Annual Report

MFEX Holding AB

559097-5735

The Board of Directors and CEO of MFEX Holding AB hereby present their report on the development of the Company and Group for the 01/01/2021 – 31/12/2021 financial year.

Unless otherwise specifically stated, all amounts are presented in thousands of Euro.

This is a translated version. If there are any deviations, the Swedish version takes precedence.

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DIRECTOR'S REPORT FOR THE REPORTING PERIOD 1 JAN – 31 DEC 2021

MFEX Holding AB - Group (mEUR)	2021	2020
Operating income	57.1	42.3
EBITDA	-7.2	-4.4
Operating profit/loss	-26.7	-13.9

Group structure

MFEX Holding AB, is the holding company for MFEX Mutual Funds Exchange AB and its subsidiaries.

Information regarding operations

MFEX Mutual Funds Exchange AB

MFEX Mutual Funds Exchange AB (MFEX) and its subsidiaries, is a global trading platform for funds. MFEX offers a complete solution for fund trading, rebate collection, data solutions and regulatory services.

Banks and other fund distributors use MFEX to trade global funds easily and cost-effectively. Employing a single independent counterparty for administration reduces operational risk, decreases transaction costs and offers more comprehensive rebates collection.

MFEX provides access to the world's largest fund range, with trading and fund information from more than 960 fund companies and there are more than 90,000 funds with which MFEX cooperates. Fund companies are offered easy access to more than 350 distributors in 52 countries in Europe and Asia. MFEX also manages rebate commissions with full transparency for both distributors and fund companies.

The Company has a permit to conduct securities activities in accordance with the Swedish Securities Market Act (2007:528), and to manage fund units in accordance with the Swedish Investment Funds Act (2004:46).

Fondab AB

The subsidiary, Fondab AB, is wholly owned by MFEX. Fondab AB offers fund companies and other financial institutions the utilization of Fondab AB's infrastructure, trading functionality and administration for fund trading. Fondab also operates the trading venue Fondmarknaden.se.

MFEX France S.A.

The subsidiary, MFEX France S.A. is owned 100% by MFEX and offers services related to automated fund distribution, due diligence and investment advice.

Other subsidiaries

The wholly owned subsidiary, Global Fund Watch GFW AB, provides digital solutions to financial institutions for regulatory compliance and customer awareness. The other subsidiaries in Europe and Asia primarily execute services facilitating the operations of MFEX Mutual Exchange AB and MFEX France S.A.

Significant events during the financial year

Acquisition of MFEX by Euroclear SA/NV

Euroclear SA/NV acquired in September 2021 100% of the shares of MFEX Holding AB. This company is 100% owner of MFEX Mutual Funds Exchange AB, a leading European and global funds distribution platform. It enabled the Euroclear Group to extend strategically its presence in the fund post trade industry.

MFEX is the most significant acquisition by the Euroclear group in the past decade. By combining MFEX's well established fund distribution platforms with Euroclear's post-trade expertise, MFEX and Euroclear are creating a new end-to-end funds offering for clients, providing access to over 2,000 fund distributors and about 2,500 agreements with fund companies. Following the integration of MFEX within Euroclear consolidation perimeter, fund assets under administration reached €3.1 trillion across the group.

The integration of MFEX is progressing well. The company, together with Euroclear, expects to deliver revenue and cost synergies of at least EUR 25 million after the integration has been completed, and the acquisition is expected to be accretive to both MFEX and Euroclear profits from 2023. The funds market is highly attractive, and we believe that the purchase of MFEX by Euroclear will deliver meaningful long-term value for shareholders and clients.

The acquisition of MFEX aims at strengthening the profile of Euroclear's fund distribution business, particularly as MFEX will boost Euroclear's offering and support the FMI position on its fund service offering by:

– Increasing relevance, size and scale of Euroclear in a significant and fast-growing market

– Easing vertical integration of Euroclear Fund business in the value chain, evidenced by the alignment of MFEX/Euroclear combined service offering with the demand from market players, in particular custodians.

In addition, MFEX platform and expertise is complementary with Euroclear Fund business. Indeed, distribution services provided by MFEX are not offered by Euroclear. It represents a strong business fit and relevant size with open and independent positioning towards Fund Management Companies.

The business combination has a high synergy potential with complementary capabilities and customer bases with opportunities to streamline operating costs.

In conclusion, the acquisition of MFEX aims at strengthening the fund distribution offering of the Euroclear Group where its strategic ambition is to capture the increasing demand for outsourcing of fund distribution by expanding its service offering and building out vertically integrated operations.

Covid statements

During 2021, the Covid-19 crisis continued to impact the group which displayed a resilient control environment. The MFEX group continues to monitor and reacts appropriately with a view of safeguarding employees, clients (and their assets) and maintaining service levels. As society embraces the 'new normal', a strategic vision based on a hybrid (work-home) activity-based working model is being worked out. MFEX has continued to invest significantly in its cyber security capabilities including improvements to the cyber security risk culture. Our investment also in the IT risk and control environment resulted in improved security arrangements in a constantly evolving cyber threat landscape. Further investment will continue in 2022 and beyond to further reduce the residual risks and ensure sustainability.

With the COVID-19 pandemic still having a serious impact in all our locations, our main priority remains the well-being and safety of our staff, whilst ensuring business continuity. Throughout 2021 most of our people continued to work from home. We regularly took the temperature of staff engagement and motivation.

Further significant events during the year

In addition to work related to integration of MFEX by Euroclear, the period has been characterised by continued strong level of engagement on behalf of our personnel, as well as by the implementation and integration of previous acquisitions. Parallel with this work, we continued our expansion in existing and new markets supported by the investments in product development. With 18 new institutional customers - such as banks and insurance companies - we strengthened our position in a number of European and Asian countries.

Customer and net inflows, as well as the previous acquisitions, contributed to a steady increase in fund assets under administration. This implied, in turn, an increase in operating revenue by 35% compared with the same period last year and amounted to EUR 57 M.

Undoubtedly, such exceptional growth in volumes in financial markets has been influenced by uncertainty resulting from the Covid-19 pandemic as well as other macro-economic and geopolitical considerations. This trend, along with extensive issuance of securities by businesses and governments, has continued throughout 2021.

Total costs increased as a result of selected investments and non-recurring integration costs, primarily related to temporary consulting services. The Company will continue to review its cost base, however, without hindering the current strong growth strategy, and while maintaining high service delivery quality.

As a result of the acquisition by Euroclear, MFEX investment firm group is not subject anymore to prudential capital requirement at consolidated level, and instead MFEX is now part of the Euroclear banking group. However MFEX Mutual Funds Exchange AB, MFEX France S.A., MFEX Luxembourg SA and Fondab AB are still on standalone basis EU regulated investment firms under IFR (Investment Firms Regulation) /IFD (Investment Firms Directive) and subject to such capital requirements.

Since the acquisition of MFEX by Euroclear SA/NV, aiming at supporting our continued expansion and strengthening our organisation on a number of levels, we had the pleasure of welcoming new key senior staff at MFEX. In November, the Board appointed Brigitte Daurelle as new CEO of the company.

In September, Oliver Lagerström took over as new Chairman of the Board. In addition, Philippe Laurensy and Joseph Van de Velde stepped in as new Board Members of the company (for more details, see the "Board of Directors" section below).

Future prospects

After the dramatic events of the spring of 2020 in conjunction with the outbreak of Covid-19, the markets continued to recover during 2021 and MFEX had net inflow from existing customers during 2021 as well. At the beginning of 2022, the aftermaths of Covid-19 recovery with high growth together with the conflict situation between Russia and Ukraine has surged inflation to high levels pushing up interest rates and putting pressure on stock market valuations and fund assets under administration.

Statement on Ukraine

MFEX is closely monitoring the conflict situation between Russia and Ukraine and is taking the necessary measures to reflect the various sanctions that are issued by the different authorities. While not influencing the 2021 financial statements, the potential future impacts of this crisis on the markets and on MFEX's future profitability and balance sheet are not known. MFEX remains confident that its low risk profile and the resilient nature of its business will preserve its safety and financial robustness.

Condensed earnings and financial position

Revenue from new customers, improved market conditions and full year effect of acquisitions have made a positive contribution during the financial year. Of the total fund assets under administration as of 31 December, approximately Euro 110 billion refers to fund units acquired by, or on behalf of, third parties.

Total operating income increased by 35% to Euro 57.1 M (42.3 M last year) reflecting the expansion of MFEX service offering coupled with high activity levels observed throughout the year.

Total operating expenses amounted to Euro -83.8 M (-56.2 M last year). Such a cost trend was mainly driven by higher costs due to integration of previous acquisitions by MFEX and increased number of employees, see further Note 6 "General administration expenses". The year was negatively impacted by an additional reserve related to unpaid rebates amounting to Euro -6.3 M due to uncertain rebates claims that has passed payment due date, resulting in total provisioning at year-end of accounts receivables passed payment due date of Euro 9.7 M (Euro 2.9 M last year) recognized under general administrative expenses – other operating and administrative costs (see Note 6 for more information). The Group aims at strengthening further its operating processes to mitigate risks associated with such uncollected rebate claims. In addition, an impairment on goodwill and customer relations was made at year-end of Euro -8.5 M relating to the transfer at fair market value of MFEX Luxembourg SA largest client trading & custody activities to Euroclear Bank SA/NV's FundSettle platform, see further Note 9 "Intangible assets".

The Group will continue to review and control the evolution of its cost base, although this will not obstruct the current growth strategy, while maintaining service delivery quality.

EBITDA amounted to Euro -7.2 M (-4.4 M last year). When excluding additional rebates reserve of Euro -6.3 M mentioned above, EBITDA improved however to Euro -0,9 M vs -4.4 M last year driven by positive income evolution in 2021.

The operating loss of the Group at the end of the year 2021 reached Euro -26.7 M vs -13.9 M last year. Indeed, the strong income progression observed (Euro 14.8 M) was more than offset by the increase of operating expenses including additional rebate reserve and the impairment on goodwill and customer relations (Euro 27.6 M).

The current favourable revenue trend for the Group is, naturally, no reason to be complacent. On the contrary, we are investing a great deal of energy in business development in Trading & Custody, Rebates Collection Services and Fund Data. We are accelerating our growth strategy by investing in new products and expanding in Asia and Europe. As with last year, the strong growth is continuing through both integration of past acquisitions and organic growth while leveraging the business franchise of Euroclear Bank SA/NV since the acquisition in September 2021 of MFEX by the Euroclear Group.

Macroeconomic and financial uncertainty has been an everyday situation for us for several years, which is a challenge we are equipped to meet. MFEX has a unique infrastructure as the leading independent trading facility for funds. We have reinforced our position, and even though there is a lot of work remaining, many factors indicate that we can continue to look to the future with confidence.

Investments in IT systems

To meet new business needs and further improve the quality of our products, we are continuously investing in our different offerings on MFEX platforms. Total investments in the Group's IT system during 2021 amounted to Euro 3.8 M (5.7 M last year).

Liquidity

Total cash and cash equivalents for the Group on 31 December amounted to Euro 114.1 M (80.1 M last year), reflecting the expansion of our rebate collection service offering during the year as well as additional loans from Euroclear Investment S.A. and capital contributions made by Euroclear SA/NV as shareholder of the company (see equity section hereunder).

Equity

On 31 December, equity amounted to Euro 242.7 M (244.2 M last year), of which Euro 17 thousand in share capital. During the year, in connection with the acquisition by Euroclear capital of Euro 5.8 M was contributed to MFEX Holding AB and subsequently the new shareholder, Euroclear SA/NV, provided Euro 15.5 M as an unconditional shareholders contribution to MFEX Holding AB. For additional information, see the Group's "Statement of changes in equity" and Note 23, "Equity".

IFR (Investment Firms Regulation) /IFD (Investment Firms Directive) replaced CRR/CRD for all securities companies during the year from 26 June 2021. During the first 5 years, there are transition rules implying that the companies can apply a lower capital adequacy requirement which is equivalent to two times the Pillar 1 requirement according to the version of CRR Regulation (EU) No. 575/2013, which would have been applicable if MFEX had continued to be covered by the capital adequacy requirements in the regulation in its changed wording according to Regulation (EU) 2019/630. However, as a consequence of the acquisition by Euroclear, MFEX investment firm group was dissolved in Q4 2021, and MFEX is now part of the Euroclear banking group. Still within MFEX Group, MFEX Mutual Funds Exchange AB, MFEX France S.A., MFEX Luxembourg SA and Fondab AB are on standalone basis EU regulated investment firms under IFR (Investment Firms Regulation) /IFD (Investment Firms Directive).

Ownership

For further information see Note 23, "Equity".

Euroclear SA/NV acquired in September 100% of the shares of MFEX Holding AB. This company is 100% owner of MFEX Mutual Funds Exchange AB, a leading European and global funds distribution platform.

Number of employees

The average number of employees in the Group amounted to 353 (276) of which 135 (104) were women and 218 (172) men. The number of employees at the end of December was 352 (341), see further Note 6 "General administration expenses".

