Annual Report

MFEX Holding AB

559097-5735

The Board of Directors of MFEX Holding AB hereby present their report on the development of the Company and Group for the 01/01/2020 – 31/12/2020 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 2020

MFEX Holding AB - Group (mEUR)	2020	2019
Operating income	42,3	35,5
EBITDA	-4,7	1,5
Operating profit/loss	-13,9	-5,2
CET1 capital ratio	19,4%	16,3%

Group structure

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

Information regarding the operations

MFEX Mutual Funds Exchange AB

MFEX Mutual Funds Exchange AB (MFEX) and its subsidiaries, is a global trading facility for funds. We offer a complete solution for fund trading, volume commissions, fund information 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 commission 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 80,000 funds with which MFEX cooperates. Fund companies are offered easy access to more than 350 distributors in 51 countries in Europe and Asia. MFEX also manages volume 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, 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 in the above-described companies.

Significant events during the financial year

The period has been characterised by strong engagement on behalf of our personnel and the implementation and integration of previous acquisitions. During the summer, we entered into an agreement with Société Générale Securities Services global fund platform in Luxembourg. Parallel with this, we continued our expansion in existing and new markets, supported by investments in product development. With 19 new institutional and new customers – such as banks and insurance companies – we strengthened our position in a number of European and Asian countries.

The customer and net inflows, as well as the previous acquisitions, contributed to a steady increase in managed capital. This implied, in turn, an increase in operating revenue by 19% compared with the same period last year and amounted to EUR 42.3 M (35.5). The acquisition of Société Générale's platform had an impact on revenue during 2020 of EUR 2.3 M.

Total costs increased as a result of selected investments and non-recurring costs amounting to EUR 8.8 M, primarily related to acquisitions and temporary consulting services. The Company will continue to constantly review its cost base, however, without hindering the current strong growth strategy, and while maintaining quality.

We continue to be well capitalised with a total capital ratio of 20.6 %– compared with the regulatory requirement of 17.5 % including Pillar 2 requirements and buffers.

With the aim of supporting our continued expansion, we have strengthened our organisation on a number of levels, and we have had the pleasure of having a number of new key individuals join MFEX. In December, the Board appointed Jean Devambez as new CEO of MFEX. Since the beginning of 2020, Jean has worked as Chief Operating Officer of MFEX and prior to that he worked for a number of years in the fund industry. Jean assumed the role of CEO on 1 January 2021 and succeeds Torben Munch.

In January 2021, Hans-Ole Jochumsen took over as new Chairman of the Board with René-Pierre Azria retiring as Chairman but continuing to serve as a Board Member.

As at 1 January 2020, the Company changed its presentation currency from Swedish krona to Euro. The opening balances and comparative figures in this annual report have, therefore, been recalculated.

Acquisitions

In the middle of June, the acquisition of Société Générale Securities Services (SGSS) Global Fund Trading's operations in Luxembourg was completed.

New customers

In line with the previous year, MFEX's positive market trend has continued, and we have utilised our relative strengths to generate and benefit from new business possibilities. During the year, the Company expanded in both Europe and Asia and contracts have been finalised with close to 19 new banks and other financial institutes.

New fund companies

The number of fund companies represented in the MFEX platform has, once again, increased notably. The total number of fund companies now amounts to 960 from 52 different countries with a total fund offering of more than 80,000 funds. This implies that MFEX has the largest fund offering in Europe in terms of trading and fund commissions.

ISAE 3402 Type II

MFEX works continually to improve its processes, controls and risk management with the help of quality management systems. During 2020, the Company successfully renewed its ISAE 3402 Type II report which has been independently audited. The purpose of the International Standard on Assurance Engagements (ISAE) 3402 is to provide MFEX customers and their auditors with assurance that MFEX has control over the operations its customers' have outsourced to MFEX. The value of the report for MFEX and its customers has, not the least, been evidenced in international customer contacts as the standard is well established in many markets.

Professional associations

MFEX works with various professional associations in the capital markets with the aim of ensuring its involvement and active participation in developments in the fund industry.

MFEX is a member of the Swedish Investment Fund Association and the Association of the Luxembourg Fund Industry (ALFI). MFEX is a member of four working groups at ALFI:

- TA Forum Steering Committee
- Distribution Support
- MiFID Product Governance
- Blockchain & Crypto-Currencies

Future prospects

After the dramatic events of the spring of 2020 in conjunction with the outbreak of Covid-19, the markets have recovered relatively quickly and MFEX had a net inflow from existing customers during 2020. At the beginning of 2021, it would appear that the strong market climate appeared to continue.

With new product launches during 2021, for example, Distribution Network Services (DNS) and EMTN, there is a potential for continued growth regardless of the future challenges which may arise in the financial markets. Expansion will, as previously, be concentrated on existing and new customers in the European and Asian markets.

Condensed earnings and financial position

Revenue from new customers and acquisitions has made a positive contribution during the financial year. With the growth in customers we can, once again, report an increase in net inflows of managed assets, which, in its turn, had a positive effect on recurring revenue which comprised 91 percent of total revenue. Of the total managed assets as at 31 December, approximately EUR 80 billion refers to fund units acquired by, or on behalf of, third parties.

Total operating income increased by 19 percent to EUR 42.3 M (35.5). EBITDA amounted to EUR -4.7 M (-1.5) and the operating loss was EUR -13.9 M (-5.2).

It should be noted that the year was charged by non-recurring costs of Euro 8.8 M, related to, amongst other things, new acquisitions, the integration of previous acquisitions and temporary consulting services.

The current positive revenue trend for the Company 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 acquisitions and organic growth.

Total costs amounted to EUR -56.2 M (- 40.7). The Company will continue to review its cost base, although this will not obstruct the current growth strategy, while maintaining quality.

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 proprietary trading system. Total new investments in the Group's IT system amounted to EUR 5.7 M (4.7)

Liquidity

Total cash and cash equivalents for the Group on 31 December amounted to EUR 80 M (35).

Equity

On 31 December, equity amounted to EUR 244 M (216), of which EUR 16 (14) thousand was share capital. The Common Equity Tier 1 capital ratio, in accordance with CRD IV, amounted to 19.4 % (16.3%) for MFEX's consolidated situation. During the previous year, MFEX Holding AB provided Euro 32.5 M as an unconditional shareholders contribution to MFEX. For additional information, see the Group's "Consolidated statement of changes in equity" and Note 25 "Capital adequacy analysis ".

Ownership

For further information see Note 22," Equity".

Nordic Capital owns approximately 76% of the shares in MFEX Holding AB. MFEX Holding AB owns, in its turn, 100% of the shares in MFEX Mutual Funds Exchange AB.

Nordic Capital is a leading private equity investor in the Nordic region with a strong commitment to create strong and sustainable companies through operational improvement and transformative growth. Nordic Capital focuses on selected regions and sectors where Nordic Capital has extensive experience and proven success. Its main sectors are Healthcare, Tech & Payments, Financial Services, Industrial Goods & Services, as well as corporate services. Its main regions are Europe and Global for Healthcare and Tech & Payments. Since its formation in 1989, Nordic Capital has invested EUR 16 billion in more than 110 companies. The most recent fund is Nordic Capital Fund X with EUR 6.1 billion in capital. Nordic Capital Advisors have local offices in Sweden, Denmark, Finland, Norway, Germany, the UK and the US. For more information about Nordic Capital, visit www.nordiccapital.com

Number of employees

The average number of employees in the Group on 31 December amounted to 275 of which 104 were women and 172 men. The number of employees at the end of December was 341.

