with subsidiaries totalling SEK 8 million (14). Mortgages also includes collateral for loans in Rivez Beheer B.V. which was recognised upon acquisition of customer contracts/customer relationships of SEK 43 million.

Contingent Liabilities

Group	2019-12-31	2018-12-31
Granted but unutilised customer credits	97	97
Commitments	5	3
Guarantees	1	-
Total contingent liabilities	103	100

Note 28

Non-Cash Items

Group	2019-12-31	2018-12-31
Depreciation, amortisation and impairment	159	42
Capital gain or loss on sale of shares	-11	0
Share of profit or loss in associates	5	1
Change in provisions	-19	4
Total non-cash items	134	47

Note 29

Changes in Liabilities Attributable to Financing Activities

	Liabilities to credit institutions	Leases IFRS 16	Provisions for contingent consideration	Other non-current liabilities	Total
Opening balance January 1, 2019	657	-	388	6	1,051
Transition to IFRS 16		202			202
Cash flow effect 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		209		257
Translation differences	0	-1	8	0	7
Other non-cash items	2		47	-2	48
Closing balance December 31, 2019	956	182	453	6	1,597

Regarding the provisions for contingent considerations, the line Other non-cash items consists mainly 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 a part of this strategy. The Group's business combinations are presented on an aggregated level, since not one of the acquired companies individually had a significant impact on the financial statements or changed the Group's risk assessment.

Acquisitions in 2019

The total consideration 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 December 31, 2019 amounted to SEK 209 million, which will mainly be settled through cash.

The total purchase price 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 consist 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 January 1, 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 cash settled during the year 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 December 31, 2019.

Note 30**Business Combinations, Cont.**

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
Licenses	2
Goodwill	3
Other intangible fixed assets	0
Tangible fixed assets	4
Financial fixed assets	5
Trade receivables and other receivables	43
Client money	1
Borrowing	-48
Deferred taxes, net	-30
Other provisions	-4
Liabilities 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

Statement of cash flow effects of consideration paid in cash for business combinations:

Group	2019-12-31	2018-12-31
Consideration paid for business combinations	-290	-135
Cash and cash equivalents in subsidiaries acquired during the year	187	19
Consideration paid for future business combinations	-1	-93
Paid considerations for business combinations in previous years	-45	-43
Net cash flow effect from business combinations	-148	-252

Note 30

Business Combination, Cont.

Acquisitions in 2018

The total consideration for the year's business combinations amounted to SEK 454 million. Of the total consideration, SEK 274 million has been settled, of which SEK 135 million through cash payments. The remaining estimated acquisition debt as of December 31, 2018 amounted to SEK 164 million, which will mainly be settled through cash.

The total purchase price exceeded the fair value of net assets by SEK 440 million. Surplus values are attributed to customer relationships and goodwill, where the surplus value of goodwill consist of unidentifiable intangible assets and synergies that are expected to arise through the acquisition.

In 2018, the acquisitions contributed to the Group's net revenue by SEK 56 million and profit after financial items by SEK 311 million. If all business combinations had been carried out as of January 1, 2018, consolidated net revenue would amount to SEK 3,460 million and the consolidated income statement would show an operating profit of SEK 554 million.

The acquisition debt for previous years' business combinations was settled during the year at an amount of SEK 52 million, of which SEK 43 million through cash and SEK 8 million through the issue of equity instruments in the parent company PO Söderberg & Partner Holding AB. The acquisition debt was also revised during the year, resulting in a decrease in provisions of SEK 32 million. Remaining acquisition debt for acquisitions made prior to 2018 amounted to SEK 215 million as of December 31, 2018.

Consideration	2018
Cash and cash equivalents	135
Advance considerations prior years	3
Issue of equity instruments	136
Acquisition debt	164
Fair value of shareholdings before business combination	15
Total consideration	454
Acquired identifiable net assets	73
Goodwill	381
Carrying amounts of identifiable acquired assets and liabilities	Fair value
Cash and cash equivalents	19
Acquired customer contracts/customer relationships	77
Capitalised software development expenses	0
Tangible assets	1
Financial fixed assets	0
Client receivables	1
Trade receivables and other receivables	31
Client money	3
Deferred tax, net	-13
Other provisions	-2
Borrowing	-2
Liability for client assets	-3
Trade payables and other liabilities	-25
Total identifiable net assets	85
Non-controlling interests	-12
Goodwill	381
Total consideration	454
Consideration paid in cash	-135
Cash and cash equivalents in subsidiaries	19
Change in consolidated cash and cash equivalents from acquisitions	-116

Note 31**Related Party Transactions**

The Group has not issued any guarantees or surety commitments on behalf of any Board members, senior executives or to the Group's auditors. None of the Board members or senior executives were, during the financial year or in the preceding financial year, directly or indirectly involved in any business transactions that were of an unusual nature or had unusual terms and conditions, or that in any respect remain unsettled or incomplete, other than what has been described above.