Multi-year overview, Group
Amounts in kEUR

Income statement	01-jan-21 31-dec-21	01-jan-20 31-dec-20	01-jan-19 31-dec-19	From 23-jan-18 31-dec-18
Commission income	49 615	38 398	30 979	19 663
Net interest income	-462	-264	-75	-119
Net profit/loss from financial transactions	4 234	1 148	2 070	2 684
Other operating income	3 728	3 032	2 546	1 441
Total operating income	**57 115**	**42 314**	**35 520**	**23 669**
General administrative expenses	-63 714	-46 191	-33 443	-20 404
Depreciation / Impairment	-19 049	-9 194	-6 672	-3 490
Other operating expenses	-1 076	-803	-591	-632
Total operating expenses	**-83 839**	**-56 188**	**-40 706**	**-24 526**
Operating profit/loss	**-26 724**	**-13 875**	**-5 187**	**-857**

Balance sheet	2021-12-31	2020-12-31	2019-12-31	2018-12-31
Lending to credit institutions	114 133	80 116	34 531	52 884
Intangible assets	206 623	220 199	206 258	209 985
Tangible assets	3 725	5 463	5 352	614
Deferred tax assets	7 734	3 146	471	408
Other assets	194 858	139 510	108 233	114 754
Prepaid expenses and accrued income	9 075	11 394	5 130	4 117
Assets held for sale	6 451	-	-	-
Total assets	**542 599**	**459 829**	**359 976**	**382 761**
Other liabilities	282 658	200 289	129 884	143 202
Accrued expenses and deferred income	4 219	5 813	3 937	3 314
Other provisions	852	-	-	-
Provision for taxes	8 453	9 569	10 184	11 380
Liabilitites for assets held for sale	3 762	-	-	-
Equity	242 655	244 157	215 971	224 865
Total liabilities and equity	**542 599**	**459 829**	**359 976**	**382 761**
Equity/assets ratio [1)]	45%	53%	60%	59%
Average number of employees	353	276	210	129
Return on assets [2)]	-4,01%	-2,50%	-1,52%	-0,23%

1) **Equity/assets ratio**: Equity and share of equity ratio of untaxed reserves in relation to total assets.

2) **Return on assets:** Operating income less tax, divided by total capital.

Multi-year overview, Parent Company

Amounts in kEUR

Income statement	1 jan 2021-31 dec 2021	1 jan 2020-31 dec 2020	1 jan 2019-31 dec 2019	1 jan 2018-31 dec 2018
Net sales	-	-	-	-
Total operating income	-	-	-	-
Other operating expenses	-159	-61	-118	-46
Total operating expenses	**-159**	**-61**	**-118**	**-46**
Operating profit/loss	**-159**	**-61**	**-118**	**-46**

Balance sheet	2021-12-31	2020-12-31	2019-12-31	2018-12-31
Participations in Group companies	263 815	254 140	221 640	225 654
Deferred tax asset	227	-	-	-
Other receivables	1	-	-	-
Cash and bank balances	18 168	6 634	117	35
Total assets	**282 211**	**260 774**	**221 758**	**225 689**
Other liabilities	23	1	-	-
Liabilities to Group companies	-	-	681	-
Accrued expenses and deferred income	82	60	113	45
Equity	282 106	260 713	220 963	225 644
Total liabilities and equity	**282 211**	**260 774**	**221 758**	**225 689**
Equity/assets ratio [1)]	100%	100%	100%	100%
Average number of employees	-	-	-	
Return on assets [2)]	0,02%	-0,02%	-0,05%	-0,05%

1) **Equity/assets ratio:** Equity and share of equity ratio of untaxed reserves in relation to total assets.

2) **Return on assets:** Operating income less tax, divided by total capital.

Board of Directors

At the Ordinary General Meeting of Shareholders held on 19 March 2021, Hans Ole Jochumsen was re-elected as Board Chairman and René-Pierre Azria, Christian Frick, David Samuelson, Richard Riboe, Olivier Huby and Oliver Lagerström were re-elected as Board Members.

At an extra-ordinary Board meeting on 15 September 2021 in connection with the acquisition of MFEX by Euroclear SA/NV, Oliver Lagerström was elected as new Chairman of the Board replacing Chairman of the Board Hans-Ole Jochumsen who resigned. By Extra Ordinary General Meeting of Shareholders held the same day, Brigitte Daurelle, Joseph Van de Velde and Philippe Laurensy were elected as new Board Members replacing Board Members Christian Frick, David Samuelson and Richard Riboe who resigned.

During the year 2021, the Board closely followed the evolution of the COVID-19 crisis, its impacts on MFEX and its environment and considered carefully how to navigate this unprecedented event with the best interests of its staff and all other relevant stakeholders in mind. It also reviewed Management's update of the multi-year strategic plan and devoted time to discuss its various components taking into account MFEX's role in the capital markets, and the proposed paths for further development in particular. Finally, it focused on the Management's plans to strengthen business resilience and cyber security.

By decision of an Extra Ordinary General Meeting of Shareholders of 12 April 2022, Joseph Van de Velde, was replaced by Paul Hurd.

Other subsidiaries and branch offices

MFEX Mutual Funds Exchange AB owns 100% of the subsidiary Fondab AB, Corp. Reg. No. 556697-5560, 100% of the subsidiary MFEX Suisse S.A., Corp. Reg. No. IDE CHE-305.126.621, 100% of the subsidiary MFEX Singapore Pte. Ltd. Corp. Reg. No. UEN 201629085E, 100% of the subsidiary Global Fund Watch GFW AB, Corp. Reg. No. 559033-8835, 100% of the subsidiary MFEX France S.A., Corp. Reg. No. 2005B17955, 100% of the subsidiary MFEX Malaysia SDN. BHD., Corp. Reg. No. 1282744-D, 100% of the subsidiary MFEX Hong Kong Limited, Corp. Reg. No. 2754915, and 100% of the subsidiary MFEX Luxembourg S.A., Corp. Reg. No. B233039.

MFEX Mutual Funds Exchange AB does not presents consolidated accounts according to the Swedish Annual Accounts for Credit Institutions and Investment Firms Act (ÅRKL), Chapter 7, §5. MFEX Holding AB, Corp. Reg. No. 559097-5735 prepares consolidated accounts for the entire Group.

MFEX Mutual Funds Exchange AB includes a Spanish branch under the name of MFEX Mutual Funds Exchange AB, Sucursal en España with registration number 105, an UK branch under the name MFEX Mutual Funds Exchange AB, UK Branch 19012019, London. MFEX is also represented in Italy through one office in Milano, 9779570153, Milano. In beginning of 2022 decision was made, as part of the integration with Euroclear, to deregister the UK Branch of MFEX Mutual Funds Exchange AB and to transfer its staff to Euroclear SA/NV London Branch.

Fondab AB offers a B-to-C fund platform and related services for fund distribution. While Fondab's financial and business profiles are sound, the capacity of MFEX stand-alone to bring the company to a next level of growth has been considered remote due to the limited strategic fit of Fondab AB with MFEX/Euroclear Fund Strategy in view of the "direct to Consumer" offer of the company.

In parallel, end 2021, MFEX identified that a sale of Fondab AB could further secure long term business relationships with key clients in Sweden, representing thereby a sound business opportunity for both MFEX Group and Fondab AB. This implied that the shares of the company are now considered as held for sale.

Operational risks

The Group's credit, market and liquidity risks are limited as both parties only act as intermediary in the financial markets. The Group conducts no lending operations and all trading in fund units is financed through payments by customers. No trading takes place on its own behalf, rather, the Group only conducts customer trading. Operational risk is, however, present as a natural part of the Group's operations. On behalf of the Board, the internal audit function assesses whether the organisation is complying with the guidelines established by the Board. The Group is not involved in any legal or tax disputes. The risk exposure and management of operational risks is, in all major aspects, unchanged with previous years. See, also, Note 26 Risk exposure and management of operational risks for further information and a description of risks in the Group's business.

Accounting policies

The Group applies International Financial Reporting Standards (IFRS). Furthermore, the additions stipulated in the Swedish Annual Accounts for Credit Institutions and Investment Firms Act (1995:1559) and the Regulations and General Recommendations of the Swedish Financial Supervisory Authority on Annual Accounts of Credit Institutions and Investment Firms (FFFS 2008:25) have also been applied. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and associated statements (UFR) were also applied.

The Parent Company applied the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's RFR 2 Accounting for Legal Entities. The application of RFR 2 entails that the Parent Company is, as far as possible, to apply all IFRS adopted by the EU within the framework of the Swedish Annual Accounts Act and with consideration of the relationship between accounting and taxation. For further information, refer to the section Accounting policies and Notes.

Sustainability report

In accordance with Swedish Annual Accounts Act (1995:1554) Chapter 7, Section 31, MFEX Holding AB prepares a statutory sustainability report for the Group. The sustainability report is available on www.mfex.com.

Proposed appropriation of profit

The Parent Company's non-restricted equity amounts to Euro 282,088,611. The Board of Directors will not propose a dividend for 2021, implying that Euro 282,088,611 is to be carried forward.

Post balance sheet events

In MFEX Luxembourg, the largest client of the company requested to migrate all its Trading & Custody activities (T&C), currently managed on MFEX's GFX platform, to Euroclear Bank SA/NV's FundSettle platform, thereby combining the Euroclear group service offering of FundSettle’s T&C with MFEX’ distribution services. This migration is planned to start by Q3 2022. Social dialogue with the staff delegation started March 2022 in order to deal with the consequences of this migration.

Consolidated income statement

Amounts in kEUR	Note	01-jan-21 31-dec-21	01-jan-20 31-dec-20
Operating income			
Commission income	2	49 615	38 398
Interest income	3	36	135
Interest expense	3	-498	-399
Net profit/loss from financial transactions	4	4 234	1 148
Other operating income	5	3 728	3 032
Total operating income		**57 115**	**42 314**
Operating expenses			
General administrative expenses	6,11,12	-63 714	-46 191
Depreciation/impairment of tangible and intangible assets	9-10	-19 049	-9 194
Other operating expenses	7	-1 076	-803
Total operating expenses		**-83 839**	**-56 188**
Operating profit/loss		**-26 724**	**-13 875**
Tax on profit/loss for the year	13	4 959	2 391
Profit/loss for the year		**-21 765**	**-11 484**
Wherof net income from operations held for sale	20	*1 492*	**-**
Attributable to:			
Parent Company’s shareholders		-21 765	-11 484

Consolidated statement of comprehensive income

Amounts in kEUR	Note	01-jan-21 31-dec-21	01-jan-20 31-dec-20
Profit/loss for the year		-21 765	-11 484
Items which can be reclassified to profit or loss (including tax)	23		
Translation differences		170	-184
Total other comprehensive income		170	-184
Comprehensive income for the year		**-21 595**	**-11 668**
Attributable to:			
Parent Company’s shareholders		-21 595	-11 668

Consolidated balance sheet

Amounts in kEUR	Note	2021-12-31	2020-12-31
ASSETS	24		
Lending to credit institutions	14,25	114 133	80 116
Intangible assets	8-9	206 623	220 199
Tangible assets	10-12	3 725	5 463
Deferred tax assets	13	7 734	3 146
Other assets	16,25	194 858	139 510
Prepaid expenses and accrued income	17,25	9 075	11 394
Assets held for sale	20	6 451	-
TOTAL ASSETS		**542 599**	**459 829**
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities and provisions	24		
Other liabilities	11,12,18, 25	282 658	200 289
Accrued expenses and deferred income	19, 25	4 219	5 813
Provision other	12	852	-
Provision for taxes	13	8 453	9 569
Liabilitites for assets held for sale	20	3 762	-
Total liabilities and provisions		**299 944**	**215 672**
Equity	23		
Share capital		17	16
Other contributed capital		282 844	261 704
Reserves		307	137
Retained earnings, including net profit/loss for the year		-40 513	-17 700
Total equity attributable to parent company shareholders		**242 655**	**244 157**
TOTAL LIABILITIES, PROVISIONS AND EQUITY		**542 599**	**459 829**

Consolidated statement of changes in equity

Amounts in kEUR	Share capital	Other contributed capital	Translation reserves	Retained earnings	Total equity
Equity 31/12/19	**14**	**221 894**	**321**	**-6 258**	**215 971**
Profit/loss for the year	-	-	-	-11 484	-11 484
Other comprehensive income for the year	-	-	-184	-	-184
Total comprehensive income for the year	**-**	**-**	**-184**	**-11 484**	**-11 668**
Transactions with owners					
New share issues	2	39 848			39 850
Option premiums received	-	-38	-	42	4
Total transactions with owners	**2**	**39 810**	**-**	**42**	**39 854**
Equity 31/12/2020	**16**	**261 704**	**137**	**-17 700**	**244 157**
Profit/loss for the year	-	-	-	-21 765	-21 765
Other comprehensive income for the year	-	-	170	-	170
Total comprehensive income for the year	**-**	**-**	**170**	**-21 765**	**-21 595**
Transactions with owners					
Received shareholder contributions	-	15 500	-	-	15 500
Option premiums used	-	-135	-	135	-
New share issues[1]	1	5 775	-	-1 183	4 593
Total transactions with owners	**1**	**21 140**	**-**	**-1 048**	**20 093**
Equity 31/12/2021	**17**	**282 844**	**307**	**-40 513**	**242 655**

[1] Amount of -1 183 keur relates to effect of exercised warrants in Fondab AB in connection with Euroclear's acquisition of MFEX Group when a temporary non-controlling interest arose in Fondab AB during one day.