Multi-year review, Group

Amounts in kEUR

Income statement	01-jan-20 31-dec-20	01-jan-19 31-dec-19	From 23-jan-18 31-dec-18
Commission income	38 398	30 979	19 663
Net interest income	-264	-75	-119
Net profit/loss from financial transactions	1 148	2 070	2 684
Other operating income	3 032	2 546	1 441
Total operating income	**42 314**	**35 520**	**23 669**
General administrative expenses	-46 191	-33 443	-20 404
Amortisation and depreciation	-9 194	-6 672	-3 490
Other operating expenses	-803	-591	-632
Total operating expenses	**-56 188**	**-40 706**	**-24 526**
Operating profit/loss	**-13 875**	**-5 187**	**-857**

Balance sheet	2020-12-31	2019-12-31	2018-12-31
Lending to credit institutions	80 116	34 531	52 884
Intangible assets	220 199	206 258	209 985
Tangible assets	5 463	5 352	614
Deferred tax assets	3 146	471	408
Other assets	139 510	108 233	114 754
Prepaid expenses and accrued income	11 394	5 130	4 117
Total assets	**459 829**	**359 976**	**382 761**
Other liabilities	200 289	129 884	143 202
Accrued expenses and deferred income	5 813	3 937	3 314
Provision for taxes	9 569	10 184	11 380
Equity	244 157	215 971	224 865
Total liabilities and equity	**459 829**	**359 976**	**382 761**
Equity/assets ratio [1)]	53%	60%	59%
Average number of employees	275	210	129
Return on assets [2)]	-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 review, Parent Company

Amounts in kEUR

Income statement	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	-61	-118	-46
Total operating expenses	**-61**	**-118**	**-46**
Operating profit/loss	**-61**	**-118**	**-46**

Balance sheet	2020-12-31	2019-12-31	2018-12-31
Participations in Group companies	254 140	221 640	225 654
Cash and bank balances	6 634	117	35
Total assets	**260 774**	**221 758**	**225 689**
Other liabilities	1	**-**	**-**
Liabilities to Group companies	-	681	-
Accrued expenses and deferred income	60	113	45
Equity	260 713	220 963	225 644
Total liabilities and equity	**260 774**	**221 758**	**225 689**
Equity/assets ratio 1)	100%	100%	100%
Average number of employees	-	-	-
Return on assets 2)	-0,02%	-0,04%	-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 30 June 2020, René-Pierre Azria was re-elected as Board Chairman and Hans-Ole Jochumsen, Christian Frick, David Samuelsson, Richard Riboe, Oliver Huby and Oliver Lagerström were re-elected as Board Members.

At an extra-ordinary Board meeting on 3 December 2020, Hans-Ole Jochumsen was elected new Chairman of the Board, starting Jan 1st, 2021. He succeeds René-Pierre Azria who reassumes his role as ordinary Board Member.

Other subsidiaries

MFEX Holding AB owns 100% of the subsidiary MFEX Mutual Funds Exchange AB ("MFEX") Corp. Reg. No. 556559-0634 which in turn 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.

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 Company only conducts customer trading. Operational risk is, however, present as a natural part of the Group's activities. 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 management is, in all material aspects, unchanged compared with the previous year. See also Note 26 "Risk exposure and management of operational risks" for further information and an account 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.

Proposed appropriation of profit

The Parent Company's non-restricted equity amounts to EUR 261 M. The Board of Directors will not propose a dividend for 2020, implying that EUR 261 M is to be carried forward.

Consolidated income statement

Amounts in kEUR	Note	01-jan-20 31-dec-20	01-jan-19 31-dec-19
Operating income			
Commission income	2	38 398	30 979
Interest income	3	135	160
Interest expense	3	-399	-235
Net profit/loss from financial transactions	4	1 148	2 070
Other operating income	5	3 032	2 546
Total operating income		**42 314**	**35 520**
Operating expenses			
General administrative expenses	6,11,12	-46 191	-33 443
Depreciation/amortisation of tangible and intangible assets	9-10	-9 194	-6 672
Other operating expenses	7	-803	-591
Total operating expenses		**-56 188**	**-40 706**
Operating profit/loss		**-13 875**	**-5 187**
Tax on profit/loss for the year	13	2 391	-203
Profit/loss for the year		**-11 484**	**-5 389**
Attributable to:			
Parent Company's shareholders		-11 484	-5 389

Consolidated statement of comprehensive income

Amounts in kEUR	Note	01-jan-20 31-dec-20	01-jan-19 31-dec-19
Profit/loss for the year		-11 484	-5 389
Items which can be reclassified to profit or loss (including tax)	22		
Hedge accounting		-	-623
Translation differences		-184	1 015
Total other comprehensive income		-184	393
Comprehensive income for the year		**-11 668**	**-4 996**
Attributable to:			
Parent Company's shareholders		-11 668	-4 996

Consolidated balance sheet

Amounts in kEUR	Note	2020-12-31	2019-12-31
ASSETS	23		
Lending to credit institutions	14,24	80 116	34 531
Intangible assets	8-9	220 199	206 258
Tangible assets	10-12	5 463	5 352
Deferred tax assets	13	3 146	471
Other assets	16,24	139 510	108 233
Prepaid expenses and accrued income	17,24	11 394	5 130
TOTAL ASSETS		**459 829**	**359 976**
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities and provisions	23		
Other liabilities	11,12,18, 24	200 289	129 884
Accrued expenses and deferred income	19, 24	5 813	3 937
Provision for taxes	13	9 569	10 184
Total liabilities and provisions		**215 672**	**144 005**
Equity	22		
Share capital		16	14
Other contributed capital		261 704	221 894
Reserves		137	321
Retained earnings, including net profit/loss for the year		-17 700	-6 258
Total equity attributable to parent company shareholders		**244 157**	**215 971**
TOTAL LIABILITIES, PROVISIONS AND EQUITY		**459 829**	**359 976**

Consolidated statement of changes in equity

Amounts in kEUR	Share capital	Other contributed capital	Translation reserves	Retained earnings	Total equity
Equity 31/12/18	**14**	**221 722**	**-2**	**-869**	**220 865**
Profit/loss for the year	-	-	-	-5 389	-5 389
Other comprehensive income for the year	-	-	393	-	393
Total comprehensive income for the yea	**-**	**-**	**393**	**-5 389**	**-4 996**
Translation effect on changeover to euro	**-**	**-**	-70	**-**	-70
Transactions with owners					
Option premiums received	-	172	-	-	172
Total transactions with owners	**-**	**172**	**-**	**-**	**172**
Equity 31/12/2019	**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 yea	**-**	**-**	**-184**	**-11 484**	**-11 668**
Transactions with owners					
Option premiums received	-	-38	-	42	4
New share issues	2	39 848	-	-	39 850
Total transactions with owners	**2**	**39 810**	**-**	**42**	**39 854**
Equity 31/12/2020	**16**	**261 704**	**137**	**-17 700**	**244 157**

Refer to Note 22 for additional information.

Consolidated cash-flow statement

Excluding managed assets Amounts in kEUR	Note	01-jan-20 31-dec-20	01-jan-19 31-dec 19
Operating activities			
Operating profit/loss		-13 875	-5 187
Adjustments for non-cash items			
Depreciation/amortisation of tangible and intangible assets	9-10	9 194	6 672
Other non-cash items		-	-87
Income tax paid		-409	-2 333
Cash flow from operating activities before changes in assets and liabilities in the operating activities		***-5 090***	***-934***
Increase (–) / decrease (+) in assets of operating activities:			
Other assets		-31 277	4 418
Prepaid expenses and accrued income		-6 263	-1 072
Increase (+) / decrease (-) in liabilities of operating activities:			
Other liabilities		69 987	-12 522
Accrued expenses and deferred income		1 877	755
Cash flow from operating activities		***29 234***	***-9 356***
Investing activities			
Acquisition of intangible assets	9	-5 693	-5 162
Acquisition of tangible fixed assets	10	-749	-1 420
Acquisition of operations	8	-15 300	-
Cash flow from investments		***-21 742***	***-6 583***
Financing activities			
New issues		39 850	-
Option premiums received		4	170
Amortisation on leasing liabilities		-1 579	-946
Cash flow from financing activities		***38 275***	***-776***
Cash flow for the year		**45 767**	**-16 714**
Cash and cash equivalents, 1 January		34 531	51 224
Exchange rate differences in cash and cash equivalents		-182	21
Cash and cash equivalents at the end of the period		**80 116**	**34 531**

Cash flow attributable to operating activities for the Group includes interest received of EUR 130 thousand (162) and interest payments made, including capitalised interest, of EUR 422 thousand (145).