Transactions with Associates

Breakdown of the Group's transactions with associates:

Group	2019-12-31	2018-12-31
Sale of goods and services	49	28
Purchase of goods and services	193	160
Dividend income from associates	32	11

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

Warrants**2019**

Eleven senior executives were included in the share-related incentive program 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 22 Share Capital and Additional Paid-In Capital for further information.

2018

Six senior executives were included in the share-related incentive program that was implemented in 2018. A total of 3,108,608 options were subscribed, of which 2,207,001 by senior executives. The senior executives paid a market price for the warrants, see Note 22 for further information.

Note 32**Events After the Balance Sheet Date**

After year end, the Group has acquired an additional 19% of Montae Groep B.V. (Montae) which means that Montae has transitioned from being an associated company to a subsidiary. In connection with the acquisition, Montae was also merged with Floreijn. The merged business will operate under the brand Montae & Partners. After the end of the financial year, the Group has also acquired an additional 35% of FH Kapital Holding AS (Forvaltningshuset) meaning that Forvaltningshuset has transitioned from being an associated company to a subsidiary.

After year end, the economic activity in many parts of the world has been negatively affected by a virus pandemic (COVID-19). The pandemic's impact of the Group is difficult to assess. Based on experience, the insurance brokerage business (Non-Life and Life & Pension) is very resilient in economic downturns. To the extent that clients face insolvency, revenues from such customers will indeed be lost, and Life & Pension will also be adversely affected if the clients choose to reduce personnel who receive pension advice from Söderberg & Partners. However, for a significant negative financial impact, it is judged that a very strong and long-lasting recession is required. The Wealth Management and Asset Management business areas receive to a large extent revenue in the form of fees calculated as a proportion of assets managed/advised. In the event of a downturn in the financial markets, these business segments are affected by reduced revenues as a result of decreases of assets under management. In

Asset Management, this effect is counteracted by the risk management strategy used in the asset management, which means that in case of a drop in global equity prices, the capital is reallocated to interest rate investments. Additionally, in all business segments, a significant proportion of the cost base is variable, which means that costs automatically decrease when revenue decreases. All in all, the Group is deemed to be very resilient to economic turbulence, partly by the nature of the business and partly by the Group's strong financial position.

Note 33

Appropriation of Retained Earnings

The AGM is asked to decide on the appropriation of the following earnings (SEK)

Share premium reserve	10,624,812,555
Retained earnings	176,410,000
Profit for the year	-416,936
	10,800,805,619

The Board of Directors and Chief Executive Officer propose the available earnings to be appropriated as follows:

Dividends to the shareholders	165,005,473
To be carried forward	10,635,800,146
	10,800,805,619

Statement on the Proposed Dividend

The proposed dividend reduces the company's equity-to-assets ratio. However, the equity-to-assets ratio is reassuring since the company continues to be profitable and the liquidity in the company is deemed to be maintained at an equally satisfactory level. It is the Board's opinion that the proposed dividend does not reduce the company's capability to meet all its obligations, neither short- nor long term, nor to make any required investments. The dividend can thus be defended with regard to what is stated in Swedish Companies Act 17, Chapter 3 §§2-3.

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 2020.

Stockholm, 20 April, 2020

Per-Olof Söderberg
Chairman of the Board

Håkan Wersäll

Gustaf Rentzhog
Chief Executive Officer

Hans Årstad

Daniël Knottenbelt

Our auditor's report was submitted on 24 April, 2020
Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson
Authorised Public 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 2019.

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 parent company and the group as of 31 December 2019 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 2019 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 Responsibilities 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 Director's 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

that they give 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 however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has 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

Director's and the Managing Director of Söderberg & Partners Holding AB for the year 2019 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 Director's 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 Responsibilities 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 Director's 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' 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 shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill 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 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 24 April 2020
Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson
Authorised Public Accountant

The unofficial translation of the auditor's report covers the statutory annual accounts and consolidated accounts on pages 38-87 in this document and is a copy of the auditor's report that was released on **2020-04-24**. 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.