Refer to Note 23 for additional information.

Consolidated cash-flow statement

Excluding managed assets Amounts in kEUR	Note	01-jan-21 31-dec-21	01-jan-20 31-dec 20
Operating activities			
Operating profit/loss		-26 724	-13 875
Adjustments for non-cash items			
Depreciation/impairment of tangible and intangible assets	9-10	19 049	9 194
Changes in provisions	12	852	-
Income tax paid		7 345	-409
Cash flow from operating activities before changes in assets and liabilities in the operating activities		***521***	***-5 090***
Increase (–) / decrease (+) in assets of operating activities:			
Other assets		-55 929	-31 277
Prepaid expenses and accrued income		1 185	-6 263
Increase (+) / decrease (-) in liabilities of operating activities:			
Other liabilities		78 440	69 987
Accrued expenses and deferred income		-1 195	1 877
Cash flow from operating activities		***23 023***	***29 234***
of which from operations held for sale		*2 204*	-
Investing activities			
Acquisition of intangible assets	9	-3 807	-5 693
Acquisition of tangible fixed assets	10	-547	-749
Acquisition of operations	8	-	-15 300
Cash flow from investments		***-4 354***	***-21 742***
of which from operations held for sale		*-171*	**-**
Financing activities			
New issues		4 593	39 850
Received shareholder contributions		15 500	-
Option premiums received		-	4
Amortisation on leasing liabilities		-798	-1 579
Cash flow from financing activities		***19 295***	***38 275***
of which from operations held for sale		-	-
Cash flow for the year		**37 964**	**45 767**
of which from operations held for sale		*2 033*	**-**
Cash and cash equivalents, 1 January		**80 116**	**34 531**
Exchange rate differences in cash and cash equivalents		36	-182
Cash and cash equivalents at the end of the period		**118 116**	**80 116**
of which from continuing operations		*114 133*	-
of which from operations held for sale		*3 983*	-

Cash flow attributable to operating activities for the Group includes interest received of EUR 148 thousand (130) and interest payments made, including capitalised interest, of EUR 507 thousand (422).

Parent Company income statement

Amounts in kEUR	Note	01-jan-21 31-dec-21	01-jan-20 31-dec-20
Operating income			
Net sales		-	-
Total operating income		**-**	**-**
Operating expenses			
Other operating expenses	6,7	-159	-61
Total operating expenses		**-159**	**-61**
Operating profit/loss		**-159**	**-61**
Profit/loss from financial items			
Interest income and similar items	3,4	100	-
Interest expenses and similar items	3,4	-50	-39
Profit/loss after financial items		**50**	**-39**
Profit/loss before tax		**-110**	**-100**
Tax on profit/loss for the year	13	227	-
Profit/loss for the year		**117**	**-100**

Parent Company's report on total comprehensive income – nothing to report.

Parent Company balance sheet

Amounts in kEUR	Note	2021-12-31	2020-12-31
ASSETS	24		
Non-current assets			
Financial assets			
Participations in Group companies	15	263 815	254 140
Deferred tax asset		227	-
Total non-current assets		**264 042**	**254 140**
Current assets			
Other current receivables		1	-
Cash and bank balances	14,25	18 168	6 634
Total current assets		**18 169**	**6 634**
TOTAL ASSETS		**282 211**	**260 774**
EQUITY AND LIABILITIES			
Equity	23		
Restricted equity			
Share capital		17	16
Total restricted equity		17	16
Non-restricted equity			
Free share premium reserve		190 093	184 318
Retained earnings		91 879	76 479
Profit/loss for the year		117	-100
Total non-restricted equity		282 089	260 697
Total equity		**282 106**	**260 713**
Current liabilities	24,25		
Other current liabilities	18	23	1
Accrued expenses and deferred income	19	82	60
Total current liabilities		**105**	**61**
TOTAL EQUITY AND LIABILITIES		**282 211**	**260 774**

Parent Company statement of changes in equity

Amounts in kEUR	Share capital	Free share premium reserve	Retained earnings and profit/loss for the year	Total
Equity 31/12/2019	**14**	**144 470**	**76 479**	**220 963**
Profit/loss for the year	-	-	-100	-100
Total comprehensive income for the year	**-**	**-**	**-100**	**-100**
Transactions with owners				
New share issues	2	39 848	-	39 850
Total transactions with owners	**2**	**39 848**	**-**	**39 850**
Equity 31/12/2020	**16**	**184 318**	**76 379**	**260 713**
Profit/loss for the year	-	-	117	117
Total comprehensive income for the year	**-**	**-**	**117**	**117**
Transactions with owners				
New share issues	1	5 775	-	5 776
Received shareholder contribution	-	-	15 500	15 500
Total transactions with owners	**1**	**5 775**	**15 500**	**21 276**
Equity 31/12/2021	**17**	**190 093**	**91 996**	**282 106**

Refer to Note 23 for additional information.

Parent Company's cash-flow statement

Excluding managed assets Amounts in kEUR	Note	01-jan-21 31-dec-21	01-jan-20 31-dec-20
Operating activities			
Operating profit/loss		-159	-61
Adjustments for non-cash items			
Income tax paid		-	-
Interest expense paid		-50	-39
Cash flow from operating activities before changes in working capital		***-209***	***-100***
Changes in working capital			
Other receivables		-1	-
Other liabilities		22	-680
Accrued expenses and deferred income		22	-53
Cash flow from operating activities		***-166***	***-834***
Investing activities			
Shareholder contributions paid		-8 492	-32 500
Cash flow from investments		***-8 492***	***-32 500***
Financing activities			
New issues		4 592	39 850
Shareholder contributions received		15 500	-
Cash flow from financing activities		***20 092***	***39 850***
Cash flow for the year		**11 434**	**6 516**
Cash and cash equivalents at the beginning of the period		6 634	117
Translation effect on changeover to euro		100	-
Cash and cash equivalents at the end of the period		**18 168**	**6 634**

Cash flow attributable to operating activities for the Parent Company includes interest received of EUR 0 thousand (0) and interest payments made, including capitalised interest, of EUR -50 thousand (-25).

Accounting policies and notes

All amounts in the Notes are presented in kEUR.

Note 1

Company information

MFEX Holding AB ("MFEX"), Corp. Reg. No. 559097-5735, is a Swedish limited liability company with its registered office in Stockholm at the following address: Grev Turegatan 19, SE-114 38 Stockholm, Sweden.

The Board of Directors approved this annual report on 29 June 2022, and it will subsequently be proposed for adoption by the annual meeting of shareholders on 30 June 2022.

Euroclear SA/NV acquired in September 100% of the shares of MFEX Holding AB.

MFEX Holding AB owns 100% of the subsidiary MFEX Mutual Funds Exchange AB ("MFEX"), Corp. Reg. No. 556559-0634 0634, which in turn owns 100% of the subsidiary Fondab AB, Corp. Reg. No. 556697-5560, 100% of the subsidiary MFEX Suisse SA, Corp. Reg. No. IDE CHE-305.126.621, 100% of the subsidiary MFEX Singapore Pte. Ltd., Corp. Reg. No. UEN 201629085E, 100% of the subsidiary Global Fund Watch GFW AB, Corp. Reg. No. 559033-8835, 100% of the subsidiary MFEX France SA, Corp. Reg. No. 2005B17955, 100% of the subsidiary MFEX Malaysia SDN. BHD., Corp. Reg. No. 1282744-D, 100% of the subsidiary MFEX Hong Kong Limited, Corp. Reg. No. 2754915, and 100% of the subsidiary MFEX Luxembourg S.A., Corp. Reg. No. B233039. MFEX Holding AB is the ultimate Parent Company and also prepares the consolidated accounts for the entire Group.

The subsidiary MFEX Mutual Funds Exchange AB has a license to conduct securities activities in accordance with Chapter 2, Section 1, paragraphs 1 and 2 of the Swedish Securities Market Act (2007:528) and ancillary services in accordance with Chapter 2, Section 2, paragraphs 1 and 4 and ancillary activities in accordance with Chapter 2, Section 3. The Company also has a license to manage fund units in accordance with Chapter 4, Section 12 of the Swedish Investment Funds Act (2004:46).

The subsidiary Fondab AB has a licence to conduct securities activities in accordance with Chapter 2, Section 1, paragraphs 1, 2 and 4 of the Swedish Securities Market Act (2007:528) and ancillary services in accordance with Chapter 2, Section 2, paragraphs 1 and 5. The Company also has a licence to manage fund units in accordance with Chapter 4, Section 12 of the Swedish Investment Funds Act (2004:46) and has a license to conduct pension savings operations (individual pension savings) in accordance with the Swedish Individual Pension Savings Act (1993:931).

The subsidiary MFEX France S.A. was founded in 2002 in London and offers services related to automated fund distribution, due diligence and investment consulting. The Company is licensed by the Autorité de Contróle Pruddentail et de Résoution (ACPR).

The subsidiary MFEX Singapore Pte. Ltd. offers MFEX services locally in Asia and is licensed in Singapore by the Monetary Authority of Singapore (MAS) since 2017, and the subsidiary MFEX Suisse S.A. offers rebates collection services locally in Switzerland. MFEX Malaysia Sdn Bhd was established in conjunction with MFEX's acquisition of RBC Global Fund Platform (GFP). MFEX has outsourced parts of its back-office functions to MFEX Malaysia Sdn Bhd since 2019. In June 2020, MFEX Luxembourg SA completed the acquisition of Société Générale Securities Services (SGSS) Global Fund Trading platform. MFEX Hong Kong Ltd received its license from the Securities and Futures Commission (SFC) in June 2020, and now offers MFEX services locally in Hong Kong.

The Group's accounting policies

Compliance with laws and regulations

The Group applies International Financial Reporting Standards (IFRS). Furthermore, the additions stipulated in the Swedish Annual Accounts for Credit Institutions and Investment Firms Act (1995:1559) and the Regulations and General Recommendations of the Swedish Financial Supervisory Authority on Annual Accounts of Credit Institutions and Investment Firms (FFFS 2008:25) were also applied. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and associated statements (UFR) were also applied.

The IFRS standards that entered into force on 1 January 2021:

No new or amended IFRS standards that entered into force on 1 January 2021 have had any significant impact on the reported income statements and balance sheets

New IFRS standards and interpretations that have not yet entered into force but could impact future financial statements:

None of the published new and changed standards and interpretations of existing standards, which have yet to come into effect and are yet to begin to be applied, are expected to have a significant impact on the Group's financial reports, or on its capital cover for the financial year 2022 and following financial years.

Conditions relating to the preparation of the Company's financial statements

The Group's functional currency is the Euro (EUR). Unless otherwise stated, all figures are rounded to the nearest thousand.

The cost method was applied in all cases, except as regards financial liabilities at fair value (contingent consideration). The cost method entails that assets and liabilities are recognised at cost less decline in value and any impairment.

Non-current assets comprise tangible and intangible assets. Other assets are current assets. Current assets are expected to be recovered or paid within three months. All liabilities and current liabilities are expected to be recovered or paid within 12 months.

Significant accounting estimates and judgements

Company management makes estimates and assumptions about the future that impact the carrying amounts. As a result, the carrying amounts in these cases seldom corresponds to the actual amounts. Estimates and assumptions that involve a significant risk of material adjustments to carrying amounts in the future financial year are attributable to intangible assets (excluding goodwill, customer contracts & customer relationships and trademarks), goodwill and customer contracts & customer relationships and trademarks, tangible assets, deferred tax assets, other assets and other liabilities.

Intangible assets excluding goodwill

Main assumptions, estimates and judgements are related to capitalisation of internally developed expenditure, impairment of previous capitalisations, useful time of assets etc.

Goodwill, customer contracts & customer relationships and trademarks

Main assumptions, estimates and judgements are related to future earnings, model used to assess impairment and model critical data input such as discount rate etc.

Tangible assets

Main assumptions, estimates and judgements are related to useful time of assets, and discount rate used in Right-of-use-assets calculations under IFRS 16.

Deferred tax assets

Main assumptions, estimates and judgements are related to future earnings and capitalisation of losses carried forward.

Other assets

Main assumptions, estimates and judgements are related to allocation of received unallocated payments, provisioning assumptions of accounts receivables passed payment due date (net exposure) which builds up total reserve of about Euro 9.7 M that has been recognised as of end of December 2021.

Other liabilities

Main assumptions, estimates and judgements are related to discount rate used in leasing liabilities calculations under IFRS 16.

Company management determines and review assumptions and estimates related to these assets and liabilities on each balance sheet date and adjusted if necessary. For more information see Notes 9, 10, 11, 16 and 18.

For the Parent Company, main assumptions, estimates and judgements are also related to Shares and participations in group companies namely future earnings in the subsidiary, model used to assess impairment and model critical data input such as discount rate etc, see Note 15.