Parent Company income statement

Amounts in kEUR	Note	01-jan-20 31-dec-20	01-jan-19 31-dec-19
Operating income			
Net sales		-	-
Total operating income		**-**	**-**
Operating expenses			
Other operating expenses	6,7	-61	-118
Total operating expenses		**-61**	**-118**
Operating profit/loss		**-61**	**-118**
Profit/loss from financial items			
Interest expenses and similar items	3,4	-39	-672
Profit/loss after financial items		**-39**	**-672**
Appropriations		-	-
Profit/loss before tax		**-100**	**-790**
Tax on profit/loss for the year	13	-	-
Profit/loss for the year		**-100**	**-790**

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

Parent Company balance sheet

Amounts in kEUR	**Note**	**2020-12-31**	**2019-12-31**
ASSETS	23		
Non-current assets			
Financial assets			
Participations in Group companies	15	254 140	221 640
Total non-current assets		**254 140**	**221 640**
Current assets			
Cash and bank balances	14,24	6 634	117
Total current assets		**6 634**	**117**
TOTAL ASSETS		**260 774**	**221 758**
EQUITY AND LIABILITIES			
Equity	22		
Restricted equity			
Share capital		16	14
Total restricted equity		16	14
Non-restricted equity			
Share premium reserve		184 318	144 470
Retained earnings		76 479	77 269
Profit/loss for the year		-100	-790
Total non-restricted equity		260 697	220 949
Total equity		**260 713**	**220 963**
Current liabilities	23,24		
Other current liabilities	18	1	-
Liabilities to Group companies	18	-	681
Accrued expenses and deferred income	19	60	113
Total current liabilities		**61**	**794**
TOTAL EQUITY AND LIABILITIES		**260 774**	**221 758**

Parent Company statement of changes in equity

Amounts in kEUR	Share capital	Share premium reserve	Retained earnings and profit/loss for the year	Total
Equity 31/12/2018	**14**	**144 470**	**77 146**	**221 630**
Profit/loss for the year	-	-	-790	-790
Translation effect on changeover to euro			-11	-11
Total comprehensive income for the year	**-**	**-**	**-801**	**-801**
Transactions with owners				
Option premiums received	-	-	134	134
Total transactions with owners	**-**	**-**	**134**	**134**
Equity 31/12/2019	**14**	**144 470**	**76 479**	**220 964**
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**

Refer to Note 22 for additional information.

Parent Company's cash-flow statement

Excluding managed assets Amounts in kEUR	Note	01-jan-20 31-dec-20	01-jan-19 31-dec-19
Operating activities			
Operating profit/loss		-61	-118
Adjustments for non-cash items			
Income tax paid		-	-
Interest expense paid		-39	-
Cash flow from operating activities before changes in working capital		***-100***	***-118***
Changes in working capital			
Other liabilities		-680	-
Accrued expenses and deferred income		-53	69
Cash flow from operating activities		***-834***	***-49***
Investing activities			
Shareholder contributions paid		-32 500	-
Cash flow from investments		***-32 500***	***-***
Financing activities			
New issues		39 850	-
Option premiums received		-	134
Cash flow from financing activities		***39 850***	***134***
Cash flow for the year		**6 516**	**85**
Cash and cash equivalents at the beginning of the period		117	35
Translation effect on changeover to euro		-	-2
Cash and cash equivalents at the end of the period		**6 634**	**117**

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 -25 thousand (0).

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 17 March 2021, and it will subsequently be proposed for adoption by the annual meeting of shareholders on 19 March 2021.

Nordic Capital owns approximately 76% of the shares in MFEX Holding AB. Nordic Capital is a leading private equity investor that creates strong and sustainable companies through improvements in operations and value-driven growth. Nordic Capital focuses on selected regions and sectors where it has extensive experience and proven success. The main sectors are healthcare, technology and payment solutions, financial services, and industrial and business services. For more information about Nordic Capital, please see www.nordiccapital.com.

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 permit 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 permit 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 permit to conduct securities activities in accordance with Chapter 2, Section 1, paragraphs 1, 2, 4 and 5 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 permit to manage fund units in accordance with Chapter 4, Section 12 of the Swedish Investment Funds Act (2004:46) and has a permit 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 2020:

No new or amended IFRS standards that entered into force on 1 January 2020 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 2021 and following financial years.

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

The Group's functional currency is the Euro (EUR) from 1 January 2020, which is also the Group's presentation currency. Until 31 December 2019, the Group's functional currency was Swedish kronor (SEK). This means that the financial reports from 2020 onwards are presented in Euros with recalculated comparative figures according to the Swedish Companies Registration Office exchange rate. 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 impairment testing of intangible assets, see also Note 9.

Company management determined the estimated useful lives and associated amortisation/depreciation of the Group's intangible and tangible assets. Useful lives and the estimated residual values are reviewed on each balance sheet date and adjusted if necessary.

For the Parent Company, the testing also applies to Participations in Group companies, 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, Luxembourg 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	5-10 years
Acquired customer assets	10-15 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.

Impairment

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.

Equity

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 22.

Financial instruments

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.

The following valuation categories apply in the Company:

Financial assets measured at amortised cost

Financial assets in this category are part of a business model of collecting contractual cash flows and have cash flows that are solely payments of principal and interest. The receivables are related to the Group's delivery of services. Financial assets measured at amortised cost using the effective interest method.

Financial assets in this category are initially measured at fair value, and subsequently at amortised cost using the effective interest method, less reverses for expected bad debt losses. Expected credit losses are assessed based on their remaining lifetime according to the simplified approach whereby all financial assets in this category are current. The assessment is based on payment history, past bad debt losses and future outlook. Based on past data, expected credit losses are deemed to be limited.

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 24.

Derivatives

All derivatives are valued initially and on an ongoing basis at fair value in the balance sheet. The MFEX Group has applied hedge accounting where the derivatives have been used to hedge net investments in foreign subsidiaries. The change in value of that portion of the derivative which has been reporting in the hedging is included in Total Comprehensive Income and the value change in that portion which has not been reported in the hedging is reported in the income statement. The derivatives have been comprised of currency futures.

As of 31 December 2019, all of the derivatives had been redeemed and no new derivatives were traded during 2020.

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.

<u>Participations in Group companies</u>

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.

<u>Group contributions and shareholders' contributions</u>

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.

<u>Lease contracts</u>

All lease contracts are reported as rental agreements, whereby the leasing fees are expensed in the income statement on a straight-line basis over the term of the lease.

<u>Financial instruments</u>

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

<u>Presentation format of the income statement and balance sheet</u>

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.

<u>Equity</u>

Share capital – Parent Company

Parent Company's share capital

Share premium reserve – Parent Company

The 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 20
Managed assets not recognised in the balance sheet	Note 21
Capital adequacy analysis	Note 25
Risk exposure and management of operational risks	Note 26
Related-party disclosures	Note 27
Proposed appropriation of profit	Note 29

		MFEX (Group)	MFEX (Group)
2	**Commission income**	**2020**	**2019**
	Securities provisions	36 548	29 231
	Other provisions	1 849	1 748
	Total	**38 398**	**30 979**

		MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
3	**Net interest income**				
	Interest income	**2020**	**2019**	**2020**	**2019**
	Lending to credit institutions	135	161	-	-
	Other interest income	-	-1	-	-
	Total	**135**	**160**	**-**	**-**
	Interest expense	**2020**	**2019**	**2020**	**2019**
	Lending to credit institutions	-49	-49	-	-
	Other interest expenses	-350	-186	-25	-
	Total	**-399**	**-235**	**-25**	**-**
	Total net interest income	**-264**	**-75**	**-25**	**-**

		MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
4	**Net profit/loss from financial transactions**	**2020**	**2019**	**2020**	**2019**
	Exchange-rate gains/losses	1 148	2 070	-14	-672
	Total	**1 148**	**2 070**	**-14**	**-672**

		MFEX (Group)	MFEX (Group)
5	**Other operating income**	**2020**	**2019**
	Fund information fees	1 378	1 070
	Other income	1 654	1 477
	Total	**3 032**	**2 546**

		MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
6	**General administrative expenses**	**2020**	**2019**	**2020**	**2019**
	System operation	-3 679	-2 917	-	-
	Cost of premises	-1 026	-912	-	-
	Consultant costs	-4 946	-3 169	-	-
	Personnel costs	-24 261	-17 331	-43	-91
	Other operating and administrative costs	-12 279	-9 113	-18	-28
	Total	**-46 191**	**-33 443**	**-61**	**-118**

	MFEX (Group)	MFEX (Group)	MFEX (Parent Company)	MFEX (Parent Company)
The item personnel costs includes the following amounts:				
Salaries and other remuneration	**2020**	**2019**	**2020**	**2019**
Members of the Board, CEO and senior executives	-2 590	-600	-43	-82
Other employees	-16 002	-11 999	-	-
Total	**-18 592**	**-12 599**	**-43**	**-82**
Social security expenses	**2020**	**2019**	**2020**	**2019**
Members of the Board, CEO and senior executives	-253	-221	-	-9
Other employees	-6 921	-4 927	-	-
Total	**-7 173**	**-5 148**	**-**	**-9**

Of personnel costs, EUR 1,602 (1,378) 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
2020	172 (0)	104 (0)	276 (0)
2019	138 (0)	72 (0)	210 (0)

	2020		**2019**	
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	84	55	109	72
Spain	8	5	8	5
Singapore	6	5	6	5
Hong Kong	1	-	1	-
France	75	50	70	43
UK	2	2	2	2
Italy	2	2	2	2
Luxembourg	52	22	8	5
Switzerland	3	3	4	4
Malaysia	43	28	-	-
Total in subsidiaries/branches	**276**	**172**	**210**	**138**
Group total	**276**	**172**	**210**	**138**

Gender distribution in executive leadership	MFEX (Group) **2020**	MFEX (Group) **2019**	MFEX (Parent Company) **2020**	MFEX (Parent Company) **2019**
Number of directors	7	7	7	7
of whom, women	-	-	-	-
Number of senior executives, incl. CEO	10	6	-	-
of whom, women	2	-	-	-

Remuneration till senior executives (17) in the Group and Parent Company (in brackets) 2020

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 (10)	1 554 (-)	127 (-)	34 (-)	- (-)
Chairman of the Board (1)	- (-)	- (-)	- (-)	29 (29)
Other Board members (6)	- (-)	- (-)	- (-)	26 (26)

Remuneration till senior executives (12) in the Group and Parent Company (in brackets) 2019

	Salary	**Bonus**	**Pension**	**Board fees**
Senior executives (7)	923 (-)	55 (-)	364 (-)	- (-)
Chairman of the Board (1)	- (-)	- (-)	- (-)	38 (38)
Other Board members (4)	- (-)	- (-)	- (-)	38 (38)

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.

Audit fees

Mazars	MFEX (Group) **2020**	MFEX (Group) **2019**	MFEX (Parent Company) **2020**	MFEX (Parent Company) **2019**
Audit assignment	-353	-262	-18	-28
Auditing activities in addition to audit assignment	-	-	-	-
Tax advisory services	-	-	-	-
Total	**-353**	**-262**	**-18**	**-28**

PwC France	MFEX (Group) **2020**	MFEX (Group) **2019**	MFEX (Parent Company) **2020**	MFEX (Parent Company) **2019**
Audit assignment	-64	-52	-	-
Auditing activities in addition to audit assignment	-	-	-	-
Tax advisory services	-	-	-	-
Total	**-64**	**-52**	**-**	**-**

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.

7 Other operating expenses	MFEX (Group) **2020**	MFEX (Group) **2019**	MFEX (Parent Company) **2020**	MFEX (Parent Company) **2019**
Marketing expenses	-129	-111	-	-
Other expenses	-674	-480	-61	-118
Total	**-803**	**-591**	**-61**	**-118**

8 Business combinations

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.

Acquisitions during 2019

During the financial year, the Company formed the subsidiary MFEX Luxembourg S.A. in preparation for an acquisition of assets and liabilities in 2020. No acquisitions took place during the year.

	MFEX (Group)	MFEX (Group)
9 Intangible assets	**2020**	**2019**
Capitalised expenditure for development work		
Opening cost	18 083	13 934
Internally accrued expenses	1 602	1 393
Purchases	4 056	3 307
Disposals for the year	-809	-550
Reclassifications	-140	-62
Conversion difference	42	61
Closing accumulated cost	22 834	18 083
Opening amortisation	-7 546	-5 844
Amortisation for the year	-2 306	-1 727
Disposals for the year	629	47
Reclassifications	61	2
Conversion difference	-7	1
Translation effect on changeover to euro	-	-24
Closing accumulated amortisation	-9 169	-7 546
Carrying amount	**13 665**	**10 537**

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.

	MFEX (Group)	MFEX (Group)
Software	**2020**	**2019**
Opening cost	1 888	1 463
Purchases	35	534
Reclassifications	79	-131
Disposals	-938	-
Conversion difference	-5	22
Closing accumulated cost	1 059	1 888
Opening amortisation	-1 610	-1 385
Amortisation for the year acquired operations	-	-
Amortisation for the year	-206	-210
Reclassifications	-	6
Disposals	1 082	-
Conversion difference	-1	-18
Translation effect on changeover to euro	-	-3
Closing accumulated amortisation	-735	-1 610
Carrying amount	**324**	**278**

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

Customer contracts and customer relationships	MFEX (Group) **2020**	MFEX (Group) **2019**
Opening cost	42 014	41 776
Acquired operations	8 759	-
Conversion difference	-10	238
Closing accumulated cost	50 763	42 014
Opening amortisation	-6 533	-2 890
Amortisation for the year	-4 494	-3 610
Conversion difference	-8	18
Translation effect on changeover to euro	-	-51
Closing accumulated amortisation	-11 035	-6 533
Carrying amount	**39 728**	**35 481**

In the category acquired customer assets, cost is amortised according to plan over ten to 15 years.

Trademarks	MFEX (Group) **2020**	MFEX (Group) **2019**
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) **2020**	MFEX (Group) **2019**
Opening cost	157 386	156 620
Acquired operations	6 541	-
Conversion difference	-21	766
Closing accumulated cost	163 906	157 386
Opening amortisation	-	-
Amortisation for the year acquired operations	-	-
Amortisation/impairment for the year	-	-
Closing accumulated amortisation	-	-
Carrying amount	**163 906**	**157 386**
Total carrying amount intangible assets	**220 199**	**206 258**

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 three 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 11%. The estimated cash flows are based on the budget adopted by the Board for 2021 and the forecasts for 2022 to 2023.

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 13%.

	MFEX (Group) 2020	MFEX (Group) 2019
10 Tangible assets		
Stocks		
Opening cost	2 972	1 419
Purchases for the year	749	1 440
Disposals/sales for the year	-139	-210
Reclassifications	-	319
Translation differences for the year	28	4
Closing accumulated cost	**3 610**	**2 972**
Opening depreciation	-1 158	-817
Depreciation for the year	-653	-419
Disposals/sales for the year	162	225
Reclassifications	-	-134
Translation differences for the year	5	-6
Translation effect on changeover to euro	-	-6
Closing accumulated depreciation	**-1 643**	**-1 158**
Carrying amount	**1 966**	**1 815**

	MFEX (Group) 2020	MFEX (koncern) 2019
Right-of-use assets, rented premises		
Opening cost	4 163	-
Transition to IFRS 16	-	880
Additional contracts	1 300	3 393
Completed contracts	-340	-110
	5 123	**4 163**
Opening depreciation	-626	-
Completed contracts	341	110
Depreciation for the year	-1 341	-736
	-1 626	**-626**
Carrying amount	**3 497**	**3 537**
Total carrying amount tangible assets	**5 463**	**5 352**

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).

11 Lease agreements	MFEX (Group) 2020	MFEX (koncern) 2019
Reported amount in the income statement		
Amortisation and depreciation	-1 341	-726
Interest on leasing liabilities	-344	-174
Expenses related to short-term leases	-412	-488
Expenses related to low-value leases	-74	-92
Total	**-2 171**	**-1 481**
Reported amount in the balance sheet		
Right-of-use assets		
Rented premises	3 498	3 537
Prepaid expenses and accrued income		
Prepaid leasing expenses	-296	-258
Total	**3 202**	**3 279**
Other liabilities		
Current leasing liabilities	1 451	1 157
Non-current leasing liabilities	1 954	2 191
Total	**3 405**	**3 348**
Reported amount in the cash-flow statement		
Total outflow of cash and cash equivalents	-2 065	-1 548
Total	**-2 065**	**-1 548**

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.