Tax

Recognised tax on net profit for the year includes tax payable or due in respect of the current year, adjustments related to current tax for prior years and changes in deferred tax. All tax liabilities and tax assets are valued at their nominal amounts and based on the tax rules and tax rates that have been enacted or that have been announced and are highly likely to be confirmed. Accordingly, for items recognised in profit or loss, the related tax effects are also recognised in profit or loss. Tax effects from items recognised directly in equity are recognised in equity. Deferred tax is calculated by applying the balance sheet method to all temporary differences between the carrying amounts and tax bases of assets and liabilities.

Deferred tax assets relating to loss carry-forwards or other future tax deductions are recognised to the extent that it is likely that the deduction can be offset against future taxable profits.

Dividends paid

Dividends are recognised as liabilities after the Annual General Meeting resolves to approve the Board’s dividend proposal.

Consolidation principles

Subsidiaries are companies over which MFEX Holding AB has a controlling influence, meaning a direct or indirect right to formulate a company’s financial and operational strategies in order to receive financial benefits. Subsidiaries are consolidated in accordance with the acquisition method from the acquisition date until the date on which the controlling influence ceases.

All intra-Group receivables and liabilities, income, expenses, gains or losses arising from transactions between companies encompassed by the consolidated financial statements are eliminated in their entirety.

Business combinations

The consolidated cost is determined on the basis of an acquisition analysis performed when the acquisition takes place. As part of the analysis, the fair value of acquired assets and assumed liabilities is established. If the cost exceeds the net value of acquired assets and assumed liabilities, the difference is recognised as goodwill in the balance sheet. The acquisition analysis identifies the assets and values that are not recognised in the acquired company, for example, brands, customer contracts and customer relationships. Intangible assets identified in the acquisition analysis are amortised over an estimated useful life. Goodwill and strong brands that are deemed to have indefinite useful lives are not amortised and instead regularly monitored for any indication of impairment and impairment tested once a year. Transaction costs directly attributable to the acquisition are directly capitalised.

Non-controlling interests

For each acquisition, the Group decides whether to measure the non-controlling interest in the acquired company at fair value, meaning that goodwill is included in the non-controlling interest, or as a proportionate share of the identifiable net assets. The choice between these two methods is to be made individually for each acquisition.

Transactions involving non-controlling interest that do not lead to a loss of control are recognised as equity transactions, meaning transactions with shareholders in their role as owners. A change in the participating interest is recognised by an adjustment to the carrying amounts of the non-controlling interests so that they reflect the changes in their relative holdings in the subsidiaries. In the event of acquisitions from non-controlling interests, the difference between the fair value of the purchase consideration paid and the actual acquired portion of the carrying amount of the subsidiary's participations is recognised in equity. Gains and losses on divestments to non-controlling interests are also recognised in equity.

Currency

Translation of transactions in currencies other than the Euro

Transactions in currencies other than the Euro are translated to the Euro at the exchange rate on the transaction date. Monetary items (assets and liabilities) are translated to the Euro based on the exchange rate on the balance sheet date. Exchange-rate gains and losses arising on such translations are recognised in profit or loss as net result of financial transactions. Currency differences arising in foreign long-term loans and liabilities and in the revaluation of bank accounts in a currency different to the accounting currency are recognised under the net result of financial transactions.

Translation of foreign subsidiaries

When the consolidated financial statements are prepared, the balance sheets of the Group's foreign operations are translated from their functional currency to the Euro based on the exchange rate on the balance sheet date. The income statement and other comprehensive income are translated at the average rate for the period. The translation differences arising are recognised in other comprehensive income against the translation reserve in equity. If the Group has classified derivatives as the hedging instrument in a hedge of a net investment in a foreign operation, these exchange-rate differences are also recognised in other comprehensive income and accumulated in the translation reserve. The accumulated translation difference is transferred and recognised as part of the capital gains or losses if the foreign operation is divested. Goodwill and adjustments to fair value that are attributable to acquisitions of operations with a different functional currency to SEK are treated as assets and liabilities in the acquired operations' currency and translated at the exchange rate on the balance sheet date.

Translation of foreign branches

MFEX Holding AB has, through its subsidiary MFEX Mutual Funds Exchange AB, operations in Spain, Great Britain and Italy. All of the branches, except for the branches in Great Britain, have EUR as their functional currency. Great Britain has GBP as their functional currency. This means that currency translation takes place in MFEX since the branches will continue to be translated using the current rate method in the legal entity. The net assets are translated at the closing day rate and the income statement is translated at the average rate and any translation differences are recognised in other comprehensive income.

Revenue

Commission income

Commission income comprises securities commission and other commission. Securities commission mainly comprises fund commission, custodian fees and transaction-based income. Fund commission and custodian fees are calculated on the fund volume and recognised as income based on actual volume at every point in time. Transaction-based income and other commission is recognised over time, meaning as it is earned. The degree of completion is calculated based on completed performance. If the criteria for recognising the income over time are not satisfied, the income is recognised when the service has been rendered in its entirety. Contract assets arise in the cases when performance has been completed and there is an unconditional right to payment, but settlement has not yet taken place. The Group has no customer contracts with terms of more than one year, which is why the simplification rule is applied, meaning that disclosures do not need to be provided on the scope of signed but not yet completed contracts.

Interest income and interest expenses

Interest income for lending to credit institutions is recognised as income in the period to which it is attributable. Negative interest on lending to credit institutions and other interest expenses is recognised as an expense in the period in which they are attributable.

Net profit/loss from financial transactions

Profit/loss from financial transactions primarily comprises realised and unrealised gains/losses on currencies.

Employee benefits

The Group's plans for post-employment benefits include only defined contribution pension plans, with the exception of MFEX France that also has a defined benefit pension plan. In defined contribution plans, the Company makes fixed contributions to a separate legal entity. Once the contribution has been paid, the Company has no further obligations. Employee benefits such as salary and pension are recognised as expenses during the period in which the employee performed the services to which the remuneration refers.

Lease contracts

The Group's lease contracts refer primarily to rental agreements for office premises. From 1 January 2019, all lease contracts where the Group is the lessee, with the exception of short-term contracts and contracts of a limited value, are reported as right-of-use assets and the equivalent financial liabilities are reported in the consolidated balance sheet. Right-of-use assets are included in tangible fixed assets and the financial liabilities are included in other liabilities. A cost for the write-off of the leased asset ad an interest expense on the financial liability are reported in the consolidated income statement.

Assets and liabilities originating from lease contracts are initially reported at the present value of future lease payments when the leased assets are available for use by the Group. Future lease payments are discounted on the basis of the lease contract's implicit interest rate. If this interest rate cannot be easily determined, the lessee's marginal borrowing rate is applied. Lease payments are allocated between amortisation of the liability and the interest. The interest is reported in the income statement over the term of the lease in such a manner that fixed interest rates are determined for the reported lease liability to apply to the respective reporting periods.

Right-of-use assets are usually written off on a straight-line basis over the shorter of the useful life and the lease term. Payments for short-term contracts and contracts where the underlying asset is of a limited value are recognised in income on a straight-line basis in the income statement. A more detailed description of the Group's leasing activities and reporting of these activities is found in Note 11.

Cash-flow statement

The Group's cash-flow statement has been prepared in accordance with the indirect method and presents the inward and outward payments regarding the operating activities, investing activities and financing activities for the financial year.

Cash flows attributable to the operating activities primarily derive from the Group's income-generating operations. Net inward and outward payments in the operating activities are calculated by adjusting operating profit for the year for non-cash items, changes in operating assets and operating liabilities for the year and for items whose cash-flow effect is attributable to investing and financing activities.

Cash and cash equivalents mainly comprise bank balances that can be re-deposited with a delay of one day.

Tangible assets

Tangible assets are recognised as assets in the balance sheet if it is probable that future financial benefits will flow to the Company and the cost of the item can be measured reliably.

Tangible assets are recognised at cost less any accumulated depreciation and impairment. The cost includes the purchase price and the costs directly related to the asset.

Tangible assets are derecognised from the balance sheet on disposal or divestment. Gains and losses are recognised as other operating income or operating expense.

Depreciation is recognised in profit or loss straight-line over the estimated useful lives of the assets. The useful live of tangible assets is deemed to be five years.

Intangible assets

Intangible assets are recognised as assets in the balance sheet if it is probable that future financial benefits will flow to the Company and the cost of the item can be measured reliably.

An intangible asset is measured at cost on initial recognition in the balance sheet. Following initial recognition, an intangible asset is recognised in the balance sheet at cost less any accumulated amortisation and impairment.

Intangible assets are derecognised from the balance sheet on disposal or divestment. Gains and losses are recognised as other operating income or operating expense.

Amortisation

Amortisation takes place straight-line over the useful life and amortisation commences once the asset has started to be used. The carrying amount and useful lives of the intangible assets are tested at least at the end of the financial year, regardless of whether there is a decline in value, and, if necessary, the amortisation period is adjusted and/or impairment recognised. Intangible assets that have not yet started to be used are also tested annually even if there is no indication of an impairment requirement.

Brands with indefinite useful lives are not amortised and instead are retested at least at the end of the financial year, regardless of whether there is a decline in value, and, if necessary, the amortisation period is adjusted and/or impairment recognised.

Estimated useful lives:

Capitalised development expenditure	5-10 years
Software	5-8 years
Acquired customer assets	10 years

Capitalised expenditure for development work

Capitalised development expenditure is measured as a portion of fair value of the acquired operations less amortisation and any impairment. In addition to the fair value of acquired operations, capitalised development expenditure comprises externally purchased services and capitalised personnel costs. Capitalised expenditure primarily refers to the development of the fund trading facility and related applications, which provide the Company with long-term financial benefits through either increased income or cost savings.

In addition to the fair value of capitalised development expenditure in connection with acquired operations, proprietary development activities are carried out in which cases capitalised development expenditure comprises externally purchased services and capitalised personnel costs. Expenditure that is capitalised as capitalised development expenditure in the case of proprietary development takes place when all of the following criteria have been met:

- it is technically possible to complete the asset and use or sell it
- the Company has the intention to complete, use or sell the asset
- the Company can show that it is likely that the asset will generate future financial benefits
- adequate technical, economic and other resources are available to complete the development and to utilise or sell the asset
- the Company can reliably measure the expenditure attributable to the asset.

Software

Software is measured as a portion of fair value of the acquired operations less amortisation and any impairment. In addition to the fair value of acquired operations, software comprises expenses for software that are recognised as an asset in the balance sheet when the expenses are expected to generate future financial benefits. Capitalised expenditure for software is amortised from the date on which the software is ready for use and term.

Customer contracts and customer relationships

Customer contracts and customer relationships are measured as a portion of fair value of the acquired operations less amortisation and any impairment. The useful life of these assets is sometime low, which reflects the long-term approach of the underlying operations. The useful life for customer contracts is based on a calculation of how long net payments are expected to be received for these contracts, taking into account legal and financial factors.

Goodwill

Goodwill arises when the cost of shares in subsidiaries or an acquired operation exceeds the fair value of the acquired assets and liabilities according to the prepared acquisition analysis.

Brands

Brands are measured as a portion of the fair value when operations are acquired from third parties when the brand has a long-term value and the brand can be sold separately from the remaining operations.

<u>Impairment</u>

The recoverable amount of an asset is determined if there is an indication of a decline in value. If the carrying amount of the asset exceeds its recoverable amount, the asset is written down to this recoverable amount. Impairment is recognised through profit or loss. The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. The value in use is calculated by estimating future inward and outward payments that are discounted to a present value using a discount factor that takes into consideration risk-free interest and the risk associated with the specific asset. For an asset that does not generate cash flows that are significantly independent of other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

Impairment (not goodwill) is reversed if a later increase in the recoverable amount can objectively be attributed to an event that occurred after the impairment was recognised.

<u>Equity</u>

Share capital – Group

Parent Company's share capital

Other contributed capital – Group

Refers to equity that has been contributed by the owners. The item includes surpluses paid in conjunction with new share issues.

Reserves – Group

The reserves refer to translation reserves and the fair value of derivatives hedging the translation differences. The translation differences include all of the exchange rate differs arising in the translation of the financial reports from the foreign companies preparing their financial reports in a currency other than the currency in which the Group's reports are presented. For further information see Note 23.

<u>Financial instruments</u>

Financial assets and financial liabilities are recognised when the Group becomes a party to the financial instrument's contractual conditions. Purchases and sales of financial assets are recognised on the trade date, i.e., the date on which the Group undertakes to purchase or sell the asset.

A financial asset is derecognised from the balance sheet when the contractual rights to cash flows cease. A financial liability is derecognised from the balance sheet only when the rights and obligations associated with the financial liability have been regulated. Financial instruments reported in the balance sheet include on the asset side receivables referring to lending to credit institutes, accounts receivables and liquid funds. Financial liabilities consist of accounts payable and other liabilities. Financial instruments are classified in various categories, depending on the type of financial instrument. The classification is determined on the acquisition date. Financial assets that are debt instruments are classified depending on the business model and characteristics of the contractual cash flows. Financial assets that are part of a business model of holding the financial assets to collect contractual cash flows are classified as and recognised at amortised cost if the contractual cash flows are solely payments of principal and interest.

When a financial asset or liability is initially recognised, excluding financial assets or liabilities measured at fair value through profit or loss, it is measured at fair value plus transaction costs. For financial assets or liabilities measured at fair value through profit or loss, transaction costs are reported directly in profit or loss.

A financial asset and a financial liability are netted and reported as a net amount in the balance sheet only when there is a legal right to net the amounts and when the intention is to settle the items as a net amount or, at the same time, realise the asset and settle the liability.

Valuation

Initially, all of the financial instruments are valued at fair value, which is equivalent to their acquisition cost. Subsequent valuations take place depending on the valuation category to which the instrument refers. For financial instruments reported at accrued acquisition value and which incur a variable interest rate or where the tenor is short, the book value agrees with the fair value.

Impairment of financial assets according to IFRS 9

MFEX Group recognises a loss allowance for expected credit losses (“ECL”) on accounts receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The loss allowance is based on a model for expected credit losses.

MFEX Group apply the simplified approach for accounts receivables and contract assets since they are considered not to contain a significant financing component. That is MFEX Group recognise a lifetime expected loss allowance on accounts receivables and contract assets based on a provision matrix applying assessment on relevant loss rates to the accounts receivable balances outstanding (i.e. an accounts receivable aged analysis).

For all other assets MFEX Group apply the general approach. In the general approach MFEX Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, MFEX Group measures loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Definition of default

MFEX Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including MFEX Group, in full
- A financial asset is more than 90 days past due unless MFEX Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate

The following valuation categories apply in MFEX Group:

Financial assets measured at amortised cost – general approach

Financial assets in this category consist of lending to credit institutions and are part of a business model whereby contractual cash flows are collected and where these cash flows are comprised solely of payments of principal and interest. MFEX Group recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, MFEX Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Despite the foregoing, MFEX Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations
- Institutions/banks included in lending to credit institutions have a minimum rating equivalent to a long-term S&P rating of A or short-term minimum rating of A-1

Expected credit losses has not been recognised in this category since the amount is considered not material.

Financial assets measured at amortised cost - simplified approach

Financial assets in this category consist of accounts receivables and contract assets and are initially measured at fair value and, subsequently, at amortised cost using the effective interest method, less allowance for expected credit losses. Expected credit losses are assessed based on their remaining lifetime according to the simplified approach as all financial assets in this category does not contain a significant financing component. The assessment is based on aged analysis, payment history, past credit losses and future aspects. Based on past data, expected credit losses are deemed to be limited, however since there are significant amounts past payment due date an additional allowance has been recognised at year-end of Euro 6.3 M.

Financial liabilities measured at amortised cost

Interest-bearing and non-interest-bearing financial liabilities that are not held for trading are included in this category. The financial liabilities are measured at amortised cost by applying the effective interest method.

Financial liabilities valued at fair value in the income statement

Here, the Group reports contingent considerations. Contingent considerations arising in conjunction with business combinations are reported initially at fair value and thereafter, on an ongoing basis, at fair value in the income statement in the item Net profit/loss from financial transactions. For more information regarding contingent considerations, see Notes 8 and 25.

Offsetting

A financial asset and a financial liability are netted and reported with a net amount in the balance sheet only when there is a legal right to set off the amounts and there is an intention to settle the items with a net amount or to simultaneously realize the asset and settle the liability.

Parent Company's accounting policies

The Parent Company applied the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's RFR 2 Accounting for Legal Entities. The application of RFR 2 entails that the Parent Company is, as far as possible, to apply all IFRS adopted by the EU within the framework of the Swedish Annual Accounts Act and with consideration to the relationship between accounting and taxation.

The Annual Report was prepared in accordance with the cost method.

The differences between the Parent Company's and the Group's accounting policies are described below.

Participations in Group companies

Participations in Group companies are recognised in accordance with the cost method, meaning that the holdings are recognised in the balance sheet at cost less any impairment. Acquisition-related expenses are included in cost. The recoverable amount is calculated if there is an indication of impairment of participations in a Group company. Impairment is recognised if the recoverable amount is less than the carrying amount.

Group contributions and shareholders' contributions

The Parent Company applies the main principle of RFR 2 for recognising Group contributions. This means that Group contributions provided by the Parent Company to subsidiaries are recognised in the Parent Company as an increase in the item participations in Group companies. If the Parent Company receives Group contributions from subsidiaries, the Parent Company recognises the Group contributions received according to the principles for standard dividends from subsidiaries, meaning as financial income.

The donor recognises paid shareholders' contributions as an increase in the item participations in Group companies. Shareholders' contributions received are recognised by the recipient directly against non-restricted equity.

Lease contracts

As regards costs for operating lease contracts, the Parent Company has chosen to utilise the allowed exemptions from IFRS 16, which implies that lease contracts are reported in the income statement on a straight-line basis over the term of the lease. This leasing refers primarily to the rental of premises.

Financial instruments

The measurement rules of IFRS 9 are not applied in the Parent Company and financial instruments are measured at cost.

Presentation format of the income statement and balance sheet

The income statement and balance sheet comply with the Swedish Annual Accounts Act's formats. The presentation format for the Statement of changes in equity is consistent with the Group's format but must also include the components stipulated in the Swedish Annual Accounts Act. In addition, this implies a difference in the names of items, compared with the those used in the consolidated accounts, primarily as regards equity.

Equity

Share capital – Parent Company

Parent Company's share capital

Free share premium reserve – Parent Company

The Free share premium fund comprises non-restricted equity and refers to surpluses paid in conjunction with new share issues.

Notes that do not have a direct reference to income statements or balance sheets:

Pledged assets	Note 21
Managed assets not recognised in the balance sheet	Note 22
Risk management objectives and policies	Note 26
Related-party disclosures	Note 27
Events after balance sheet date	Note 28
Proposed appropriation of profit	Note 29

		MFEX (Group) 2021	MFEX (Group) 2020
2	**Commission income**	**2021**	**2020**
	Securities provisions	47 748	36 548
	Other provisions	1 866	1 849
	Total	**49 615**	**38 398**

		MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
3	**Net interest income**				
	Interest income	**2021**	**2020**	**2021**	**2020**
	Lending to credit institutions	36	135	-	-
	Total	**36**	**135**	**-**	**-**
	Interest expense	**2021**	**2020**	**2021**	**2020**
	Lending to credit institutions	-276	-49	-50	-
	Other interest expenses	-222	-350	-	-25
	Total	**-498**	**-399**	**-50**	**-25**
	Total net interest income	**-462**	**-264**	**-50**	**-25**

		MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
4	**Net profit/loss from financial transactions**	**2021**	**2020**	**2021**	**2020**
	Exchange-rate gains/losses	3 956	1 148	100	-14
	Unrealized change in value of short-term investments	79	-	-	-
	Profit from sale of short-term investments	199	-	-	-
	Total	**4 234**	**1 148**	**100**	**-14**

		MFEX (Group)	MFEX (Group)
5	**Other operating income**	**2021**	**2020**
	Fund information fees	520	1 378
	Other income	3 208	1 654
	Total	**3 728**	**3 032**

		MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
6	**General administrative expenses**	**2021**	**2020**	**2021**	**2020**
	System operation	-3 452	-3 679	-	-
	Cost of premises	-3 188	-1 026	-	-
	Consultant costs	-9 048	-4 946	-	-
	Personnel costs	-34 772	-24 261	-6	-43
	Other operating and administrative costs	-13 254	-12 279	-153	-18
	Total	**-63 713**	**-46 191**	**-159**	**-61**

The item personnel costs includes the following amounts:	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
Salaries and other remuneration	**2021**	**2020**	**2021**	**2020**
Members of the Board, CEO and senior executives	-3 377	-2 590	-6	-43
Other employees	-20 172	-16 002	-	-
Total	**-23 549**	**-18 592**	**-6**	**-43**
Social security expenses	**2021**	**2020**	**2021**	**2020**
Members of the Board, CEO and senior executives	-1 159	-253	-	-
Other employees	-7 241	-6 921	-	-
Total	**-8 399**	**-7 173**	**-**	**-**

Of personnel costs, EUR 1,722 (1,602) thousand has been capitalised in the Group. These costs are attributable to internally accrued expenses (see Note 9) and comprise salaries for employed IT developers working on the development of the MFEX platform.

Average number of employees in the Group (Parent Company)

	Men	Women	Total
2021	218 (0)	135 (0)	353 (0)
2020	172 (0)	104 (0)	276 (0)

	2021		**2020**	
Average number of employees per country	**Average number of employees**	**Of which men**	**Average number of employees**	**Of which men**
Parent Company (Sweden)	-	-	-	-
Subsidiaries/branches				
Sweden	98	66	84	55
Spain	5	3	8	5
Singapore	7	6	6	5
Hong Kong	2	1	1	-
France	82	41	75	50
UK	3	3	2	2
Italy	2	2	2	2
Luxembourg	81	47	52	22
Switzerland	5	4	3	3
Malaysia	68	45	43	28
Total in subsidiaries/branches	**353**	**218**	**276**	**172**
Group total	**353**	**218**	**276**	**172**

Gender distribution in executive leadership	MFEX (Group) **2021**	MFEX (Group) **2020**	MFEX (Parent Company) **2021**	MFEX (Parent Company) **2020**
Number of board members [1)]	5	7	6	7
of whom, women	-	-	1	-
Number of senior executives, incl. Managing Director	10	10	-	-
of whom, women	2	2	-	-

1) The company´s CEO is registered as both CEO and board member. In the statement above, the CEO has therefore been excluded from the disclosure.

Remuneration to senior executives, 15 persons in the Group, and Parent Company (in brackets) 2021

Board fees are not paid to Board members who are employed in the Group.
The Chairman and Board members receive remuneration from the Parent Company,
other senior executives receive remuneration from the subsidiaries.

	Salary	**Bonus**	**Pension**	**Board fees**
Senior executives incl. CEO, 10	2 400 (-)	222 (-)	36 (-)	- (-)
Chairman of the Board, 1	- (-)	- (-)	- (-)	- (-)
Other Board members, 4	- (-)	- (-)	- (-)	29 (29)

Remuneration to CEO 2021	**Salary**	**Pension**
Jean Devambez - until September 15, 2021	989	-
Brigitte Daurelle - from September 15, 2021	-	-

Jean Devambez took over as the company´s CEO on January 1, 2021 and was replaced by Brigitte Daurelle on September 15, 2021. Brigitte Daurelle is not employed by MFEX and obtains salary from Euroclear S.A.

Remuneration to senior executives, 17 persons in the Group and Parent Company (in brackets) 2020

	Salary	Bonus	Pension	Board fees
Senior executives incl. CEO, 10	1 554 (-)	127 (-)	34 (-)	- (-)
Chairman of the Board, 1	- (-)	- (-)	- (-)	29 (29)
Other Board members, 6	- (-)	- (-)	- (-)	26 (26)

Remuneration to CEO 2020	Salary	Pension
Torben Munch	480	-

Board fees are paid to external members and are resolved by the Annual General Meeting. Remuneration to senior executives is determined according to individual contracts. Salary levels are based on adopted criteria according to work duties/targets, competence and contribution to earnings. The Company's Board discusses salary and remuneration issues. Upon the Group´s dismissal of the Chief HR Officer, a severance pay of 6 fixed monthly salaries is paid. No reduction is made due to other income that the Chief HR Officer receives.

Audit fees

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
Mazars	**2021**	**2020**	**2021**	**2020**
Audit assignment	-17	-353	-	-18
Auditing activities in addition to audit assignment	-28	-	-3	-
Tax advisory services	-3	-	-	-
Total	**-48**	**-353**	**-3**	**-18**

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
PwC France	**2021**	**2020**	**2021**	**2020**
Audit assignment	-43	-64	-	-
Auditing activities in addition to audit assignment	-	-	-	-
Tax advisory services	-	-	-	-
Total	**-43**	**-64**	**-**	**-**

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
Deloitte	**2021**	**2020**	**2021**	**2020**
Audit assignment	-551	-	-77	-
Auditing activities in addition to audit assignment	-	-	-	-
Tax advisory services	-	-	-	-
Other services	-27	-	-4	-
Summa	**-578**	**-**	**-81**	**-**

The audit assignment relates to the audit of the annual report and accounts as well as the administration by the Board of Directors, to other duties to be performed by the Company's auditor and advisory services or to other assistance in response to observations during such examination or implementation or to such other duties. Auditing activities in addition to the audit assignment refer to other auditing services.

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
7 Other operating expenses	**2021**	**2020**	**2021**	**2020**
Marketing expenses	-17	-129	-	-
Other expenses	-1 059	-674	-159	-61
Total	**-1 076**	**-803**	**-159**	**-61**

8 Business combinations

Acquisitions during 2021

Nothing to report.

Acquisitions during 2020

Société Générale Securities Services´(SGSS) Global Fund Trading platform

In June 2020, the acquisition of the assets and liabilities of Société Générale Securities (SGGS) S.A. Global Trading Platform in Luxembourg was completed. Société Générale offers services through Global Fund Trading (GFT) which is the company's platform for fund trading, custody, trailer fees, etc. The GFT platform offers institutional customers trading in fund units and hedge funds. The purpose of the acquisition is to strengthen the MFEX position in the global market as an expert within fund distribution and by, through the acquisition, secure access to SGSS's strong market position and platform.

MFEX now handles the fund trading and all related services previously handled by SGSS in Luxembourg and has integrated the personnel previously working in SGSS's operations.