From 1 January 2019, the Group reports assets with right-of-use regarding these contracts, except as regards short-term contracts and lease contracts where the underlying asset is of a low value. The transition to reporting according to the new standard IFRS 16 is described in Note 12.

12 Transition to IFRS 16	MFEX (Group) 01 Jan 2019
impact on the Group's financial position (+increase/-decrease)	
Assets	
Tangible assets	876
Prepaid expenses and accrued income	-143
Total	**733**
Liabilities	
Other liabilities	733
Total	**733**
Average marginal interest rate used in discounting	%
Rented premises	10

The Group applies IFRS 16 Leases prospectively from 1 January 2019.

With the transfer to IFRS 16, the Group's lease liabilities in lease contracts previously classified as operating lease contracts in accordance with the regulations in IAS 17 Lease contracts. These liabilities have been valued at the present value of the remaining lease fees. In the calculations, the marginal borrowing rate at 1 January 2019 has been applied, which is shown in the table above.

When IFRS 16 is implemented for the first time, the Group has applied the following transition reliefs allowed in the standard:

- Operating lease contracts with a remaining lease term of less than 12 months as at January 2019 have been reported as short-term lease contracts.

The table below shows how the lease liabilities have been valued at point of transition.

	MFEX (Group) 01 Jan 2019
Reconciliation of operational commitments at the time of transition	
Commitments for operating lease agreements at 31 December 2018	2 129
Discounting with the marginal loan interest rate at the time of transition	-78
Plus: Liabilities for financial lease agreements at 31 December 2018	
Plus: Extension options	
Less: Low-value lease agreements	-58
Less: Short-term lease agreements	-1 260
Total leasing liabilities at 1 January 2019	**733**

13 Tax on profit/loss for the year	MFEX (Group) **2020**	MFEX (Group) **2019**	MFEX (Parent Company) **2020**	MFEX (Parent Company) **2019**
Current tax expense				
Current income tax	-752	-1 160	-	-
Adjustments regarding taxes in previous years	-18	-	-	-
Deferred tax expense				
Deferred tax acquisitions	591	853	-	-
Deferred tax Hedge	-145	27	-	-
Deferred tax untaxed reserves	25	157	-	-
Deferred tax relating to loss carry-forwards	2 709	-	-	-
Deferred tax on other temporary differences	-21	-81	-	-
Total reported tax	**2 390**	**-203**	**-**	**-**

Reconciliation of effective tax rate	MFEX (Group) **2020**	MFEX (Group) **2019**	MFEX (Parent Company) **2020**	MFEX (Parent Company) **2019**
Profit/loss before tax	-13 875	-5 187	-100	-790
Tax according to the applicable tax rate for the Parent Company 21.4% (22%)	2 969	1 110	21	169
Non-deductible expenses	-161	-155	-	-
Non-taxable income	101	144	-	-
Non-assessed loss carry-forwards	-24	-1 143	-21	-169
Valuation of previous years' carryforwards	106	-	-	-
Adjustments regarding taxes in previous years	-18	-	-	-
Standard interest on tax allocation reserve	-	-1	-	-
Foreign tax rate	183	-178	-	-
Other	-766	21	-	-
Effective tax	**2 390**	**-203**	**-**	**-**

Deferred tax pertaining to temporary differences	MFEX (Group) **2020**	MFEX (Group) **2019**	MFEX (Parent Company) **2020**	MFEX (Parent Company) **2019**
Opening balance	471	401	-	-
Deferred tax recognised in profit or loss	2 689	-81	-	-
Deferred tax recognised in Other comprehensive income	-	144	-	-
Acquisition of operations	-	-	-	-
Translation differences	-14	7	-	-
Translation effect on changeover to euro	-	1	-	-
Closing balance at year-end	**3 146**	**471**	**-**	**-**

Deferred tax assets referring to temporary differences are attributable to losses carried forward, EUR 2,826 thousand (117), hedging in the Group, EUR 0 thousand (146), the future right of deduction of personnel-related expenses, EUR 262 thousand (156) and the future right of deduction of direct pension payments of EUR 58 thousand (52). In MFEX Holding, saved losses carried forward amounts to EUR 1 M, and deferred tax on this amount has not been reported. In Global Fund Watch, saved losses carried forward amounts to EUR 0.6 M, and deferred tax on this amount has not been reported. The tax losses carried forward are expected to being utilised in financial year 2021.

Provisions for taxes	MFEX (Group) **2020**	MFEX (Group) **2019**
Deferred tax pertaining to untaxed reserves	3	27
Deferred tax attributable to IFRS9 Hedge	-	-
Deferred tax attributable to intangible assets upon acquisition	9 566	9 943
Other deferred tax	-	214
Total	**9 569**	**10 184**

	Acquisitions	**Other**	**Total**
Opening balance 01 Jan 2019	10 876	302	11 178
Upon acquisition of operations	-	-	-
Translation differences	82	-	82
Through profit or loss	-1 001	-34	-1 035
Through other comprehensive income	-	-26	-26
Translation effect on changeover to euro	-14	-1	-15
Closing balance 31 Dec 2019	**9 943**	**241**	**10 184**

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

14 Lending to credit institutions	MFEX (Group) **2020**	MFEX (Group) **2019**	MFEX (Parent Company) **2020**	MFEX (Parent Company) **2019**
Bank balances and cash and cash equivalents	80 116	34 531	6 634	117
Total	**80 116**	**34 531**	**6 634**	**117**

Lending to credit institutions is payable on demand. In addition to bank balances and cash and cash equivalents, foreign currencies, excluding Euro, total EUR 8,922 thousand and are specified according to the following: MFEX EUR 14 thousand, MFEX Switzerland, EUR 206 thousand, MFEX Malaysia, EUR 1 thousand, MFEX Singapore, EUR 2,444 thousand, MFEX France, EUR 1,575 thousand, MFEX Luxembourg, EUR 1,338, thousand, MFEX Hong Kong, EUR 643 thousand, GFW, EUR 12 thousand, and Fondab, EUR 2,690 thousand. At year-end, the Group had two overdraft facilities, one amounting to SEK 50 M and the other amounting to EUR 35 M. The equivalent figure last year was SEK 50 M. Of the total bank overdraft facility, EUR 5,896 thousand (0) has been utilised. The item Lending to credit institutions includes cash and bank balances of EUR 0.3 thousand (0.3).

15 Shares and participations in Group companies	MFEX (Parent Company) **2020**	MFEX (Parent Company) **2019**
MFEX Mutual Funds Exchange AB, corp. ID no. 556559-0634 1)	254 140	221 640
Total	**254 140**	**221 640**

1) A total of EUR 97,534 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) **2020**	MFEX (Group) **2019**
Accounts receivable	131 747	103 417
Other assets	7 763	4 816
Total	**139 510**	**108 233**

		MFEX (Group) 2020	MFEX (Group) 2019	MFEX (Parent Company) 2020	MFEX (Parent Company) 2019
17	**Prepaid expenses and accrued income**				
	Prepaid rental charges	-112	-103	-	-
	Accrued interest	119	124	-	-
	Accrued income / Contract assets	10 238	4 479	-	-
	Other prepaid expenses	1 149	631	-	-
	Total	**11 394**	**5 131**	**-**	**-**

		MFEX (Group) 2020	MFEX (Group) 2019	MFEX (Parent Company) 2020	MFEX (Parent Company) 2019
18	**Other liabilities**				
	Accounts payable	170 312	113 878	-	-
	VAT liabilities	1 055	79	-	-
	Current tax liabilities	-588	-949	-	-
	Liabilities to Group companies	-	-	-	681
	Overdraft facilities	5 897	-	-	-
	Leasing liabilities	3 405	3 348	-	-
	Other liabilities	20 207	13 527	1	-
	Total	**200 289**	**129 884**	**1**	**681**

		MFEX (Group) 2020	MFEX (Group) 2019	MFEX (Parent Company) 2020	MFEX (Parent Company) 2019
19	**Accrued expenses and deferred income**				
	Accrued social security contributions	774	1 850	-	-
	Accrued interest	-	23	-	-
	Other accrued expenses & deferred income	5 038	2 064	60	113
	Total	**5 813**	**3 937**	**60**	**113**

		MFEX (Group) 2020	MFEX (Group) 2019	MFEX (Parent Company) 2020	MFEX (Parent Company) 2019
20	**Pledged assets**				
	Pledged assets that guarantee direct pensions to employees	279	261	-	-
	Pledged shares in MFEX Mutual Funds Exchange AB	242 696	-	254 140	-
	Total	**242 975**	**261**	**254 140**	**-**

		MFEX (Group) 2020	MFEX (Group) 2019	MFEX (Parent Company) 2020	MFEX (Parent Company) 2019
21	**Managed assets not recognised in the balance sheet**				
	Client’s assets	139 457	68 501	-	-
	Total	**139 457**	**68 501**	**-**	**-**

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

22 Equity

Number of outstanding shares in the Parent Company	Number
2019-12-31	2 314 913 571
Nothing to report	288 609 795
2020-12-31	**2 603 523 366**

Translation reserves (including tax)	MFEX (Group) 2020	MFEX (Group) 2019
At the beginning of the year	321	-2
Fair value of derivatives used in hedging of net assets	-	-623
Translation differences from translation of net assets in subsidiaries	-184	1 015
Translation effect on changeover to euro	-	-69
Total	**137**	**321**

The quotient value of the shares amounts to approximately EUR 0.00000617.

Of the total number of shares, 120,000 shares are preference shares and 2,603,403,366 are ordinary shares.

23 Terms for assets and liabilities – non-discounted cash flows

Remaining time to maturity

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

Group – 31 Dec 2019

Assets	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Lending to credit institutions	34 531	-	-	-	34 531
Intangible assets	-	-	-	206 258	206 258
Tangible assets	-	-	-	5 351	5 351
Deferred tax assets	-	-	471	-	471
Other assets	-	108 233	-	-	108 233
Accrued income / Contract assets	-	5 131	-	-	5 131
Total assets	34 531	113 364	471	211 610	359 976

Liabilities and provisions	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Leasing liabilities	-	1 157	2 191	-	3 348
Other liabilities	-	126 536	-	-	126 536
Accrued expenses and deferred income	-	3 937	-	-	3 937
Provisions for taxes	-	10 184	-	-	10 184
Total liabilities and provisions	-	141 814	2 191	-	144 005

Parent Company – 31 Dec 2019

Assets	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Lending to credit institutions	117	-	-	-	117
Shares and participations in Group com	-	-	-	221 640	221 640
Intangible assets	-	-	-	-	-
Tangible assets	-	-	-	-	-
Deferred tax assets	-	-	-	-	-
Other assets	-	-	-	-	-
Accrued income / Contract assets	-	-	-	-	-
Total assets	117	-	-	221 640	221 758

Liabilities	Payable on demand	< 12 months	1-5 years	Without maturity	Total
Other liabilities	-	681	-	-	681
Accrued expenses and deferred income	-	113	-	-	113
Total liabilities	-	794	-	-	794

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.

24 Financial instruments

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

1) Refers to the gross amount of hedge accounting

Group – 31 Dec 2019

Financial assets	Amortised cost	Fair value through profit/loss	Total
Lending to credit institutions	34 531		34 531
Other assets	108 233		108 233
Accrued income / Contract assets	4 479		4 479
Financial liabilities			
Other liabilities	128 314	2 306	130 620
Accrued expenses	2 087		2 087

Parent Company – 31 Dec 2019

Financial assets	Amortised cost	Fair value through profit/loss	Total
Cash and bank balances	117		117
Financial liabilities			
Other liabilities	681		681
Accrued expenses	113		113

1) Refers to the gross amount of hedge accounting

31 Dec 2020

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

31 Dec 2019

Financial instruments valued at fair value	**Level 1**	**Level 2**	**Level 3**
Future rate agreement, liability	-	-	-
Estimated supplementary payment for acquired companies	-	-	2 302
Total	**-**	**-**	**2 302**

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 2020, no fair value transfers were made between the levels.

Estimated supplementary payment for acquired companies	**2020**	**2019**
Opening balance	**2 302**	**2 517**
Present value indexation	-	303
Increase through acquisition of operations	2 800	-
Payment of additional consideration	-5 104	-
Reassessment	-	-552
Exchange rate difference	2	35
Closing balance	**-**	**2 302**

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.

25 Capital adequacy analysis

MFEX Mutual Funds Exchange AB and the holding companies, MFEX Holding AB, MFEX Invest AB, MFEX Invest Holding AB, Cidron Elbe 2 Sarl and Cidron Elbe 1 Sarl, changed their presentation currency from SEK to Euro on 1 January 2020. At the same time, presentation currency for the MFEX consolidated situation was changed to EUR. In accordance with the Swedish Financial Supervisory Authority's regulations, the reporting to that Swedish authority continues to be in SEK, which is the reason the following information continues to be presented in SEK. The translation from Euro to SEK as at 31 December 2020 has taken place at the exchange rate 10.0375.

Information regarding capital adequacy

The information regarding MFEX's capital adequacy in this Note refers to the disclosures that are to be provided in accordance with Chapter 6, Sections 3-4 of the Regulations and General Recommendations of the Swedish Financial Supervisory Authority on Annual Accounts of Credit Institutions and Investment Firms (FFFS 2008:25), and refers to the disclosures stipulated in Articles 436, 437 b and 438 in Regulation (EU) No 575/2013 of the European Parliament and of the Council and Annex IV of the Commission Implementing Regulation (EU) No 1423/2013.

MFEX's consolidated situation comprises the following companies: MFEX Mutual Funds Exchange AB, Fondab AB, MFEX Suisse S.A., MFEX Singapore Pte. Ltd and MFEX France S.A., MFEX Luxembourg SA, as well as the holding companies MFEX Holding AB, MFEX Invest AB, MFEX Invest Holding AB, Cidron Elbe 2 Sarl and Cidron Elbe 1 Sarl. No differences in the grounds applied between the consolidation for accounting and the consolidation for supervisory purposes as regards these companies.

Information on own funds, capital requirements, capital ratios and buffers

The Swedish Special Supervision of Credit Institutions and Investment Firms Act (2014:968), the Capital Requirements Regulation (EU) No 575/2013, the Swedish Capital Buffers Act (2014:966) and the Swedish Financial Supervisory Authority's Regulations and General Recommendations regarding prudential requirements and capital buffers, (FFFS 2014:12) apply to the determination of MFEX's regulatory capital requirement.

Other disclosures required under FFFS 2014:12 Capital Requirements Regulation (EU) No 575/2013 are provided on MFEX's website www.mfex.com.

Disclosures on own funds - MFEX Consolidated Situation		kSEK	kSEK
Common Equity Tier 1 capital: Instruments and reserves		**31 Dec 2020**	**31 Dec 2019**
1	Capital instruments and the related share premium accounts	1 903 351	1 702 881
	Of which: share capital	190 431	170 394
2	Retained earnings	87 246	15 303
3	Accumulated other comprehensive income (and other reserves)	-80 630	4 504
5	Non-controlling interest (permitted amount in consolidated Tier 1 capital)	36 570	51 525
6	Common Equity Tier 1 capital before regulatory adjustments	1 946 537	1 774 213
Common Equity Tier 1 capital: regulatory adjustments			
8	Intangible assets (net related tax liability)	-1 642 985	-1 522 924
10	Deferred tax assets that are dependent on future profitability, except those that arise as a result of temporary differences	-21 935	-
28	Total regulatory adjustments to Common Equity Tier 1 capital	-1 664 920	-1 522 924
29	Common Equity Tier 1 capital	281 617	251 289
44	Additional Tier 1 capital	7 790	10 223
45	Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	289 407	261 512
58	Tier 2 capital	10 387	13 631
59	Total capital (total capital = Tier 1 capital + Tier 2 capital)	299 794	275 143
60	Total risk weighted assets	1 453 203	1 544 365
Capital ratios and buffers			
61	Common Equity Tier 1 capital (as a percentage of total risk exposure amount)	19,38%	16,27%
62	Tier 1 capital (as a percentage of the total risk exposure amount)	19,92%	16,93%
63	Total capital (as a percentage of the total risk exposure amount)	20,63%	17,82%
64	Industry-specific buffer requirements (requirements on common equity tier 1 capital in accordance with article 92.1 a, plus capital conservation buffer and countercyclical capital buffer requirements, plus systemic risk buffer, plus systemically important institutions expressed as a percentage of the risk-weighted exposure amount)	2,57%	3,19%
65	Of which: capital conservation buffer requirement	2,50%	2,50%
66	Of which: countercyclical capital buffer requirement	0,07%	0,69%
68	Common Equity Tier 1 capital available to meet buffers (as a percentage of the risk exposure amount)	11,38%	8,27%

1) There are no other items to report in Annex IV.