Information regarding the purchase price, acquired net assets and goodwill is provided below:

The following table summarises the purchase price of SGSS and the fair value of acquired assets and assumed liabilities reported as at acquisition date.

Contingent consideration as at 15 June 2020	
Cash and cash equivalents	12,5
Contingent consideration	2,8
Total paid contingent consideration	***15,3***
Carrying amounts of identifiable acquired assets and assumed liabilities	
Customer relationships	*8,8*
Total identifiable assets/Operative capital	***8,8***
Goodwill	*6,5*
Acquired net assets	*15,3*
Net cashflow on acquisition of operations	***15,3***

Goodwill

Goodwill in the acquisition analysis amounted to EUR 6.5 M. The goodwill included in the acquisition corresponds to the new owners' and the MFEX Group's complementary strengths in the market for fund distribution platforms. The purchase price amounted to EUR 15.3 million. The entire purchase price was settled at the end of 2020, that is, including the conditional contingent consideration.

Income and earnings in acquired operations

The acquired operation MFEX is included in MFEX Holding's consolidated financial statements with a total operating income of EUR 2.3 M and net earnings for the year amounted to EUR -5.8 M. As the business composition comprises an acquisition of assets and liabilities there is no income statement presented for the full year and it is, thereby, not possible to precisely follow-up what the net results and earnings would have been from 1 January 2020.

	MFEX (Group)	MFEX (Group)
9 Intangible assets	**2021**	**2020**
Capitalised expenditure for development work		
Opening cost	22 834	18 083
Internally developed expenditure	1 722	1 602
Purchases	2 085	4 056
Disposals for the year	-801	-809
Reclassifications - assets held for sale	-1 408	-
Reclassifications	-631	-140
Conversion difference	-51	42
Closing accumulated cost	23 750	22 834
Opening amortisation	-9 169	-7 546
Amortisation for the year	-3 504	-2 306
Disposals for the year	801	629
Reclassifications - assets held for sale	679	-
Reclassifications	190	61
Conversion difference	21	-7
Closing accumulated amortisation	-10 982	-9 169
Carrying amount	**12 768**	**13 665**

In the category capitalised development expenditure, cost is amortised according to plan over five to ten years. The assets consist mainly of own developed proprietary trading systems. The remaining amortisation period amounts to approximately 1-10 years.

Software	MFEX (Group) 2021	MFEX (Group) 2020
Opening cost	1 059	1 888
Purchases	-	35
Disposals for the year	-	-938
Reclassifications - assets held for sale	-255	-
Reclassifications	641	79
Conversion difference	-4	-5
Closing accumulated cost	1 441	1 059
Opening amortisation	-735	-1 610
Amortisation for the year	-232	-206
Reclassifications - assets held for sale	255	-
Reclassifications	-200	1 082
Conversion difference	4	-1
Closing accumulated amortisation	-909	-735
Carrying amount	**532**	**324**

In the category software, cost is amortised according to plan over five to eight years.

Customer contracts and customer relationships	MFEX (Group) 2021	MFEX (Group) 2020
Opening cost	50 763	42 014
Acquired operations	-	8 759
Reclassifications - assets held for sale	-1 104	-
Conversion difference	20	-10
Closing accumulated cost	49 679	50 763
Opening amortisation	-11 035	-6 533
Amortisation for the year	-4 427	-4 494
Impairment	-1 927	-
Reclassifications - assets held for sale	1 104	-
Conversion difference	-13	-8
Closing accumulated amortisation	-16 298	-11 035
Carrying amount	**33 381**	**39 728**

In the category acquired customer assets, cost is amortised according to plan over ten years.

Trademarks	MFEX (Group) 2021	MFEX (Group) 2020
Opening cost	2 577	2 577
Acquired operations	-	-
Closing accumulated cost	2 577	2 577
Opening amortisation	-	-
Amortisation for the year	-	-
Closing accumulated amortisation	-	-
Carrying amount	**2 577**	**2 577**

The category brands is regularly monitored for any indication of impairment and subject to an annual impairment test.

Goodwill	MFEX (Group) **2021**	MFEX (Group) **2020**
Opening cost	163 906	157 386
Acquired operations	-	6 541
Conversion difference	-	-21
Closing accumulated cost	163 906	163 906
Opening amortisation	-	-
Amortisation for the year	-	-
Impairment	-6 541	-
Closing accumulated amortisation	-6 541	-
Carrying amount	**157 365**	**163 906**
Total carrying amount intangible assets	**206 623**	**220 199**

Impairment testing of goodwill and brands

Impairment testing of carrying amounts has been executed, totalling EUR 166,483 thousand, on goodwill and trademarks with indefinite useful lives in MFEX Mutual Funds Exchange AB consolidated, with all subsidiaries comprising one cash-generating unit. Significant factors for testing included estimated cash flows for the next five years, estimated growth after the forecast period at 2%, the EBITDA margin during the forecast period and a weighted average cost of capital (WACC) at 9%. The estimated cash flows are based on the budget adopted by the Board for 2022 and the forecasts for 2023 to 2026.

A sensitivity analysis of the assessments in the impairment testing shows that there is no need for a write-down in case of a reduction in the terminal value of 20% if the assumption of perpetual growth is reduced by fifty percent, or if the weighted average cost of capital (WACC) would increase by 20 % to a total of 11%.

10 Tangible assets	MFEX (Group) **2021**	MFEX (Group) **2020**
Inventory		
Opening cost	3 610	2 972
Purchases for the year	547	749
Disposals/sales for the year	-18	-139
Reclassifications - assets held for sale	-208	-
Reclassifications	-143	-
Translation differences for the year	-5	28
Closing accumulated cost	**3 783**	**3 610**
Opening depreciation	-1 643	-1 158
Depreciation for the year	-1 013	-653
Disposals/sales for the year	-	162
Reclassifications - assets held for sale	182	-
Reclassifications	54	-
Translation differences for the year	-8	5
Closing accumulated depreciation	**-2 428**	**-1 643**
Carrying amount	**1 355**	**1 966**

The cost of tangible assets is depreciated according to plan at 20%. Right-of-use assets have been depreciated on a straight-line basis over the shorter of the useful life and the lease term. Art is treated as non-depreciable equipment and thus is not depreciated. Of total tangible assets, art comprises EUR 54 (54).

	MFEX (Group) 2021	MFEX (Group) 2020
Right-of-use assets, rented premises		
Opening cost	5 123	4 163
Additional contracts	424	1 300
Completed contracts	-442	-340
Reclassifications - assets held for sale	-396	-
Adjusted discount rate	358	-
	5 067	**5 123**
Opening depreciation	-1 626	-626
Completed contracts	436	341
Depreciation for the year	-1 369	-1 341
Reclassifications - assets held for sale	33	-
Adjusted discount rate	-171	-
	-2 697	**-1 626**
Carrying amount	**2 370**	**3 497**
Total carrying amount tangible assets	**3 725**	**5 463**

11 Lease agreements	MFEX (Group) 2021	MFEX (Group) 2020
Reported amount in the income statement		
Amortisation and depreciation	-1 454	-1 341
Interest on leasing liabilities	-189	-344
Expenses related to short-term leases	-304	-412
Expenses related to low-value leases	-64	-74
Total	**-2 011**	**-2 171**
Reported amount in the balance sheet		
Right-of-use assets		
Rented premises	2 370	3 498
Assets held for sale	363	-
Prepaid expenses and accrued income		
Prepaid leasing expenses	-269	-296
Assets held for sale	-33	-
Total	**2 431**	**3 202**
Other liabilities		
Current leasing liabilities	1 185	1 451
Non-current leasing liabilities	1 086	1 954
Liabilities for assets held for sale	337	-
Total	**2 608**	**3 405**
Reported amount in the cash-flow statement		
Total outflow of cash and cash equivalents [1)]	-1 976	-2 065
Total	**-1 976**	**-2 065**

1) The amount refers to, in addition to paid lease fees relating to the right-of-use assets, payments for assets of a low value and for short-term lease contracts where the exception rules in IFRS 16 have been applied. As a result, this amount is reported as a part of the cash flow from operating activities.

MFEX Holding is primarily a lessee in contracts regarding rented properties. The tables above show the amounts reported in the financial statements regarding lease contracts. The maturity of the leasing liabilities is presented in Note 23.

	MFEX (Group) 2021	MFEX (Group) 2020	MFEX (Parent Company) 2021	MFEX (Parent Company) 2020
12 Provision other				
Opening balance	-	-	-	-
Additional provisions	852	-	-	
Total	**852**	**-**	**-**	**-**

The provisions are related to dilapidation cost.

	MFEX (Group) 2021	MFEX (Group) 2020	MFEX (Parent Company) 2021	MFEX (Parent Company) 2020
13 Tax on profit/loss for the year				
Current tax expense				
Current income tax	-821	-752	-	-
Adjustments regarding taxes in previous years	62	-18	-	-
Deferred tax expense				
Deferred tax acquisitions	461	591	-	-
Deferred tax hedge	-	-145	-	-
Deferred tax untaxed reserves	2	25	-	-
Deferred tax relating to loss carry-forwards	3 112	2 709	227	-
Deferred tax on other temporary differences	1 491	-21	-	-
Change on deferred tax due to change tax rate	653	-	-	-
Total reported tax	**4 959**	**2 390**	**227**	**-**

Reconciliation of effective tax rate	MFEX (Group) 2021	MFEX (Group) 2020	MFEX (Parent Company) 2021	MFEX (Parent Company) 2020
Profit/loss before tax	-26 724	-13 875	-110	-100
Tax according to the applicable tax rate for the Parent Company 20.6% (21.4%)	5 505	2 969	23	21
Non-deductible expenses	-517	-161	-7	-
Non-taxable income	226	101	-	-
Non-assessed loss carry-forwards	-1 358	-24	-	-21
Valuation of previous years' carryforwards	328	106	211	-
Adjustments regarding taxes in previous years	62	-18	-	-
Standard interest on tax allocation reserve	2	-	-	-
Foreign tax rate	549	183	-	-
Change in tax rate	653	-	-	-
Other	-491	-766	-	-
Effective tax	**4 959**	**2 390**	**227**	**-**

Deferred tax pertaining to temporary differences	MFEX (Group) 2021	MFEX (Group) 2020	MFEX (Parent Company) 2021	MFEX (Parent Company) 2020
Opening balance	3 146	471	-	-
Deferred tax recognised in profit or loss	4 603	2 689	227	-
Translation differences	-16	-14	-	-
Closing balance at year-end	**7 734**	**3 146**	**227**	**-**

Deferred tax assets are valued at a maximum of the amount that is likely to be recovered based on current and future taxable results. The Group and the Parent Company have unutilized loss carryforwards amounting to Euro 5,923 thousand (2,826) and Euro 227 thousand (0) respectively.

The Group's unutilized loss carryforwards are distributed as follows to, Global Fund Watch GFW AB; Euro 116 thousand (0), MFEX France S.A; Euro 2,690 thousand (1,182); MFEX Mutual Fund Exchange AB; Euro 2,586 thousand, MFEX Holding AB; Euro 227 thousand (0) and Group adjustments; Euro 304 thousand (0). Tax rate used for Swedish entities is 20,6 % and 25 % for MFEX France S.A.

The tax losses carried forward are expected to being utilised in financial year 2024.

Deferred tax is also attributed to future right of deduction of personnel-related expenses, EUR 431 thousand (262), future right of deduction of direct pension payments of EUR 29 thousand (58), bad debts of Euro 1,312 thousand (0) and to other provisions of Euro 39 thousand (0).

Provisions for taxes	MFEX (Group) 2021	MFEX (Group) 2020
Deferred tax pertaining to untaxed reserves	-	3
Deferred tax attributable to intangible assets upon acquisition	8 453	9 566
Total	**8 453**	**9 569**

	Acquisitions	Other	Total
Opening balance 01 Jan 2020	9 943	241	10 184
Translation differences	-	-143	-143
Through profit or loss	-742	270	-472
Through other comprehensive income	-	-	-
Closing balance 31 Dec 2020	**9 201**	**368**	**9 569**

	Acquisitions	Other	Total
Opening balance 01 Jan 2021	9 201	368	9 569
Through profit or loss	-461	-655	-1 116
Via other comprehensive income	-	-	-
Closing balance 31 Dec 2021	**8 740**	**-287**	**8 453**

14 Lending to credit institutions	MFEX (Group) 2021	MFEX (Group) 2020	MFEX (Parent Company) 2021	MFEX (Parent Company) 2020
Bank balances and cash and cash equivalents	114 133	80 116	18 168	6 634
Total	**114 133**	**80 116**	**18 168**	**6 634**

Lending to credit institutions is payable on demand. Of the total amount of cash and cash equivalents, foreign currencies, excluding Euro, amounts to 11,628 thousand and are specified according to the following: MFEX Holding, EUR 1 thousand, MFEX Mutual Fund Exchange, EUR 187 thousand, MFEX Switzerland, EUR 193 thousand, MFEX Malaysia, EUR 30 thousand, MFEX Singapore, EUR 2,560 thousand, MFEX France, EUR 3,901 thousand, MFEX Luxembourg, EUR 0, thousand, MFEX Hong Kong, EUR 724 thousand, GFW, EUR 51 thousand, and Fondab, EUR 3,983 thousand.) At the end of 2020, the Company had two overdraft facilities, SEK 50 million, respective EUR 35 million which were replaced with shareholder loans of SEK 50 million, respective EUR 10 million. Both shareholder loans are included fully in Lending to credit institutions. The item Lending to credit institutions includes cash of EUR 0.3 thousand (0.3).

15 Shares and participations in Group companies	MFEX (Parent Company) 2021	MFEX (Parent Company) 2020
Opening cost	254 140	221 640
Paid shareholder contributions/new share issues	9 675	32 500
Closing cost	**263 815**	**254 140**

Shares and participations in Group companies	Result	Equity	2021	2020
MFEX Mutual Funds Exchange AB, corp. ID no. 556559-0634	**-16 750**	105 763	263 815	254 140
Total	**-16 750**	**105 763**	**263 815**	**254 140**

A total of EUR 107 209 thousand refers to unconditional shareholders' contributions, the registered offices in Stockholm, 100% of the capital and votes, and unlisted holdings.

16 Other assets	MFEX (Group) 2021	MFEX (Group) 2020	MFEX (Parent Company) 2021	MFEX (Parent Company) 2020
Accounts receivable	181 253	131 747	-	-
Current tax receivable	758	-	-	-
Other assets	12 847	7 763	1	-
Total	**194 858**	**139 510**	**1**	**-**

17 Prepaid expenses and accrued income	MFEX (Group) 2021	MFEX (Group) 2020	MFEX (Parent Company) 2021	MFEX (Parent Company) 2020
Prepaid rental charges	-108	-112	-	-
Accrued interest	7	119	-	-
Accrued income / Contract assets	8 618	10 238	-	-
Other prepaid expenses	558	1 149	-	-
Total	**9 075**	**11 394**	**-**	**-**

18 Other liabilities	MFEX (Group) 2021	MFEX (Group) 2020	MFEX (Parent Company) 2021	MFEX (Parent Company) 2020
Accounts payable	240 735	170 312	-	-
VAT liabilities	893	1 055	-	-
Current tax liabilities	7 264	-588	-	-
Liabilities to related parties	14 900	-	22	-
Overdraft facilities	-	5 897	-	-
Leasing liabilities	2 271	3 405	-	-
Other liabilities	16 595	20 207	1	1
Total	**282 658**	**200 289**	**23**	**1**

19 Accrued expenses and deferred income	MFEX (Group) 2021	MFEX (Group) 2020	MFEX (Parent Company) 2021	MFEX (Parent Company) 2020
Accrued social security contributions	1 174	775	-	-
Accrued interest	91	-	-	-
Liability to related parties	58	-	33	-
Other accrued expenses & deferred income	2 896	5 038	49	60
Total	**4 219**	**5 813**	**82**	**60**

20 Assets held for sale	MFEX (Group) 2021	MFEX (Group) 2020
Assets held for sale - Fondab AB		
Lending to credit institutions	3 983	-
Intangible assets	729	-
Tangible assets	26	-
Other assets	581	-
Prepaid expenses and accrued income	1 132	-
Total	**6 451**	**-**
Liabilities for assets held for sale - Fondab AB		
Other liabilities	3 363	-
Accrued expenses and deferred income	399	-
Total	**3 762**	**-**
Total	**2 689**	**-**

Net income from operations held for sale	MFEX (Group) 2021	MFEX (Group) 2020
Operating income		
Commission income	4 661	-
Interest income	25	-
Interest expense	-1	-
Net profit/loss from financial transactions	485	-
Other operating income	**5 170**	**-**
Operating expenses		
General administrative expenses	-3 223	-
Depreciation/impairment of tangible and intangible assets	-198	-
Other operating expenses	-61	-
Total operating expenses	**-3 483**	**-**
Tax on profit/loss for the year	-195	-
Net income from operations held for sale	**1 492**	**-**

From the financial year 2021, Fondab AB is classified as "Assets held for sale". The decision to divest Fondab AB was taken by the Board in the autumn of 2021. The Board considers the probability of a divestment within 12 months to be very high.

21 Pledged assets	MFEX (Group) **2021**	MFEX (Group) **2020**	MFEX (Parent Company) **2021**	MFEX (Parent Company) **2020**
Pledged assets that guarantee direct pensions to employees	142	279	-	-
Pledged shares in MFEX Mutual Funds Exchange AB	241 309	242 696	263 816	254 140
Total	**241 451**	**242 975**	**263 816**	**254 140**

22 Managed assets not recognised in the balance sheet	MFEX (Group) **2021**	MFEX (Group) **2020**	MFEX (Parent Company) **2021**	MFEX (Parent Company) **2020**
Client’s assets	149 027	139 457	-	-
Total	**149 027**	**139 457**	**-**	**-**

Managed assets acquired in the name and on behalf of a third party are not recognised in the balance sheet.

23 Equity

Number of outstanding shares in the Parent Company	Number
2020-12-31	2 603 523 366
New shares	141 280 616
2021-12-31	**2 744 803 982**

Translation reserves (including tax)	MFEX (Group) **2021**	MFEX (Group) **2020**
At the beginning of the year	137	321
Translation differences from translation of net assets in subsidiaries	170	-184
Total	**307**	**137**

The quotient value of the shares amounts to approximately EUR 0.0000061742. Of the total number of shares, 120,000 shares are preference shares and 2,744,803,982 are ordinary shares.

24 Terms for assets and liabilities – non-discounted cash flows
Remaining time to maturity

Group – 31 Dec 2021

Assets	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Lending to credit institutions	114 133	-	-	-	114 133
Intangible assets	-	-	-	206 623	206 623
Tangible assets	-	-	-	3 725	3 725
Deferred tax assets	-	-	7 734	-	7 734
Other assets	-	194 858	-	-	194 858
Accrued income / Contract assets	-	9 076	-	-	9 076
Assets held for sale	-	6 451	-	-	6 451
Total assets	114 133	203 934	7 734	210 347	542 599

Liabilities and provisions	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Leasing liabilities	-	1 522	1 086	-	2 608
Other liabilities	-	280 050	-	-	280 050
Accrued expenses and deferred income	-	4 219	-	-	4 219
Provisions for taxes	-	8 453	-	-	8 453
Other provisions	-	-	852	-	852
Liabilitites for assets held for sale	-	3 762	-	-	3 762
Total liabilities and provisions	-	294 244	1 086	-	299 944

Parent Company – 31 Dec 2021

Assets	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Lending to credit institutions	18 168	-	-	-	18 168
Shares and participations in Group com	-	-	-	263 815	263 815
Intangible assets	-	-	-	-	-
Deferred tax assets	-	-	227	-	227
Other assets	-	1	-	-	1
Accrued income / Contract assets	-	-	-	-	-
Total assets	18 168	1	227	263 815	282 211

Liabilities	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Other liabilities	-	23	-	-	23
Accrued expenses and deferred income	-	82	-	-	82
Total liabilities	-	105	-	-	105

Group – 31 Dec 2020

Assets	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Lending to credit institutions	80 116	-	-	-	80 116
Intangible assets	-	-	-	220 199	220 199
Tangible assets	-	-	-	5 463	5 463
Deferred tax assets	-	-	3 146	-	3 146
Other assets	-	139 510	-	-	139 510
Accrued income / Contract assets	-	11 394	-	-	11 394
Total assets	80 116	150 904	3 146	225 663	459 829

Liabilities and provisions	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Leasing liabilities	-	1 451	1 954	-	3 405
Other liabilities	-	196 884	-	-	196 884
Accrued expenses and deferred income	-	5 813	-	-	5 813
Provisions for taxes	-	9 569	-	-	9 569
Total liabilities and provisions	-	213 718	1 954	-	215 672

Parent Company – 31 Dec 2020

Assets	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Lending to credit institutions	6 634	-	-	-	6 634
Shares and participations in Group com	-	-	-	254 140	254 140
Intangible assets	-	-	-	-	-
Tangible assets	-	-	-	-	-
Deferred tax assets	-	-	-	-	-
Other assets	-	-	-	-	-
Accrued income / Contract assets	-	-	-	-	-
Total assets	6 634	-	-	254 140	260 774

Liabilities	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Other liabilities	-	1	-	-	1
Accrued expenses and deferred income	-	60	-	-	60
Total liabilities	-	61	-	-	61

There are no assets or liabilities in the Group or Parent Company with a remaining term of more than 3 months up to 1 year, or a remaining term of more than 5 years.

The reported values of the financial instruments are deemed to agree, in all significant aspects, with their fair value.

25 Financial instruments

Group – 31 Dec 2021

Financial assets	Amortised cost	Fair value through profit/loss	Total
Lending to credit institutions	114 133	-	114 133
Other assets	194 100	-	194 100
Accrued income / Contract assets	8 618	-	8 618
Financial liabilities			
Other liabilities	274 501	-	274 501
Accrued expenses	3 045	-	3 045

Parent Company – 31 Dec 2021

Financial assets	Amortised cost	Fair value through profit/loss	Total
Cash and bank balances	18 168	-	18 168
Financial liabilities			
Other liabilities	23	-	23
Accrued expenses	82	-	82

Group – 31 Dec 2020

Financial assets	Amortised cost	Fair value through profit/loss	Total
Lending to credit institutions	80 116	-	80 116
Other assets	139 510	-	139 510
Accrued income / Contract assets	10 238	-	10 238
Financial liabilities			
Other liabilities	200 289	-	200 289
Accrued expenses	5 023	-	5 023

Parent Company – 31 Dec 2020

Financial assets	Amortised cost	Fair value through profit/loss	Total
Cash and bank balances	6 634	-	6 634
Financial liabilities			
Other liabilities	1	-	1
Accrued expenses	60	-	60

31 Dec 2021

Financial instruments valued at fair value	**Level 1**	**Level 2**	**Level 3**
Future rate agreement	-	-	-
Estimated supplementary payment for acquired companies	-	-	-
Total	**-**	**-**	**-**

31 Dec 2020

Financial instruments valued at fair value	**Level 1**	**Level 2**	**Level 3**
Future rate agreement, liability	-	-	-
Estimated supplementary payment for acquired companies	-	-	-
Total	**-**	**-**	**-**

The Company uses the following hierarchy to determine and present the fair value of financial instruments per the valuation method:

Level 1: quoted (unadjusted) prices from financial markets for identical assets and liabilities.

Level 2: other valuation methods where all input data that has a significant effect on the stated fair value is observable data, either directly or indirectly.

Level 3: valuation method where input data that has a significant effect on stated fair value is not based on observable market information.

For more information about estimated additional cash proceeds for acquired companies, see below.

During the reporting period that ended on 31 December 2021, no fair value transfers were made between the levels.

Estimated supplementary payment for acquired companies	**2021**	**2020**
Opening balance	**-**	2 302
Present value indexation	-	-
Increase through acquisition of operations	-	2 800
Payment of additional consideration	-	-5 104
Reassessment	-	-
Exchange rate difference	-	2
Closing balance	**-**	**-**

The fair value of the amount owed for contingent considerations is regularly evaluated and includes the management's assessment of future earnings growth for acquired companies. Conditional contingent considerations have been calculated at present value at an interest rate assessed on normal commercial terms at the time of acquisition. Adjustments are not made on an ongoing basis for changes in the market interest rate, as this effect is considered insignificant.

The valuation method is unchanged from the previous period. In conjunction with the valuation of conditional contingent considerations, the value of the acquired assets and liabilities is reviewed in the acquisition analysis. Any indications of write-downs as a result of revaluations of conditional contingent considerations are taken into account and adjustments are made to eliminate the effects of the revaluation.

26 Risk management objectives and policies

MFEX Group consist of investment firms and are individually regulated entities within EU under IFR (Investment Firm Regulation) and IFD (Investment Firm Directive). As a consequence of the acquisition by Euroclear, MFEX investment firm group was dissolved in Q4 2021, and MFEX is now part of the Euroclear banking group.

Risk is inherent in the business operations of MFEX Group. The risk management framework for MFEX Group allows the organization to continuously evaluate and assess the risk exposure. The risk management framework is an integrated part of the decision-making process of MFEX Group and thus contribute to the fulfilment of the objectives of the organization. Furthermore, the risk management framework incorporates strategies, processes and reporting lines that are necessary to continuously identify, assess, manage, control and report the risks associated with the business.

Risk shall be kept at the lowest level possible while considering business strategy, market sentiment, regulatory requirements and capacity to absorb losses through earnings and capital. Risks that are not supported by established business plans shall not be taken. Risk management shall be conducted according to sound practice so that the relationship between risk and expected return is optimized.

Risk management

Risk management and maintaining risk awareness within the organisation are key success factors in MFEX Group's operations, and help to contribute to sound operations with stable and long-term profitability. The framework for risk management enables the business to continuously evaluate and assess all risk exposure in the companies. Risk management is an integrated part of decision-making in the business and contributes to achieving the operational targets.