1) There is no other information to report regarding Other items in Annex IV.

Capital instruments main features - Common Equity Tier 1 capital		
1	Issuer	Cidron Elbe 1 SARL
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Corporate ID No: B210771
3	Governing law(s) of the instrument	Luxembourg law
	Regulatory treatment	
4	Transitional CRR rules	Common Equity Tier 1 capital
5	Post-transitional CRR rules	Common Equity Tier 1 capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Article 28 in (EU) Regulation No 575/2013
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	MEUR 18,972606
9	Nominal amount of instrument	EUR 18 972 606,00
10	Accounting classification	Equity
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity date
14	Issuer call subject to prior supervisory approval	No
	Coupons/dividends	
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1 capital

cont. Information about MFEX Consolidated Situation

	kSEK	kSEK
Minimum capital requirement	**31 Dec 2020**	**31 Dec 2019**
Credit risk according to Standardised Approach	106 052	104 266
Market risk according to Standardised Approach	10 204	19 283
Operating risk according to Basic Indicator approach	-	-
Capital requirement Pillar I	**116 256**	**127 399**
Internally assessed capital requirement		
Capital requirement Pillar II	**64 792**	**53 817**

The internally assessed capital requirement is calculated through the Company's internal capital and liquidity adequacy assessment process.

Total capital requirement	**181 048**	**181 216**

Risk weighted assets	**31 Dec 2020**	**31 Dec 2019**
Risk weighted assets for credit risk according to Standardised Approach	1 325 654	1 303 329
- of which: Central governments and central banks	-	-
- of which: exposures to institutions	270 821	97 157
- of which: corporations exposures	896 010	1 093 200
- of which: Equity exposures	23 242	24 590
- of which: other items	135 581	88 382
Risk weighted assets for market risk according to Standardised Approach	127 549	241 036
Additional risk weighted assets due to fixed costs	-	-
Total risk weighted assets	**1 453 203**	**1 544 365**

An institution and on the basis of its consolidated situation is, at any point in time, to meet a Common Equity Tier 1 capital ratio of at least 4.5%, a Tier 1 capital ratio of at least 6%, and a total capital ratio of at least 8% and the institution-specific buffer requirements.

None of the companies conduct any lending operations and all trading in fund units is financed through payments by customers. Accordingly, the Standardised Approach was used to calculate credit risks. Furthermore, no trading takes place on the companies' own behalf, rather only conducts customer trading takes place. As a result, the assessment has been made that the only market risk under Pillar I is exchange-rate risk in the companies.

There are no legal or practical impediments to the prompt transfer of own funds or repayment of liabilities between the Parent Companies and its subsidiaries.

Internal capital and liquidity adequacy assessment process (ICAAP)

An ICAAP report for MFEX's consolidated situation is prepared at least once a year, or as required when the operations undergo significant change. The risk function is responsible for preparing the report.

MFEX has its own process for its internal capital and liquidity adequacy assessment process in order to ensure that MFEX has adequate capital and liquidity in relation to its risk profile and strategy. MFEX's ICAAP forms the basis of the current and future operations and includes a financial buffer for event risks based on stress testing. The process also includes assessing the effectiveness of governance and oversight for managing and controlling MFEX's risks. The ICAAP is used as supporting material for deciding on the effectiveness of governance and oversight for managing and controlling MFEX's risks. The ICAAP is used as supporting material for determination of the capital structure, for example, when deciding on dividends.

MFEX's ICAAP is based on two different methods: the building block approach and the scenario model. The building block approach is based on quantitative stress tests and qualitative assessments with a one-year horizon, while the scenario model is a dynamic model featuring a three-year horizon. Operational risks have been assessed using a probability and consistency model.

The method applied for quantifying risks follows a Pillar I Plus approach. This approach entails that MFEX uses the capital requirements of Pillar I as a minimum. The risks not included in Pillar I or that are not fully captured under Pillar I are added in order to determine the total internally assessed capital requirement. Pillar I refers to the regulatory minimum capital requirement for credit risk, market risk and operational risk.

MFEX's most recent ICAAP was prepared in the fourth quarter of 2020 and referred to 30/09/2020. The ICAAP was updated on 31/12/2020. The updated total internally assessed capital requirement on 31/12/2020 was EUR 181,048 thousand (177,366)) for MFEX's consolidated situation. The statutory requirement was EUR 116,256 (123,549) for MFEX's consolidated situation on 31/12/2020. Accordingly, own funds cover the total internally assessed capital requirement by a healthy margin.

The ICAAP was prepared based on the capital required for MFEX to be able to meet its strategic targets. The following risk categories were assessed:

- credit risk
- market risk
- operational risk
- liquidity risk
- reputation risk
- strategic risk
- concentration risk
- business risk
- any other risks

26 Risk exposure and management of operational risks

Risk profile

The MFEX Group takes a conservative view of risk, which also reflects the risk profile of the companies and the Board's risk appetite. The 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 undertaking well-developed work with business continuity management.

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 for Capital adequacy
- Group Policy for Internal Capital Adequacy Assessment Process
- Group Policy for Internal Governance and Control
- Group Policy for Liquidity
- Group Instruction for Risk Assessment and Internal Control
- Group Instruction for Incident Management and Reporting
- Group Policy on Risk Appetite and Risk Limits
- Group Policy for Prudential reporting
- Group Policy for Legal risks
- Group Policy for New Product Approval Process
- Group Policy on the Risk Control Function
- Group Policy for Information Security

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 guidelines 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

- ICLAAP process

- 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 prioritised to manage the most significant risks first.

Capital planning

The Board’s risk appetite is low. MFEX and MFEX’s consolidated situation should never risk that the capital ratio is lower than the regulatory requirement, i.e. the relationship between own funds and total capital requirements according to Pillar I, Pillar II and the buffer requirements. The Board has decided that MFEX and MFEX's consolidated situation’s total capital ratio should exceed the maximum of; 1) Pillar I + Pillar II + 5% and 2) Pillar I + Pillar II + regulatory buffer requirements + 2%. As of 31 December 2020, the total internal capital requirement was 17.5 % (16.7%) for MFEX's consolidated situation. MFEX Finance's function should immediately inform Risk Control and the CEO if the total capital ratio is below or may fall below the total internal capital requirement based on, for example, forecasts. If the total capital ratio falls below the total internal capital requirement, the recovery plan for restoring the total capital ratio must be put into effect in joint consultation between the CEO, the Board and Risk Control. Dividend strategies and strategic initiatives must take into account its impact on the total internal capital requirement for MFEX's consolidated situation.

Liquidity planning

The Board of Directors has decided that liquidity risk should be limited and no speculative elements should be present in daily operations. The liquidity reserve shall amount to more than SEK 128 million including granted unutilised overdraft facilities. The liquidity reserve shall consist of bank deposits and overdraft facilities. MFEX Finance's function handles the liquidity flows and must immediately inform Risk Control and the CEO if the total liquidity including overdraft facilities is below or may fall below the liquidity reserve based on, for example, forecasts. If the liquidity falls below the liquidity reserve, the recovery plan for restoring liquidity shall be implemented.

Recovery plan

MFEX monitors that there are no indications that the capital ratio may fall below the total internal capital requirement or that total liquidity including overdraft facilities may fall below the liquidity reserve based on, for example, stress tests, scenario analyses, forecasts and new legislation. If this happens, MFEX may, for example, adjust dividends to shareholders, carry out a new share issue or close down unprofitable business areas to reduce risk exposure.

Overview of MFEX Group’s risks and risk exposure

MFEX’s process for internal risk assessment is an integrate part of the internal capital and liquidity adequacy assessment process.

Credit risk and concentration risk

Credit risk is defined as the risk that a party in a financial instrument is unable to fulfil an obligation and thus causes a financial loss for MFEX. Concentration risk is the credit risk premium paid for industry concentration and geographical concentration as well as a credit risk premium paid based on the Standardised Approach in accordance with Herfindahl index calculations.

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.

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. In addition, during Q3 2020, MFEX reduced its exposure to unpaid rebates from fund companies through credit insurance in which the insurance company concerned is the counter-party instead of the fund companies.

Under the Pillar I Plus method, MFEX has internally assessed credit risks to amount to the same capital requirements as in Pillar I, i.e. a capital requirement of SEK 106,052 thousand (104,266) with a credit risk premium for concentration risks totalling SEK 20,405 thousand (17,245) for the MFEX consolidated situation. Bank ratings are within the limits.

Market risk

Market risk is defined as the risk that the fair value of, or future cash flows from, a financial instrument will vary due to changes in market prices. The three types of market risk are: exchange-rate risk, interest rate risk and other price risks.

The MFEX Group is not engaged in trade on its own books, rather the companies only conduct customer trading. MFEX Group is exposed to market risk, primarily in the form of exchange-rate risk in cash flows and foreign operations; that is, transaction exposure and translation exposure.

Under the Pillar I Plus method, MFEX has internally assessed a total capital requirement of SEK 12, 113 thousand (25,450) for MFEX's consolidated situation. Total internally assessed capital needs consist of Pillar I with the addition of; interest rate risk in other operations SEK 42 thousand (24) and an internally assessed exchange-rate risk supplement of SEK 1,867 thousand (6,143) for MFEX’s consolidated situation.

Currency risk

The exchange-rate risk comprises the adverse effect of exchange-rate changes on MFEX Group’s earnings and equity. Currency exposure arises in the context of cash flow in foreign currencies (transaction exposure) and when translating loans/receivables in foreign currencies, as well as in translating the balance sheets and income statements of foreign subsidiaries into EUR (translation exposure). The management of currency risk is regulated in the Group Policy on Risk Appetite and Risk Limits and the Group Policy on Risk Management. Transaction exposure is managed by charging exchange fees and currency premiums/deductions, as well as by matching long and short currency positions. The Board of Directors has defined the maximum transaction exposure in foreign currency in relation to the consolidated situation of MFEX’s total assets. The main rule for foreign equity is that MFEX does not hedge this exposure.

However, if major foreign investments are carried out, requiring separate financing, a decision may be taken to raise all or part of this financing in the currency used for the acquisition of use currency futures to hedge the exposure. MFEX has not used currency futures during the year.

In connection with the acquisition of Axeltis SA in November 2018, MFEX used currency futures to hedge its exposure to goodwill and identifiable acquired assets in EUR during the period between the acquisition date and obtained permission from the Swedish Financial Supervisory Authority to exempt these specific currency exposures in accordance with Article 352 (2) of Regulation (EU) No 575/2013. MFEX received the permission in April 2019 and immediately terminated currency hedging. No new currency futures have been entered into thereafter. Until the permission mentioned above was granted, MFEX's consolidated situation began hedge accounting of net investments due to the acquisition of the subsidiary by partly classifying currency futures in EUR as a hedging instrument. This portion of the value of the currency future attributable to hedge accounting is recognised in other comprehensive income instead of earnings and meets the revaluation of goodwill and identifiable acquisition assets in EUR, which leads to an effective hedge.

The description of hedge accounting refers to the previous financial year when the Parent company had SEK as its functional currency and the Group had SEK as its presentation currency.

Of total assets, balances in currencies other than EUR, total EUR 48,658 thousand. Of total liabilities balances of currencies other than EUR, total EUR 33,009. 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 +/- 1,021 thousand.

Inefficiency in hedge accounting

When MFEX Group initiates a new hedging relationship, the efficiency of the hedging is evaluated. The relationship between the hedged item and the hedging instrument is continuously assessed to ensure that the relationship meets the requirements in place. MFEX Group matches the critical conditions of the hedged item with the corresponding conditions in the hedging instrument. When hedging foreign goodwill and identifiable acquired assets, MFEX Group normally matches currency and the nominal amount. One potential source of inefficiency in the hedging relationship is a rapid decline in goodwill and identifiable acquired assets in EUR in the hedged item, meaning the portion of the currency futures classified as hedging instruments would exceed goodwill and identifiable acquired assets in EUR. The hedge ratio in the relationship is a ratio of 1:1, meaning goodwill and identifiable acquired assets in EUR and the designated portion of the currency futures in EUR are of the same amount.

Should changing circumstances impact conditions for the hedged item to such an extent that the critical conditions no longer match the critical conditions of the hedging instrument, MFEX Group utilises the hypothetical derivative method to assess effectiveness. No ineffectiveness was reported in earnings for 2020.

The description of the inefficiency in hedge accounting refers to the previous financial year when the Parent Company had SEK as the functional currency and the Group had SEK as the presentation currency.

Operational risks

Operational risk is defined as the risk of losses due to inappropriate or unsuccessful processes, human error, faulty systems or external events, including legal risk. Operational risk is present in all operations in the companies, in outsourced operations, and in all contact with external parties.

Operational risks were identified through workshops and were quantified based on an assessment of probability and the effects incurred should the risks take place. Existing control measures were taken into consideration in assessing the actual risk to which MFEX Group is exposed.

MFEX Group continuously strives to improve the automation of processes and is market leader in the automation of fund trading in Europe. MFEX Group 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 Type II 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 Type II 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 BCMS (Business Continuity Management System).

During the ICAAP work, several operational risks were identified. The total internally assessed capital requirement for operational risks amounted to EUR 39,327 thousand (30,375) MFEX's consolidated situation.

Liquidity risk

Liquidity risk is defined as the risk that MFEX Group has insufficient liquidity to fulfil its obligations. MFEX Group is exposed to liquidity risk in the form of payments of current liabilities, which include accounts payable, tax and salaries. MFEX Group views its operations as less complex and the companies have no role as a liquidity provider in the market. The MFEX Group is self-financed through equity and overdraft facilities.

The liquidity strategy is to retain sufficient liquidity reserve and MFEX Group basically invests its liquidity with banks meeting the Board's rating requirements for credit risk. MFEX Group is to retain a liquidity reserve that the Board of Directors deems necessary to cover the liquidity risk to which the MFEX Group is exposed.

MFEX Group is to cover its liquidity exposure with a liquidity reserve consisting of bank deposits and overdraft facilities.

Other risks

Other risks include reputation, strategic and business risks. MFEX Group is striving to diversify its business operations geographically by offering its services in the EU, and also in markets such as Norway, Switzerland, Singapore and Hong Kong. Strategic risk mainly consists of changes in legislation in various markets. The MFEX Group is monitoring the development of these changes and is working to achieve a flexible business operation that can quickly adapt to changes in the business environment and in legislation.

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., Axeltis S.A., MFEX Malaysia SDN. BHD, MFEX Hong Kong Limited, and MFEX Luxembourg S.A which are all wholly owned.

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

28 Events after balance sheet date

MFEX continues to closely monitor the development of events due to Covid-19 and takes measures to minimise or eliminate the impact on the Company's operations. MFEX follows guidelines from The Public Health Agency of Sweden (Folkhälsomyndigheten), the WHO and the ECDC (European Centre for Disease Prevention and Control). To date, the Company has noted no significant impact on its operations due to the Coronavirus pandemic.

29 Proposed appropriation of profit

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

	MFEX (Parent Company)	MFEX (Parent Company)
At the disposal of the Annual General Meeting:	**2020**	**2019**
Share premium reserve	184 318	144 470
Retained earnings	76 479	77 269
Profit/loss for the year	-100	-790
Total	**260 697**	**220 949**

	MFEX (Parent Company)	MFEX (Parent Company)
The Board proposes the following appropriation:		
To be paid to shareholders (EUR 0.00 per share)	-	-
To be carried forward	260 697	220 949
Total	**260 697**	**220 949**

Stockholm, ___________________ 2021

Hans-Ole Jochumsen
Chairman

Oliver Lagerström

Christian Frick

Richard Riboe

Olivier Huby

David Samuelson

René-Pierre Azria

Our auditor's report was submitted in Stockholm on ___________________ 2021.

Mazars AB

Åsa Thelin

Authorised Public Accountant