The Board of Directors has drawn up and established governing documents and guidelines for risk management, including:

- Group Policy on Risk Management
- Group Policy on Liquidity Risk Management
- Group Policy on the Risk Control Function
- Group Instruction for Incident Management and Reporting
- Group Policy for New Product Approval Process (NPAP)
- Group Policy on the Internal Capital Adequacy and Risk Assessment (ICARA)
- Group Policy on Risk Appetite and Risk Limits
- Group Policy for Information Security
- Group Policy for Business Continuity Management System

The framework for risk management in MFEX Group includes strategies, processes and reporting procedures necessary for continuously identifying, assessing, managing, checking and reporting the risks arising in the business. MFEX Group has established methods and procedures that are relevant in dealing with these risks. Appropriate incident reporting and approval processes for new products, services and markets are key components of this work.

The division of responsibilities for risk management is based on the principles of the three lines of defence. The first line of defence includes business operations, consisting of business areas and support functions in MFEX Group. The business areas are responsible for managing the risks in their own area. Heads of department are responsible for implementing and fulfilling policies and instructions for their area. The business areas and support functions are responsible for day-to-day risk management. The second line of defence consists of the risk function and compliance function in MFEX Group. The third line of defence is represented by the internal audit function in MFEX Group. The internal audit examines both the risk and compliance functions.

The main components of risk management are as follows:

- Organisation and distribution of responsibilities
- Principles and aims of risk governance and management
- Risk appetite and risk limits
- Risk management process
- Risk measurement methods
- ICARA process in individual regulated entities
- Internal rules for risk management
- Risk control function
- Procedures for reporting

The risk function is independent from business operations in the companies. However, the risk function provides advisory services and support to operations, management and the Board of Directors with the purpose of maintaining an efficient system to govern and control the risks to which MFEX Group is exposed. This includes a number of activities, such as assistance in defining risk appetite and the implementation of self-assessments as regards risk. The risk function's duties also include responsibility for monitoring new, and amended, laws and regulations influencing risk management, as well as the duty to inform management and the Board of Directors of any changes. The risk function reports directly to the Board of Directors and CEO using an aggregated risk analysis of the main risks in operations that includes an analysis and follow-up of the Board of Director's risk appetite and risk limits. The risk analysis is independent and is based on the risk function's own view of the risk situation in the companies. The risk function monitors and checks that the business operations identify and manage all the large risks that MFEX Group is or could be exposed to and that risk exposure is within the Board's risk appetite. An annual plan for the risk function's activities and controls is drawn up every year. The risk plan is drawn up by the risk function, which the Risk & Compliance Committee ("RCC") reviews before a decision is made by the Board of Directors. The risk plan is based on MFEX Group's risk situation and activities in the plan are prioritized to manage the most significant risks first.

Overview of MFEX Group's risks and risk exposures

MFEX Group's operations primarily entail exposure to operational risks since the companies do not conduct any lending activities nor are they trading on their own behalf. The MFEX Group is active in identifying and managing the operational risks that arise in the business. This is achieved by, amongst other things, mapping and monitoring the significant processes, internal limits and risk indicators in operations. MFEX Group's risk function also performs regular controls and recurring risk analyses. MFEX Group's risk management is, moreover, subject to regular evaluation through internal audits. The MFEX Group pays particular attention to ensuring that its operations are always conducted without disruptions and interruption, something that is achieved by using fully redundant solutions for key components such as power supply, networks, workplaces, data storage and computer capacity, as well as well-developed work with business continuity management.

MFEX Group has categorized their risks according to the table below.

Assessed risks	**Risk type**	**Risk area**
Credit risk	RtF, RtC	Bank deposits and claims against fund companies
Market risk	RtF	FX positions held in trading process and FX positions held in rebates collection
Operational risk	RtC, RtF	Identified largest operational risks
Business risk	RtF	Risk that the company is not achieving its aimed, predicted financial results or the risk to its solvency or ability to meet capital requirements, for instance due to unexpected decrease in profitability; improper business decisions; lack of responsiveness towards changes impacting our business objectives
Strategic risk	RtF	Strategic Risk to the company's existence and ability to deliver its strategy arising from, for instance: - drastic changes in MFEX's competitive environment, impacting its strategy and business model, or lack of appropriate adaptation of its business model; - inappropriate strategic decisions or lack of decisions taken; - inappropriate implementation of strategy; - lack of a fit for purpose technology, IT infrastructure and software; - inappropriate talent management
Reputational risk	RtF	Damage to the MFEX brand
Concentration risk	RtF	Risk associated with exposures highly concentrated on limited number of clients, counterparties, countries, business segments
Interest rate risk	RtF	Sensitivity to changes in interest rates due to mismatch between long/short term lending/borrowing
Liquidity risk	Liquidity	Risk that MFEX Group does not have liquid assets available to meet its short-term obligations.

Credit risk and concentration risk

Credit risk is the risk of financial loss due to a counterparty´s failure to meet its obligations.

The companies conduct no lending operations and all trading in fund units is financed through payments by customers. MFEX Group is exposed to credit risks primarily in deposits in bank accounts, and for unpaid accounts receivable, such as in the rebates collection process.

Concentration Risk refers to the vulnerability inherent in the concentration of credit risk exposure to a limited number of customers, a particular sector or geographic area. MFEX Group is exposed to credit concentration risk from its' credit exposure towards institutes and corporates. It is also the case that certain concentration risks inherent to the line of business offering MFEX Group has.

The Board of Directors has defined minimum rating requirements for banks in which MFEX Group has deposits in accounts. The credit risk in accounts receivable is managed through enforcement, liquidity planning, and payment terms for customers as compared with payment terms for suppliers. New customers are subjected to a due diligence examination.

MFEX Group deposits funds only with institutions/banks with a minimum rating requirement equivalent to a long-term S&P rating of A or short-term minimum rating of A-1. MFEX Group further continuously monitors the development of the deposit bank rating, and the risk control function provides quarterly reports to the board. To limit credit risk that arises from the rebates collection operations MFEX Group is also restrictive and will not enter into fund company agreements with a current or expected distressed financial situation.

Market risk

Market risks comprise risk due to movements in market prices due to e.g., changes in foreign exchange (FX) rates, interest rates, commodity prices and the stock markets. Due to the business model, MFEX Group is exposed to market risk primarily in the form of FX risk and stock market risk. The FX risk is materialised in the Trading- and the Rebates process.

Market risks that arise from trading and custody accounts are limited by adding an additional spread to exchange rates to cover for the risk of potential losses due to movements in currencies. Open FX-positions in the trading flow are monitored on a daily basis. Market risks that arise from rebates collection is limited by performing a currency exchange to cover for remaining currency differences after netting assets and liabilities have been done.

Of total assets, balances in currencies other than EUR amounts to EUR 80,976 thousand. Of total liabilities balances of currencies other than EUR amounts to EUR 34,971 thousand. The majority of the balances in currencies other than EUR are in SEK. A change of 10 percent in the Swedish krona (SEK) exchange rate would have a net impact on results of EUR +/- 4,182 thousand.

Operational risk

Operational risk is the risk of losses resulting from inadequate or failed internal processes, people, and systems or from external events. It is inherent in every business organisation and covers a wide spectrum of issues.

The operational risks are classified into the following categories:

- Legal Risk
- Compliance Risk
- HR Risk
- Personnel Risk
- Process and Product Risk
- IT Risk
- Third party Risk

To identify and assess operational risk for MFEX Group self-assessments are performed. Relevant operational risks are identified and their materiality is assessed by determining inherent and residual risk in terms of impact and probability and taking into account the control environment in the analysis.

MFEX Group continuously strives to improve the automation of processes and has a properly functioning quality management system, which provides a thoroughly thought-through, long-term and offensive manner of working with the aim of satisfying customers’ rigorous demands on quality, while steadily improving operational processes, controls and procedures in a constructive manner. During the year, MFEX Group’s most important processes in the quality management system were audited as part of the MFEX ISAE 3402 report, which aims to satisfy customers’ demands as regards the insight and auditing of the MFEX Group.

The technical development and support of MFEX Group’s technical trading platform and IT security is highly important for sound and long-term profitability. It is, therefore, part of MFEX Group’s strategy to constantly develop and improve its IT system. The MFEX Group has implemented processes with effective controls for systems development, change management, incident management and authorisation management, which are also included in the audit of the MFEX ISAE 3402 report. To ensure the proper handling of classified information regarding availability, accessibility, accuracy and traceability, MFEX has developed and implemented an information security policy – Group Policy for Information Security. Examples of risk of losses arising due to external events outside the control of the MFEX Group include fire on MFEX Group’s premises, burglary, prolonged power failure and technical breakdowns. These risks have been minimised as MFEX Group has created a fully redundant solution for all key components, such as power, networks, workplaces, data storage and computer capacity. This is documented in MFEX’s Group Policy for Business Continuity Management System.

Business risk

Business risk is the risk of decreasing revenues due to business climate changes, political decisions, economic recession, and similar macro-factors inherent to an organization’s operations and the environment it operate in that may impair its ability to provide returns on investment. The primary business risk for MFEX Group is the loss of key clients (distributors) through changes in market demand.

The client base has steadily been increasing during the last years and MFEX Group focuses on nurturing a close relationship with its largest clients and is continuously working to expand the client base.

Reputational risk

Reputational Risk is the risk that revenues and own equity is affected negatively due to a decline of the value of the brand name. MFEX Group is engaging in an industry where client expectations on transparency, control and stability are very high.

The probability of a reputational risk materializing is considered to be low, but the consequences of such occurrence would be high.

To mitigate the reputational risk MFEX Group applies strict due-diligence and is selective which companies to enter into relations with. Any potential negative trends in relation to the reputation is monitored through an annual client survey. The results of the survey are presented to the management team and any identified issues are actively addressed.

Strategic risk

Strategic risk is the risk of decreased earnings and capital resulting from either a strategic decision that turns out to be defective or inappropriate, or lack of a strategic decision. This includes the Board's and the management's ability to plan, organize, govern the business and/or fail to adapt the business model to trends in new technology, increased competition and/or generally react to changes in the business conditions and environment. In its current phase MFEX Group is exposed to key strategic risks in the expansion of the business to new markets, merger integrations, changed or new products and systems.

To mitigate strategic risks MFEX Group has defined a target operating model for future operations as well as a clear integration plan with a project management organisation supporting the integration within Euroclear group.

Liquidity risk

Liquidity risk is the risk that MFEX Group does not have liquid assets available, or available without incurring significant cost, to meet its short-term obligations. MFEX Group is exposed to liquidity risk primarily through its operational expenses and in the process of rebates collection where fund distributors are to an extent paid before MFEX Group receive payment from the fund companies, and when early payments of redemption orders are made towards Distributors. The liquidity risks taken shall be limited, and no speculative elements shall occur in the daily operations. MFEX Group has assessed its business to be less complex and no individual entities has a role as liquidity guarantor in the market.

Liquidity is continuously monitored and procedures for the management of potential or current liquidity deficit have been established which describes the minimum level of liquidity that MFEX Group shall hold. This includes liquidity reviews before payment of non-custody rebates to distributors and early payments of redemption orders, as well as recurring review of reallocation of liquidity between banks.

The Board has decided that the liquidity risk shall be limited and no speculative elements shall occur in the day-to-day operations. The MFEX Group Finance function manages the on balance sheet liquidity flows and must immediately inform Risk Control and the CEO if the total liquidity is less than or may be less than the individual entities liquidity reserves based on, for example, forecasts.

27 Disclosures on related parties

Related parties are defined in accordance with IAS 24 Disclosures on related parties. Related-party transactions are conducted on normal commercial terms. MFEX holds a controlling interest in Fondab AB, Global Fund Watch GFW AB, MFEX Singapore Pte. Ltd., MFEX Suisse S.A., MFEX France S.A., MFEX Malaysia SDN. BHD, MFEX Hong Kong Limited, and MFEX Luxembourg S.A which are all wholly owned. The Group also has related party transactions to Euroclear Investment S.A and Euroclear SA/NV.

Other than remuneration to senior executives, see Note 6, there were no transactions with related parties.

28 Events after balance sheet date

MFEX is closely monitoring the conflict situation between Russia and Ukraine and is taking the necessary measures to reflect the various sanctions that are issued by the different authorities. While not influencing the 2021 financial statements, the potential future impacts of this crisis on the markets and on MFEX's future profitability and balance sheet are not known. MFEX remains confident that its low risk profile and the resilient nature of its business will preserve its safety and financial robustness.

29 Proposed appropriation of profit

The Board's proposed appropriation of the Company's profit.

At the disposal of the Annual General Meeting:	MFEX (Parent Company) 2021	MFEX (Parent Company) 2020
Share premium reserve	190 092 598	184 318 077
Retained earnings	91 878 892	76 479 198
Profit/loss for the year	117 121	-100 306
Total	**282 088 611**	**260 696 970**

The Board proposes the following appropriation:	MFEX (Parent Company)	MFEX (Parent Company)
To be paid to shareholders (EUR 0.00 per share)	-	-
To be carried forward	282 088 611	260 696 970
Total	**282 088 611**	**260 696 970**

Stockholm, according to the date of digital signature

Oliver Lagerström
Chairman

Brigitte Daurelle
Chief Executive Officer

Olivier Huby

René-Pierre Azria

Paul Hurd

Philippe Laurensy

Our auditor's report was submitted in Stockholm, according to the date of digital signature

Deloitte AB

Henrik Nilsson
Authorised Public Accountant